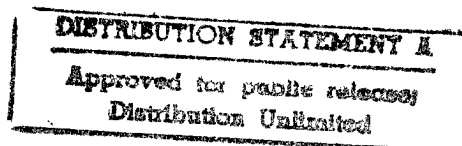


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East Europe Report



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EMIGRANT ECONOMIST CRITIQUES SYSTEM PLANS, OPERATION

SED Rejects Economic Experiments

Hamburg DIE ZEIT in German Vol 41 No 49, 28 Nov 86 pp 25-26

[Article by Dr Harry Maier, former professor of economics in the GDR: "Big Brother Is Not a Model--the GDR Leadership Intends to Master the Economic Crisis Without Basic Change"]

[Text] Even the very first indications of radical economic reform in the USSR have met with skepticism on the part of the GDR leadership. When party chief Mikhail Gorbachev announced in April 1985 shortly after being named general secretary of the CPSU that the role played by the planning commission (Gosplan) would have to undergo drastic change, SED chief Erich Honecker replied in June 1985 as follows: "Our economy is not a testing ground."

Gorbachev's idea is that Gosplan should stop interfering in the day-to-day decision-making process of the factories and combines and should develop strategic guidelines for the economy instead. Back in the twenties, Lenin had already felt that this was what the planning commission should really do. It was not until Stalin, in the thirties, that Gosplan turned into a powerful command center of the economy which allocated the scant resources to the industrial plants, thereby deciding whether they would succeed or fail.

The majority of GDR economists and economic practitioners felt that the new man in Moscow confirmed their view that the discontinuation of reform efforts in the sixties which occurred when Honecker took charge was a serious mistake. None of the problems discussed at that time has since been resolved. Quite the contrary. The problems had become extremely acute. Back then, the GDR did not have any debts. In a number of traditional sectors of the economy, e.g. mechanical engineering, the optical industry and to some extent the chemical industry, it was still able to hold its own on the world market. A large part of the new generation of the intelligentsia, the economic experts and the party functionaries were full of hope and confidence that the system could become more efficient and more innovative and that it might narrow the gap to the FRG and the other highly developed industrial nations of the West.

The goal of the reform efforts initiated in 1963 by the Ulbricht regime was a "new economic system" in the GDR. The economy was to respond more flexibly and efficiently to the needs of the East German population and to become more competitive on the world market. Supervision of industrial plants by the center was to be done away with; the plants were to become independent and the market (or commodity-money-relations, as it is called in the GDR) was to become operational once again with the help of flexible prices, profits, credit and interest.

Many of these reform measures were cancelled once again when the then Soviet party chief Nikita Krushchev was turned out of office in 1964. Nevertheless, Ulbricht held fast to the principle that "decisions shall be taken wherever the greatest professional expertise exists."

This principle, to be sure, was not the whole truth because the economic rationale for decisions not only hinges on the professional expertise of the decision-makers but also on their interest in reaching rational decisions. But at least it was half the truth--and Ulbricht believed in it.

In 1971, when Honecker made his way to the top as Ulbricht's successor, he simply swept the reform plans aside which had already been disfigured to the point of being unrecognizable. For Ulbricht, who was probably the only member of the GDR leadership group to believe in the reform process, this also amounted to a personal tragedy. Left high and dry by his erstwhile yes-men, he tried to defend the "new economic system" conceived under his aegis at the 1971 Berlin district delegates conference of the SED.

Conference chairman Paul Verner, who had advanced to the position of Honecker's deputy in the meantime, ruled Ulbricht out of order without batting an eyelash. Only a few weeks earlier, Paul Verner would not have dared change as much as a comma of Ulbricht's prose. Ulbricht left the speaker's rostrum a humiliated and broken man and with his departure from the political stage there could no longer be any thought of economic reform in the GDR.

In other words, Honecker, as distinct from Gorbachev, came to power at the end of a failed reform process. He simply ordered that the book entitled "Political Economics of Socialism and Its Application in the GDR" written under Guenter Mittag's direction be pulped.

At Ulbricht's behest, the book had attempted to develop a theory on the basis of the reform measures initiated in the course of the preceding years. Just a few months earlier, Ulbricht had awarded the national prize first class to the authors. The book was not an independent and original contribution to scholarship but a typical work composed by economists parroting the official line.

The authors of the Mittag Bible--as the book soon was called in the GDR--had only written what they knew Ulbricht and Mittag wanted to hear. They did not even protest the book's being pulped. Indeed, they were prepared to criticize it in line with Honecker's desires; but Honecker would have none of it. The power issue had been decided and the rest was of no interest to him.

But for Mittag the fact that the book written under his direction was pulped was a hard blow to take. He had tried to take advantage of Ulbricht's reform efforts in order to polish his image as Ulbricht's successor. Following the 1966 suicide of Erich Apel, the then head of the GDR State Planning Commission who had provided major impulses for planning the reform process, Mittag took over that particular task.

Ulbricht, a clever politician who constantly shuffled his potential successors, took more and more of a liking to Mittag. Which was the reason why Mittag had to give up the influential post of economic secretary after Honecker had settled the successor issue in his favor. He was forced to engage in self-criticism and had to content himself with the position of first deputy minister president. This marked the start of the Mittag [noontime] break welcomed by one and all in the GDR.

Werner Krolikowski, his successor, was a trusted ally of Honecker's to be sure but was totally lacking in experience in economic matters. Unsure of himself as he was, he tried not to arouse the ire of the Soviet leadership by appearing overly self-confident which is what had happened to Ulbricht and his lackey Mittag in the late sixties.

Krolikowski thought he would manage by faithfully copying what was being done in Moscow. The only trouble was that Moscow was just as much at sea as Berlin. In the early seventies, when the Soviet leadership believed it had discovered a magic formula with which to combat the lethargy and pompousness of the bureaucracy, Krolikowski wasted no time in transferring it to the GDR.

The magic formula went by the name of "improved current plan." It was a nostalgic look back by the aging Soviet leadership to the early thirties when Stalin brutally and without regard to the sacrifices pushed through the industrialization of the Soviet Union. The improved current plans were used by ever-suspicious Stalin as a tool to maintain control over the scientific-technological intelligentsia. He appealed to the workers to demonstrate their "revolutionary zeal on the industrial front" by exceeding the planning goals drawn up by the scientific-technological intelligentsia with the help of improved current plans.

Back then, the Soviet Union must have experienced a time similar to that experienced by China during the cultural revolution 30 years later. The intelligentsia was either branded as stupid for allegedly not being aware of the potential for raising output or as reactionary for underestimating the creative potential of the working class. Often, it suffered an even worse fate, being accused in open court of being counter-revolutionary because it hampered Soviet progress by voicing reservations and doubt regarding achievable growth in production.

Later on, Stalin rescinded the improved current plan concept. On the one hand, he had achieved what he set out to do which was to intimidate the scientific-technological intelligentsia but for another thing, the concept turned out to be counter-productive. In most instances, steep, temporary increases in production were achieved at the expense of future growth. Product quality declined and the equipment deteriorated much too fast. Necessary maintenance and repair work was neglected. Investments in the infrastructure were postponed. Mishaps and work-related accidents kept increasing. Stalin had achieved the exact opposite of what he had had in mind.

The "improved current plan movement" did not turn out to be a winner for the Brezhnev leadership either. The bureaucracy, which had grown almighty and sophisticated in the interim, immediately came up with an antidote, i.e. the improved current plan was simply integrated into the regular planning cycle. The draft for the coming year to be prepared each February was equipped with so many cushions that it was easy to achieve the extra two or three percent stipulated in the alternate plan in July. What came out was nothing but window dressing.

In the GDR, Werner Krolikowski fared no better. His naive faith in the Soviet leadership discredited him inside the party. It gradually became clear that he was unable to cope with the increasingly difficult problems facing the East German economy. In October 1976, Honecker reassigned Mittag to his old job. The Mittag break was over. He was appointed economic secretary of the SED Central Committee once again.

What many had feared actually happened: economic decisions now became centralized, with a vengeance. For Mittag, a former railroadman, sound economics meant that the trains should run on time, using the tracks available to them.

And yet, the virtues of a German railroader certainly were inadequate to the task of preparing the East German economy for the new challenges of the late seventies. Worldwide, nothing was running on the old tracks any longer.

The two oil price increases in 1973 and in 1979/1980 had drastically altered the resources picture. For the GDR, it meant that it had to pay 18 times as much (or 10 times as much in real prices) for each barrel of oil in 1983 as it did in the early seventies.

Simultaneously, a new wave of innovations loomed on the horizon which threatened to catch the fossilized, standardized East German industrial establishment totally unprepared. It was becoming ever clearer that the innovative strength of the GDR economy would not suffice by far to keep pace with technological progress in major fields such as machine tools, electrical engineering and electronics as well as opticals and chemicals.

In the fifties and sixties, the GDR was still able more or less to maintain its position; but in the seventies, the gap between the GDR and the Western industrial nations and particularly the FRG began to widen.

The gap was particularly noticeable in electrical engineering and electronics. While East German machine tools were fetching the lowest prices in 30 years on Western markets, other machine tool manufacturers who managed to integrate the new information technology into their products were achieving growth rates between 30 and 40 percent and, what is more, were making huge profits with their machinery. By contrast, the hard currency earnings of the East German producers were also declining because they were forced to refit their equipment with electronic components purchased in the West at great cost.

For all that, the GDR had an efficient scientific-technological potential at its disposal, particularly in the machine tool field. Back in 1960, i.e. 2 years ahead of the U.S. firm Unimate, the subsequent market leader, the Halle/Saale Welding Institute came out with an operational industrial robot. But the economic and technological potential of the industrial robot was not recognized for what it was and, as so many times in the GDR, a great invention did not develop into an innovation.

Vain Efforts

The machine tool manufacturers in Karl-Marx-Stadt went through a similar experience. They had created quite a stir internationally when they came out with prototypes of flexible production units. But they were unable to reap the harvest of their creative endeavors, since they were neither allowed to make the necessary investments, nor to import the electronic components they still needed to make the units work.

At the 10th party congress of the SED in 1981, i.e. 20 years after the invention of the robots in Halle, the factories and combines were instructed, without any preparation whatever, to produce and introduce into the production process up to 50,000 robots by 1986. Although as many as 56,000 robots were produced and installed on paper, only a few of them were exportable. While the East German industry was trying hard at least formally to fulfill the central planning goals, robots of the second generation were already being sold on the world market which contained sophisticated electronic components and sensors--neither of which the GDR possesses.

There is one ratio which best characterizes the GDR's weak position in international competition. To turn out major high-tech products, it costs the GDR 20 East marks to earn one West mark. In other words, the so-called hard currency rentability ratio stands at one to 20.

Just how serious the economic consequences of this technological gap are can be seen in the production of just one microelectronic component, i.e. the 64 K RAM chip. It was brought out on the market in 1982 by Japanese firms which sold it for \$125.00. It took the GDR until early 1986 to produce this particular chip and in the interim the price had dropped to just 30 cents.

The lack of innovative strength of its industry is one of the main reasons why the GDR's foreign trade position is so bad and why the GDR is as indebted as it is. For a considerable period of time, the GDR leadership tried to explain this situation away by citing altered "conditions in foreign trade." But an economy demonstrates its innovative strength in particular by its ability to offset negative outside influences. It soon became evident that the innovative strength of the GDR was not adequate to this task.

Under the circumstances, the GDR would have to export six times the industrial goods in the eighties in order to be able to import one unit of energy as it did in the seventies. This deterioration of the Terms of Trade was reflected above all in the ever increasing gap between produced national income used inside the country (which roughly corresponds to GNP, i.e. the total of produced goods and services less depreciation and material and energy input) as well as in the rising debt. These, in turn, are responsible for the decline in real income and in the quality of life due to deteriorating environmental conditions as well as for sharply restricted travel opportunities, even to socialist countries.

Between 1980 and 1984, national income in the GDR rose at an annual rate of 4.3 percent while national income consumed domestically (which determines real income in the final analysis) rose at a rate of only 0.2 percent annually during that same time period. By comparison, between 1965 and 1970, national income used domestically grew at an annual rate of 5.9 percent, i.e. faster than produced national income which grew at a rate of only 5.2 percent.

Since hardly any export surpluses were achieved and since the foreign debt continued to grow, any increase in produced national income in the seventies and eighties must have been eaten up as a result of the deterioration of the Terms of Trade. That is a very clear indication of the declining export capability of the GDR economy. At the same time, the GDR economy's investment capability also declined drastically. The accumulation rate (i.e. the share of national income applied to expanding output) dropped from 25.6 percent in 1970 to less than 15 percent in 1985. Investment funds available each year dropped from 54.5 billion marks in 1980 to 50.5 billion marks in 1984, i.e. by seven percent. The real value of investments, however, declined even more, if one takes the price rises for capital goods in the GDR into consideration which occurred during this period.

The deterioration of the Terms of Trade due to the declining innovative strength of the economy is the immediate cause of the GDR's rapidly growing foreign debt.

By late 1981, the GDR's net indebtedness at the Bank for International Settlements had grown to almost \$8 billion and there was an additional debt of \$2 to \$3 billion in supplier credits. By March 1986, that debt was reduced by draconian means to \$3.7 billion--but at what cost. Instead of realizing that the GDR's debt was a symptom of the innovative inertia of the bureaucratic economic system, it was hoped that the debt problem might be solved through drastic centralization of the economy.

Paradoxically enough, the GDR succeeded in making petroleum (which hardly occurs in the GDR) one of the most important sources of hard currency earnings. By importing some 23 million tons of crude oil from countries such as the Soviet Union (which alone supplied 17 million tons), Libya, Iraq, Iran, Angola, Mexico and the FRG (which supplied one million tons) which did not have to be paid for in hard currency, the GDR has been able to export between 11 and 13 million tons of oil for hard currency since 1984.

Of course this could only be achieved by severely curtailing domestic consumption. The allocation of gasoline in the factories and cooperatives was grotesque. At times, the production of goods worth millions could not proceed because the 30 liters of gasoline needed to transport some working part or ingredient in time were unavailable.

In the meantime, responsible plant managers in the GDR have found a way out. They still do not get enough gasoline but they pay a premium to any employee who will make his own car available in an emergency.

The most important way in which oil was saved was through the use of soft coal. In 1982/83, a large-scale project to switch from oil to crude soft coal ("potting soil") was initiated. Thousands of industrial furnaces and heating plants were converted to coal.

In the seventies, the GDR had succeeded in holding the level of toxicity from the use of soft coal fairly constant by maintaining soft coal production at about 250 million tons, by increasing the use of low-sulphur coal from Lusatia and by changing from soft coal to oil. Once the move was made to switch back from oil to crude soft coal, soft coal production had to be raised to more than 310 million tons (in 1985) and that, in turn, led to an increase in sulphur dioxide emission from 3.5 to 4 million tons.

Desulphurization equipment which would lower emissions to one million tons costs DM 20 billion--which is a good deal more than the GDR has available in investment funds for the energy industry as a whole.

When one considers the huge expenditures made to convert the industrial furnaces from coal to oil (i.e. some 15 to 18 billion marks) and to raise annual soft coal production by 50 million tons, thereby increasing the emission of pollutants, one can figure out how high the price was which the East German population had to pay for the reduction of net indebtedness by DM 6 billion.

For another thing, foreign exchange controls in the GDR have been centralized as never before. Combines, factories and scientific institutions such as the Academy of Sciences which had maintained a modest foreign exchange reserve of their own were simply deprived of their hard currency holdings. Even the smallest import quantities of e.g. refined chemicals, books, research equipment and even carbon paper require prior approval by the State Planning Commission.

Obstacles to Research

It is very hard to remain indifferent about the fact that major research collectives employing highly qualified scientific personnel must operate far below their potential because they lack the most basic computer technology, the professional literature, the refined chemicals and reagents they need while deposits of more than 6.5 billion marks are being held by Western banking institutions at the same time.

There is no more drastic way in which the party and government leadership can demonstrate its lack of faith in the efficiency of its own economic system because it quite clearly believes that the interest earned on deposits in Western banks is worth more than any funds which might be invested in the research potential and the economy of their own country.

In sum, Mittag's great idea of transforming the re-export of oil into the prime source of the GDR's hard currency income turns out to be an extremely costly commercial venture. The drop in oil prices earlier this year had a reduction of the GDR's income from the oil sales as a consequence--which is likely to cause the GDR's net indebtedness to rise over the \$5 billion mark once more.

The huge expenditures for the oil would have been put to better use, if they had been invested in research and industry. There were enough people who asked that this very thing be done. But in an over-centralized system in which no critical views are permitted and in which advisers are not allowed to advise, such suggestions tend to go unheeded.

As a result, the GDR's export structure to the Western industrialized nations is becoming more and more like that of a developing country. According to the OECD statistics for 1984, more than two-thirds of GDR exports to these countries were in primary materials--more than 50 percent of which were petroleum, petroleum derivatives and chemical products. For all that, the GDR is not a country rich in raw materials. At the same time, the share of capital goods has declined to just 19 percent of total exports. The remainder is made up of consumer goods and agricultural products.

The GDR leadership now is faced with the dilemma of trying to achieve the modernization of the economy with the help of basic innovations which require huge expenditures in R&D and production in a period of declining investments, a deteriorating environment and a neglected S&T basis. In this regard, most GDR economists and management experts believe that this can only be done with the help of radical economic reform, combined with a democratic renewal of social structures in the GDR.

Ossified Centralization Retained

Hamburg DIE ZEIT in German Vol 41 No 50, 5 Dec 86 pp 29-31

[Article by Dr Harry Maier, former professor of economics in the GDR: "Marx Would Turn Over in His Grave--Because Important GDR Leaders Believe in the Omnipotence of the System, the Economy Doesn't Move Forward"]

[Text] In shaping the German-German relationship, Erich Honecker has displayed a great deal of imagination and independence. In economic affairs, he lacks both of these qualities. In these matters, he completely relies on Guenter Mittag and he is a man who has been burned before. Today, Mittag is responsible for economic issues on the SED Central Committee and, as a member of the SED Politburo, he is the GDR's most powerful economic functionary. For opportunistic reasons, Mittag had joined forces with Walter Ulbricht, Honecker's predecessor, when the former attempted to reform the East German economy. Ulbricht's attempt at reform did not succeed, Mittag says, because the academics talked the matter to death, never allowing the actual practitioners such as himself to take charge. Within a short period of time, Mittag transformed himself into an out-and-out centralist, explaining all the faults of the East German economy by the fact that the decisions of the party (or rather, of party headquarters) were not being followed assiduously.

Mittag surrounded himself with a group of yes-man economists who helped him bring the economic sciences in the GDR into line. All criticism of the wave of hyper-centralization which now began was to be thwarted. One result was that he gained control of "Die Wirtschaft" [The Economy] publishing house which had once been one of the leaders in the publication of economic literature in the GDR. Any book on economics had to be submitted to him personally for approval. Book production declined as did the quality of writing. The editors became desperate; some resigned, others concentrated on innocuous projects such as a book on "Work as Reflected in the Legends of Saxony" and a handbook on "Your Dog." It became more and more difficult for the editors of the periodical WIRTSCHAFTSWISSENSCHAFT [Economic Science] to open their pages to GDR economists voicing dissent. Even noted authors who had published in the periodical for decades had to submit to cuts of entire passages in their articles.

Younger dissenting authors were given no chance at all to be heard. Debate (even less dispute) which had still taken place in the sixties was simply no longer permitted. What is more, the work of economists was increasingly hampered when more and more economic data were termed classified information. Independent analytical work grew ever harder. The state agencies were under orders not to allow the economists access to the facts. The industrial section of the GDR Statistical Yearbook shrank to a handful of pages. The data remained in the safes of people who did not know what to do with them. The economists in name only dominated the field. They had no need for data and had no ambition to carry out independent analysis. For them, there was only one thing that counted, i.e. what G.M. (as Guenter Mittag was circumspetly referred to by party and economic officials) wanted to hear.

This sterile intellectual climate, tantamount to the degradation and humiliation of the economic intelligentsia of the GDR, makes it clear what a liberating effect the words of Soviet party chief Mikhail Gorbachev had when he called for the "courage of honesty" and a "responsible analysis of the past" at the party congress in February. When he went on to criticize the fact that "difficult problems were being circumvented with half-truths," many GDR economists felt that this was a reaffirmation of their desire for critical analysis of the GDR economy.

The GDR leadership tried to turn aside this call for open and critical debate now developing in the USSR by saying that the GDR was in a politically far more difficult situation than the Soviet Union, in the sense that the class enemy was standing directly in front of the door. Indestructible Juer-gen Kuczynski, the 81-year-old dean of East Germany's economists, responded to this statement in an address to young scholars at the East German Academy of Sciences. "In Lenin's day," he said, "open and critical debate also took place. To be sure, the class enemy was not standing in front of the door but in the middle of the country then."

Even such terms as "economic mechanism," "economic reform" and "bureaucracy" which are once more in use in the Soviet Union are still outlawed in the GDR. If the East German bureaucracy can place a ban on being talked about, then that is an indication of its power. Rules of this kind which are having more and more of an impact on scientific activities in the GDR are not directed against Soviet social scientists in the first instance. The latter, as far as G. M. is concerned, are beyond good and evil in any case. They were merely meant as an unmistakable warning to dissenting economists in the GDR that a Gorbachev-style debate on reforms would not be countenanced in East Germany.

Reforms are a concentrated expression of the social learning process of nations. Societies do not learn from books but from their needs and they take note of their needs as a result of social shocks. As an example of reforms which were prompted by social shocks Lenin cited Prussia time and

again. Only after the collapse of Prussia following the Battle of Jena in 1806 was the way thrown open for the reforms instituted by Baron von Stein.

It was the illusion of my generation of social scientists in the GDR that we believed that a centrally controlled economy might replace learning as a result of shocks by broad-based prospective learning. In this way, we hoped to reduce the social cost of social learning processes substantially. But by now we have been forced to recognize that an overcentralized economic system was unwilling to learn either from looking ahead or from increasingly palpable social shocks. Reforms in the sense of a concentrated social learning process were not to come about in East Germany because in the eyes of a part of the leadership there is no need for them.

Under the circumstances, word was given out that Gorbachev's plans for the Soviet Union were implemented in the GDR years ago and that Gorbachev's goal of more efficient use of all economic resources had long since been attained. If there was a need to catch up, it was by the Soviet Union. Many Western observers took a sympathetic view of this position because in it they believed they saw a newly awakened self-confidence of the East German leadership vis-a-vis the Soviet Union. Unfortunately, however, that is a mistake. It is not increased self-confidence but growing distance from reality and blindness to social necessities based on special interests.

Has the GDR really achieved more efficient use of its resources? In the speeches at the party congress and Mittag's most recent article in the October issue of EINHEIT [Unity], the theoretical journal of the SED, the term "intensification" has been used (it seems intentionally) in a rather vague way. According to Marx' reproduction theory--which Mittag is so fond of citing--the GDR will not have made the jump to intensification until the innovative strength of the economy has substantially increased. Unfortunately, the exact opposite has occurred. Innovative strength has declined in the GDR just as it has in all other CEMA member nations. It is therefore simply gilding the lily to maintain that the GDR has already achieved intensification and has no need of radical economic reform.

Intensification does not simply mean saving materials and energy which is what the East German leadership has been focusing on primarily over the past several years. Although the savings achieved are undeniable, the competitiveness of East German products has declined further. Even in a centrally planned economy, the economic success of a plant is not measured in the final analysis by the minimal use of production factors but by the profit per unit of resources used.

The allocation of materials and energy resources to industry may of course be curtailed by the central authorities but in itself this does not result in the manufacture of competitive products. The innovative strength of industry not only depends on its S&T potential but most of all on its economic interest in accepting the risks connected with the creation, implementation and widespread use of innovation. Given the present overcentralized planning and decision-making apparatus in the GDR, this economic interest is not being aroused but in fact being suppressed.

In his EINHEIT article, Mittag made his position unmistakably clear. His faith in the omnipotence of the apparatus which Gorbachev is so vociferously fighting against still seems unbroken. It all begins and ends with central headquarters. It announces "the goals in exact terms." These are then declared to be the "planning tasks" which have the "force of law" and are "passed on as binding to all areas of responsibility down to the combines and factories." The latter, as far as Mittag is concerned, are not independent economic entities (as Gorbachev's reform scheme would have it) but are simply responsible for accomplishing the goals set by headquarters. Mittag's EINHEIT article describes a command economy in almost classic terms. Behind it (and not to be overlooked) looms the authoritarian concept of a society split into two distinct groups. One of the groups is small and it sets the economic goals; the other group makes up the vast majority of the population and it works with diligence and dedication for the achievement of these goals. Marx would turn over in his grave.

Given this social model, it is not surprising that centralization of decision-making processes in the GDR has reached hitherto unimaginable proportions. The factories and the combines which include a number of factories must not only draw up an annual plan, a quarterly plan and a monthly plan but also a 10-year plan.

Fortunately, Mittag's ideal of a centrally planned economy is mitigated in real life. Even under real existing socialism, the headquarters cannot simply force specific goals on an individual factory or combine. Acceptance of planning tasks needs to be negotiated because if headquarters were simply to order that a task be performed and the task turned out to be impossible to accomplish by year's end, then this would fall back on the department that issued the order. And this, in turn, can turn into a dangerous obstacle in the intrigues and scrambles for position among various groups within the central bureaucracy.

Since the factories and combines are rewarded or punished in accordance with the fulfillment of the planning tasks assigned to them, their prime objective is to negotiate with headquarters to obtain a "soft" plan, i.e. one that can be fulfilled with the least number of problems. Profits, investments, wages and premiums are not obtained with the help of clever market strategies but depend almost exclusively on the nature of the planning tasks. Under the circumstances, more intellectual drive and energy is used to obtain a plan whose goals are as meager as possible than to draw up an innovation strategy. But since one can never know what kind of demands the headquarters might think up, one builds in certain reserves. To accomplish this, it is best to leave headquarters in the dark regarding the actual potential available. The production units fight additional planning tasks by making their acceptance depend on additional investment, more manpower and more materials. The headquarters, in turn, fights this kind of strategy which is described as "demand ideology." But if it really does need the additional tasks performed, it has no recourse but to give in to the demands.

The authorities have adopted a simple procedure designed to cope with the "demand ideology." At the seminars for combine directors held at the Leipzig Spring Fair each year in which Guenter Mittag regularly participates, the directors must obligate themselves to exceed the annual plan by two percent. The goal pursued by G. M. is to tap into the secret performance reserves of the combines which they managed to hide in the course of the negotiations with headquarters on the plan. At the first seminar in the early eighties, Mittag achieved a surprise victory. Some of the directors were courageous enough to tell Mittag that they had done such a meticulous job of working out the plan that overfulfilling it by two percent was simply out of the question. But they were allowed to voice dissent such as this only once. The flood of inspections and investigations which subsequently tried to show that the two percent could indeed be achieved soon convinced them that an overcentralized system will punish people for exhibiting the "courage of truthfulness" which Gorbachev constantly calls for. By the time the subsequent seminars took place even the most naive of the directors had understood the rules of the game. The additional two percent were integrated into the plan at the time it was drawn up and the necessary reserves were provided for in time.

This did not do anything to enhance the desire for innovation on the part of the East German economy. This underdeveloped capacity of the economy to take economic advantage of technological innovations turned out to be the main reason for the rapid deterioration of the Terms of Trade in foreign trade, for declining hard currency earnings and the sorely deficient quality of technological consumer products.

Mittag thought he would be able to overcome this negative trend by reorganizing the East German economy into sets of combines. Every factory was made a part of a combine and every combine was made a part of a ministry or territorial district. In short order, the East German economy had been divided up into lots of boxes--each of them representing a particular bureaucratic domain. In 1970, there were just 35 combines which were part of the industrial ministries; now there are 157. At that time, they controlled one-third of all exports; today, they control 100 percent of all industrial production as well as exports.

But Guenter Mittag went a step further in his urge to centralize. There used to be a multitude of small and medium-sized plants scattered throughout the 15 districts of the GDR. In Mecklenburg, they were active primarily in food and luxury articles; in Thuringia and Saxony in mechanical engineering and electrical goods. Utilizing a minimum of administration, perhaps one engineer and a master craftsman and a complement of highly qualified skilled workers, these plants (above all in Thuringia and Saxony) turned out tailor-made equipment according to customer specifications. These flexible and innovative industries were of incalculable value to the GDR.

But Mittag did not see it that way. Like a bolt out of the blue, he decided in 1981 to collect thousands of these small and medium-sized enterprises under the umbrella of 93 combines. As a result, a huge administration, organized along hierarchical lines, was established. Individual production in accordance with customer specifications disappeared and instead standardized mass products were turned out which at that very point were fetching the lowest prices in 30 years on the world market. The academics from the universities and technical schools vainly knocked on the doors of these enterprises now to have urgently needed, custom-made research equipment built according to their specifications. Highly qualified labor was now engaged in dealing with standardized mechanical engineering orders which took advantage of only a small fraction of their professional skills.

The establishment of the combines made the triumph of the centralist box concept complete. Every production unit in the GDR had now been assigned a place in one of these combine boxes which the SED Central Committee believed it could easily oversee and control from above.

But in this instance, too, reality did not live up to the original promise. The combines soon developed interests of their own. In this, they obtained support from Mittag's idea that they should organize their production as a closed cycle from raw materials to end products. This cycle was also supposed to incorporate the scientific establishment. In place of concentration of production in highly efficient production units, as G. M. had hoped, the combines initiated a fragmentation of production. In place of greater economic efficiency of production in the overall interest of society, special interests at a low level of efficiency carried the day.

Since each combine tries to separate its operations from every other combine, it must attempt to produce the supplies it needs on its own unless it has access to a particularly scarce commodity it can put to use in archaic barter arrangements. Thus, each combine turns out its own electronic memory chips, its own means of rationalization, its own software and its own materials. It is not hard to imagine at what cost and of what S&T quality.

For instance, 8 years ago, a young engineer at the Erfurt/Weissenfels shoe combine came up with an internationally new software solution along with three members of his staff. At the time, we suggested to the director of the combine that he should establish his own software production and sell his products to anyone interested throughout the GDR. "And what will our combine get out of that?" was the director's response as he turned down the idea.

In Mittag's view, the advantage of the combines is that they provide for organic collaboration between science and production. This is a bureaucratic way of looking at things--as if S&T problem solutions could be worked out on orders from above and be transferred to the production cycle by means of some pipeline. Large Western corporations who have a far greater number of

their staff members working on R&D than the East German combines obtain less than one-half of their problem solutions from their own research laboratories. But in the GDR, this kind of know-how is supposed to be obtained through the closed cycle of combine operations.

The GDR combines have developed into closed cycles. Competition among them has become virtually impossible. Any cartel agency in a country with a sound market economy would ban them as monopolists living off the fat of the land. The "Robotron" combine, for example, which has a monopoly in computer technology, is in a position to ask its GDR customers to pay any price it wants for its products. It is not surprising therefore that Robotron PC's being offered on the market are 20 to 30 times as expensive as comparable products of Western firms. Nevertheless, they are so scarce on the East German domestic market that Robotron can require its customers to pay the GDR price in Western currency. The GDR would be faced with only a fraction of its problems in the microelectronics and software field, if a large number of manufacturers were in competition with one another. But the present economic system makes no allowances for that.

Pre-Planned Profits

And so the East German leadership soon realized that the combines established by Mittag are not dependent on innovations because of the monopoly position they occupy. Since drastic innovation tends to destroy the carefully spun cooperation relationships and barter arrangements among the various combines, the latter try to avoid innovation as best they can. They are more interested in small-scale rationalization innovations which can effortlessly be fitted into the existing technological structure and the barter arrangements. In the early eighties, the production modernization rate of GDR industry hovered between three and five percent. This represents a total replacement of the entire spectrum of products every 14 to 23 years--an interminably long time by Western standards. In some of the more important areas, replacement proceeded at an even slower rate, e.g. in the pharmaceutical industry where the rate was just 0.6 percent. Given such a rate of innovation, the entire range of pharmaceutical products in the GDR would not be replaced for another 100 years. This innovative inertia on the part of the combines quite naturally not only results in catastrophic consequences for the export trade but also for the supply of the public with such products. The FRG, which turns out 70,000 different pharmaceutical products, obtains huge earnings from the export of these products. The Dresden combine of "Germet," on the other hand, has a mere 2,000 pharmaceuticals on the market of which only a very few could conceivably be exported. Even assuming that 20,000 of the 70,000 pharmaceuticals produced in the FRG are duplicates, then a West German still has access to 25 times more pharmaceuticals than someone living in the GDR. Naturally enough, this also has an impact on health and life expectancy.

Under normal conditions, a plant or combine will decide on something new, if there is a prospect of making a better-than-average profit or if its own market position is threatened by innovative successes of others. For the East German combines such needs apparently do not exist. Their profits are pre-planned for them because of the range of products they have been assigned by headquarters and on the domestic market, they operate as out-and-out monopolies. It would therefore seem indicated that the Central Planning Commission would undertake a massive program to help overcome the innovative inertia of the combines by bureaucratic means. In 1983, the decision was reached to assign innovation rates of 30 to 40 percent to the factories and combines. In a precipitate fashion, the factories and combines were supposed to renew the entire range of their products in the space of less than 2½ years. Successful Western corporations such as IBM, Siemens or Philips attain an annual innovation rate of 9 to 12 percent at best and feel that they can achieve an innovation rate of 60 percent in the space of 5 years at a maximum. It is not hard to understand why. Fundamentally new products and production processes call for huge investment in R&D and the risk of failure is extremely high.

For years, innovation was never talked about in the GDR; but now, all of a sudden, the factories and combines are asked to attain an innovation rate which thus far has never been achieved anywhere in the world. It is not hard to predict what this will lead to. The factories and combines will try to fulfill these unfulfillable requirements with marginal and, above all, with sham innovations. At the same time, the obligations imposed on them will provide them with an opportunity to raise the price of 30 to 40 percent of their products. In 1985, the East German luggage industry, for example, boasted an innovation rate of almost 70 percent. The innovations consisted of minor changes in design. East German consumers had to pay 30 to 50 percent more for these changes.

Less Prosperity

The consequence is declining real wages. While prices for basic foodstuffs, rents and public transportation are being kept stable, there is a substantial rise in the price of so-called better consumer goods. The GDR consumer today must pay four to six times as much for wearing apparel and eight to 15 times as much for sophisticated technical consumer goods than his FRG counterpart while earning one-third to one-half as much as the latter.

With the help of price increases made possible by imitation and sham innovation it is then easy to create the illusion of economic growth and rising labor productivity and to offer this as proof of the success of the economic policies. Any industrial nation would be in a position to claim rises in labor productivity such as these, if it did not eliminate price increases. On the world market, the new products bring in smaller foreign exchange earnings than those that went before in most cases. In other words, the level of innovation does not even suffice in order to hold on to world market positions already attained--much less to build on them.

That sort of news does get around. A Soviet friend told me that the following story is making the rounds in Soviet political circles: what are the four economic strengths of real existing socialism ? The answer is: micro-electronics in Mongolia; the working atmosphere in Poland; the supply of meat in Moscow and--statistics in the GDR.

Initially, the new man in the Kremlin seemed impressed by the reports of success coming from Berlin. On the occasion of his visit to Leningrad in October 1985, he was still referring to the East German combines as an interesting attempt to integrate science and production. In an article which appeared in the periodical PROBLEMS OF PEACE AND SOCIALISM in August 1985, Abel Aganbegjan, Gorbachev's adviser, was still portraying the GDR combines in a favorable light; but at the CPSU party congress this year they were no longer mentioned. Instead, Gorbachev said that every economy needs an "efficient combination of larger-sized, medium-sized and smaller-sized enterprises" even as he laid stress on the role played by the small enterprises as engines of progress.

The willingness of a society to allow such enterprises to establish themselves and to grow with increasing success is an important criterion for its capacity to innovate. Some socialist countries such as Hungary, Poland and the USSR are starting with the establishment of such small scientific and engineering enterprises in the software and biotechnology field. In the GDR, it is felt that the box concept should be retained. But as far as the GDR is concerned, the Soviet reformers are not interested in its combines but in its remaining independent tradesmen and its tradesmen's co-operatives as well as in its private restaurants and service sector establishments.

As the social costs of the overcentralized economic system continue to rise, the GDR is falling further and further behind the FRG. This poses threats to and creates new opportunities for the development of the German-German relationship. The danger consists in the fact that as the GDR lags further behind in innovation those groups within the East German leadership will gain ground who are opposed to German-German relations in any event. Should they succeed in revising the Honecker policies of the past several years, the intellectual, spatial and political separation of the GDR vis-a-vis the FRG would increase.

In the long run, such a policy has no future. In one way or another, the GDR simply must establish a productive connection to the basic innovations which characterize present developments in the world economy. Following attempts to establish a working relationship with a number of Western countries such as France, Japan, Great Britain and Switzerland, the GDR came to the conclusion that things do work best in conjunction with West German industry. In some instances, the industry of the FRG has indeed succeeded in adapting itself to the needs of the GDR. The shoe production of the Salamander Co. is not only satisfying much of the demand of GDR consumers for well-made products but also represents to the average East German a

symbol of a newly created German-German kinship. And 2 years from now, when "Wartburg" automobiles with VW engines built in the GDR under the hood will be on the streets of the GDR, then that will not merely be viewed as a technological event by people in East Germany.

In the long run, the GDR leadership will not be able to avoid carrying out a radical reform of its economic system. For that matter, one segment of the GDR leadership is simply waiting to see what happens in Moscow and is only reluctantly allowing Guenter Mittag to perfect the overcentralized economic apparatus. But this will change the moment that Gorbachev goes ahead with the establishment of joint ventures with Western firms and once the Soviet Union joins the International Monetary Fund, introduces a convertible currency and reestablishes a sound economy. These developments would have an immediate impact on the GDR's interests. And this, in turn, would activate the debate about economic reforms in the GDR. The only question is whether this will take place with Mittag's assistance, against his opposition or after his departure from the scene. In any event, a German-German community of interests in the economic realm, accompanied by joint ventures and common financial institutions, would take on a new character. Both sides would be well advised to prepare for such eventualities and to act decisively in those areas where opportunities already exist.

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LAW ON NINTH 5-YEAR PLAN PERIOD PUBLISHED

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[Law on the Uniform State Plan for the Scientific-Technical and Socioeconomic Development of the People's Republic of Bulgaria During the Ninth 5-Year Plan Period (1986-90)"]

[Text] Introduction

In accordance with the decisions of the 12th BCP Congress, as enriched and further developed at the subsequent plenums of the BCP Central Committee, further progress was achieved in our country during the 1981-85 period in all spheres of life.

The goals set by the Law on the Uniform Plan for the Socioeconomic Development of the People's Republic of Bulgaria During the Eighth 5-Year Plan have been achieved in the main. The implementation of the Eighth 5-Year Plan brought about further qualitative changes in the economic, social, and intellectual fields.

The successes achieved form a sound basis for further accelerating the country's socioeconomic development. The People's Republic of Bulgaria [PRB] is entering a new stage in the construction of the developed socialist society. This is a stage of qualitatively new growth based on the scientific and technical revolution. In accordance with the Law on the Uniform State Plan for the Scientific-Technical and Socioeconomic Development of Bulgaria, the activities and creative powers of the state organs, the economic and social organizations, and all workers are mainly directed toward the technological renewal and structural reorganization of the economy and the other spheres of society, as well as for the further integrated satisfaction of the individual's material, intellectual, and social needs.

Section I. Main Tasks for the Country's Development During the Ninth 5-Year Plan Period

Art. 1. Bulgaria's development during the Ninth 5-Year Plan period is to be aimed at fulfilling the chief socioeconomic task defined in the theses for the 13th BCP Congress: on the basis of the scientific and technical revolution and through a broad technological renewal of the material-technical base, a comprehensive intensification and dynamic, steady development of production,

further improvement of social relations, galvanizing the nation's creative powers into action, deepening the country's participation in socialist economic integration, are all to achieve a further increase in the people's prosperity and to satisfy the individual's material, intellectual, and social needs in an integrated manner.

Art. 2. The scientific, technical, and socioeconomic development of the country, the industrial branches, and the activities in the material and nonproduction spheres is to be carried out in the following strategic directions:

- (1) Ensuring qualitatively new growth in the economy, based on utilization of socialism's objective laws, the achievement of scientific and technical progress, and the comprehensive intensification and raising of the efficiency of the national economy while observing the requirements to preserve and restore the natural environment;
- (2) Broad technological renewal of the material-technical base, based upon combining electronics, and especially microelectronics, with modern industrial technologies, utilizing the achievements of biotechnology, and creating a qualitatively new raw-material base;
- (3) Structural reorganization of the economy; a balanced, dynamic, and steady development of the industrial branches, subbranches, and the activities of the national economic complex; a drastic improvement of production quality with a view to more fully adapting production to meet the changing requirements of the home and international markets;
- (4) Accelerated restructuring of the scientific front in accordance with the national strategy for absorbing the highest achievements of the scientific and technical revolution;
- (5) Raising economic, social, and ecological efficiency by the territorial organization of production and social activity and improving the utilization of territorial factors for the harmonious development of the capital, okrugs, and settlement systems;
- (6) Perfecting social relations and further developing socialist democracy through the development of self-management of the economic organizations and the state supervision of the economy;
- (7) Deepening the country's participation in socialist economic integration with the CEMA member-states and in the international division of labor, preserving and extending the technological and market positions already won and gaining new ones;
- (8) Ensuring high longevity for the nation, a continuous growth of the people's prosperity, and creation of even more favorable conditions for increasing the birthrate and for comprehensive fulfillment and development of the individual's creative powers.

Section II. Scientific-Technical Development and Structural Reorganization--
The Basis for Ensuring Qualitatively New Economic Growth

Art. 3 (1) The technological renewal and structural reorganization are to be based on the balances of the technological links--the nucleus of the entire system of national balances;

(2) The balances of the technological links are to be implemented as systems--linked in an integrated manner--of the latest technologies, process plant equipment, new and improved materials, progressive organization, and trained cadres to achieve the foreseen effect on the national economy;

(3) In the course of the technological renewal, over 200 technological systems are to be established, including over 850 main and associated technologies, which are to contribute to saving material, financial, and labor resources and raising the quality of production output;

(4) The balances of the technological links in the structure-determining branches are to be implemented as a priority, using the required resources and with the state participating in financing the activity aimed at obtaining the scientific product; alleviated [oblekcheni] economic conditions are to be created for mastering the scientific product; and wide use is to be made of the principle of competition.

Art. 4. Attention is to be paid to the following in carrying out the technological renewal and restructuring of production:

(1) The results of the fundamental and applied research of Bulgarian science, the created scientific product, and the technological input [zadel];

(2) The possibilities of utilizing world achievements in the field of scientific and technical progress;

(3) The tasks stemming from the Complex Program for the Scientific and Technical Progress of the CEMA Member-States Up to the Year 2000, and the coordination of the national economic plans for the period until 1990;

(4) A program for implementing breakthroughs and mastering new technologies and series of technologies to renew the product output during the 5-Year Plan period;

(5) The programs for structural reorganization of main branches and activities in the national economy to achieve a broad renewal of production and win new market positions.

Art. 5. (1) The technological renewal of the national economy is to be implemented through the interlinked priority development of the modern branches--electronics and automation, optical electronics and laser technology, precision machine building, new materials, and biotechnologies;

(2) The structural reorganization and accelerated development of the national economic complex are to be based on the envisaged changes in the technological re-equipment of material production, such as the following:

1. Priority is to be given to developing the branches that ensure accelerated technological renewal of the national economy and that make available products which both meet domestic requirements and are competitive in the international market;

2. An increasing contribution is to be made by branches and activities which ensure the extension of the raw material base of the national economy with the required raw and other materials, having regard both to quality and range. Priority is to be given to developing the production of qualitatively new raw and other materials to develop the structure-determining branches;

3. Economic means are to be provided to bring influence to bear on influencing the leaderships of the economic organizations to speed up automation and mechanization of work processes and make effective use of labor resources.

Art. 6. (1) The leading role of electronics is to be guaranteed. The volume of production of the electronics branch is to grow by a factor of 2.2-2.4, and of microelectronics by a factor of 3;

(2) In the electronics field, existing market positions are to be expanded and new positions won; the synthesis of electronics with industrial technologies is to be achieved; the scientific content is to be increased and raw materials and energy consumption reduced; and the quality and reliability of electronics products are to be improved. The aim is:

1. To introduce new modern technologies in microelectronics, to ensure the production of integrated circuits with a high degree of integration, including the production of such circuits to order. To expand the product range of discrete semiconductor-based instruments with new types of powerful transistors and diodes and of optical-electronic instruments;

2. To master the production of new types of passive electronic components, including those for surface installation [povurkhosten montazh];

3. There is to be an increase in the relative share taken by systems in the product range of the electronics industry. By the end of the 5-Year Plan period the proportion of systems in the overall production of computer and communications equipment is to reach 20 and 30 percent respectively. A leading position is to be taken by automation systems for project design work, research, modeling, and the control of technological processes;

4. The product range of electronics equipment is to be renewed, with the assimilation of new, highly productive integrated systems, large and small computers, and personal and business macrocomputers;

5. The product range and production of peripheral equipment for computers is to be expanded to meet the new requirements;

6. New technologies are to be assimilated for digital conversion, switching, and transmission of data in communications equipment. The newly mastered digital-conversion communication apparatus and systems are to be built into or form components of integrated computer communication networks. Their utilization is to bring about an improvement in the functional performance, quality, and reliability of communications equipment;

7. Production of the basic technological equipment for the electronics industry is to be ensured;

8. There is to be an expansion in the product range of optical electronics and laser equipment designed on the modular principle to master the production and use of fiber optics systems for data transmission;

9. Automation systems for batch-type and continuous technological processes are to be constructed from mass-produced standardized microprocessor modules, memory units, and structural units. This equipment base is to be used to build microprocessor systems for the control of technological processes in the chemical, metallurgical, power, food, tobacco, and light industries;

10. The production of complete lines for the automated assembly of electrical engineering and small-size machine-building products is to be expanded;

11. Priority is to be given to the creation of automation systems for technological processes in machine building built on modular principles: numerical program control units for metal-working machines, industrial manipulators, and robots, and automated warehouse and goods-handling systems. The control of the individual modules, line sections, and lines is to be carried out by specialized microprocessor-based control units, programmable controllers, and so forth;

12. Cybernetic systems are to be built, based on the technical equipment produced, to automate project design and planning, production, and control.

Art. 7. The development of machine building is to be associated to a greater extent with the renewal and technological re-equipment both of its own base and of other branches; the production of the branch is to be increased by 55-60 percent. The main tasks for machine building will be the comprehensive use of electronics in the branch's products and the changeover from producing individual machines to producing machine systems. There is to be an expansion in the product range and an increase in the technical performance, reliability, and quality of products. The aim is:

(1) To make a start on master technologies which use nonmechanical processing methods, such as vacuum, plasma, ion, electronic radiation, and other methods, and to introduce systems of machines, installations, and technological equipment to produce such machines and systems, and to quickly bring them into full production;

(2) To master production of new noncollector [bezkolekturni] actuators with transistorized control for principal and feed motions and for high-output metal-working machines with numerical program control, utilizing the newly

mastered semiconductor-based power apparatus, and to renew and extend the production of miniature motors for computer equipment and automation of production;

(3) The production of metal-cutting machines and robots is to increase by a factor of 2-2.2. The production of precision metal-cutting machines with numerical programmed control is to be mastered. There is to be a considerable increase in the production of automated technological modules and lines, as well as of flexible automated production systems, with a radical improvement in their quality and reliability. By the end of the 5-Year Plan period, the necessary construction units are to be commissioned to supply complete components for various integrated computer-based production systems with the aim of creating conditions for a changeover to unmanned technologies and automated plants;

(4) Equipment with biotechnologies and the equipment of the food and tobacco industry are to be aimed at assimilating complete membrane installations for ultrafiltration and reverse osmosis, tissue culture laboratories, hydrolyzed protein lines, fermentation units, and other installations for bioproducts, the country's requirements for complete bread and bread product plants, dairy processing equipment, and soft drink bottling in container type [konteyneran tip] enterprises, complete air-conditioning installations, the mastering of a number of packaging and portioning machines, and complete equipment for fruit and vegetable processing;

(5) Investment in machine building is to be aimed at mastering and introducing coal-cutting machines, rotary excavators, complete automated assembly lines, plotting die-stamping centers [koordinatno-shtantsovi tsentri], and modules for hydroplastic and plastic machining of the basic range of construction and road-building machinery;

(6) The main task in transportation machine building is to radically expand the product range and to improve the performance and reliability specifications of the automobiles, trucks, buses, trolley cars, and lift trucks produced;

(7) The production of ships and floating vessels is to increase by over 40 percent, with a substantial increase in the relative proportion of modern ships, such as multipurpose vessels, product carriers, container ships, ore and coal carriers, supply ships [plavashti magazini], and so forth;

(8) Agricultural machine building is to increase by 60-65 percent, with increases in the production of tractors, combined soil-cultivating machines, and seed drills for accurate sowing in rows, and large sprinkling installations. Mastery is to be achieved in the production of special agricultural trucks, feed-haulage trucks, repair workshops, large trailers for tractors, erosion-prevention equipment, equipment for utilizing natural manure, harvesting equipment for vegetable and fruit production, and small-size equipment for private agriculture;

(9) The volume of domestic equipment machine building is to increase by 50 percent as compared to 1985. The range of products is to be expanded and the

production of color televisions, portable and car stereo radio and cassette player units, cassette decks, new models of automatic washing machines, dish washers, vacuum cleaners, driers, gas cooking and heating stoves, electric irons, and so on is to be increased.

Art. 8. (1) The creation of a qualitatively new raw material base is to be aimed at:

1. Mastering new efficient materials for the strategic types of production;
2. Discovering new properties and fields of application for existing materials and ensuring their integrated, in-depth utilization;
3. Expanding the product range for raw materials, other materials, and products that are needed to form the component base for the electronics, microelectronics, electrical engineering, laser equipment, and optical electronics industries;
4. Commissioning new technologies to increase the relative proportion of high-quality metal products, introducing small and medium-sized plant capacities to produce high-quality components and products;
5. Setting up production capacities on a new high-technology basis to produce structural polymers, products for the chemical, pharmaceutical, and domestic chemical products industries, and plant protection agents;

(2) The technical and technological renewal of ferrous metallurgy in order to ensure substantial changes in the end products, with a view to more fully meeting the needs of the national economy, whose aims are as follows:

1. Locally-produced rolled strip and other products are to meet at least 75 percent of the country's requirements by the end of the 5-Year-Plan period, while the production of articles from rolled strip is to increase by 37-38 percent;
2. The relative proportion of high-quality structural carbon and alloy steels is to rise to 37-38 percent of the total metals production;
3. By building small and medium-sized capacities and reconstructing and updating the basic funds now in operation, production is to be ensured of a broad range of rolled ferrous metals and sheet metal products;

(3) Nonferrous metallurgy is to ensure that it more fully meets the country's requirements for nonferrous, precious, and rare metals, as follows:

1. Priority is to be given to mastering new materials and products, especially the range of products for the needs of microelectronics.
2. The deep processing of raw materials by extracting ingredients of industrial importance is to be implemented, and secondary nonferrous-metal resources are to be utilized.

(4) The power industry is to be developed to meet the country's needs for failure-free and high-quality electric and thermal power supplies, as follows:

1. Electric power production is to increase to 50-52 billion kilowatt-hours in 1990. The increase in electric and thermal power is to be achieved mainly through the rapid development of nuclear power and the fuller utilization of local energy resources.

2. Modernization, reconstruction, and automation of the country's power supply system is to be carried out with a view to reducing electricity consumption for the power stations' own needs; power transmission and transformation losses are to be reduced; and systems for centralized heat supply are to be created with facilities for individual control and measurement of the thermal power consumption.

3. Refined washed coal production is to reach 39-39.4 million tons in 1990, and lignite production 32-33 million tons.

(5) The development of the chemical and oil-refining industries is to be carried out on the basis of progressive changes in their internal branch and product structure. The aims are as follows:

1. Priority is to be given to developing small-run chemical production, the production volume of which is to grow by 55-60 percent in 1990 as compared to 1985. A wide range of pure and ultrapure chemicals, semifinished products, and auxiliary products are to be mastered and put into production, as well as new chemical plant protection agents and small-run household chemical products.

2. Production of high-duty polymer materials, structural plastics, and modern packaging materials is to develop rapidly.

3. The product quality and range of chemical fibers produced is to be improved.

4. There is to be a 2-fold increase in the production of the chemical and pharmaceutical industry. Fermentation processes are to be intensified, based on biotechnologies; new products and end products are to be mastered; and the range of medical drugs, perfumery products, and cosmetics is to be expanded by utilizing original Bulgarian developments.

5. Existing production capacities are to be reconstructed and modernized in order to reduce energy and materials consumption in production and to improve quality.

(6) New technologies are to be introduced in the building materials industry and production capacities are to be renewed in order to more fully meet the requirements of construction and the commodity fund for high-quality building materials, as follows:

1. Product structure is to be further improved through mastering new construction materials and products, such as high-strength and ultrafast-

hardening cements, lightweight porous building concrete, ceramic fiber tiles [gipsofazerni plochi], concrete roof tiles, glass curtaining material [stuklen voal], ceramic paints, and thermal insulation materials for housing and industrial buildings.

2. In 1990 cement production is to reach 6.2-6.4 million tons, brick production 1.5 billion units, and roof and ridge tile production 125-130 million units.

3. Production of radiators is to rise to meet the growing requirements.

(7) New plantations of intensive forestry crops are to be created, and the newly planted forest areas are to reach 400,000 to 420,000 decares by 1990.

(8) In the wood-working industry efficient and deep processing of the raw material is to be achieved, and priority is to be given to developing production of wood sheet materials of greatly improved quality.

Art. 9. (1) Rapid development and application of biotechnologies is to ensure the following:

1. Meeting the country's main requirements for new preparations for efficient diagnosis and treatment, new generations of humane antibiotics, veterinary and medical antibiotics, plant protection agents, enzyme preparations, amino acids, etc;

2. A wide range of new products based on corn for the food and tobacco industry and for developing the country's biotechnologies;

3. The introduction of new cell and tissue technologies in plant culture and new embryo transplantation technologies in animal breeding;

4. Applying biomethods and biomedicines for defense against diseases and harmful substances, improving the feeding of animals, and intensifying the growth of agricultural crops;

5. Mastering the production of antibiotic medicines for human and veterinary use, and of other new medicines and expanding their export;

Art. 10. (1) Renovation and modernization of the material-technical basis of agriculture and rapidly introducing new technologies is to take place, to ensure the steady development of production with the view to achieving a year-round satisfaction of the population's growing needs for supplies and raw materials for the food industry. The goals are:

1. To implement a technological reconstruction of agriculture by developing and introducing scientific systems of agriculture and modern methods of managing the crop yields and animal productivity; to introduce new technologies along the entire biological cycle and ensure a decrease in the use of materials and energy, prevent the water and wind erosion of the soil and systematically increase soil fertility;

2. To develop agriculture according to the need to adapt in the best way possible to the specific natural-climatic conditions of the country, assign the agricultural crops according to regional characteristics, and introduce new hybrids and new breeds of animals on the basis of improved selection and improved breeding activity;
 3. To turn the production of grain and grain fodder into a basic trend of developing agriculture by increasing their production by 10 million tons annually;
 4. To ensure the further growth of animal-breeding production by improving the breeding composition of the herds and increasing their productivity. The production of meat in slaughterhouse-weight in 1990 is to reach 830-840,000 tons; milk will reach 3.1-3.2 billion liters, and eggs will reach 3-3.1 billion units;
 5. To increase the production of sunflower and bean crops, soybeans, fodderpeas, alfalfa, and so forth, in order to satisfy the need for protein. To better utilize the waste of the food industry for the production of protein;
 6. To ensure the necessary quantities of tobacco, sugar beet, cotton, and ethereal oils [eterichnomasleni kulturi] for processing in industry and export, by introducing new technologies and high-yield varieties;
 7. To reach 2.2-2.4 million tons in the production of greenhouse vegetables, green beans, and peas for processing and for fresh food must be increased on a priority basis;
 8. To produce 2.5-2.6 million tons of fruits by 1990. To plant varieties with different growth periods. Priority is to be given to the development of noble fruits [blagorodnite plodove] and dessert grapes. To increase the production of peaches, apricots, cherries, morellos, strawberries, and dessert grapes for the domestic market and for export;
 9. To expand the area of the solar greenhouses through the use of reinforced high-quality polyethylene sheets, and significantly decrease the use of metal per decare; to ensure a better utilization of steel greenhouses;
 10. To significantly increase the mechanization and automation of agriculture, as well as the use of robots in this area, in order to increase labor productivity and solve the problems of the labor resources.
- (2) Conditions for further developing personal plots and their connection with public agriculture in order to better supply the population with agricultural products will be created.

Art. 11. (1) The technological re-equipment of production in the food industry will be implemented in order to advance toward a better and more rational use of agricultural raw materials. Priority importance will be given to the development of the meat-processing and milk-processing, vegetable oil,

and canned food industries. The assortment structure is to be broadly renovated.

(2) The following will be the main directions of the branch development:

1. The in-depth processing of the raw materials and the efficient use of waste, as well as increasing the volume of commodity production per ton of raw materials;

2. The rapid restructuring of the processed food products and quick adaptation to the changes in domestic consumption and export. To significantly increase the production and diversify the assortment of processed, semi-processed, dietetic, and baby food both for private and public consumption;

3. Better utilizing the fruits and grapes by producing different kinds of compotes, nectars, syrups, soft drinks, wines, milk-fruit and herb drinks, carbonated drinks based on fruits, grapes, and herbs, and so forth;

4. Greatly improving the assortment and packaging of the food industry articles by introducing modern packing and a broad range of packages for domestic use and for export.

Art. 12. The technical and technological renovation of construction is to be further accelerated with the view to rapidly constructing the basis of other branches. These steps will be taken:

1. To gradually turn the construction sites into industrial and assembly sites through the introduction of new construction and technological systems and highly-productive and complex equipment;

2. To develop the raw material and preliminary construction production through new and effective materials, elements, constructions, and articles.

Art. 13. The complex construction of the material-technical basis of transportation will be continued through the introduction of new modern transportation means and new technologies. The goals are:

1. To continue the introduction of automatic systems of directing transportation and the transportation means, the automation of the technical processes in the railroad stations and the ports, and the development of industrial railroad branches;

2. To form the best structure among the separate kinds of transportation and limit the alternate and nonrational freights in order to most efficiently use the transportation capacities and decrease the national economy's expenditures for transportation;

3. To make the transportation services fully correspond to needs and increase their quality;

4. To decrease the time needed to transport freights by 10-15 percent and to improve traffic safety and the protection of the freights during their transportation and processing;

5. To improve travel conditions for the population in all areas related to speed, comfort, and safety, and decrease as much as possible the pollution of the air and soil, and bring the noise caused by the transportation to a minimum. To put a priority on developing passenger transportation in Sofia, the okrug cities, the major industrial regions, and the conurbation systems of the fourth and fifth functional type;

Art. 14. Communications will be reconstructed in accordance with the new requirements for speed, precision, and quality of service. The goals are:

1. To improve the material-technical basis and broadly introduce automation in the control of the communication systems' working order and functions, in servicing the customers and work places, in the use and exchange of information, and in the labor-intensive processes;

2. To improve the quality and reliability of the telephone lines, the radio and television programs, and the postal services.

Art. 15. The level of trade will be elevated by improving the quality of services. The goals are:

1. To improve trade structure while increasing the trade exchange;

2. To improve the technological relations with the production organizations and apply complex mechanization and automation, including production-trade coding, as well as the color-packaging the goods;

3. To continue the construction of trade's material basis. To develop the "trade houses" chain for furnishing the homes;

4. To expand and modernize the workers' and students' cafeterias, snack-bars, and food shops by diversifying the food and improving its quality. To continue the construction of food combines and fast food enterprises.

Art. 16. The effectiveness of money-making tourism will be increased by decisively improving the quality of tourist activity. The variety of the services offered to tourists will be greatly expanded. The material basis will be renovated and tourism's infrastructure will be constructed. A uniform automatic system of information and reservations will be introduced.

Art. 17. On the basis of the technological re-equipment and reconstruction of economy the quality, reliability, and the technical-economic parameters will be improved, and the renovation of production will be accelerated with view to increasing the efficiency of the country's participation in the socialist economic integration and the international division of labor, as well as to better satisfy domestic needs.

Section III. Basic Pace and Correlations in Developing Economy

Art. 18. A new qualitative growth of economy is to be ensured on the basis of the scientific-technical development and structural reconstruction of the national economy. The goals are:

1. Increasing the national income produced in 1990 by 30 percent in comparison with 1985;
2. Increasing the social productivity of labor by 35 percent, with this increase achieving the entire growth of the national income;
3. Ensuring the accelerated technological renovation of the national economy, the further growth of the people's prosperity, and the fuller satisfaction of their material and intellectual needs when distributing the national income. Some 22-23 percent of the utilized national income is to be allocated for the "Accumulation" Fund;
4. Systematically improving the structure of accumulation by increasing the share of the basic funds' growth and decreasing the growth of the material turnover funds' share;
5. Developing industry--the leading economic branch--faster in comparison with other branches of the national economy. Industrial production is to increase 27 percent. The production growth is to be ensured mainly through dynamically increasing the social productivity of labor and the rational and economic use of the resources. The electronics and machine building are to occupy a decisive place in the structural reconstruction and technological renovation, by increasing their production 70-75 percent;
6. Increasing the average annual agricultural production during the period of 1986-1990 by 8-10 percent in comparison with the Eighth 5-Year Plan period, by better utilizing the soil and the labor and material resources;
7. Fixing the ratio between industry and agriculture in 1990 at 86-87 percent vs. 14-13 percent.

Art. 19. (1) The country's material-technical basis is to develop faster while applying the investment and scientific-technical policy in a unified manner. The goals are:

1. The volume of the total capital investments is to reach 53-56 billion leva, 76 percent of which will be in the area of material production, and 24 percent in nonproduction areas;
2. The structure of the capital investments in material production is to improve by sharply increasing the relative weight of the machines and equipment and decreasing the share of architecture-construction works. The contribution of machine building and electronics to the investment process will increase and greater care must be invested in developing the material-technical basis of the construction-fitting combines and the "Town Planning and Community Services" economic enterprises;

3. The investments in the material sphere in the main directions of development. The projects and productions of national and particularly great importance are to be ensured in a priority manner. More than one fifth of all industrial investments are to be allocated to developing machine building, while one third of this amount is allocated exclusively to electronics. Conditions are to be created to better use the Black Sea resources;

4. The line of rapidly constructing small and medium-size enterprises with a high technical and technological level is to be implemented;

(2) The organization of the investments in the country is to improve. The goals are:

1. Ensuring highly efficient and resource-saving technological, construction, and architecture-planning project solutions through the process of planning;

2. Ensuring the further strengthening of the material-technical basis of construction, the industrialization of construction production, and the effective use of the labor resources in order to implement the country's construction program. Greater care is to be taken in developing the material-technical basis of the construction-fitting combines and the "Town Planning and Community Services" economic enterprises;

3. Rapidly reducing the duration of the construction of projects as well as the amount of incomplete construction, which by 1990 is to decrease to 90 percent of the volume of capital investments [sentence as published];

4. Increasing the volume of the basic funds on this basis in 1990 by 38-40 percent in comparison to 1985, as well as increasing the production basic funds 41-43 percent.

Art. 20. The utilization of the nation's labor potential is to improve decisively by:

1. Decreasing the relative share of those engaged in the branches of material production, on the basis of the technological renovation and reconstruction of production, closing down low-production workplaces, decisively improving the socialist organization of labor, and creating conditions to fully utilize the working time of the working people;

2. Increasing the share of those engaged in the field of services and giving priority to increasing the number of those engaged in education, science and scientific services, health protection, and housing and community services;

3. Increasing the number of specialists with higher education to 355,000 in 1990, and the number of cadres engaged in introducing the modern directions of the scientific-technical progress to 123,000;

4. Improving the qualification structure of the workers. The share of the highly qualified workers engaged in material production is to increase to 40 percent of the total number of workers engaged in material production by 1990, and the share of low-qualified workers is to decrease to 20 percent;

5. Enriching the content and strengthening the creative character of labor; constantly increasing its productivity, quality, and effectiveness, strengthening the discipline, and efficiently using labor time;
6. Creating a better organization to broadly use the individual labor in the production of goods and services for the population;
7. Creating conditions to increase the qualifications of women in order to better combine maternity and their participation in labor and public life.

Art. 21. (1) To ensure the efficient utilization of the material and energy resources in all branches, productions, and activities, by achieving an intensive and resource-saving economic growth by introducing new technologies and restructuring the economy.

(2) To ensure the fundamental processing and complex utilization of raw materials through the broad introduction of new technologies. To rapidly improve the quality of the materials and enrich their assortment. On this basis to receive more and more qualitative end products from one unit of raw material input.

(3) To ensure the most economic utilization of raw materials and other materials by rapidly introducing low-waste, wasteless, and other resource-saving technologies and equipment, improving and simplifying goods construction, and rapidly introducing new and effective materials.

(4) To pay special attention to better use of secondary raw materials waste products in the entire national economy, in order to replace fresh and local raw materials, save imported materials, and protect the environment.

(5) During 1990, the utilization of the following materials used to produce 100 leva of national income is to decrease in comparison to 1985: energy received from various fuels by 17 percent; ferrous metals by 18 percent; cement by 19 percent; and timber by 30 percent.

Art. 22. The efficiency of the economic activity is to rapidly increase by:

1. Decreasing by 5.3 percent the material expenditures for the production of 100 leva of national income by 1990. A significant decrease is to be achieved in the basic branches of the material production;
2. Increasing profitability, calculated on the basis of the profit made from 100 leva production funds by 4.5 percent. Implementing a rapid growth in industry, agriculture, and construction;
3. Accelerating the turnover by 7-7.5 days by expanding and improving the direct supply of raw materials, other materials, and production sharing products, turning the supply activity into a commercial activity, and perfecting transportation operations.

Section IV. Development of Living Conditions and Social Changes

Art. 23. (1) The complex satisfaction of the material, intellectual, and social needs of the people will continue in accordance with the growing economic possibilities of the country.

(2) Real per capita income is to increase 18 percent by:

1. Making the labor wage the main source of the income growth and of the purchasing ability of the population. The average monthly salary is to reach 250-255 leva in 1990. The minimum labor wages are to increase to 140 leva toward the end of the 5-Year Plan period. The accelerated growth of the social productivity of labor in comparison with the growth of the average labor wages is to be ensured;

2. Increasing the social consumption funds are to increase in accordance with the growth of the national income. Their volume per capita in 1990 must be 20-26 percent larger than in 1985. Toward the end of the 5-Year Plan period, the minimum monthly pension is to reach 70 leva.

(3) The following quantities of annual use per capita of food and nonfood products are to be reached in 1990: meat and meat products, 80 kg; milk and milk products (without milk fats), 250 liters; fish and fish products, 10.5 kg; eggs, 256 units; vegetables, 145 kg; fruits, 150 kg; cotton fabrics, 28.7 square meters; wool fabrics, 5.5 square meters; shoes (excluding slippers), 2.6 pairs.

(4) Per 100 families there must be 103 TV sets, 99 washing machines, 102 refrigerators, and 41 private cars.

(5) The retail trade exchange is to increase 25 percent, its structure improved, and the population's need for consumer goods is to be satisfied with better quality goods. The possibilities of specialization, production sharing, and consumer goods exchange with the CEMA member-states are to be better utilized.

(6) The further satisfaction of the population's needs for apartments and an integrated living environment is to be ensured by:

1. Quickly solving the country's apartment problem by applying a new architectural and urban concept and through the broad participation of the population. Some 400,000 new apartments are to be constructed, 120,00 of which by the self-financing method;

2. Subjecting the structure of the new apartments according to the number of their rooms, to the family structure according to the number of its members;

3. Giving priority to the construction of new apartments in Sofia, (where a total of 100,000 apartments will be constructed), the major cities, and the industrial centers;

4. Increasing the average living space per capita toward the end of the 5-Year Plan period to 17 square meters;

5. Increasing the number of apartments with district central heating to 24.5 percent of the apartments in the cities until 1990.

(7) The further complex development and improvement of the system of rendering social services to the population is to continue by:

1. Increasing the quality of services for the population and expanding their range; and doubling the consumer services for the population;
2. Continuing the development of communal services and town planning of the conurbation systems and accelerating the water supply. During 1990 the supply of drinking water per capita for everyday life and social needs is to reach 270 liter per 24 hours;
3. Improving the transportation and communication services for the population.

Art. 24. (1) "Industry for man" is to develop with the participation of all branches and activities which provide goods and services for the population; renewal and diversification of the commodity funds are to accelerate, and the supply of goods is to improve according to the consumer-paying ability of the population. For this purpose:

1. The production of goods with higher consumer qualities is to be mastered. Such goods include new clothes and shoes produced from modern materials, highly processed and well-packaged foodstuffs, electronic domestic appliances, new detergents, colors and lacquers with improved performance, and so forth;
2. The production of morally obsolete and unfashionable goods, not in demand by the population, must quickly stop.

(2) The contribution of light industry to better satisfying the consumer needs of the population is to improve by:

1. Strengthening the rear echelons of the branch with the view to increase production and improve the quality of the thread, fabrics, leathers, auxiliary materials, accessories, and so forth;
2. Renewing and expanding the assortment and improving the aesthetic construction, and functional characteristics of the end products of the light industry, in accordance with the requirements of the domestic and international market;
3. Expanding cooperation with leading foreign companies in the appropriate branches of the light industry, and expanding the trade exchange with the socialist countries;
4. Increasing the production of high quality, diversified, and inexpensive goods and services for children.

Art. 25. Safe and healthy labor conditions are to be ensured; the level of labor injuries, professional diseases, and illnesses is to decrease by:

1. Increasing by 6-7 percentage points the relative share of people working under conditions which complexly correspond to all norms and requirements;
2. Decreasing the share of workers engaged in manual, heavy physical, and unattractive labor by 8-9 percentage points;
3. Ensuring the necessary quantity of work clothes, shoes, and personal safety devices.

Art. 26. The activity aimed at protecting the environment and maintaining ecological balance is to continue. The issues related to introducing wasteless and low waste technologies and closed cycles of water supply to production, purifying the air in the areas of Sofia-Kremikovtsi, Pernik, Dimitrovgrad, Burgas, Stamboliyski, Devnya, Ruse, Pazardzhik, and Razlog, purifying the water of the rivers Iskur, Maritsa, and the rivers flowing into the Black Sea, reclamation of destroyed lands, and so forth are to be solved in a priority manner, and for this purpose the production and efficient use of the necessary equipment is to be mastered.

Art. 27. The conduct of undertakings related to the organization, safety, and culture of road traffic is to continue.

1. On the basis of the National Program on Improving the Organization, Safety, and Culture of the Traffic the economic organizations and the okrug people's councils are to allocate the necessary means and create complex conditions for curbing and decreasing the traffic accidents and their consequences;
2. Technological means, automatic systems, and "green waves" are to be introduced in an accelerated pace in the organization of traffic;
3. The strictness, public influence, responsibility, training, and education, related to traffic safety are to improve.

Section V. Developing the Branches of the Nonproduction Area

Art. 28. (1) Science must consolidate as a powerful revolutionary factor of the further economic, social, and spiritual progress of society.

(2) Fundamental and applicable complex research must be directed toward ensuring the technological re-equipment of production in the areas which have a priority importance for the country, in accordance with the highest achievements of the scientific-technical revolution and for improving the management of society.

(3) The intensification of the scientific research and product is to accelerate and their quality to improve; quick growth of the cadres' qualification and their labor's productivity is to be ensured; the construction and fullest utilization of the material-technical and informational basis of science is to continue.

(4) The progress of integration of science and practice is to continue through improving and reconstructing the national system of research and technological development. Simultaneously:

1. The organizations for research and technologies are to be constructed as forms of a new and qualitative development with technological direction. Scientific-technical, and technological centers and institutes are to be created and strengthened. A national system must be created for transfer of technologies, which is to include the new organizations-centers for introducing technologies;

2. The program collectives must be the basic form of organizing research and developing technologies.

(5) Almost 90,000 peoples are to be engaged in science and scientific services in 1990. The capital investments for developing and reequipping the material-technical basis are to increase almost 2.6 times in comparison with the Eighth 5-Year Plan period. The expenditures for science and scientific research must be 3.6 percent of the utilized national income.

Art. 29. Comprehensive care must be invested in developing artistic culture as an active factor in the harmonious development of the socialist personality. For this purpose:

1. The quality of the cultural values and the system of their dissemination is to improve. The cultural activities and esthetic education are to be more closely connected with the labor collectives; they must enter everyday life, leisure, and other forms of social practice;

2. The differences in the cultural development between some regions of the country and between certain social and age groups of the population must be overcome and the role of the cultural clubs as centers of culture must improve;

3. Care must be taken to continue to find, protect, and fully utilize the cultural-historical heritage in the educational process;

4. The complex basis for cultural activity must develop in the cities and the conurbation systems; the material basis of the national cultural institutes, cinematography, film dissemination, and video and audio recording must develop; the full and efficient use of the existing base must be ensured both for education needs and for public activity;

5. The activity related to producing, printing in sufficient quantity, and distributing video films and video programs must expand.

Art. 30. The role of the mass media--press, television, radio, book publishing, and photo propaganda must increase by:

1. Placing in the center of their activity the problems of man under the conditions of implementing the scientific-technical revolution. The mass media must cooperate in improving and further developing socialist democracy;

2. Improving the quality and structure of the radio-television programs. The volume of the television programs is to increase to 17 hours a day until 1990;

3. The more active and efficient cooperation of book publishing and press in elevating the ideological-political, educational, and general cultural level of the Bulgarian nation;

4. Constructing the material-technical base of the mass media according to the requirements for most modern technologies. The printing industry is to expand the use of photosetting and offset printing.

Art. 31. (1) The educational and professional qualification level of country's labor potential is to increase; the 3-step structure of the educational system is to consolidate and the organization of the study process is to improve; broad educational and professional training and a new qualitative type of specialization are to be achieved and directed toward mastering integrated technologies.

(2) The restructuring of the high school system is to continue. For this purpose:

1. The construction must continue in the uniform politechnical high school and the study-professional complexes to ensure the professional training of the entire youth. A gradual transition toward a 12-year training course is to be implemented;

2. The construction of technical schools for high school education is to begin in 1986;

3. The high school establishments are to train a total of 470,000 qualified workers and 145,000 specialist with a high school education;

4. Conditions must be created for quickly expanding high school and correspondence courses in the high schools, especially for workers up to the age of 30 who are engaged in production.

(3) The process of restructuring higher education must continue by:

1. Turning the higher education establishments into study-scientific centers, which train cadres with many skills, capable of actively participating in the scientific-technical revolution. The introduction of 3 qualification levels in training cadres in the higher education establishments is to begin in 1987;

2. Increasing the number of students admitted to engineering-technical studies, mainly in the strategic directions of the scientific-technical progress;

3. Training over 80,000 specialists in the higher education establishments. By 1990 the total number of students is to reach 118,000.

(4) The material-technical basis of education is to be made to correspond to the new tasks and requirements of the scientific-technical progress; a total

of more than 1 billion leva is to be invested in this enterprise: The needs of the higher education establishments are to be satisfied in a priority manner.

(5) The education system is to ensure the further improvement of the educational structure of the labor power engaged in education. The comprehensive system of increasing the cadres' qualification and educational level is to improve.

Art. 32. (1) The development of activities contributing to protecting the population's health, working ability, and longevity is to continue.

(2) The leisure, health resorts treatment, mass physical culture, and tourism are to develop, and the integration and uniform policy in constructing and the year-round use of their material-technical basis are to be implemented. Until the end of the 5-Year Plan period some 42 percent of the population are to be guaranteed short and long rests.

(3) The preventive activity is to improve through the creation of new and more effective methods of revealing and removing risk factors in the environment and the predisease conditions. Dispensary services for the population as the basic approach to the struggle against diseases with social significance are to improve. Until 1990 these services must encompass 65 percent of the population, while fully including workers, mothers, and children.

(4) Permanent health services for mothers, children, and students are to be ensured. Infant mortality is to decrease to 11 per 1,000 newborn babies.

(5) The health needs of the population are to be fully satisfied by:

1. Expanding the system of health establishments, the rational restructuring of the existing quantity of beds, applying new methods and modern medical equipment, as well as electronic and cybernetic equipment for early diagnosis, treatment, and rehabilitation;

2. Introducing new modern and efficient medicines;

3. Improving the quality of stomatology services.

(6) Geriatric care is to improve, predominantly through expanding the home social services.

(7) More than 1 billion leva are to be invested in developing the material-technical basis of health protection, social care, physical culture and sport, tourism, and leisure. The participation of the people's councils and the economic and public organizations in constructing and maintaining the material technical basis is to increase.

Section VI. Territorial Structure of Social Production and Complex Development of Territorial Units

Art. 33. The territorial organization of social production is to improve, the living environment is to harmoniously develop, and the standard of living of the population according to okrugs and conurbation systems is to be brought closer together in accordance with the requirements for the new qualitative growth and the complex satisfaction of the needs in the conurbation system.

Art. 34. (1) The territorial deployment of the production capacities and the construction of the technical and social infrastructure are to influence the effective utilization of the regional factors with the view to reaching a multi-purpose oriented effect in the national economy and regulate the migration processes. The goals are:

1. To stop the further excessive concentration of production capacities, labor potential, and technical and social infrastructure in the okrug and major industrial centers. Economic means are to be predominantly used for this purpose;
 2. To accelerate the construction of production capacities for goods and services of first need (bread and bread products, soft drinks, and so forth), to better satisfy the needs of the population in the populated areas;
 3. To use economic and other measures for stimulating the socioeconomic development of the border areas, the Strandzha-Sakar area, and the conurbation systems of the fourth and fifth functional type, and utilizing the natural-climatic characteristics of northeastern Bulgaria;
 4. To ensure the accelerated development of the economic and demographic potential, as well as the complex servicing of the population of small and medium-size cities;
 5. To solve the common problems of neighboring okrugs and conurbation systems in a related manner and on an economic basis;
 6. To stop the negative demographic tendencies in the country's conurbation systems.
- (2) Priority is to be given to directing the labor, water, soil, and other resources to the structure-determining productions and activities which have a special importance for the national economy in the conurbation systems.

Art. 35. (1) The development of the processes of territorial concentration and the specialization of production and activities is to be based on scientific-technical progress and is to facilitate its comprehensive introduction in all territorial units.

- (2) The effective utilization of the scientific-technical potential of the capital, and the okrug and major cities is to be ensured.
- (3) Special attention is to be devoted to the technical and technological re-equipment of the capacities in Vidin, Vratsa, Mikhaylovgrad, Kurdzhali, Turgovishte, Silistra, Smolyan, Kyustendil, Razgrad, Yambol, and other okrugs,

while the existing production specialization is to be consolidated and improved.

(4) Conditions must be created for more fully working on and solving the interbranch problems of the scientific-technical progress in the separate territorial units.

Art. 36. The process of overcoming the essential differences in the standard of living must accelerate, as must the degree of construction of the social and technical infrastructure, and the complex services for the population in the various territories by:

1. Directing the resources for developing the technical and social infrastructure in a priority manner toward apartment construction, constructing educational and health care establishments, and water supply;
2. Improving the system of the population self-supply by utilizing the possibilities for personal plots and public agriculture;
3. Charging the executive committees of the people's councils with full responsibility, in accordance with their prerogatives, for developing the complex servicing of the population. Taking into account the scope of the needs they are to direct and effectively using the resources to quickly solve the problems not only of the okrug and municipal centers but also of all populated regions and conurbation systems;
4. More closely joining the territorial units in everything related to:
 - a) the supply of basic foodstuffs, apartments, places in the all-day-kindergartens, and classrooms;
 - b) satisfying the need for drinking water.

Art. 37. (1) To ensure better coordination between the city-forming and city-servicing factors in Sofia.

(2) Sofia's economy is to develop under the conditions of broad and constantly developing production and other relations with the other okrugs and first of all with those which are in immediate proximity to Sofia.

(3) In developing Sofia's technical and social infrastructure, priority is to be given to housing construction, constructing the projects of the city transportation and entrance-exit communications [vkhodno-izkhodnite komunikatsiy], expanding the material base of education and health protection, and environmental protection. The first line of Sofia's metro is to be commissioned for the end of the 5-Year Plan period.

Section VII. The Country's Participation in the International Division of Labor and the Socialist Economic Integration

Art. 38. (1) The foreign economic relations of the country are to develop in directions which facilitate the forming of a highly efficient production structure.

(2) The possibilities of the socialist economic integration and participation in the international division of labor are to be utilized better to accelerate the technological re-equipment of the branches and increase the technical level of production by implementing the measures in the Complex Program for the Scientific-Technical Progress of the CEMA Member-Countries Until the Year 2000.

Art. 39. (1) The integrational processes with the CEMA member-states and first of all with the USSR are to develop and improve through cooperation in the scientific and research areas and strengthening the national and production specialization and production sharing.

(2) The creation of joint production, scientific-technical, and other organizations is to continue.

(3) The implementation of the agreements and coordinated integrational enterprises with the CEMA member-states is to be ensured.

(4) Some 80-82 percent of the country's trade exchange is to take place with the socialist countries.

Art. 40. Cooperation with the developing countries is to expand by creating the necessary conditions and broadly applying new and effective forms.

Art. 41. Trade, economic, and scientific-technical relations with the developed capitalist countries are to develop on an equal and mutually beneficial basis, by applying modern forms of production-technical and market mutual relations with the interested countries and companies. Production cooperation and industrial production sharing is to develop with leading companies by creating joint associations for trade and production and implementing compensation contracts and scientific research developments.

Art. 42. In 1990 the country's foreign trade exchange is to increase by 32-37 percent in comparison with 1985. The improvement of its structure is to continue. The economic organizations are to ensure a complete coordination of the quality of the exported produce and the requirement of the foreign market. The share of the new electronic and machine building articles in the total volume of the export is to increase. The efficiency of the export chemical, pharmaceutical, light, and food industries products is to increase.

Art. 43. Conditions are to be created for increasing the efficiency of international tourism, transportation activity across the border and the implementation of engineering-construction, design, and other activities across the border.

Section VIII. Conditions of Implementing the Law

Art. 44. Implementing this law the Council of Ministers is to divide the Uniform State Plan for the Ninth 5-Year Plan period according to years, reporting annually on its implementation of the country's development during the following year.

Art. 45. Working out and implementing the plans by the self-managing organizations and the implementation of the state plan on scientific-technical and socioeconomic development are to be ensured mainly through a highly developed system of economic regulating instruments and norms.

Art. 46. (1) The Council of Ministers is to adopt a Code on Economic Activity.

(2) During the Ninth 5-Year Plan period the Council of Ministers is to regulate the organization and structure of the self-managing economic organizations, the system of forming and dividing their income, their mutual relations with the budget, and their own mutual relations as well as their relations with the organs of state leadership.

(3) The Code on Economic Activity:

1. The new forms of organizing the economic activity and the managing organs of these forms must be regulated;

2. A new method of forming the domestic wholesale prices to be introduced, using as a basis the real prices of the goods and services sold to foreign markets which are representative and promising for our country;

3. A reform is to be conducted in the tax system with the view to simplifying it and turning it into one of the basic instruments of economic leadership. The self-managing economic organizations are to be subjected to the principles of cost-accounting--self-support and self-financing;

4. A reform is to be implemented in the banking system by significantly increasing the role and efficiency of the credit mechanism;

5. The "Labor Wages" Fund is to be residual and based on results, after paying taxes to the state and the deductions for the investment funds of the self-managing organizations, and placing material expenditures. The wages of those engaged in production is to be directly connected with the quality and quantity of their production, the services which have been rendered, and the results of the entire economic activity;

6. An efficient system of marketing the products of the trade activity of the self-managing organizations is to be ensured both on the domestic and foreign markets;

7. The system of material-technical supply is to improve;

8. Preconditions must be created to gradually expand the socialist competition between the self-managing organizations in production, trade, designing, construction-fitting activity, banking services, insurance, scientific-research activity, and the sphere of services.

Art. 47. The Council of Ministers has been instructed to create the necessary conditions to better maintain equipment and production, renovate and supply spare parts, and create a better system of maintenance services.

Art. 48. A recommendation has been issued to the Fatherland Front National Council, the Central Council of the Bulgarian Trade Union, the Central Committee of the Dimitrov Komsomol, the Central Council of the Scientific-Technical Unions, the Presidium of the Union of Scientific-Workers, and the leadership of the other public organizations and movements to cooperate in implementing the tasks ensuring from this law.

Concluding Instructions

Paragraph 1. The Council of Ministers is to review the additional proposals of the National Assembly permanent commissions and the members of the National Assembly, made during the third session of the National Assembly, and adopt the appropriate decisions.

Paragraph 2. The chairman of the Council of Ministers is charged with the implementation of this law. The Council of Ministers and its organs are responsible for the implementation of this law.

The law has been adopted by the 25 December 1986 third meeting of the third session of the Ninth National Assembly, and sealed with the state seal.

Chairman of the National Assembly of the People's Republic of Bulgaria:
Stanko Todorov.

/12913

CSO: 2200/27

BRIEFS

ECONOMIC COOPERATION TALKS END--Prague, 10 December (BTA corr.)--The talks between Mr Stoyan Markov, first deputy chairman of the Council of Ministers and chairman of the State Committee for Research and technologies, and Mr Jaromir Obzina, deputy prime minister of the Government of Czechoslovakia and chairman of the State Commission for Techno-Scientific and Investment Development, ended here today with the signing of final documents. The talks coordinated the programme for the techno-scientific cooperation between the two countries for the 1986-1990 period and discussed concrete questions of the participation of the two countries in the practical implementation of the Comprehensive Programme for the Techno-Scientific Progress of the CEMA Member States up to the Year 2000. We discussed some concrete tasks in the field of laser and computing equipment, the use of computers in education, new technologies for microelectronics, the obtaining of super pure substances, etc., Mr Stoyan Markov said before the BTA correspondent. For the first time we also discussed the proceeding to higher forms of cooperation and the setting up of joint laboratories and teams. ["Bulgaria-Czechoslovakia: Economic Cooperation"--BTA headline] [Text] [Sofia BTA in English 1942 GMT 10 Dec 86 AU] /12913

DECISION ON TRUD ARTICLES--Recently TRUD published a series of articles by the journalist Georgi Tambuev, entitled "Equipment and Clinical Death." With a sense of civil courage and professional responsibility, and in accordance with the decisions of the 13th BCP Congress, the author examined weaknesses and negative tendencies in the investment process, which are results of a bureaucratic attitude and a subjective approach, and draw the attention of the public to them. Because of the great public importance of the issues raised by the newspaper, the BCP Central Committee Secretariat discussed them and evaluated the articles highly. A decision, adopted on that occasion, instructs the appropriate state and economic organs to fully implement the measures which have been adopted to effectively solve the issue of the old stock and uninstalled equipment. Attention has been directed to the necessity of deepening the technological-economic analysis of the investment projects and adopting optimal decisions on the supply and installment of the necessary equipment. ["Decision of the BCP Central Committee Secretariat in Connection With TRUD Articles"] [Text] [Sofia TRUD in Bulgarian 19 Dec 86 p 1 AU] /12913

WINE COMPANY RESTRICTS OUTPUT--The echo of Council of Ministers Decree No. 67 on restricting the use of alcohol is reverberating more and more strongly in

the country. Due to this document, the Vinprom Economic Trust is on the verge of a radical restructuring. The trust's managers have sent instructions to all units in the country to stop selling beverages with a high alcoholic content in its enterprises' shops. The idea is to shut down all plum branch stills owned by the trust. In the future, managers who want to make plum brandy will have to apply to the trust's subsidiaries, where control is much stricter and abuses are not possible. Agreement has already been reached with the State Planning Commission to cut the volume of drinks with a high alcoholic content by 10 percent as compared to 1986, with further similar reductions during each succeeding year until the end of the 5-Year Plan period, by which time the production of spirits in Bulgaria will have been reduced by 40 percent. The distillation of other drinks from fruit will be reduced to a greater extent. For the country as a whole, 6 million liters less of beverages with a high alcoholic content will be produced next year. [Excerpts] [Sofia OTECHESTVEN FRONT in Bulgarian 15 Dec 86 AU] /12913

CSO: 2200/27

DAILY NOTES RUMORS ON MINISTERS' SWISS ACCOUNTS

AU221817 Prague RUDE PRAVO in Czech 19 Dec 86 p 3

[Vaclav Dolezal Feuilleton: "Under the Counter"]

[Text] I work as a purchasing agent, and I often travel to various places in the Republic in my chase for screw nuts and screws, for spare parts for Skoda and Tatra 805 cars, for tar or roof covering for the storehouse. I thus know a lot of people. And that is why our neighbor often comes to me with various requests. Either she wants to buy a globe for the boy, or else some modern hair curlers, or Botas shoes, size 41. A few days ago she came again. "Vaclav," she said this time, "I want to ask you for a great favor."

This startled me. Surely she will not want me to buy her another knitwear item from Pisek. She had said something about this already.

"But Mrs Novakova, my trip to Pisek is not scheduled until next month. And that is after Christmas."

Why says anything about Pisek? This time I need something from Prague," she gushed at me.

"But surely our shops here are almost better stocked than the shops in our mother-city of a hundred spires, Prague," I objected.

"They have it only in Prague," she replied like a conspirator, "and even there you can get it only on the black market, or under the counter."

I was burning with curiosity.

"Well, not to stretch your patience," she began to whisper.... "it is terribly secret."

I stood before her quite disconcerted; what kind of under-the-counter affair will this be?

"I need PRAVDA," she blurted out. "You know, Moscow PRAVDA... of 30 September."

I looked at her uncomprehendingly, surprised that she had already learned Russian; for recently she came to me with instructions for a radio set, and I even had to translate figures for her.

"It says something quite sensational about us. We are being criticized. Somebody has an account in Switzerland, they say, with a huge amount of money."

"And who is that somebody?" I pulled myself together to ask.

"That I do now know; they say some ministers--or else they would not try to hush it up here...."

"But.... how is it that you know about it?" I tried to interrogate her.

"A neighbor brought it, from as far as Usti and Labem, and also old man Novy from Plzen. He has a daughter there, in a newspaper mailing service stand. She sells papers, postcards, and such. They confiscated the whole edition with that article in front of her nose, she said. Yeah, and an acquaintance of mine, an engineer, spoke about this to a man who must know this. And he, that man, confirmed that the issue in question had been withdrawn. And now, they say, one copy is being sold for up to Kcs 200..."

Next day, from our technical library, I brought her the 30 September issue of PRAVDA for free. Impatiently she tore it out of my hand and disappeared in her private quarters. About an hour later she was at my door. "Would you read me that article; somehow I have difficulties with the alphabet today," she came begging.

"Which article?"

"Well, the one about those ministers' accounts...." I took the newspaper from her and started reading the headlines one after another. "None of them would satisfy you," I told her. "None of them is even about Czechoslovakia."

Quite obviously I disappointed her. She took the newspaper with an offended air and departed, probably to some other translator.

And was there a happy ending? It was not so happy. She is now searching for another paper, this time for KRASNAYA ZVEZDA for a change. It was this paper which carried the article, a sure thing. A man from Prague said this, who comes to our place on weekends....

Tell me, what wouldn't one do for a rumor?

/12913

CSO: 2400/151

SWISS PAPER REVIEWS NATION'S NUCLEAR POWER PROGRAM

Zurich NEUE ZUERCHER ZEITUNG in German 2 Dec 86 pp 3-4

[Text] Journalists accredited in Prague were astonished and pleasantly surprised a few weeks ago when they received an invitation to tour the Dukovany nuclear power plant. Dukovany is southwest of Bruenn, a good 30 km from the Austrian-Czechoslovakian border, which is to say, just outside the area that Prague and Vienna have designated in a treaty as a border proximity area. During this spring, voices in Austria had loudly claimed that this protective zone was not particularly significant if an accident should occur. But the agreement also contains provisions which allow Austrian nuclear technicians to inspect the nuclear plant at regular intervals as part of an exchange of information. In order to demonstrate the harmlessness of the reactors at Dukovany to a broader public, there was every appearance that the press had been invited to tour them. Some Western observers asked themselves whether the information offensive by Soviet Communist Party secretary general Gorbachev in matters of nuclear power had not already spilled over into Czechoslovakia.

Four Major Centers

The opening was not bad. Senior engineers from the Dukovany plant and representatives from the Ministry of Fuels and Power gave an overview of the nuclear power program of the CSSR in general and Dukovany's role in particular. Two nuclear generating stations are currently in operation. The first is in Jaslovske Bohunice, in western Slovakia, and its four units produce a net output of about 1,600 megawatts. Construction of the Dukovany center was started in 1978; the third unit began operation in November. The fourth and last of the 440-megawatt WWER (pressurized water) reactors is scheduled to start up in May 1987. Each year from 1989 to 1992 a 440-megawatt unit is supposed to start operation in Mohovce, in southern Slovakia. The largest plant is going up in Temelin, near Budweis, where four 1,000-megawatt WWER units will generate their full output by the year 2000 at the latest. At that time, Czechoslovakia will derive one half of its electrical energy from nuclear power plants (before the accident in Chernobyl official figures were even mentioning close to 60 percent). One 440-megawatt reactor saves 2 million tons of brown coal annually. Currently, electricity from nuclear power amounts to one fifth of all electricity generated.

The basis for the construction of all the nuclear power plants in Czechoslovakia was cooperative agreements with the Soviet Union; the Czechoslovakian side was responsible for unspecified parts of the internal equipment. It is known that the Skoda factories are manufacturing reactor components for all the CEMA countries. It was said that the adjustments to the Dukovany reactor were carried out by Soviet engineers. Construction costs amounted to Kcs21 billion (about 4 billion Swiss francs at the official rate of exchange). Final disposition of the nuclear waste is managed by the Soviet Union. A district heating plant in Bruenn, 30 km away, is supplied with the waste heat. At 19 heller/kilowatt hour, the cost of the nuclear electricity is 15 percent lower than anticipated in the plans.

"Western" Safety Standards

Reactor safety at Dukovany is provided by a barbotage system, not by reactor containment. In the abbreviated presentation given, the functioning of this system was incomprehensible, at least to the layman. As explained, it consists of three active safety systems, one of which is sufficient to prevent the worst hypothetical accident. All the shutdown systems operate automatically, and unlike Chernobyl, the equipment for safety procedures cannot be switched off manually. The system is comparable to Western safety measures. A catastrophe like the one in Chernobyl could not be repeated primarily because discipline among the reactor personnel was much better in Dukovany. This statement was repeated several times, with reference to testimony from Soviet scientists, and the numerous representatives of the Soviet press saw no cause for protest.

Folk Art Instead of Nuclear Technology

The announcement that a tour of the reactor had been cancelled, because one nuclear power plant looks exactly like another, met with little or no comprehension, even on the part of Eastern European journalists. Apparently the officials in Prague had lost their courage in the time between the invitation and the visit. It was also announced that if the tour had taken place there would have been no time left for the compulsory lecture on natural conditions and the prospects of the Trebitsch area for development, with particular attention devoted to the 1986-1990 5-year plan.

Still, an important point of the program that had to be completed was an afternoon visit to the world-famous Christmas manger museum in Trebitsch. So the reporters from three continents, who had assembled to inspect a nuclear power plant, left Trebitsch safe in the knowledge that nuclear power plants, Baroque castles and Romanesque basilicas are not interfering with one another and with the impression that the Czechoslovakian Communists prefer to show old churches and mangers, rather than the most recent achievements of socialism.

Summary Self Portrait

The journalists who returned to Vienna after the excursion found an official press kit waiting for them, containing various reports about Czechoslovakia. Among them, they came upon an article entitled "A Day in Dukovany." If the

author was supposed to have fared any better than we did and if he had actually penetrated into the interior of the installation--he was discreet enough to conceal this fact from us. Following the proof that a serious accident could only occur once in a million years comes the sentence: "The Dukovany nuclear power plant works on the same principle as the Chernobyl nuclear plant, but the safety system is different, it is similar to that of the nuclear power plants in France, for instance. One must be aware of the fact that safety systems are becoming more perfect every day"

The description of the unknown author's first visit to the area is more informative. In 1974, it was a matter of convincing the inhabitants of the villages of Skryje, Lipnany and Hermanice, which no longer exist, of the necessity of leaving their ancestral homes so that a nuclear power plant could be built. Long-time residents were prepared to attack representatives of nuclear power plant construction with pitchforks. Normally, one hears nothing officially in the CSSR of such willingness to rebel, and so the report states comfortingly that people today are fully aware of the necessity of nuclear-generated electricity on the one hand, and of the need to protect the environment on the other.

9581

CSO: 2300/108

BRIEFS

CHRISTMAS MARKET SUPPLIES--According to J. Rab, Czech Minister of Trade, the domestic market will be supplied at Christmas with sufficient amounts of meat, vegetables, fruit, and sweets. The situation is worse in such industrial goods as domestically produced color TV sets (TESLA Orava works will not deliver 21,000 of the planned number of sets), freezers, and refrigerator-freezer units, automated top-loader washing machines, Veritas sewing machines, and sports bicycles--all products which have been in short supply throughout the year. The demand will be slightly appeased by imports of TOSHIBA, JVC, and NEC color TV sets, of Gorenje and Zanussi freezers, and of JVC video recorders. [Summary] [Prague VECERNI PRAHA in Czech 25 Nov 86 pp 1, 2 AU] /12913

HARVEST SHORTFALL--After three years of good harvests, this year's shortfall in cereals in the Czech SR amounts to 371,075 tons (compared with the plan; it amounts to 755,279 tons when compared with 1985). One of the causes is soil erosion due to winds and rain, which has affected almost 42 percent of agricultural land in the CSSR and has led to an approximately 15 percent loss in plant production. In terms of money, this equals Kcs 6.1 billion. Although this year's yields were lower, more than 494,000 tons of grain still had to be stored outdoors or on premises set apart for machinery. None of the regions succeeded in fulfilling the plan for legume production. The garlic situation must be speedily resolved. However, no grain need be imported this year from abroad. [Summary] [Prague MLADA FRONTA in Czech 26 Nov 86 p 2 AU] /12913

FRUIT, VEGETABLE SHORTFALLS--Prague (11)--This year the fruit and vegetable yields were lower than planned. Only 77.3 percent, that is, 358,000 tons, of the planned 464,000 tons of vegetables was procured in the Czech SR, although there are the acreage that had been increased by 500 hectares. A good harvest was yielded by red cabbage and salad cucumbers, a rather lower one by Gherkins for pickling, cauliflower, onions, tomatoes, garlic, and white cabbage. Plums, cherries, sour cherries, strawberries, and apricots gave low yields. The situation in peaches, pears, and raspberries is altogether good. Roughly 3,000 tons of onions (from the GDR and Poland) and 650 tons of garlic will be imported. [Summary] [Prague ZEMEDEL'SKE NOVINY in Czech 29 Nov 86 p 1 AU] /12913

HORENI ATTENDS MEETING--The session of the West Bohemian Regional Committee of the CPCZ today in Plzen discussed tendencies of economic development of the

region, the outlook for the fulfillment of the tasks of the first year of the Eighth 5-Year Plan, the state of securing the details of the plan for next year, and progress in intensification. It stated that the conclusions of the 17th Congress of the party are being gradually introduced into life with active participation of the workers. The report of the party's regional committee presidium pointed out, however, that a reduction in energy demand is not successful. Speaking in the discussion which partly reflected new approaches, was Zdenek Horeni, member of the party's Central Committee Secretariat editor-in-chief of RUDE PRAVO. [Text] [Prague Domestic Service in Slovak 1600 GMT 11 Dec 86 LD] /12913

COMMITTEE HOLDS SESSION--The CPSL Central Committee held a session in Bratislava today. Comrade Josef Haman, candidate member of the Presidium and secretary of the CPCZ Central Committee, critically pointed out that so far we have not been able to achieve the planned speed of intensification, and that the qualitative indexes of the party plan are being fulfilled inadequately--particularly regarding reducing the proportion of material costs. In all spheres we have had to increase demands on the standard of management work and control and the strengthening of discipline and order. Together with this, it has become necessary--in line with the strategy of accelerating and intensifying development--to prepare for the gradual re-structuring of the economic mechanism and for the forms and methods of planned management in the spirit of the requirements of the 17th congress of the party. The key question is to create prerequisites for the mobilization of the people and for their material and moral stimulation. At the conclusion of the session, a speech was delivered by Comrade Jozef Lenart, member of the presidium of the CPCZ Central Committee and first secretary of the CPSL Central Committee. [Excerpts] [Bratislava Domestic Service in Slovak 2030 GMT 10 Dec 86 LD] /12913

ROHLICEK CHAIRS MEETING--In Prague on 1 December a meeting of the Council for International Economic and Scientific-Technical Cooperation presided over by Rudolf Rohlicek, CSSR first deputy premier discussed the procedure pertaining to the fulfillment of tasks arising for the CSSR from the conclusions of the 42d CEMA session and the 121st session of the CEMA Executive Committee. It also discussed a proposal for negotiating a protocol on prolonging the 1986-90 CSSR-USSR agreement on the specialization and cooperation of production in the communications industry and a proposal to negotiate a similar protocol on complementing the CSSR-USSR agreement on the specialization and cooperation of production in the electrotechnical industry. [Summary] [Prague RUDE PRAVO in Czech 2 Dec 86 p 2 AU] /12913

CSO: 2400/151

SLOVENE ECONOMISTS VIEW WORK OF MIKULIC GOVERNMENT

Country Seen Lacking Direction

Ljubljana TELEKS in Slovene 9 Oct 86 pp 6, 7

[Article by Maks Tajnikar: "Why I Do Not Want to Be a Member of the Present FEC"]

[Text] There are really only a few Yugoslavs who have a detailed familiarity with the work of our FEC [Federal Executive Council]. Of course, I do not mean by this that they ought to know where its members go for a vacation, and whether they have reservations that coincide in time with the discussions of the May analysis, and with the entanglements of some sort of difficulty. What I have in mind is how their analyses are formed, how the expert bodies work, what happens in many committees, what FEC meetings are like, what the balance of power at those meetings is like, which FEC members are more vocal and which only speak up rarely, what the IC and trade union spokesmen say there, and so forth. Nevertheless, in spite of our lack of information about the work and life of the FEC and its bodies, we all form an impression from time to time about conditions in that highest executive body. Sometimes these are only insinuations made in taverns; but if we look carefully at the resolutions, proposals, measures, and statements of the members of the FEC, we can also arrive at more objective assessments of its work.

The present FEC, of course, is still too new for us to be able to make major assessments of its work and of the conditions in which it works. Nevertheless, from the viewpoint of an economist who can observe the operation of economic policy with a fairly cool head from his university desk, some characteristics of its work to date are such that I am glad that I do not have to share responsibility with the members of the FEC.

In the first place, Yugoslavia today does not have a clearly defined historic goal for its social development. Of course, we are still building a self-managing socialist society. In the postwar years, however, in rebuilding the economy we had a clear goal, toward which economic policy guided the economy; then we decentralized the economy and established the first forms of self-management in factories; in 1956 we began economic reform; in the 1970's we experimented with income relationships. Regardless of what we think of all those social experiments, the form of our economy's social organization has

always been rather precisely defined. Today we are changing the laws on prices and planning and the credit, monetary, and foreign trade systems from one day to the next, without first determining in detail and reaching an agreement on what a self-managing economy should even be like. The old discussions among economists about such things as a normal price in our economy have been characterized by politicians as the caprices of academic economists, although it is only through such discussions that one can answer such questions as what our accounting system should be like, whether our interest rate in credit relations is high enough, whether basic organizations of associated labor should also calculate interest on their "own" business funds, whether the interest rate is capable of guiding savings and investment, whether personal incomes should be what is left over from income or expenditures, etc.

Perhaps someone will try to tell me that we have the Long-Term Economic Stabilization Program. But compare the mere appearance of that program with the appearance of some foreign or even domestic discussion or book that deals in an expert manner with the issues covered in the program. Why doesn't the program contain all of those equations, graphs, regressions, and correlations that every economic textbook is full of? Perhaps the special methodology of economic research does not apply to our economic policy?

In a situation in which not even the LC has clearly committed itself to those theoretical cornerstones of our economic system, changing a number of economic laws is only taking chances, and running in place. And since the FEC has neither the power nor the authority to determine by itself the historic goal of the organization of our economy, its work is condemned to infrequent successes and numerous failures. At the first congress of European economists in Vienna at the end of August, some economists stated that this is the situation in almost all of the East European states that boast about reforms in the economy.

In the second place, the FEC today does not have any kind of expert background for its work. I am told that sometimes it has been different. Today, however, pick up the Law on the Foundations of the System for the Social Control of Prices, for example, and compare it with the first legal solutions for price controls from the 1950's. You will see that in the 1950's they knew about even more forms of price supervision than today, even though the literature on price controls has mushroomed, especially during the past 10 years (the rest of the world, in fact, was also still fighting the battle against inflation just a little while ago). It is obvious that the laws are still being written by the same people as in the 1950's, while the younger FEC experts are learning economics on the job. Under such conditions it is understandable that from year to year the FEC proposes the same economic policy measures, even though they were discredited in practice a long time ago. It does not have any radical new measures in store, and I am convinced that it is not even aware of them. I ask you, who even reads the domestic and foreign professional literature at all today? A very large proportion of university economists prefer to deal with politics, and consequently Yugoslav economic knowledge is still far behind the rest of the world's.

If we demand that experts prepare expert solutions in the basic organizations of associated labor, so that then the workers can run things, we should also demand the same thing of the FEC. The sociopolitical workers themselves should not prepare the majority of the documents over their coffee. They should only know how to listen and entrust an expert mandate to the right people. And the right people are the ones whose proposals turn out to be successful, not the ones who speak beautiful but empty words about workers' rule, but in the past have already made themselves look ridiculous many times for their knowledge. Also, some of the Slovene economists should be allowed to have their opinions paid more attention in Belgrade; they certainly have not had that opportunity yet, even though their economic knowledge cannot be considered least in Yugoslavia.

In the third place, the present FEC has proven through its work to date that it has not sufficiently understood three things. First of all, economic laws cannot be replaced by political decisions. The levels of interest rates, foreign exchange flows, personal incomes, and the prices of individual types of goods cannot be set by political decisions without doing irreparable harm. All of these are market phenomena, and sooner or later the market will impose them in its own way. Lowering the interest rate by a third (which the FEC ordered in July) under the conditions of reduced capital formation (which it demonstrated through the measure on personal incomes), and when the high rate of inflation showed an enormous gap between savings and investments, was inappropriate, and showed a complete failure to take market laws into account. Since under such conditions market laws press against the restraints of political decisions all over the place, the government relies more and more upon administration, and holds businessmen accountable, while economic matters get worse and worse. Consequently, the Federal Institute for Social Planning also had to say, in listing the so-called basic issues for determining the policy of socioeconomic development in 1987, that "the direct social control of prices will be continued to the extent necessary. The rough parameters for setting prices must have particular significance in this regard." Why is the FEC quarreling with business today about whether the exchange rates for foreign currency are too high or too low, when it is clear that the market-organized economy does not have sufficient incentives to make enough foreign exchange available?

The FEC also does not trust the market. It oversees 70-80 percent of the prices with the assistance of the Federal Institute for Prices. Its experts also do not understand the market mechanism, since otherwise the planners would not have said in the above-mentioned document that "they will eliminate the causes of inflation by increasing the efficiency of management and strengthening the material basis of labor," while "simultaneously lowering expenses," and that they will resort to price controls, an antimonopolistic policy, and treasury reserves. As is well known in the economic theory of inflation, all of this has no real connection with inflation, while someone who will submit to market laws and not political decisions is in danger of going to prison.

Finally, it was already clear in advance that many of the measures taken in the past would lead to the employment of the bureaucracy and the economy, but not to results. This year the economy had to restore prices to the old level

on two occasions. The Slovene Economic Chamber felt that all these measures had no significant effect on inflation, and only covered products that were less significant for capital replacement and the cost of living. Notification of a change in prices 120 days in advance will not stop price increases forever, since all of the inflationary factors are still present. What purpose did the "law on personal incomes" serve, when it only legalized the indexing of personal incomes? They would be formed in a noninflationary manner today if they fell from month to month. What a fuss over nothing!

In the fourth place, enormous economic damage results from such an economic policy. Some forms of this damage are clearly visible.

The producers of fittings for furniture, dishware producers, plastics manufacturers, and several others as well could send the federal government a sort of bill, since it directly harmed them unfairly with the price rollback measures. Millions of Yugoslavs are poorer because we are conducting a mistaken foreign exchange rate and interest rate policy, and we are not making an effort to halt inflation the right way. How can one assess the harm done because the lack of a capital market prevents effective investment? How can one assess the harm done because Yugoslav self-managing socialism is no longer a shining example of an efficient socialist economy?

P.S. I hope that the reader will understand that the FEC is far from being the only one responsible for all of the above. If he does not believe this, he should ask about the story of the latest reductions and increases in the price of bread!

Speculation on Economic Policy

Ljubljana TELEKS in Slovene 9 Oct 86 pp 7, 8

[Article by France Cerne: "New Government--New Economic Policy?"]

[Text] Some preliminary observations:

Many events are telling us that we are living not only during the transition from one millenium to another, but also during the transition from one civilization to another. We are witnessing enormous progress, on one hand, and a global world crisis, on the other.

Yugoslav society is part of that world. Consequently, it bears the marks of that world crisis, and also of its own.

The new government is also aware of this, although more hesitantly, with many ?SPRENEVEDANJA, with that so characteristic "Yugoslav" repetition, an almost ecclesiastical one, that we "ought to," that we "must..."

That word is especially being used more frequently during these autumn days, when we are adopting the resolution on next year's economic policy, as if in some liturgical ritual. It is almost as though everything ended on New Year's Eve and on New Year's Day everything started all over again, with a sort of almost fanatical expectant belief on the part of all the "subjects" that the

"three wise men from the East" will bring everyone a package of the things dearest to him. And then...

Every Beginning Is Difficult

Every beginning is difficult; it is by the morning that the day is known.

The government, in fact, has already presented very quickly the so-called first and second packages of measures (the June and July packages), which were supposed to "correct" some of the most negative trends in this year's development as soon as possible, by sliding the dinar exchange rate more quickly, by increasing incentives for exports, by lowering some interest rates, by limiting the growth of personal incomes, by the so-called conversion of short-term credits into long-term ones, by restoring some prices to the March level, by temporarily "freezing" the growth of prices, etc.

Some measures were of course necessary because of the threat of an even worse escalation of inflation, although not as permanent solutions; others were ill-considered (after lowering interest rates, the government is proposing that they be raised again); and still others were more of an intimidating or propagandistic nature (for example, the "freeze" on some prices and the undeclared "price war" between part of associated labor and the government, or the measure under which the price of bread goes up, then down, then up).

A third and crucial package was announced for the fall harvest. Everything indicates that it has been held up, and that it will not go through as quickly as the government originally thought. Some of these measures were provided for in the form of the resolution for the first quarter of 1987.

Although it would be an illusion to expect the new government to work miracles overnight, when it has taken us decades to produce "negative miracles," the directions of its "more aggressive" policy (in comparison with the policy of the previous government) are nevertheless more or less known. It is my personal opinion that the government began somewhat too hastily with urgent steps to resolve some significant issues, without having provided in some red or blue book the answers to the three crucial questions: 1. How it assesses our economic system and what in it is not valid; 2. What its comprehensive diagnosis is of the situation and the development aspirations; and 3. What its long-term development strategy is, along with its consistent theoretical basis for economic policy measures.

System, Model, Functioning of the Economy

The government is counting a great deal upon the system of the "socialist self-managing and market" economy, as if that operationally efficient system already exists or will exist in the first quarter of 1987.

1. In terms of political economy, our present economic system is effectively (not according to doctrine or the constitution) and basically neither socialist nor capitalist, neither a market system nor a planned one, neither a natural commodity one nor a monetarily and financially developed one; in brief, it is a political-administrative system. Consequently, the so-called

"real dinar exchange rate," the "real interest rates," and the "real personal incomes" (they should also add "real profit measure") are not by any means real phenomena shaped by the market, nor will they be next year (although we could also discuss the concept of "reality" for a long time).

2. The model of the functioning of our economy is extremely complex and contradictory. In very general terms we could say that on one hand it is still functioning in a primarily natural-product manner (in a non-market manner), extensive with regard to employment and capital, inefficient, poor in development and innovation, etc., while on the other hand its functioning is strongly anticipatory and consumer-oriented, nominally income-oriented (without being covered by production), burdened with debt, etc.--and consequently it is necessarily unstable.

All of this proves that the present system is not a historically efficient form of the kind of economic relationships, expressed primarily in the form of ownership, that would permit the continued efficient development of productive forces.

3. As for the results, if I may apply Marx's idea of accumulation and the differentiation (polarization) of capitalist society, in our country the following polarization and contradiction is appearing: on one hand development is occurring (in relative terms, and not uniformly), a lot of prosperity in personal consumption, and private wealth (a lot of living on independent incomes), and also in general and joint consumption (with respect to the pathetic social productivity), while on the other hand, there is an "accumulation of poverty" in the socialized economy--in productivity and capital formation capability, with unutilized capacities and with wasteful investments, in the form of a very diverse erosion of social property, which we are increasingly accounting for in our bookkeeping as paper assets.

4. The situation in the 1980's is characterized by the so-called coincidence of the troughs of the medium-term and long-term economic and social cycles, and that is why the depression is longer and worse, and it is so difficult to get out of it--which certainly does not justify major subjective strategic development mistakes.

5. For all of these reasons--and also because of the highly antagonistic interests of the republics and provinces, and the rigidity of the subjective forces, our society has no strategy for the development of either the system or the productive forces.

It follows from all of the above that current economic policy has to be an ad hoc policy, the result of its vision of the problems (especially "political policy") without long-term guidelines and parameters. This also applies to the policy announced for the first quarter of 1987.

More Details on the Economic Policy Announced for the First Quarter of 1987

The reader will certainly be interested in how the announced new (!) government measures are then assessed, and in the possibilities for their implementation.

Although some measures are not yet known, and others are still being discussed, I would still like to give my personal opinion of those that have already nevertheless been announced in principle, in the form of statements, which are naturally suppositions:

- that the revival of the economy that took place in the middle of this year, because of the accumulated restrictions, will probably diminish next year;
- that in spite of the greater incentives planned, it will be very difficult to achieve the exports projected, in view of the growing domestic obstacles;
- that I do not believe in the simpler market formation of prices for products and "product factors"; on the contrary, even more rigid supervision is more likely;
- that we will not hold back the escalation of inflation enough at all (and stagflation as well), unless there is a fundamental change in the nature of the policy;
- that the faster sliding of the dinar exchange rate and the indexing of interest, with such weak motives and resources for better management, will be more grist to the mill of continued inflation;
- that I see financial consolidation more as a sort of writing off of paper assets, and less as a healthy and institutionally sensible measure;
- that doing business in the future on the basis of real market prices (as parameters for decision-making) is for the time being more of a textbook exercise, for some different institutional conditions;
- that we have neither the means, nor sufficient incentives, nor adequate draft programs that are economically valid (in terms of the market), for an effective restructuring of the economy;
- that the so-called selective support for large, crucial programs (large or associated organizations) is, to be sure, a more successful policy than the present linear branch policy, which can lead to major developmental mistakes (because we do not know how another part of the economy will react), and to more administrative decision-making, bypassing the market;
- that a unified market for goods, funds, etc., without major changes in the autonomy of economic organizations, will still be more or less merely a doctrine;
- that with such low capital formation in the economy, and unsatisfactory business performance, we can hardly count on an increase in its competitiveness (in spite of a possible partial reduction in the burden on the economy, which also has its limits);
- that everything indicates that we will "achieve" more consistent adherence to the principle of division according to labor, with more rigorous

ratification of social compacts and regulations for the entire state, which will effectively distort the principle in the direction of a wage system based on norm-hours and qualifications, which in turn will of course reduce the working collective's incentives for improved and more successful management;

--that there will not be any wave of innovation without crucial institutional changes;

--that it will be very difficult to implement more rigorous bankruptcy proceedings against organizations operating at a loss under the conditions of workers' self-management, the large role of the sociopolitical communities, high unemployment, etc.;

--that a clear reduction in unemployment (the extent of which is uncertain because of the way in which records are kept) under such conditions is only possible at the expense of productivity or economy, and thus a further stimulus to inflation;

--that a major reduction or restructuring of general consumption, in particular, but also other types of consumption, would require radical measures, for which I do not see enough support, and there are also constitutional restrictions;

--that the more rapid establishment of smaller shops (socially owned, cooperative, or private), is, so to speak, an unsolvable problem without some institutional assurances of lasting financial autonomy (rights) for the founder;

--that under such conditions it is difficult to count on a larger influx (or higher quality) of foreign capital, etc.

As the reader can judge for himself, my answers are rather skeptical, and in many cases are hedged with "if." A person cannot foresee many "ifs." Some are dependent upon unforeseeable changes (not miracles), and more are dependent upon the active support of the working masses and the political movement in the name of which the government conducts policy.

Because of this, the question of whether the new government means a new and more successful economic policy remains open; that is to say, they should not be able to say next fall that the more things have changed, the more things have remained the same (that is not effective). From this point of view, it is still up to the government to govern and administer less, and to conduct a mature and effective policy, so that its work is not recorded by history as something left unfinished.

FEC Aims Examined

[Article by Miroslav Glas: "What Are the FEC's Aims Really Like?"]

Ljubljana TELEKS in Slovene 9 Oct 86 pp 8, 9

[Text] We can admit to the present FEC team (and some of us can also reproach them for it) that with its handling of things, it has surprised us and left us in doubt. Specifically, on one hand we can observe the difference between its theoretical commitments and admonishing attitude toward labor organizations and citizens, and the FEC's concrete measures; and on the other hand, it is still not clear whether the FEC will be able to fulfill Yugoslavs' great expectations, at least during the coming years. The present composition of the FEC, particularly personified by Prime Minister Branko Mikulic, has at any rate aroused great expectations among the public at large, which has been rather frustrated by several years of crisis without any prospect of a way out, while among the ranks of economists, at least as far as we can conclude from the survey by the Zagreb weekly DANAS and the pages of TELEKS, it has encountered skepticism and restraint. Some of them have explained their skepticism as a result of FEC's position in our political system, which ought to allow it more room to maneuver and autonomy in undertaking measures; others had doubts about the personnel comprising it (which is usually the case, of course); and yet others regretted the lack of clear developmental goals, more concrete than the general commitments to economic laws, etc. All of these expectations were simply linked to the disappointment over the last year of the previous government, which drastically reduced its efforts toward the stabilization aims of the previous years. The new team has therefore attracted new hope, particularly through Prime Minister Mikulic's public statements and through the creation of the impression that "this time things are really happening."

At first the FEC itself acted aggressively, by announcing that its agencies were diligently preparing measures, while the Prime Minister's statements emphasized a "pedagogical" note regarding the behavior that he expected from labor organizations and citizens. At the same time, the FEC tried to win a certain respite from its critics, both with the idea that time was needed for it to take steps, and with the idea that we should not judge it by individual measures, but rather by the logic and results of the aim as a whole. It is precisely on the latter point that more and more of a possibility for criticism is appearing, because of the inconsistency of the FEC's statements and its conduct. The first idea, at any rate, is correct; time is needed to take steps, and then more time is needed for the economy to react to the measures. The great expectations, with the unsatisfactory results, are causing us to become nervous, for the expectations are not being fulfilled, and the results do not match the declared aggressiveness of the FEC's activity. The FEC is threatening us more and more by saying that we are not behaving correctly, not in the distribution of income, or in prices, or in exports. It is therefore understandable that first of all we ask ourselves what it itself has ultimately given us during the last half year. Then we have to undertake an analysis of the individual measures, in order to use them to reconstruct the FEC's aims and try to determine whether they will tell us what awaits us in the future.

On the basis of the past months, I feel that the FEC has to a considerable extent failed to meet our expectations, since an analysis of the individual measures cannot convince an economist that there is a firm plan for resolving the economic crisis, and it is even harder for us to believe that the measures fit together like the stones of a mosaic into a worked-out program. I must

emphasize that this is a view that is based merely upon perusing newspapers and on the information in the public news media, and that I am not familiar with the broader background (and the possible concealed intentions of the FEC). Nevertheless, it does not matter to me that the commitments to "economic laws, market measures of management, and real economic categories" are being repeated (as the 3 October 1986 DELO summarizes the explanations of Zarko Papic, the director of the Institute for Social Planning), when this year's measures are clearly hesitating over this, and they are convincing of such a critical view. I have a few examples in mind here. In the first place, when the FEC took action on prices, it required for its lesson on suitable behavior by the economy an unusually high price, since restoring prices to the previous level for a large number of products with all of the "paper army" that it involved would have required, on one hand, enormous direct expenses (if one added up the time spent, the outlays for forwarding agreements, the physical changing of prices on products, etc.), the national total of which would very quickly disillusion us, and on the other hand, would have pushed some producers into a more difficult economic position, with the continuation of the gap between the growth of expenses and the restraint on prices being turned into a reduction in income. Probably not even the FEC would put its hands in the fire for the selectiveness of this measure. It is probably a good thing that the FEC periodically shows firm intentions of achieving changes in behavior; nevertheless, such a stick is frequently broken over the wrong subjects, without essentially changed conditions, and so the calls for different behavior are utopian. Only the fall test of the new wave of prices will show whether such an expensive lesson has truly convinced anyone.

The FEC's inconsistency was demonstrated even more with the policy of the real dinar exchange rate. The lesson that we cannot rely solely upon a sliding exchange rate, and that we cannot solve the problems of low productivity solely by devaluing the dinar has, in fact, the beautiful mistake that without an adequate sliding of the dinar that will preserve export incentives, support the more successful exporters, and differentiate the labor organizations more sharply, we will certainly never achieve adequate exports or provide incentives for solving the problems of low productivity. We can use a very simple comparison: excessive restraint on the exchange rate during a (deep) discussion of the right measures to solve the problems means the same thing as if a medicine, during a discussion of the right miraculous remedy for a disease, failed to alleviate the current problems, and the patient could die just when the miraculous remedy was finally found! It is clear to everyone that there is something wrong if we explain the rapid sliding of the dinar a year ago and its being maintained recently as "action in accordance with the Long-Term Economic Stabilization Program" (as Dr Slobodan Stanojevic expressed himself in assessing the current action). Is it possible that a diametrically opposite explanation of the stabilization program is true? We probably deserve a more convincing explanation of what the real reasons are, if we want to trust the exponent of such a policy when there are enormous difficulties in the export economy, which is besides what would be responsible for a revival of economic growth. Also, the imbalance between the exchange rate for the convertible and clearing markets requires a convincing explanation if we are to believe that this is not a case of a breakthrough by certain parochial interests and an extensive transfer of income.

The third stumbling block in regard to the FEC's aims is the policy of interest rates. Some people explain this year's reduction in interest rates as a temporary attempt to assist financially weaker organizations to lower their expenses; the only possible assessment, however, is that this is probably a mistaken attempt. Such an attempt can have a sort of "educational" effect, in order to convince the public again that although the policy of real negative interest rates would be wrong sometime in the future, the price of experimenting is nevertheless too high, but it is also possible for experts to predict the results in advance (if we assume that economic science nevertheless knows something about the functioning of the economy). Both attempts, maintaining the dinar exchange rate and reducing interest rates, indicate a typical Yugoslav characteristic--stubbornly experimenting with the economy because of ideological biases, regardless of the final cost. Although no one really claims that a real exchange rate and a real positive interest rate are miraculous remedies for the accumulated problems, it is nevertheless necessary to know that they are part of any effective therapy. Consequently, so much repetition of the lecture is really not necessary to understand very simple lessons.

I do not know whether the FEC is not equally convinced of economic theory's knowledge, whether it would like to convince itself through its own attempts of the necessity of a more realistic valuation of social resources, or whether it needs this in order to persuade the doubters who keep reopening the discussion of interest rates and the exchange rate. This brings about the recurrence of a problem that I feel is constantly present in our society--that we never learn from (costly) experiments, and therefore illogical measures keep being repeated (with identical failures). Thus, in the 1 October 1986 DELO, we were able to read that the latest data on gasoline consumption in Yugoslavia indicate that the price itself of gasoline has no major influence upon consumption! After all of the unpleasant experiences with the odd-even system and with gasoline coupons, when the effects of increased prices at a time of reduced purchasing power have been convincingly demonstrated, the foolish idea that we Yugoslavs do not react the same way as normal consumers in the world is being repeated again! The only thing lacking is for coupons to be repeated again as the best solution, even though we have never undertaken a comprehensive analysis of the costs associated with these that we have had in Yugoslavia! The events of the last decade really explicitly confirm that we Yugoslavs, as individuals and in labor organizations, react as economic entities, but according to our own logic of rational behavior, and not according to the desires or illogical expectations of the administration.

This can also be the starting point for the next critical comment, which has to do with the area of distribution. In a conceptual confusion (with social compacts being concluded in an atmosphere in which changes in the system of distribution in accordance with the LCY Central Committee proposal are already being announced), with unacceptable differences being introduced in the relative personal incomes of workers in different industries and branches, and at a time of uncertainty about what the new FEC will do, the labor organizations reacted with excessive increases in personal incomes, anticipating inflation and including a reserve in the event that the FEC would only react by freezing incomes. Naturally, in such a situation it was

necessary for the FEC to take action, but the prospects for capital formation must concern us; the problem is that the republics interpreted its measures differently, and that there was no prior coordination with the trade union, and consequently, in spite of people's extreme sensitivity to events in the area of personal incomes, the measures bore the stamp of improvisation. In a certain sense the FEC acted boldly when it relied primarily upon income as the indicator of the permissible growth of personal incomes, since any other solution would be much more complicated; such courage, however, also requires rapid and effective interventions in economic conditions by which income would be brought closer to real work and the results of work, and the FEC has not done this.

I can conclude this discussion with the opinion that the FEC has so far left us in considerable uncertainty about its true views of the economic policy for the present crisis situation. At the same time, I have the feeling that so far it has been too passive toward the issue of changes in the economic system, for example changing the Law on Associated Labor, although it is clear that major changes are necessary for decisive progress, and also for accomplishing what the FEC has announced for 1987. The FEC itself created this uncertainty with its duality of commitments and real measures, and with the considerable publicity given to the "packages," which so far have not withstood the pressure of economic trends, while the third package has become part of the resolution for next year, after we waited impatiently for it all summer! The present team undoubtedly does not lack the desire to act effectively, but with its experimentation and improvisation so far it has for the most part lost the image of a team with a clear concept that will decisively make up for the weak neglect of its predecessors through consistent measures. For the time being, unfortunately, the restrained announcements of economists about the FEC's ability to bring about rapid breakthroughs are thus being fulfilled.

Of course, I can admit to the FEC that it really does not have an easy job, and that it is hindered by the diversity of views and interests in Yugoslavia, which was quickly demonstrated in the assembly discussions. Nevertheless, with experiments that clarify many things that are already known, it is wasting a great deal of time, squandering its political capital, and introducing doubt about whether the individual measures are an expression of a real aim or whether they are "lessons" for doubters. Let us therefore hope that next year, when the FEC will no longer have the excuses of initial and transitional weaknesses, it will not betray the promises from the first assessments that the draft resolution is a much more accurate, decisive, effective, and measured building material than the previous ones, and that the gap between promises and results, between principles and concrete measures, will be eliminated as soon as possible. For now, I am still not entirely convinced of this at all!

9909

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EAST BLOC SEEN 'RESTRICTIVE' ON MANEUVER OBSERVERS

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 16 Oct 86 p 3

[Article by Horst Schreitter-Schwarzenfeld: "When Observers Move Into Enemy Maneuvers--Nato Military Attaches May See All They Should See With Warsaw Pact Troops"]

[Text] Bonn--On 11 August, the FRG Embassy in Prague was suddenly informed about Warsaw Pact military activities. Czechoslovakian, Soviet, and Hungarian units would conduct an exercise for land and air forces, which was called "Druzhiba [friendship] 86". The Czech portion of the republic was designated as the site. It stated that up to two observers were welcome.

This was 11 years after the signing of the Helsinki pacts and 7 years since the last time that an FRG observer was allowed to attend an East Bloc maneuver, a real invitation. Should, after such a long hiatus, the spirit of Helsinki awaken again? The solemn promises about measures to increase mutual trust, which the 35 nations had established in the Finnish capital in 1975 had almost been forgotten. On 11 September, the FRG ambassador Peter Metzger and Lt Col Juergen Kewitsch, his military attache, expectantly climbed into a bus. The trip ended at a reviewing stand for maneuver observers.

A report which the 2 observers sent to Bonn did not read as though they had grasped the purpose of the performance. They did receive a printed program, which included the "entertainment activities" for the afternoon and the evening. In addition, a map section on a 1:500,000 scale was distributed.

They complained that contact with the maneuvering troops was not permitted. Leaving the reviewing stand was prohibited for "safety reasons." Questions about troop strengths and the national origins of troop elements remained unanswered. Admission into the maneuver area had reportedly "not thrown any light into the actual nature of the maneuver." They were not allowed to use their own field glasses, cameras, or dictating equipment. The only thing which was still permitted was the use of one's "own note pads" and--later--tape recorders, too. The presentations reportedly had "definite characteristics of a demonstration."

According to their own statements, the Bonn observers were therefore unable to figure out what was going on in "Druzhiba 86." An FRG diplomat spoke of "show." For example, T-34 tanks reportedly crossed a stream without afterwards

having visible traces of mud on the tanks' tracks. That allows only one conclusion: "The river bed was paved with concrete." One can see a similar tank circus in the FRG, in Munster in the Lueneberger Heide perhaps, where German "Leopards" and "Gepards" perform tricks for invited guests. The level of knowledge about strategy and battle mission was not enriched through this.

"Building of trust"--transparency as a means of preventing war--was established as a major goal in Helsinki: "The participating nations (at CSCE, Conference on Security and Cooperation in Europe--Ed.) will, voluntarily and on a bilateral basis, in the spirit of reciprocity and good will, invite... all participating nations to send observers for participation in military maneuvers."

Three times-- in the years 1978, 1987 [sic], and 1979-- Bonn officials were present when Soviet soldiers moved into maneuvers. Even then, the value of the information obtained from maneuver observation was not impressive; in the foreign office, they still remember the report of one observer who could not observe anything because he had to concentrate on his main goal of "keeping on his feet." Again and again, one had "to drink to peace." However, formalities were at least observed.

In the case of maps, one had to get by with a scale of 1:500,000. That corresponds to the degree of accuracy of a road map. The map scale cannot be smaller than that. A globe would not properly serve a serious maneuver observer. The experts in the building of mutual trust, however, were unable to make the commitment to provide precise maps like those which are available in every Western bookstore.

In the case of inspection from the air, the West got its way. The use of helicopters was argued about until the final hours of the Stockholm conference. Using the assumption that flying over a maneuver area at aircraft speed did little to help discover truth, they insisted upon the slow-flying helicopter. But the use of helicopters met its defeat in the final documents. "The aircraft to be used will be chosen by mutual agreement between the inspecting nation and the host nation," states the text. In any case, a safeguard is provided through the following passage: "Such aircraft will be chosen which make possible, during the inspection, an uninterrupted view of the ground for the inspection party."

Even the Stockholm agreement has not ended the old argument about what one may or may not see, the basic conflict between the desire for insight and the fear of espionage. For the Bonn disarmament diplomats, however, a beginning was made in Stockholm--entry into the principle of inspection, and thus into a principle which, for other areas of arms control, is much more important than that of observation of maneuvers. In cases of the control of chemical weapons production or the possible destruction of atomic warheads, helicopter overflights and use of field glasses would not suffice: "One has to get into the factories."

And now that all larger troop movements must be reported, wouldn't all danger of war between East and West actually be exorcized? Whoever trusts the

letter of the Stockholm agreement could fall victim to this impression. Neither side could attack, because they must notify each other by 15 November of any given year about future deployment plans.

This is a notion which brings out a gentle smile from arms control experts. Then comes the counterquestion: Haven't both blocs, NATO and Warsaw Pact, solemnly renounced all intention to attack? But, haven't aggressors broken promises, agreements, treaties again and again? And, didn't Hitler make a non-aggression pact with Stalin before he attacked the Soviet Union?

And since 1980, the principle of "reciprocity" is over. Bonn vainly continued to send invitations, while the Warsaw Pact preferred to conduct exercises just for themselves. That held true for the large Soviet maneuver on the Polish border which became known as "West 81." According to FRG estimates, at that time when the dispute between the Polish state and the union Solidarity was moving toward a resolution, some 100,000 Soviet soldiers were "engaged in military exercises." (The decision came in December 1981, with martial law and assumption of power by Gen Wojciech Jaruzelski.)

In its latest disarmament report, the FRG government therefore complained about "an extremely restrictive implementation of the Helsinki pacts" on the part of the Warsaw Pact. It also listed, not without pride in its own openness, the various military activities in the FRG--war games with names like: "Stubborn Sazons", "Agile Porcupine", "Sharp Blades", and "Fit-to-fight Lion", which would lead one to believe that we were talking about operettas.

Our neutral Swiss comrades behaved correctly and in conformance with Helsinki. All military attaches accredited in Bern were, as an example, invited to participate in the maneuver "Nutcracker." In the East, on the other hand--what a sad picture. Maneuvers with the title: "Nameless"; maneuvers without invitations.

That is supposed to be different in the future. In 21 September, the conference with the awkward name "Conference on Measures to Build Security and Mutual Trust and on Disarmament in Europe" (CDE) agreed to a document which, according to the view of Ludger Buerstedde of the disarmament and arms control section of the foreign office, represents a "breakthrough," an "entry into transparency," and which is "really a splendid thing".

Most important new feature! The invitation to observe maneuvers has been made mandatory. Additional progress: Inspections based upon suspicion are possible, and they cannot be denied to a nation which requests them. And finally: Military activities, movements which exceed 13,000 men must be reported in an "annual report" not later than 15 November of each year. The duty to invite observers begins at a troop strength in excess of 17,000. And, to make sure in the future that observers have something to observe, the procedure was exactly defined.

Based upon the knowledge that everything which is not specifically permitted is forbidden" the use of field glasses was meticulously controlled. In this case, they went lovingly into detail! Observers are permitted to use their

own field glasses, it says in Article 53.2. However, these personal field glasses are subject to the "examination and approval" of the host nation. Is this limitation caused by the fear that some field glasses focus too clearly? One just doesn't know.

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FIRST HUNGARIAN HISTORY OF TRANSYLVANIA IN 50 YEARS PUBLISHED

Budapest VASARNAPI HIREK in Hungarian 30 Nov 86 p 6

[Article by Gusztav Heckenast, candidate, research fellow: "The History of Transylvania"]

[Text] At the end of last week a nearly 2,000 page comprehensive three-volume historical study of Transylvania by 12 authors, under the sponsorship of the Hungarian Academy of Sciences, Historical Institute, was shipped to the bookstores.

The first volume of the "History of Transylvania" covers events from ancient times to 1606; the second volume includes events up to the beginnings of the Reform-period. The third covers events up to the present. Academician Bela Kopeczi, editor-in-chief [Minister of Education], noted that "the undertaking was necessary because of the demand for understanding the wider historical context and the need to form public opinion." The result is worthy of the original goals. Hungarian historiography to date has never produced such a thoroughly documented, extensive history of Transylvania. We have to highlight the surprisingly rich color and black-and-white photographs and numerous map supplements which render the publication an almost pictorial history of Transylvania.

These three volumes fill a very much felt vacuum in the Hungarian book market. The last history of Transylvania was published in Hungary almost half a century ago in one volume. Today it is almost inaccessible and its contents have long become obsolete by subsequent research since that time. Consequently, up to now, anyone interested in the history of Transylvania had only the Hungarian and recapitulatory Romanian histories to turn to. The public demand for an independent Transylvanian history has been felt for many years. Perhaps it was this long-standing dissatisfaction that raised the question whether there was a scientific justification for an independent Transylvanian history. After all, Transylvania has long ceased to be an independent country. But to raise such a question testifies to our temporary confusion of our historical judgement. Because we cannot imagine a comprehensive history of Hungary or Romania without a detailed history of Transylvania, but would anyone doubt the justifiable grounds for the existence of independent histories of Lotharingia or Savoy?

For many centuries, throughout its history Transylvania was an independent state. Let us recall the ancient Kingdom of Dacia, or even the Transylvanian Principality of early modern times. And partly as a result of geographical characteristics, partly in consequence of the power of historical traditions Transylvania was viewed as a unique entity even during the times when it functioned as a province or without any higher governmental powers as a part of the Roman Empire, Hungary or Romania.

Not only the reading public, but also historical scholarship needs an independent study of the history of Transylvania. Since Transylvania--to stay with the subject--while undergoing a development separate from that of its neighbors, also had a role in determining the cultural developments of 16th-17th century Hungary and 19th century Romanian cultural progress outside of Transylvania. In addition, the Transylvanian Saxons [Transylvanian Germans] were for centuries instrumental as a conduit for German intellectual trends. The largest number of new scientific findings can be read in the chapters dealing with the period prior to the Hungarian conquest of their homeland. Gabor Vekony's prehistoric overview, Andras Mocsi's Dacian history, Endre Toth's study of the Roman Dacia, Istvan Bona's chapter on migrations all take into consideration the newest archeological findings and evaluate partial results of the most recent historical research. Laszlo Makkai, in writing about Transylvania of the Middle Ages must have felt satisfaction, since in light of newest research he did not have to deviate much from his studies written some 40 years earlier. Gabor Barta, Katalin Peter and Agnes R. Varkonyi have drawn a more richly comprehensive picture of the 16th-17th centuries than ever; Zsolt Trocsanyi has analyzed the Habsburg-period of the Principality, a first for Hungarian historiography. The Reform-period, [late 18th century] and the 1948 Revolution is the work of Ambrus Miskolczy; the history of neo-absolutism, dualism and the 1918-19 revolution is written by Zoltan Szasz. His treatment of the post-1867 period is a projection which accommodates to the country's borders after 1920. The more than half a century since 1920 is summed up, keeping to the essence but with much less detail than previous chapters, by Bela Kopeczi.

The history of Transylvania is the attempt of 12 Hungarian writers to portray the subject from a realistic historiographical viewpoint. It is not an official "Hungarian" position. Certainly other scholars would have written differently about some aspects of the subject, and there are even differences of opinion among the present authors. The preface of the work points out some of these conflicts. But such disagreements on details--if there is a common foundation, as it is true for this work--only increase the scientific value and persuasiveness of the study, and the validity of the undertaking. The authors in the course of their work used Hungarian, as well as Romanian and Saxon scholarly literature. They have attempted to present the history of multi-ethnic Transylvania without ethnic biases, according to the viewpoints of international scholarly methods. Perhaps the next generation will see the time when the next comprehensive history of Transylvania will be written by Hungarian, Romanian and Saxon historians together.

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CSO: 2500/158

FRG DAILY VIEWS WALL SHOOTINGS, PROPAGANDA

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Dec 86 p 6

[Article by Ralf Georg Reuth: "The Victim's Fate Is Usually Not Known in the West: Shots at the German-German Border"]

[Text] Berlin, 3 Dec 86--Shots from automatic weapons are startling people on the border in Berlin more and more frequently. East German Border Guards shoot at Germans from East Berlin and the GDR who are trying to cross the wall and the barbed wire. The fate of those who are hit or forced to surrender is not known in the West in most cases. If there is no doubt that an unsuccessful escape attempt actually took place, it is just handled in a small newspaper notice with the qualifier "reportedly," with the obligatory protest by the Berlin Senate and the Allies, before they resume their normal affairs.

On the night of 24 November 1986, when a refugee was shot to death in the north of Berlin by soldiers of the 38th Border Regiment "Clara Zetkin," things were a little different. Even in the press release from the Berlin Police Administration, precise details were given. It was reported that at approximately 1 a.m., a witness heard gunfire. He then ran out of his house and saw how a young man who had already climbed to the crown of the wall was hit by some more shots and fell to the ground. The witness also heard a soldier running by yelling, "I caught you, you pig!" When another soldier saw the dead man, he was so upset that he threw his hat on the ground. He was immediately disarmed and led away. (A pastor in Dahlem says he learned from a colleague in the eastern half of the city that the young soldier is in confinement, and the pastor included the soldier in his prayers last Sunday.) In the observations in the press release by the West Berlin Police, who arrived about 20 minutes later, it was concisely stated that there was brisk guard activity until about 3 a.m.

Since the public only knew of the testimony of one witness, and the Berlin Police were unable to make any of their own determinations concerning the action, many people began to doubt the believability of the witness. That changed dramatically when, on the afternoon of 24 November, three witnesses who observed the actions on the wall voluntarily gave detailed information to representatives of the press, radio and television. Photographs were taken through gaps in the wall in the brightly lit Death Strip. It was reported that

the blood-smeared refugee was dragged away from the wall with the white shirt of border troops. He was then covered with a canvas cover before being loaded onto the cargo area of a military vehicle and taken away. After the Berlin Alert Police and the French Military Police arrived, they climbed on the roof of a house, as one of the witnesses reported, in order to better observe the entire scenario. They could still clearly see the tracks in the finely raked sand where he was dragged away.

The ladder was still there, and the last few steps overtopped the wall. In the meantime, GDR Border Guards had climbed up the ladder several times to observe the information-gathering work on the Western side. One soldier from the GDR Border Regiment called out something spiteful, too. Politicians of all parties were revolted by such an action, and they called on the GDR to finally lift the inhumane standing order to shoot.

If the escape attempt of 24 November has made its way into the consciousness of many segments of the West German public, it is primarily due to the intrepid appearance of the three witnesses. This is, however, not always so. In such cases, many Berliners follow the advice of the Interior Administration's Advice Bureau, and do not publicly testify. This is primarily because they are afraid of GDR reprisals, be they on travel from West Berlin to the FRG, or in the form of refusal to permit entry into East Berlin, where relatives are often living. Besides that, many are afraid of being derided as "cold warriors" and fanatics, as the realities of the wall do not fit into their mental image.

The SED communists foster the appearance of a peaceful border just as their West German helpers do. In their view, the peace on the "National Border West" is disturbed, at best, by "revanchist forces in the FRG." In the SED news magazine MILITAERWESEN it reads, "with their forward reconnaissance and active hindrance of border violations, members of the Border Guards accomplish tasks in the sense of socialist humanism." Escape attempts by GDR citizens are emphatically denied. There is no lack of explanations. For example, already dead boars--allegedly shot in the Death Strip--were used as an excuse and explanation for the shooting in the middle of the night. About the unmistakable events of 24 November one could read in the "UZ" ["Unsere Zeit"], the newspaper of the DKP [(West) German Communist Party)], under the heading "Threatening Lie 121," that this was about the "old methods" of those "who are against the reality of the GDR and peace on this border." The GDR Foreign Ministry denied the incident, and especially because of this, one of the witnesses to the brutal shooting of 24 November now even fears for his own reliability. The foreign minister stands there as a liar, says this witness, and complains that there is no explanation from official West Berlin. He, therefore, wrote once again his observations in minute detail in a letter to governing Mayor Diepgen of West Berlin.

The witness' goal, which was pursued with his letter, could not be reached for the time being, because an official West Berlin confirmation of the events can be issued in the constitutional state only after the criminal police investigation by the Berlin State Protection is completed. Use of force by GDR organs

is, according to German law, subject to criminal prosecution just like any other crime. As victim of an escape attempt is the considered person whose death or injury is established with "probability bordering on certainty."

The example of Marietta Jirkowski shows how difficult such investigations can be. Wounded, she remained lying in the Death Strip in 1980 while two other escapees made it to territory of West Berlin. The two claimed to have learned just a few days later, that Mrs Jirkowski had died in an East Berlin hospital as a result of her severe gunshot wounds. Still, it took years before she was recognized as an escape victim by the investigating officials and registered in the victim statistics.

The "Jirkowski Case" is an extreme case. Normally, the investigation is completed much more quickly, and the conclusions are forwarded to the Central Archives in Salzgitter. By then, though, usually too much time has elapsed to dedicate the concentrated interest of the public on this case again. The indignation over this investigated crime on the German-German border remains in the offices. And politicians do not protest any more, either.

13071/8309
CSO: 2300/106

WESTERN REACTIONS TO ANNIVERSARY OF 1956 REVOLUTION REPORTED

Budapest NEPSZABADSAG in Hungarian 29 Nov 86 p 6

[Article by Jeno Szanto: "Western Reflections, 1956...1986"]

[Text] The 30th anniversary marking the outbreak of the counterrevolution on 23 October 1956, the subsequent defense and rebirth of socialism and the forming of the MSZMP and the revolutionary government of workers and peasants is now history. During these past weeks the country continued to live and work as before. At the same time it played host to such high-ranking foreign guests from the capitalist countries as Beatrix, queen of Holland, and Richard von Weizsacker, president of the Federal Republic of Germany. Our country had also been chosen as the venue of the last conference of the internationally respected Palme commission, and a good number of our own representatives visited abroad.

This undisturbed, positive atmosphere of official international contacts was not marred even by the fact that opponents and enemies of socialism from everywhere were waging a furious ideological war, an intensive propaganda campaign against socialism, the Soviet Union, and our system of alliance. Their primary aim was obviously to try to "rehabilitate" the events, and to make it appear as if our achievements have been the results of the 1956 "revolution."

The Truth Breaks Through

As for the facts: around the time of the anniversary nearly 100 Western journalists visited our country, 12 television crews made films, and neither they nor anyone else doubted for a moment that in our country they could meet anyone and go anywhere. As a result of such personal experiences, generally speaking, the bourgeois news organizations have presented a much more refined picture of the 30 years that have elapsed since 1956 than ever before.

The main elements of the truth about us, of course, lay in those writings and programs which originated from the Hungarian

leaders themselves. As the Hungarian press also reported, Janos Kadar had given interviews to the American weekly TIME as well as the NBC television network, and had received other journalists for private discussions. Other leaders were also reported to have given interviews and written articles.

It would be worthwhile here to mention a few ideas from an article that had been written by Gyorgy Aczel for the 5 November issue of THE TIMES.

"Socialist development would not have come to a halt without the counterrevolutionary activities of reactionary forces. Even the West acknowledges this truth despite the fact that the counterrevolution had been supported, incited and encouraged by the West itself. The swiftness with which Hungary was able to return to the socialist system...offers positive proof that it had been the distortion of socialism with which the people had become disillusioned and not socialism itself."..."The reason we had become communists was to build a society that would give people a chance to live a meaningful and happy life. Our aim has been to put more smiles on people's faces and fewer tears in their eyes; to give them a sense of security and pride; to provide them with rational and realistic goals; and to convince them to consider our socialist country to be their own. These are the goals which we have been working toward for the past 30 years, and they will remain our goals for the future."

It is true that only the day before, THE TIMES had featured an article by George Urban--that is to say, Gyorgy Urban, the former Hungarian director of Radio Free Europe--that reflected the author's ultra-extremist, anti-socialist and anti-Soviet views. Let the reader try to make sense of this if he wishes.

It would be naive, of course, to expect such diehard reactionaries as Urban to reconsider their views of 30 years ago; it is already a great achievement when their depiction of the present contains at least some element of the truth. One such article was a report that appeared in the 18 October issue of the Essen-based WESTDEUTSCHE ALLGEMEINE.

"Today's Hungary is liked by tourists from every part of the world. 'This is not how we imagined communism,' say those Western visitors who had been somewhat skeptical before."

The author of the article is surprised that "officially, too, the party has been objectively analyzing the causes of October; that "there appears to be a broad consensus between the populace and the leaders of the state;" and that "Budapest functionaries speak and write openly, without ideological blinkers..."

There was also a long article in the Sunday, 19 October issue of THE WASHINGTON POST. The author of the article was Elie Abel, a professor at the journalism department of Stanford University, who in 1956 had been the Eastern European correspondent of THE NEW YORK TIMES, and who is currently finishing his research in Vienna for a book on Eastern Europe. The writer started out by saying that in Budapest "there are few things that are reminiscent of that certain autumn of 30 years ago." Then he goes on to describe the accomplishments of the past 30 years as well as our current difficulties, but his conclusion is this: "Kadar enjoys unprecedentedly broad respect."

Also characterized by objectivity was an editorial that appeared in the Boston-based CHRISTIAN SCIENCE MONITOR (28 October). After reviewing the history of Eastern Europe between 1956-1986, it went on saying that "the differences are indeed significant...Today Eastern Europe enjoys what could be considered a renaissance...The Eastern Europeans are in a much better situation today than at any time since World War II..."

In this connection the paper also mentions Hungary, and urges closer ties between the United States and Eastern Europe.

The Japanese press did not pay much attention to the anniversary. However, the NIHON KEIZAI SIMBUN, the respected paper of the business community, did publish a 2-part article on the past 3 decades, entitled "Hungary Reborn," (22 and 23 October) calling it a road to success. Among other things the article made the following points:

"Kadar saved Hungary," "the people support his steady, carefully considered course of economic reform,"... "Kadar has served the people well by making it possible for the country to develop freely under the conditions of socialism."

The paper also talked about the development of our system of economic management and the broadening of our socialist democracy, and spoke optimistically about the future.

Even the Munich daily, SUDDEUTSCHE ZEITUNG had partially put aside its prejudices (28 October). Although in its article, entitled "Red, White and Green Communism" it called October 1956 a popular uprising after which hundreds of thousands of people left the country, the hero of its opening story, John-Janos had the following to say upon returning home from Sidney:

"In a few years I may return for good. I will buy a house and will live and die in peace. Today one can do both in this country."

The article ended with the following conclusion: "Hungarian communism is characterized by a human face."

Contradictions

The Italian paper IL GIORNALE, on the other hand, does not see a human face today. Instead it claimed that in October 1956 the rebels "had risen to create socialism with a human face."

The Vatican daily L'OSSERVATORE ROMANO (12 November) also insisted that the rebels had fought "in the name of socialism with a human face." How is the poor reader to know now whether the rebels had been the ones with the human face or Hungarian socialism which came into being following the defeat and rejection of the counterrevolution? One thing is certain: in the television series "Living History" we all had a chance to see for ourselves the scenes that were so reminiscent of Szalasi's reign of terror in 1944, and the "human faces" of hooligans and underworld elements, along with their armed rampages, pogroms and looting. Incidentally, in the bourgeois propaganda it is always socialism on which people are always looking for a human face; it appears that perhaps they have given up on finding one on capitalism. Still it is interesting that we have never read about capitalism with an inhuman face, even, for example, during the Vietnam war, or after the invasion of Grenada or in describing the horrible deeds of the Chilean or South Korean fascist or semi-fascist systems.

So when it comes to the question of having a human face there are still some contradictions. But they can be found in other areas as well. According to the USA TODAY, for example, "Hungary is still feeling the shockwaves of the revolution." The above cited article in THE WASHINGTON POST, on the other hand, asserted that just the opposite was the case.

The West-Berlin based DER TAGESSPIEGEL (28 October) had this to say: "...an impulse which officially is still passed over in silence and branded as a counterrevolution within the Eastern bloc, and which after 30 years is still alive and continues to be an inspiration to those yearning for freedom--this is how one could best characterize the Hungarian popular uprising."

However, even this paper acknowledged the accomplishments of the socialist forces that had put down this "popular uprising:" "In Hungary there is relative prosperity," "Hungarian citizens enjoy relative political liberalism." Then it also went on to confirm: "Janos Kadar has become the leading figure of a national consensus. He is the recognized and even popular leader of the country." "...the counterrevolution is no longer a taboo in Hungary...the subject has been openly discussed in a number of books and films."

How was that again? A subject passed over in silence that has been openly discussed in several books and films?

The fact is that only those can be led to believe this story about "passing the subject over in silence" who know nothing about what has happened in Hungary in the past 30 years. THE NEW YORK TIMES which has an especially distinguished reputation must have also thought that its readers were among the uninformed. This is what it said on its front page:

"...the Hungarian government still treats the 1956 uprising as a taboo. In a country that has become the most liberal and most enterprising in the Eastern bloc there is still not a single easily accessible novel, essay, theatrical work, film or poem that would as much as mention the revolution and its consequences."

Voices of Cold War

Contrary as it may be to the policy of common sense and to the increasingly widely accepted norms of proper international relations, many people--and not only insignificant emigre organizations but also people and organs whose voice carries genuine weight--have used the 30th anniversary to whip up hostility against us.

Resolution 385, passed by the lawmakers of the United States, for example, declared 23 October to be "The Day of the Hungarian Freedom Fighters," and called on the President to issue a proclamation on the occasion. And Ronald Reagan did just that. Here are a few excerpts from his proclamation: "

"The people of Hungary have contributed several chapters to the history of struggles for freedom, but never more gallantly than in 1956."

We do not know how well the President knows Hungarian history, nor is it his duty to know it. Apparently, however, he has taken upon himself to comment on it. According to him the goal of the "revolution" had been to ensure that the people "could live, pray, and work in peace..."

The way we remember it is that it was precisely this "revolution" that had disrupted peaceful life, prayer and work.

"Let us pay our respects to the Hungarian revolutionaries of 1956 by...continuing to support those who today are following in their footsteps," continued the proclamation. And just so that there could be no doubt as to how he felt, in a speech (18 November) he called it a serious mistake that in 1956 the US had

"failed to hear the cry for help," and had not intervened--obviously by military force--in the Hungarian events. We can attest to it, however, that short of intervention, it had done everything else imaginable.

In any case, it is a strange kind of "double bookkeeping" that urges support for those forces whose aim is to overthrow the social and political system of the Hungarian People's Republic while at the same time maintaining normal diplomatic ties with the same country. Especially if we consider that representatives of the United States always make it a point to convey the personal greetings and best wishes of the President, and to assure us that they want broader ties with our country.

In other countries and international organizations, too, there were politicians--people who generally speaking are not even of extremist views--who praised the memory of the "revolution." In an article he wrote for the paper of his party, the Socialist Party, for example, Italian Prime Minister Bettino Craxi called on the Italian Communist Party to revise its position on the Hungarian events of 1956. (As we recall, in a detailed study he prepared in 1956, General Secretary Palmiro Togliatti forcefully exposed the causes that had led up to those events, and came to the class-consciousness inspired, internationalist conclusion that in the given situation the decision taken by the revolutionary government of workers and peasants to request assistance from the Soviet Union had been the correct one.

Similarly one-sided was a debate broadcast on Channel One of Italian State Television as part of its 27 October special edition. The program began with pictures of fighting and mass demonstrations in Budapest, after which Martelli, the former deputy general secretary of the Socialist Party came on and stated that if the PCI [Italian Communist Party] refused to review its position then "it would hardly be feasible for us to cooperate with such a party." Here you have a perfect example of a case where the Hungarian events of 1956 were dragged in with the intent to show why the Italian Socialist Party was unable to cooperate with the communists.

Self-revelations

The winds of cold war were also fueled by London radio. The BBC aired an interview with the above mentioned Gyorgy Urban, whom it introduced as a university professor and a distinguished political essayist. According to him the 1956 "revolution" had been ignited by several causes, the main one of which had been the fact that "in reality every Hungarian knew that he was living through the most terrible oppression of Hungary's modern-day history.

A nice little self-revelation, even if Urban had not intended it to be that. For him the most terrible case of oppression was not the counterrevolution of 1919-1920, the 25-year long Horthy era, the several hundred thousand victims of the war and fascism, or even Szalasi's reign of terror.

During these weeks, however, the winner of the grand prize for perpetuating the cold war was once again Radio Free Europe. Its owners can go ahead and transfer the prize money from overseas. For week after week, the Munich station did everything it could think of, including the airing of original press reviews, sound recordings, documentary series and talk shows to keep alive and fan the mood of hostility against the Hungarian People's Republic. Let me just share with you a couple of gems from this Free-Europe created mood. In reviewing a volume of essays and studies, entitled "30 Years--1956-1986" during one of its literary programs (!) it quoted the following thought by the historian Tibor Hanak:

"What has made Hungarian revolutions and freedom fights effective is that they have all failed... Consequently, 1956 represented not just the triumph and tragedy of a few days; it was yet another defeat, the effects of which can still be felt after 30 years. Its strength and historical revenge lies in its lack of success, and permanent failure."

On one occasion one of the former editors of Radio Free Europe even practiced some "self criticism" going back 30 years by making the following argument:

"Looking back at it today, 30 years after the fact, I feel that the biggest mistake our commentaries had made was that for a long time they had come out in opposition to the premiership of Imre Nagy... They did not trust communist politicians... The other undeniable fact is that the tone... was the tone of cold war. However during those times everybody's tone was cold-war like." And Radio Free Europe has certainly continued to follow that tradition.

Looking Toward the Future

Let us close with a story that illustrates the situation in which several honest Western journalists found themselves after having been dispatched to Hungary in the fall of 1986 by papers that had no interest in presenting the truth. The colleague in question, a correspondent of a rather widely known, albeit rude weekly, asked that his name and that of his paper not be mentioned as he parted from his host with the following comment: "I do not mind that I have been here, but you have destroyed me."

When his surprised host asked him what he meant he answered:

"Look, I had been sent here to write about marches demonstrations, slogans and things like that. On 23 October, I got up at dawn and went to the...what do you call it...the Bem square and the statue of Petofi. All I found there were people rushing to work and a few journalists and photographers like me. There was no sign there of any nervousness or patrols roaming the streets. The problem is that I cannot write about this. Just as I cannot write about the fact that everyone I had approached was willing to receive me and talk to me openly and honestly about your accomplishments and problems, or that they all told me that we strive to improve our relations without prying into the past and by looking forward."

It would be nice to be able to believe that the Western propaganda organs will eventually realize: keeping the 1956 counterrevolution and the subsequent rebirth of Hungary on the agenda will not bring them any glory. On the contrary, it is the rule of every era that we make the past a part of history as objectively as possible, settle the present and look toward the future.

9379

CSO: 2500/99

ROLE OF VILLAGE LIAISON OFFICE EVALUATED

Budapest NEPSZABADSAG in Hungarian 21 Nov 86 p 3

[Article by Sandor Palko: "Joint Council, Own Liaison Office"]

[Text] The formation of joint councils, each administering several settlements, began well over two decades ago. The residents of the consolidated villages gained proportional representation on their joint council; and a joint local administration, consisting of specialized agencies, supported the joint council's work.

But the joint local administration did not simply mean the amalgamation of existing smaller agencies. Rather, it was a qualitatively different organization, one within which specialization and the division of labor could be solved. And not only in the central village, the one in which the joint village council had its seat, but also in the peripheral villages, by establishing local branches of the agencies, with office hours for the local clients. This permitted making a better-trained public-administration staff more accessible to the small villages, and transferring to the villages essentially the entire range of the jaras councils' administrative duties when these councils were abolished.

In addition to the concentration of brainpower, however, the pooling of financial resources can also boost the development of small settlements. Specifically the villages administered by joint village councils prove this. When the financial resources are pooled, the money can be spent more effectively, by concentrating it now on one and then on another of the settlements. The new conditions of managing the councils' finances likewise encourage such cooperation. Previously, hard pressed by the many requests for development resources, the megye councils divided their development budget by allocating resources to some of their villages--the ones they wished to treat preferentially at the given time--but only little or nothing to the other villages. Now every administrative subdivision is entitled, on a per capita basis, to a share of the megye council's development budget. Thus the villages can be certain of receiving their share.

Pooling of Resources Remains Essential

But the amount of money in a small settlement's "till" is not much, for obvious reasons. And the interdependence of small settlements is perhaps even

more obvious than previously. Because now the villages, too, basically manage their own finances, although they may still apply for megye grants to finance certain centrally promoted objectives. However, the possibilities inherent in pooling their assets can multiply the villages' strength. Such cooperation, then, remains essential to the prosperity of small settlements. This basic principle could be summed up as follows: Joint administration, with representation of own interests. Namely, effective representation of the individual settlements' interests must not be neglected. The establishment of liaison offices in the peripheral villages serves specifically to strengthen this representation of interests. Thus the peripheral villages have gained their own representative bodies, each vested with specific authority, to represent the given settlement's interests on the joint village council.

The liaison offices have an emphatic say in planning, and in controlling the implementation of resolutions. A joint council's "till" is an integral whole not only in the sense that its financial resources may be reallocated among the individual settlements, but also because its division into "compartments" is not a rigid one. Provisions must be made first of all for the maintenance and renewal of the settlements' existing schools, kindergartens, cultural centers and health-care facilities; and only the remainder can be spent on development. But the peripheral villages know to how much they are entitled because--as we have noted earlier--the individual administrative subdivisions' share of development resources is based on a per capita quota. Thus the amount each village gets depends essentially on the size of its population. These proportions must be employed in planning, and fulfillment of the plans can thus be monitored and called to account. After all, even the per capita quota of development resources for a given year is included in the plan.

A Question of Mutual Agreement

It then becomes a question of mutual agreement whether this allocation is handled separately--giving each peripheral village's share to its liaison office and letting the latter make ends meet the best it can--or is spent in a concentrated manner, on the basis of a reconciliation of interests, once in this village and again in another one. In some places--in the larger peripheral villages in Szolnok Megye, for example--the allocations are handled separately, and each liaison office is in charge of disbursing several hundred thousand forints. Elsewhere--and this is the typical solution--the allocations are pooled, already because otherwise none of the settlements would have enough to spend and let the spending make itself felt. By pooling the allocations, however, it can be said both here and there that some progress has been made.

Among the numerous examples, let us choose one: the case of Tinnye, Pest Megye, with a population slightly over 1000. If Tinnye had a separate village council and were forced to rely on its own budget, it would take at least two five-year plans before the sorely needed school-expansion project could be undertaken. But as a peripheral village to nearby Piliscsaba, a large village, Tinnye will be able to start its 4.5-million-forint investment project already next year. And in Piliscsaba, under the terms of the mutual

agreement, the district dental and pediatric clinics will be expanded. These are health-care facilities that also Tinnye residents use. And one thing more: Tinnye and Piliscsaba now constitute a single administrative subdivision, which in practice means that the smaller settlement's per capita quota of allocation from the megye council's development budget is 1.5 times as much as it would be without a joint village council. Namely, the quota is differentiated by categories of settlement; and in the case of settlements under a joint council, it is the classification of the central village that counts. This again is another way in which the smaller settlements will be able to catch up faster.

From the viewpoint of the representation of interests, it is not indifferent that the liaison office has become a legal entity. In other words, that the head of the liaison office is able to conclude contracts with enterprises and cooperatives that have a specific interest in the peripheral villages' development and want to improve local living conditions, for the benefit of their own workers.

Of course, a settlement's interests must be asserted not only in the management of its finances. The government has vested the liaison offices with specified authority, as the own representative bodies of the peripheral villages. The liaison offices decide, among other things, how welfare payments are disbursed in their own settlements; and the hours during which the kindergarten, day nursery, and stores will be open. And they approve the cultural center's work schedule. In other words, the liaison offices have been granted decisionmaking authority in matters for which knowledge of the local requirements and conditions is essential. The Council of Ministers has also identified many kinds of cases in which the liaison office's consent or advice should be obtained before the case is decided. Such cases as, for example: the redrawing of school-district boundaries; the firing and hiring of agency heads; the designation of garbage dumps; applications for changes in land use, etc. But in view of the fact that settlements may differ widely in their nature and size, the government has left it to the joint councils' judgment to decide which of these rights to delegate to the liaison offices.

Let Them Exercise Their Rights

The government's Council Affairs Office wanted to know recently how the liaison offices were availing themselves of their rights (the survey covered 634 liaison offices in eight megyes). Namely, the evolving division of authority reflects in the final outcome also the local consensus. It indicates, on the one hand, the matters in which the leadership of the council deems it important to consult the liaison offices; and on the other hand, all the things in which the liaison offices themselves deem it important to have their say. There was concern that the liaison offices might end up with very limited authority if the delegation of authority was left entirely to the discretion of the joint councils, because "officials were jealously guarding their power." On the whole, this concern proved unfounded: 83 percent of the liaison offices exercise their right of consenting to the designation of plots for permanent use; and 86 percent exercise their right of consenting to the selection of buyers for the family homes offered for sale, to mention only a few of the types of questions considered important in the lives of the villages.

Occasionally, of course, the joint councils were indeed very narrow-minded in delegating authority. And the survey uncovered also a few distortions. One joint council adopted a resolution, who knows on what basis, stating: "The liaison office shall have no right of consent." This thought-provoking incident probably reflects the old mentality of some council officials, rather than their clinging to power. They got along well with their peripheral villages in the past, they reason, so what need is there to define the liaison offices' scope of authority and to entrench it in regulations? This scope of authority, however, is not an aim in itself; rather, it is a legal safeguard of the representation of interests. So that the life of a village will not be governed merely by good-neighborly relations or by relations of empathy.

Then what has actually changed? The head of the liaison office in Tok, Pest Megye, answered this question as follows: There has been more change in the past 18 months than during the past 10 years. It has been necessary to overcome also the residents' old mentality: they have to see for themselves that the central villages are not hogging everything. And it has also been necessary to understand that the liaison office is not working against the joint council; instead, as a part of that body, it is protecting the interests of its own village.

1014

CSO: 2500/85

MARCH 1968 POLITICAL DEVELOPMENTS IN WARSAW DESCRIBED

Budapest MOZGO VILAG in Hungarian Oct 86 pp 45-52

[Excerpt from a book by Czeslaw Bobrowski: "March 1968 at the University of Warsaw." Translation from the Polish and introduction by Andras Domany]

[Text] The following memoir-segments, which appeared last year in Poland, are made noteworthy by two factors; the time-period they deal with, and the personality of the author. The time: March 1968 at the University of Warsaw. The events in question are not well known in our country; even at the time they were overshadowed by the happenings in Prague and in Paris, and since that time not much was said of them, neither in Poland, nor anywhere else. For this reason, a short introductory note may be called for.

In early 1968, the authorities prevented one of the greatest Polish classics, Adam Mickiewicz's *Ancestors*, directed by Kazimierz Dejmek, to be performed on the stage of Warsaw's National Theater. This brought on protests in the Writers Union, in other intellectual circles, and at the Universities. Of course, this was more of a pretext for the explosion of already accumulated tension, and it was also the cause for further aggravation. As this will be discussed below, there were clashes on the campus of Warsaw University on March 8. At the same time-ever since the 1967 Middle East war-there were sharp debates concerning the Arab-Israeli conflict in certain circles of the Polish public and the party membership, specifically in the groups (rather small for the well-known reasons) that were made up of persons of Jewish descent, or were considered as such.

The problems, and the reactions of the political leadership, were expressed by First Secretary Gomulka of the PZPR during a meeting on March 9. Referring to the performances of *Ancestors*, he pointed out that the anti-Russian nationalistic spirit of the nineteenth-century patriotic play was distorted by the anti-Soviet attitude of the directors and the audience, and this is not only alien from Mickiewicz's drama, but dishonors it. The youthful protesters-he claimed-are manipulated by revisionist forces that maintain contacts with Western diversionary centers. Even "some students of Jewish descent" participated in the movements, many of whose parents hold responsible state positions. (Somewhat later, Boleslaw Piasecki, who started from the extreme right but subsequently made a radical turn and became the president of the progressive, pro-socialist PAX Catholic Society, rather distastefully

repeated the names of the arrested students: Szlajfer, Blumsztajn, Rubinstein, Dojczgeward...) "It was primarily due to this circumstance-said the First Secretary-that the frequently misunderstood slogan of fighting against Zionism came to the surface." He sharply condemned both Zionism and anti-Semitism: he stated that "Zionism is not the greatest danger," but somewhat contradicted this later by asserting that some of Polish citizens of Jewish descent are cosmopolitan, or in connection with the Middle East conflict they took a nationalist position, supporting the aggressor power. Every nationality has equal rights, and every Polish citizen is free to decide what nationality he belongs to,-he continued-but everyone must exhibit loyalty to the Polish People's Republic. (Even during earlier periods, for historical reasons, Jews have been considered a nationality in Poland.) In closing, Gomulka promised that the party leadership would deal with the proposals originating from the various meetings at the proper time and in the proper manner.)

As early as March 11, ZNAK, another Catholic legislative group with close ties to the country's bishops, has already addressed the Prime Minister with an interpellation in the Sejm: "What does the government propose to do in order to stop the brutality of policemen and auxiliary policemen in their treatment of university youth; to determine who is responsible for the rough treatment meted out to this youth; and further, to provide satisfactory answers to questions, posed by the university youth but of acute interest to the general public, concerning democratic citizenship rights and the cultural policies of the government?" The interpellation was not answered in merit, but every other legislative group sharply attacked ZNAK, in fact declaring it to be an enemy.

At the universities, and in intellectual circles in general, heavy sanctions followed the events. A great many people lost their positions, (the unprepared and unqualified instructors, hastily appointed to fill the vacancies, are still referred to as "March Docents,") or their status as university students. Many have emigrated, a considerable number to Israel; including those who were compelled into this action by the developments even though previously they had never identified themselves as Jews and considered themselves Poles. Others were forced to resign their posts, including Adam Rapacki, member of the Politburo, formerly Poland's internationally respected Foreign Minister (1909-1970), and Edward Ochab, formerly (March-October 1956) First Secretary, member of the Politburo and President of the State Council (1906-). In an interview recently published in the West, the latter recalled very bitterly his debates and isolation at the time. In public, his resignation was explained by health reasons, but the letter of resignation he cited in his interview spoke of an unacceptable political line and a protest against "anti-Semitic harassment campaign." (Assuming, of course, that the conversation, published in London, was correctly reported.)

Though the events of 1968 are still relatively un-treated in Poland, there is one analysis that can be considered official: the report "clarifying the causes and processes of social conflicts occurring in the history of people's Poland," prepared by a working group attached to the CC of the PZPR, and accepted by the CC. The document, released in the autumn of 1983, says the following:

"In March 1968, in the midst of a deteriorating material-, personnel- and ideological conditions prevailing in higher education, in part influenced by the atmosphere created by the Czechoslovakian events,...the representatives of revisionist views, most of whom were the active dogmatists and sectarians of the former periods,...succeeded in provoking disturbances at the universities, and even in the streets, of Warsaw and several other cities. (They took advantage of the students' ignorance, and also their conviction that they strive to improve the conditions of social life and university work.) This infuriated the large enterprises' party organizations, prompting them to support actions that were aimed at putting an end to disturbances. At the same time, the workers and their party organizations expressed sharp criticism of the party organs, especially the leadership, on account of economic dissatisfaction, the stifling of ideological conflicts, and the conservative nature of cadre-policies. In the shadow of the struggle waged against revisionist and cosmopolitan tendencies, there developed-especially among the leaders of the party-un-official divisions and groupings, as well as the artificial popularization and glorification of certain individuals.

The men in charge failed to evaluate, utilize or draw the proper consequences from the signals of 1968, which forecast the approaching crisis in the relationship between the working class and the party or, to be more precise, its leadership."

I ought to say something about the author, too: Born in 1904, Professor Czeslaw Bobrowski is one of the best-known Polish economists. Before the war, he represented progressive bourgeois views. During the war, he participated in the anti-Fascist resistance in France. After the liberation, he joined the Socialist Party, and as the president of the Central Planning Bureau, played an important part in the reconstruction and the development of economic policies. In 1948, he was removed from this post and given a diplomatic assignment. At seeing the distortion of Poland's political situation, he left his post and lived in France until 1956, performing scientific work. Having returned home after the change of 1956, he became the managing director of the Economic Committee, which attempted-but failed- in preparing economic reforms. In the meanwhile, he was teaching at the University of Warsaw, and from 1966 he was also the Dean of the school. He also worked as the president of the TWP, the Society for General Knowledge, which is somewhat similar to the Hungarian TIT.

After the 1968 events, he again worked abroad, mostly in Algeria as a UN expert. He returned home in 1980, and again began participating in economic and political activities. After the introduction of the emergency conditions, General Jaruzelski asked him to preside over the government's Consultative Economic Council. He is performing this work to this day; aiding the government in the formation of its economic policies with constructive criticism.

The memoirs of Professor Bobrowski were published by Lublin Publishing Company in 1985, (Czeslaw Bobrowski, Wspomnienia ze stulecia, Wydawnictwo Lubelskie, 1985.) The following passage is from pp. 266-279 of that book.

During the first semester of the 1967-68 academic year, I was on leave from the University, and even before that, I have only spent a few days in Warsaw, on my way from the Soviet Union to Paris and Algeria. In other words, for the period between the spring of 1967 to February 1968 I was out of touch with academic life, or for that matter with Polish events in general. My colleagues at the University could not tell me much: some of them claimed that, with the exception of a few small groups, the youth is completely apolitical, while others were of the opinion that the process of fermentation, which they associated primarily with the names of Karol Modzelewski and Leszek Kolakowski, (1) was threatening to bring on an explosion.

On March 8, 1968, on my way back from a lecture delivered at the Staszic Palace, I had a sudden notion to stop in at the Dean's office for a moment; and with this I unconsciously crossed the barrier that separated me from contemporary political events.

As far as the March movement of youth is concerned, I only have direct observations concerning the University of Warsaw; concerning other institutions, I have only fragmentary and un-checked information. At the same time, it should also be taken into consideration that not only was I absent from the University prior to the March events, but soon afterwards I again left Poland. My previous contacts with government circles have deteriorated, and I had no contact whatsoever with the groups that were at the time referred to as "the Commandoes."

As is well known, very little, practically nothing is written about the students' March. My observations focus on three weeks, and my documentation is scant; thus, the situation here is quite different from the events I have discussed earlier. As a result of this, as well as a conversation with my publisher, I omitted a number of details and evaluations that appear in earlier versions of this text, because I could only develop them in the course of a broader discussion. Also, I have changed the structure of this parts in my memoirs. Generally, I connect the description of events, the commentaries, etc., in order to arrive at a final conclusion. This time, I decided to clearly separate the individual problems from each other, and start by describing two opposite points of view: the official one, and one proposed by the dissidents.

For the representatives of authority, the students' March was only one segment of contemporary reality, one that was connected with a broader political crisis. After all, the Czechoslovakian crisis occurred at about the same time, along with the mood-change of certain social groups and an extremely complicated situation within the party. Until 1968, the leading role of Gomulka (2) was untouched, even though there were occasions for compromises and "rounding off the corners." In the end, however, there arose a group which wished to control [Gomulka] unequivocally, what is more, they even presented an alternative in the person of Gierek. (3) The immediately subsequent period showed that this group was not limited to those who attracted our attention in 1968. Under the circumstances, the cause of the students was a component of a larger entity, which did not augur well for taking the peculiarities of student life into consideration.

The developed form of the other version only became clear to me on the 13th anniversary of the March events, even though it was discernible earlier. In the view of the dissidents, the students' March was the most recent phase in "society's struggle against authority;" a kind of a change of guard, whereby the workers would take over the functions previously performed by students. Indeed, it is impossible to find a connection between the students' March and the December 1970 events along the [Baltic] Coast, (4) just as the Radom events of 1976 were not brought about by the KOR, but vice versa. (5) On the other hand, it is important to emphasize that the interpretation cited above exaggerates the peculiar role of the students, as well as the influence of political dissidents on this layer of society.

Naturally, whatever took place among the students was not independent of external events. Still, to a relatively large degree, the process involving the students was of an autonomous character: In no way could it be considered the simple result of dissident influence, more specifically originating from what were then referred to as "the Commandoes." Rather, the latter element, well-organized and influential over a formally independent segment of the students, provided only the spark for the events. This was proven by the further developments: new student spokesmen, one might say leaders, appeared on the scene, who were most frequently elected by their schools and enjoyed the special confidence of their fellow students. Of course, some of these may have come under the direct or indirect influence of the "Commandoes"; in general, however, I saw them as representing the aspirations and opinions held by the masses of students. It was characteristic of them that they reacted very sensitively when it came to the affairs of the University. As for political issues, sober consideration was balanced by youthful proclivity for brave action. There was a very important factor: the importance of the student masses should have been recognized in an open debate. Naturally, the proposals and opinions of the activist faction were similarly to those held by the students in general-frequently confused and ill-defined; but at least they were not extremist, and certainly not anti-socialist in nature. I am convinced that this evaluation, based on my numerous contacts, is of basic importance in describing the students, even though I realize that it does not apply to every student, and that it had a varying degree of validity during the various days of the students' March.

In moving on to the description of objective facts, I wish to call attention to something that had primary bearing on the weight and possibilities of the dialogue which was to take place between the students and the authorities: From the very first time I made contact with the student movement, my primary worry was to prevent a sharp conflict, and this worry, naturally, led me to seek various ways to a dialogue.

On March 8, without the permission of the Vice Chancellor, the students called for a protest meeting because some of their colleagues were expelled from the University. I did not know of this, because the Office of the Vice Chancellor did not notify any of the Deans. As I entered the enclosed park of the University, (6) the first thing I noticed were ten tour-buses. As it turned out, these had brought party activists from Warsaw's factories and institutions. It was also revealed later, that there was a sizeable group of volunteer policemen on the grounds of the University, on the Obozna Street

side. I slowly pushed my way through the crowd, in order to reach the Dean's office located in the Kazimierz Palace. As it is usually the case at times like this, the crowd was made up various elements. There were people who just happened to be there, and a number of women also showed up later because of Women's Day. There were no uniformed policemen on the scene, only plainclothesmen. Passing the university library, I approached a noisy and obviously well-organized group on the small square before the Vice Chancellor's office. As I walked along, I became increasingly nervous: to be sure, there were no dangerous incidents, but there were altercations between the intruders and the students, especially when the plainclothesmen asked for identification papers and confiscated university grade-books. I was approaching the Kazimierz Palace, when Vice Chancellor Rybicki (7) came out on the second floor balcony, and started talking to the crowd. I did not hear what he said, but I started shouting slogans calling for calm behavior, negotiations and things of similar nature.

When I got inside the building, I called Cyrankiewicz, (8) who was already informed of the events at the University by Minister Moczar (9) and who told me to call the minister who had jurisdiction in the matter, Henryk Jablonski. (10) The Vice Chancellor informed me that he would receive a delegation of students. Thus, I quickly went outside, where the conflict was threatening to become sharper. Unfortunately, we could not do much to prevent this from happening. According to a pamphlet of the Warsaw Committee of the PZPR, published soon after these events, the rather large party organization at the University of Warsaw remained entirely passive, and, aside from Vice Chancellor Rybicki, only two professors (Herbst and I) tried to calm the students. I add here that the temporary absence of Vice Chancellor Tursky (11) was significant: Since he guided the institution for 15 years, he gained considerable popularity, which could not be said about his young and relatively new deputy. For this reason, I thought it even more important to do something: I put on my Dean's chain, and started making the rounds from group to group. (Professor Herbst did the same.)

Our actions, and the fact that Professor Rybicki agreed to receive a delegation of students, brought unexpected good results. We were able to quiet the students who heckled the party activists by telling them that "we are all the sons of the same socialist Poland." As for the activists brought in on buses, I managed to convince them to return the confiscated grade-books and depart.

I returned to the building of the Vice Chancellor's office for a moment, where Professor Rybicki told me that the police units stationed outside the University grounds are also being withdrawn. Gradually, the square emptied. Ten or so students asked me to help them get out of the University area. (They were afraid of the nearby policemen.) As it turned out, more than a hundred students wished to leave the area; at least half of those still present. I walked toward the main gate at the head of this group, with the happy feeling that-at least for now-the affair was closed.

However, this illusion was destroyed. I was only a few meters from the gate, when it was opened and a closed unit-composed of helmeted policemen-entered the University grounds. To this day, I do not know, why this happened. I

tried to stop the policemen, using such "arguments" as my gray hair and the Dean's chain around my shoulder. To little avail; the only thing I accomplished was that the closed column broke into two: one file passed me on the left, the other on the right. After a few dozen meters, the commanding officer brought the unit to a halt in the parking lot in front of the library. The police did not intervene any further: this was more of a demonstration than a use of force. However, the auxiliary police intervened in an entirely different manner; for this reason, I hurried back to the Kazimierz Palace as fast as I could. The feeling that the intermediation was successful turned into a sense of failure. Law enforcement forces came on the scene at a time when it was expected that within a few hours the University's grounds would be completely empty, and this destroyed the hope that the affair would close easily and without conflict. But the events of the next day still made us believe that there is a chance for a dialogue.

On March 9 the councils of the various schools, and especially the University Senate, convened and decided to create a committee, to be led by Professor Boguslaw Lesnodorski, (12) in order to examine the events of the previous day. (I also became a member of this committee, but its work was not completed until my return from abroad.) The Vice Chancellor's Office assigned me to talk to the students; this meant that I had to visit the dormitories. My assignment was the dormitory on Kicki Street; I went there with Professor Greniewski. We both left the meeting in an optimistic mood.

On March 11-in accordance with the proposals of the student delegation-we had to hold a mass meeting in the central auditorium. Vice Chancellor Rybinski informed us that the Ministry and the party organization issued a permit to hold such a meeting, and asked me to check around and see if any disturbance is being prepared in the park of the University. Fighting the feeling that I appear ridiculous, I again put on my Dean's chain. I was able to observe with a sense of satisfaction that everything was quiet.

The meeting was presided over by Vice Chancellor Ludwik Bazylow, (13) and Professor Lesnodorski gave the introduction. When I entered the room, I was greeted by an ovation; this strengthened my hope that there was a chance for a dialogue. The meeting proceeded in exemplarily orderly fashion, there were no demagogic remarks that would have made me take the floor. The students' proposals had to do with the representatives of the various schools and classes, who were to maintain contact with the Deans and the Senate Committee. "Is there still a chance for this idyllic solution?" [I asked myself.]

During the subsequent week, there were varying hopes for establishing a dialogue. Many professors, and perhaps all of the Deans, observed that there is a growing sense of understanding and trust between the faculty and the students. Unfortunately my old friend, Vice Chancellor Turski, was so confident of his popularity, that he failed to cooperate with the Deans; he did not even allow one of us to accompany him to the mass meeting where he wanted to speak. This speech, and the Vice Chancellor's memorandum, which only mentioned discipline and punishments, had the contrary result from the one desired. (How different were, for example, the steps taken by the Vice Chancellor and the Senate of the Institute for Planning and Statistics!) The arrests and other repressive measures scared some students and infuriated

others. Similarly infuriating were the pamphlets circulated among the students, without having any familiarity with their attitudes. Some of these contained insane remarks, such as the charge against Oskar Lange (14) asserting that he squashed independent thought. There were also rumors, circulated with different aims, but having similarly negative consequences: One of these claimed that a girl student died, others talked of a child having been beaten, or an elderly professor, who was supposedly myself. (As we know, rumors are difficult to eliminate. I encountered some of these in a publication as late as 1981.) Immediately after the unsuccessful meeting with Vice Chancellor Turski, news of a sit-in at the University of Wroclaw spread. (I still do not know if they were true.) They were utilized to arouse support for a similar strike in Warsaw. ("After all, we are as good as they are!")

Even though my efforts to involve the University's leaders in a dialogue failed, I was somewhat more successful in my talks with the authorities. Almost every day I talked with Minister Jablonski, and through him I was in contact with Cyrankiewicz. They did not commit themselves, but neither did they hold me back; on the contrary, they encouraged me to continue. I sent a lengthy report to those members of the Politburo and the government whom I personally knew, giving them my own interpretation of the events involving the students. I had a lengthy conversation with Zenon Kliszko (15); he admitted that he was poorly informed, and-although emphasizing the existence of a pseudo-anarchist faction-he agreed with me that this could not be identified with the students as a whole. He authorized me to call on him for help if cases of obviously unjust punishment come to my attention.

Believing that this would destroy all chances for a compromise, I was worried when the sit-in was called for March 21, but things turned out differently. The strike only took a symbolic form: the students vowed that they would attend classes, and during the night of March 21 there were no clashes or disorder; one reason for this being that the chief of University security and the leader of the Student Guards promised close cooperation. After talking to a few deans and professors, we concluded that our presence throughout the night was not desirable, but the consensus was that at least one of the deans - and this meant me - should remain on campus. During the night, members of the student strike committee, who had their meeting in one of the rooms, asked me to participate in their debate.

The remarks made by the students indicated a broad and somewhat radical change in their position; the call for the strike [played an important part in this, in that it alleviated the tension somewhat. But there were deeper reasons for this as well. The student leaders I knew were increasingly worried that extremists, at the time referred to as "the Uhlans," could gain authority over the rest of the students. By that time the few individuals who previously counted on the support of the working classes realized that such support is non-existent. (16) The most important factor, however, was the prestige of the [party's] First Secretary: even if his speech was not considered as sign of readiness to compromise, at least it was viewed as the beginning of a dialogue. I asked for the floor and issued an emphatic call a compromise and a statement of confidence in Wladislaw Gomulka. In the end, a young student tipped the balance in this direction when he said that even if I were wrong, an expression of confidence in the First Secretary offers the only rational

solution to the situation. Subsequent to the decision, a position statement was formulated, which I cite below, this being the only time when I deviate from the principle of not attaching documents to my memoirs.

Copy Warsaw, 21/22 March 1968.

To Comrade Wieslaw (17), the First Secretary of the PZPR:

Comrade Wieslaw, we fear that since after your speech we spent the night inside the University, this decision may appear to you, or it may be presented to you, as indicating a lack of confidence. With full emphasis we wish to state that this is not the case. We fully appreciate your statement, according to which the proposals formulated at the legal meetings of students will be examined, and we understand that this takes some time, if it is to be accomplished with Your participation, which is very important to us. The strike-decision had a series of motives. For some, it was primarily a bitter reaction to the claims published in the press, for others an act of solidarity with those schools that have already undertaken sit-in strikes. And all of us wished to emphasize with this, how important we consider the statements formulated at these meetings. We count on you not to consider our decisions mistakes, or at least not too great mistakes. Even if you consider our moves mistaken, may we be allowed to announce that the only thing leading us was our worry about our goals. And our goals are: to participate in the building of a socialist Poland, in the strengthening of our alliance with the Soviet Union, and in the intensification of socialist democracy in Poland. More directly, we wish to fill the ossified forms of student life with richer content, and to deepen our contacts with the faculty. We know well that we cannot achieve our goals without you. We are confident that, even if it was not mature from its inception, this student movement could serve the interests of People's Poland with your interest and sponsorship, because this is also a deeply felt concern of yours. On the night between the 21st and 22nd of March, in the name of the students who remained on the campus of the University of Warsaw. Wladislaw Gomulka did not react to the students' letter at all, but a few days later Henryk Jablonski told me in the name of Prime Minister Cyrankiewicz that our policies must be unified, there is no room for a second line of action. Naturally, this meant the end of my attempts to intermediate. When something fails, many people are prone to say that the effort never had a chance anyway. Both in general, and in this particular case, I disagree with this view. I could even claim that I was not the only one who saw a chance for the policy of dialogue. This view was shared by several outstanding professors, who turned directly to Wieslaw, and even the positions of Cyrankiewicz, Jablonski or Kliszko did not rigidly exclude a hope for success. It is difficult to say why Gomulka took the position he had taken. We could attribute some of it to one-sided information, but in view of the positions he took in December 1970 (the discarding of alternative political methods, the decision to react to events in a "hard" manner) may reveal a certain constant tendency in his intellect and character. However, we must not forget about the extremely complex general situation of those years, in which the student affair was only an irritating side issue for him.

Naturally, my attempts at mediation resulted in some unpleasant consequences for me. I am not talking about the highest level, I have never received any recrimination or sensed antipathy from there; they have even continued my

small privileges, such as a diplomatic passport, and the right to use the hospital at the Ministry of Health. Minister Jablonski recommended that I depart using the so-called extraordinary pension clause, but I rejected the offer, because I wished to take advantage of the professorial pension plan due me the following year.

From the beginning of students' March there existed and increased a difference between my mediation-oriented position and that held by the Vice Chancellor's Office. Thus, I was not surprised when the leaders of the University and the party organization (albeit discreetly and decently) presented me with a choice: conformity or departure. I chose the latter, and at the April 3 meeting of the school's faculty meeting, I presented my resignation. For the official record, I explained the motives and the procedures involved in my mediating actions. Until the time my pension was to come into effect, I requested a research leave without deadline and pay. I thought that this would be my last contact with the University, but this was not the case: It took three-four years' of effort to change the leave-without-pay status to a termination of employment, which is a condition for actually receiving one's pension. A few years later I renewed my relationship with the University and the school, but under more pleasant conditions: At the request of the students, in the autumn of 1980 I taught the monograph courses, and surprised some of my students by not very sharply criticizing some of the earlier periods. I have even received a nice letter from the Vice Chancellor and the University Senate, in which they expressed their regret over my departure from the University.

Of the few instances when I was treated antipatethically or inelegantly subsequent to March 1968, I remember one: The statement made by the district secretaries of the General Cultural Association, published in the press. Since they could not call me Zionist or revisionist, the authors invented the term "the protector of Zionists and revisionists." As I had to go abroad anyway, this made it easier for me to ignore minor stings of this type.

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It is time to return to the protagonist of this chapter, Wladislaw Gomulka. Although during the subsequent years I did not reside permanently in Warsaw, I visited home often enough to augment the information that reached me with personal observations. The period leading up to December 1970 is frequently referred to as the twilight of Gomulka, the time of his declining power. For myself, I refer to this period as "the drama." The accusation of right-wing nationalist deviation (18) was certainly not a drama; it was a sad adventure and a great injustice, but every politician must be ready for this kind of fate. However, for the charismatic leader of 1956 to reach a condition by the end of the 1960s that ended in the explosion along the [Baltic] Coast---that is a drama. What brought about the growth of society's dissatisfaction, the decline in Gomulka's popularity, and later his becoming outright unpopular? This had several reasons, and-as in all similar cases-it is difficult to say which of them played what role in the outcome.

Undoubtedly, Gomulka's economic policies played an important role. True, there were not great changes in this area during the second half of the 1960s,

but the social acceptance of these policies were increasingly deteriorating. After the serious improvement of the 1950s, the wage policies of the early 1960s evoked the conviction that there was no chance to deviate from an ascetic style of existence. Naturally, this style equally burdened those whose income remained constant and those whose standard of living was on the rise. Improvements were often achieved by having women go to work; in other words, there were two paychecks instead of one, at the expense of family life. At the same time, the 1960s and 1970s were also characterized by a sharp increase in the number of those whose material aspirations were higher: people with more education, the graduates of higher and professional schools appeared in increasing number on the scene. A consumer attitude only became sharply evident during the next decade, but its beginnings were unequivocally noticeable by the late 1960s. On the other hand, the production and consumption of meat-products, which for the urban dwellers symbolizes the standard of living and for the rural population became one of the main sources of income, showed no further growth. This was also related to the ascetic attitude of Gomulka. ("We cannot afford this.")

Naturally, we cannot ignore the actual issues of political life; external problems and those touching on the life of the party or a significant portion of society, which I have already mentioned earlier. These even overshadowed what I consider Gomulka's great personal achievement, the treaty formulated after direct negotiations between the German Federal Republic and the People's Republic of Poland. (19) Moreover, the fading of Gomulka's charisma has also been an independent process: His role as the shield of national identity became less significant exactly because of the growing sense of security resulting from his personal achievements. Austerity as socially accepted ideal lost its attraction. The overwhelming spread of consumer attitude was approaching. As a speaker, Gomulka did not fit the prevailing mood of society; they wanted no more of his lectures, favoring instead the television style, which on the other hand was alien from Wieslaw's nature. Instead of an ideologue, "social necessity" called for an energetic and skillful manager. (There were just this kind of hopes attached to the changes that took place in December in the posts of First Secretary and Prime Minister.)

We can state that Wieslaw was not aware that his charismatic position was eroding. Otherwise, in December he would not have tried to switch from the passive anti-inflation policies to the drastic course of price increases. There were people around him who saw a counterrevolutionary attempt in the xprotest of the workers, even though the Soviet Union provided a correct diagnosis of the situation. The harsh contemporary debates within the Politburo, of which I have direct knowledge, provide indisputable evidence of how badly misinformed some circles were of the erosion of Gomulka's charisma. Society changed, while the basic nature of Wieslaw did not. This shows the strength of his character, and his loyalty to the values he considered important. These are important considerations, even if they lead him to make political mistakes, and even if beginning with December he had to pay a bitter price for this.

NOTES:

(1) Karol Modzelewski, mathematician, one of the participants in the dissident movements of the 1970s; in 1980-1981 one of the important advisers of the Solidarity's national council. Leszek Kolakowski, professor of philosophy, left Poland in 1968. Earlier he was a member of the party, as a matter of fact, was considered a dogmatic Marxist; in the West he became one of the major ideologues of anti-communism.

(2) Wladyslaw Gomulka (1905-1982), communist politician, between 1943 and 1948 the First Secretary of the Polish Workers Party. After 1948 he was shunted to the side, later arrested on extra-legal grounds. In 1956 tremendous public support swept him into the post of the party's First Secretary. In December 1970, after the police fired at the protesting workers, he was relieved of his duties.

(3) Edward Gierek (1913--), communist politician. In 1968 he was First Secretary in the largest region, Katowice. In 1970 he followed replaced Gomulka as the leader of the party. In September 1980 he was relieved of his post. Due to his mistakes, the extraordinary party congress of 1981 expelled him from the party.

(4) As we mentioned earlier, in December 1970 there were demonstrations in the large cities along the Baltic Coast in response to the sudden price hikes. The country's leaders considered the events the work of hooligans and counterrevolutionaries, and ordered the army and the police to fire at the demonstrators. There were numerous innocent victims. These events lead to the personal changes in the leadership, and to the proclamation of a new political course.

(5) In June 1976, following another increase in the price of foodstuff, a series of protest demonstrations took place in Radom and in several other locations, which in Radom deteriorated into destruction and arson. These events were the pretext for the creation of KOR, (later KSS-KOR), an illegal dissident organization, which was to play a considerable role in later years.

(6) The center and several buildings of the University of Warsaw are located downtown, in a close, campus-like proximity to each other. There are sizeable open areas between the buildings, and the entire area is surrounded by a fence. (The location is similar to the Budapest Polytechnic University.)

(7) Zygmunt Rybicki, (1925--), law professor. Between 1969 and 1980, rector of the University. He left the University, and since then has been active as secretary of state, member of the PZPR.

(8) Jozef Cyrankiewicz (1911--), politician, from 1945 First Secretary of the Polish Socialist Party and after the unification of the parties, between 1948 and 1971 member of the PZPR's Politburo, between 1947 and 1970-except for two years-president of the Council of Ministers. He continued as head of state for a brief period after the December events, and afterwards retired.

(9) Mieczlaw Moczar (1913--), politician, lieutenant general. Between 1964 and 1968 he was Minister of Internal Affairs: played an important part in the 1968 events, both at the University and in the so-called anti-Zionist campaign. Between 1968 and 1971 he was secretary of the CC, then-having lost influence-he presided over the Supreme Control Chamber until 1983. He gained much power in this post as the opponent of corruption in public life; from the autumn of 1980 to the summer of 1981 (the time of the IXth Congress) he was again member of the Politburo. He held the important post of president of former resistance fighters between 1964 and 1972, and again between 1980 and 1983. He retired in 1983.

(10) Henryk Jablonski (1909--), professor of history, politician. He was a member of the Socialist Party before he joined the PZPR. Between 1966 and 1972 he was Minister of Education (also supervising higher education), and subsequently until the autumn of 1985 President of the State Council. Between 1971 and 1981 he was member of the Politburo.

(11) Stanislaw Antoni Turski (1906--), mathematician and computer scientist. Vice Chancellor of the University of Warsaw between 1952-1969, member of the PZPR.

(12) Senate: The traditional name for the faculty council at Poland's universities. Boguslaw Lesnodorski (1914--), historian. Between 1965 and 1968 he was the Dean at the Law and Administrative School of the University of Warsaw, member of the PZPR.

(13) Ludwik Bazylow (1915--), historian. Member of the PZPR.

(14) Oskar Lange (1904-1965), internationally known economist. During the war he lived in the US, then he became a diplomat and later a university professor. He was member of the Socialist Party, then member of the CC of the PZPR from the formation of the party until his death (1948-1965). Around the end of his life he was President of the State Council.

(15) Zenon Kliszko (1908--), communist politician. Between 1948 and 1956, together with Gomulka, he was a victim of unfounded charges and unjust punishment. Between 1957 and 1971 he was member of the PZPR's Politburo, secretary of the CC, Vice President of the Szejm, and an influential member of the innermost leadership circle. After Gomulka was relieved, he was also called to account for the events, and was forced to leave his posts.

(16) The contemporary political leadership encouraged the holding of workers' meetings where-according to many opinions voiced today-unjustly generalizing accusations were levelled at the students and the intellectuals. "Students, Back to the Classroom!" "Writers, just write!"--slogans like these at times seemed to imply that of all social groups only the working class has the right to express an opinion concerning social and political issues. A frequent view in 1980 was that the bad taste left behind by these events prevented the reoccurrence of similar conflicts, and it has contributed to the close cooperation and solidarity between students and workers. (Leaving aside for now that this did not always have a well-meaning and sympathetic political goal; but frequently it did.)

(17) Wieslaw: Gomulka's name during the pre-war years when the party operated underground; it was frequently used semi-officially during the latter years.

(18) "Right-wing nationalist deviation": this was the unfounded accusation raised against Gomulka and his associates between 1948 and 1956.

(19) On December 7, only a few days before the events along the Baltic Coast took place, Chancellor Willy Brandt and Prime Minister Cyrankiewicz signed the treaty between the two countries: In it, as part of the so-called Eastern treaties, West Germany recognized the Oder-Neiss line as the border between Poland and Germany, and normalized the relationship between the two countries.

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CSO: 2500/76

POLITICS

ROMANIA

MUBARAK MESSAGE OF THANKS FOR HOSPITALITY

AU191725 Bucharest SCINTEIA in Romanian 16 Dec 86 p 5

[Message of thanks sent by Egyptian President Muhammad Husni Mubarak to Romanian President Nicolae Ceausescu for hospitality during 13-14 December visit to Bucharest]

[Text] To Mr Nicolae Ceausescu, president of the Socialist Republic of Romania

On leaving your friendly country, I take particular pleasure in expressing sincere thanks and feelings of regard for the warm hospitality we enjoyed during our working visit.

I am convinced that the talks we conducted in a cordial atmosphere of mutual understanding, within the framework of political dialogue and consultations that exists between us, will yield positive results in the interests of our peoples and in promoting the cause of security and international peace.

Dear friend, please permit me to express the highest considerations and regards.

Muhammad Husni Mubarak

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CSO: 2020/41

RCP POLITICAL BODY DISCUSSES MUBARAK'S VISIT

AU201545 Bucharest AGERPRES in English 1853 GMT 19 Dec 86

[Text] Bucharest AGERPRES 19/12/1986--During the 19 December meeting of the Executive Political Committee of the CC of the RCP Nicolae Ceausescu read a report on the good-will visit paid to Romania by President Muhammad Husni Mubarak of the Arab Republic of Egypt over 13 and 14 December.

Approving of the results of the visit, the Executive Political Committee considered the new interview between Presidents Nicolae Ceausescu and Muhammad Husni Mubarak to be part of the by-now traditional practice of friendly summit contacts that play a decisive part in promoting the collaboration between Romania and Egypt in the bilateral plane and in the international life.

The fact was highlighted with satisfaction that during the talks the two presidents expressed the resolve to further amplify and diversify the bilateral relations in the spirit of the joint declarations of Bucharest and Cairo, in the advantage of both countries, of the general cause of collaboration and peace throughout the world. Highlighted was the importance of the understandings reached by the two heads of state on expanding the mutually-advantageous collaboration in point of oil extraction and processing, machine building, metallurgy, power and electrification, social and housing construction, agriculture and food industry as well as in other domains of joint interest.

Special appreciation enjoyed the understanding reached during the visit, regarding the working out of a long-term programme for the expansion of the economic, technological and scientific collaboration, of the trade between Romania and Egypt until the year 2000.

The Executive Political Committee also set forth the importance of the exchange of views Presidents Nicolae Ceausescu and Muhammad Husni Mubarak conducted on the international situation, particularly on the latest developments in the Middle East. In the context the Executive Political Committee set forth the special attention Romania and Egypt pay to the efforts for finding a global, political solution to the Middle East conflict, for achieving a just and lasting peace based on the Israeli withdrawal from the Arab territories occupied after the 1967 war, on acknowledgement of the Palestinian people's inalienable right to self-determination and independent statehood, and on provided independence and sovereignty to all the states in the zone.

Approving unanimously the conclusions reached during the new summit interview, the Executive Political Committee established measures to implement the understandings agreed upon and to further strengthen the Romanian-Egyptian friendly relations.

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CSO: 2020/41

CEAUSESCU MESSAGE TO CPV LEADER ON ELECTION

AU231133 Bucharest SCINTEIA in Romanian 20 Dec 86 p 5

[Message sent by RCP Secretary General Nicolae Ceausescu to Nguyen Van Linh, general secretary of the Central Committee of the Communist Party of Vietnam, on his election to office]

[Text] To Comrade Nguyen Van Linh, general secretary of the Central Committee of the Communist Party of Vietnam [CPV]

Esteemed Comrade Nguyen Van Linh,

On behalf of the RCP and on my own behalf, I convey to you warmest congratulations on your election to the office of general secretary of the CPV Central Committee.

I express my belief that the relations of friendship and cooperation between our parties and countries will continue to develop for the benefit of the Romanian and the Vietnamese people, and in the interest of the cause of peace and socialism.

I wish you and the Vietnamese Communists complete success in the activity dedicated to the implementation of the Sixth CPV Congress decisions.

With comradely greetings,

Nicolae Ceausescu, RCP secretary general

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CSO: 2020/41

CEAUSESCU SPEECH TO SDUF PLENARY MEETING

AU171224 Bucharest SCINTEIA in Romanian 9 Dec 86 pp 1, 3

[Speech by RCP Secretary General Nicolae Ceausescu at the plenary meeting of the National Council of the Socialist Democracy and Unity Front held in Bucharest on 8 December]

[Text] Esteemed Comrades and friends: The plenary meeting of the National Council of the Socialist Democracy and Unity Front [SDUF] discussed and unanimously endorsed the draft uniform national plan of our homeland's socioeconomic development, the draft for the state budget and the centralized financial plan for 1987, and two reports on the SDUF activity.

We are at the end of the first year of the Eighth 5-Year Plan. In spite of the fact that, this year too, we had to overcome some lags, some difficulties, and mainly some complex issues related to the world socioeconomic development, we can state that, generally, our people have achieved good results for the Eighth 5-Year Plan. This should ensure our homeland's transition to a new development stage.

All comrades who took the floor at the plenary meeting presented the results obtained by their counties or units as well as the whole country's current concerns to ensure the unflinching fulfillment of socioeconomic development plans and programs.

Although we will conclude the first year of the 5-year plan period with a more than 7 percent development rate in industry and with good results in the general development of agriculture, and although we have achieved the largest crop in the country's history, we must openly state that, if all the socioeconomic units, all counties, and all the SDUF bodies had worked with more exactingness and determination and if they had assumed greater responsibility, we could have achieved much more important results.

I must stress the fact that the material-technological base we have achieved in the years of socialist construction--as a result of our party's consistent policy of strongly developing production forces, distributing them throughout the country, and placing the whole activity on the basis of the latest scientific and technological discoveries--ensures everything that is required to fulfill the 1986-1990 plan under the best conditions and to raise our homeland

to a new development stage. Now, we should act with the utmost responsibility to optimally and very responsibly utilize our strong material and technological base. This requires that all working people's collectives, general assemblies, working people's councils, county and central bodies of the system of our workers' revolutionary democracy, and all the SDUF bodies should take resolute measures to unflinchingly fulfill the plans and programs which ensure our homeland's continuous development and a rise in all our people's material and intellectual well-being--the major goal of our party and the essence of the comprehensively developed socialist society we are successfully building in Romania. (loud, prolonged applause)

From this plenary meeting of the SDUF National Council, I extend warm congratulations to all working people, all SDUF bodies, and all our people for the results obtained in the first year of the 5-year plan and I wish them increasingly new successes in all fields of activity in the following period! (loud applause; prolonged chants of "Ceausescu and the People!" and "Ceausescu, Romania--Our Esteem and Pride!")

The uniform national plan of socioeconomic development of the country for 1987, the centralized financial plan and the state budget for the next year ensure the necessary conditions to continue to carry out intensive activity aimed at the unflinching implementation of the 13th RCP Congress decisions and the fulfillment of the party program for building the comprehensively developed socialist society and proceeding toward communism.

In accordance with the provisions of these documents that we unanimously endorsed at our plenary meeting, we will have to establish all the technological, organizational, economic, and financial measures with a view to fulfilling--as of the first day--the provisions of the second year of the 5-year plan, the plans and programs in all the fields of activity.

Particular attention must be paid to the most efficient utilization of raw materials, to further reducing material and energy consumption, and to recovering and reusing materials and energy. As I have already mentioned on other occasions, we must understand that most responsibly using materials and energy, reducing consumption, and recovering and reusing them are decisive for fulfilling the new 5-year plan and for generally developing our homeland.

We still have great reserves in all the fields of activity. Although we have achieved some savings this year, we must say that generally, consumption exceeded the plan provisions, and more materials and energy have been used than were really required to achieve production.

Great attention will have to be paid to improving the quality of production and to raising its technological level. All the working people's collectives and all SDUF bodies should unflinchingly fulfill the programs established for ensuring the technological modernization and scientific organization of production and labor, and should observe economic and financial expenditure levels, as well as apply the other measures aimed at intensive development of the whole socioeconomic activity.

Speaking of the transition to a new stage of development, we must understand not only a quantitative transition but, primarily, a new qualitative stage in the general development of our homeland in all fields and, most of all, in the fields of material production, scientific activity, education and the activity of shaping the new man, the conscious builder of socialism and of our homeland's free and independent future! (loud, prolonged applause)

We cannot achieve the transition to a superior stage of development without achieving a new quality and without raising the technical level of production in all fields! It must be well understood that, in the current international competition--not only between socialism and capitalism but in the general competition for scientific and technological development--only those will progress who do everything for the triumph of the latest scientific and technological discoveries in all the fields of activity. Our people have proved during the past tens of years that it has the scientific and cultural strength and the ability to comprehend all that is new. Now, we should demonstrate that we engage with all our energy in the new scientific-technological revolution, in the new agrarian revolution, and in the new revolution of developing our socialist society! (loud, prolonged applause; prolonged chants of "We will work and we will fight, the country we will build!")

We should achieve a more marked increase of labor productivity and of economic efficiency by increasing benefits and reducing material consumption by ensuring high profitability in all the sectors of activity. This is the only way to increase national wealth and the basis on which to ensure the means for the continuous development and progress of production forces, of science and culture, and of the general force of our homeland as well as to continuously raise the people's material and cultural standard of living. There is no other way, comrades! All our people; all of us, and all the SDUF bodies should engage with all our energy in the activity of raising our homeland to a new level of socioeconomic development! (loud applause)

This requires strengthening responsibility, order, and discipline in all fields of activity. Every collective of working people, every council of working people, and every worker, engineer, and expert in all the fields of activity--in his capacity as owner, producer, and end-user and as true master of all the homeland's wealth--is responsible for the proper management and appropriate development of all activities in every field and for not only maintaining but also for continuously developing the means entrusted to every collective by the people. Thus, we should ensure expanded production and the continuous development of our homeland's material and cultural means! I insist on these issues because the future of our nation, the homeland's independence and sovereignty, and our whole nation's well-being and happiness depend on them! (loud, prolonged applause; chants of "Ceausescu, Romania--Our Esteem and pride!" and "Ceausescu-RCP!")

Particular attention should be paid to the foreign trade activity and primarily, to appropriately fulfill the export production plan. The current year has not been a good one from this point of view, but the world economic conditions were not favorable either. New problems which affected our export activity to a certain extent also emerged. Nevertheless, we must openly admit

that not all the units and sectors worked with the utmost responsibility to achieve the exports production on time and at a high qualitative level.

We should take all the necessary measures so that next year all negative conditions will be completely eliminated and all sectors, all units, all working people, and all SDUF bodies will carry out highly responsible activity. We should see to it that next year we appropriately meet export needs and even make up for some of the lags that occurred this year!

We must pay proper attention to achieving investments, by reducing their costs and by eliminating waste, nonproductive expenditures, and the tendency to build at random, thus often violating the plans and the laws of the country.

We will deal with this issue more extensively at the plenary meeting of the Working People's National Council. Nevertheless, I would like to inform the plenary meeting of the SDUF National Council that we have decided to take general measures to reduce the percentage for the so-called organization of work sites to about 0.5 or at most to 1 percent. In the beginning, this will bring a few billion lei savings--4 to 6 billion lei--taking into account the investments we will achieve next year. This so-called fund or percentage for the organization of worksites has become, for some people, a way to waste and--why should we not say so--sometimes illegally and in various ways to acquire sums from the homeland's wealth. There is virtually no town or locality where we need funds for the organization of worksites. In enterprises, where development work is under way, we do not need to set up another worksite. Only if we set up somewhere in a remote area, some new production units, only there will we grant appropriate means for setting up a work site, based on precise calculations and not granting a general percentage.

We must understand that we all have the responsibility to appropriately manage every leu because this money belongs to the people. We must ensure--by making efficient use of every leu--the continuous growth of the people's general wealth! (loud applause) This is only one of the general measures we will take. But, on the whole, we will have to take more resolute measures--in drafting technical projects and commissioning projects--in order to eliminate waste and expenditures which can in no way be justified.

Just in the past 2 weeks we examined a number of projects and we reduced by 40 to 60 percent the initial requests presented by the management of the ministries and designers for works that meant in some cases tens of billions and in other cases billions of lei. I bring up this issue here at the SDUF National Council because all SDUF bodies should most responsibly work to eliminate negative situations, expenditures, and costly works which are in no way justified and are only a way of wasting materials and money. These cutbacks mean tens and sometimes thousands of metric tons of cement and tens of thousands of metric tons of materials and other things.

Therefore, comrades, we have great reserves in the proper management of all fields of activity. Certainly, we have good results. We have strongly developed all the areas of the country. We could have done more. We have gained great experience. It would have been better if we had not made such

expensive things. Nevertheless, now we should draw the appropriate conclusion and in no way permit uneconomical consumption and waste in any field of activity. On this basis, we should make more efficient use of the means of our society to ensure socioeconomic progress and to raise the homeland's general level of civilization and the people's general well-being. This is the responsibility of the SDUF and of the party--the leading political forces of the whole society. (loud, prolonged applause)

I do not want to dwell on other issues, because during this year, through the programs we adopted and the measures we have taken we have made sure that the people have an extensive knowledge and understanding of the ways to unflinchingly implement the 13th RCP congress decisions. I would like to point out only one issue, which, it is true, I have mentioned several times--the issue of people. Everything we have achieved and everything we have to achieve we do with the people! When we speak of the fact that we build socialism with the people, we are not making an abstract and general statement, but we start from the fact that the decisive role--in everything we have achieved and will achieve--is played by man, by people. Therefore, this requires a greater concern with continuously improving the people's professional training and increasing their technical, cultural, and scientific knowledge.

In order to achieve the new scientific-technological revolution, the new agrarian revolution, and in order to raise our homeland's level of civilization, we must raise the level of general knowledge and increase our people's revolutionary awareness! Only with such a socialist force and with such a high level of revolutionary awareness and general knowledge in all fields of activity can we ensure the implementation of the objectives established by the party program and can we raise the level of our homeland's general development!

Therefore, we must pay increasing attention--I stress this again--to the professional and scientific-technological training as well as to better organizing overall activity in the field of education and in enterprises and ensuring the training for reassignment of all the cadres and all our people in all fields of activity. We achieved good results but we still have a lot to do. We cannot achieve a new quality and a high level of production without people who perfectly master their profession and the technical and scientific knowledge and who knows what to do in order to ensure a high level of production in all the fields of activity.

I believe that all the SDUF bodies, Trade Unions, and the Socialist Democracy and Unity Organization, and I should stress, primarily the youth and women's organization--but I have to repeat again, primarily the youth--should engage with all their forces in this huge activity of molding people. We must see to it that our youth learns of the latest discoveries in all the fields. We need--as I mentioned it on other occasions too--people with a great spirit of responsibility because only with such people, only with the workers, peasants, intelligentsia, and with a revolutionary youth will we ensure the achievement of the new stage of the revolution and only thus will we proceed toward communism! (loud, prolonged applause; chants of "Ceausescu-Heroism, Romania-Communism!")

Esteemed comrades and friends, with regard to the international activity, I spoke about it at the recent session of the Grand National Assembly. I would only like to stress that in order to fulfill our development plans we need peace. Therefore, our party and state and our whole nation most resolutely speak out for cooperation with all countries, regardless of their social system, for a policy of peace, for disarmament--primarily nuclear disarmament--and for solutions to all interstate problems only through negotiations. We are determined to do all we can to make a contribution to achieving a better and more just world, without wars, without weapons, a world of peaceful cooperation among all the nations! (loud, prolonged applause, prolonged chants "Ceausescu-Peace!")

The 23 November referendum on a 5-percent cutback in troops, arms, and military expenditures has shown our people's unanimous determination to firmly work for disarmament. We are very pleased that our people's determination was received with great interest throughout the world, including at the United Nations, and with eulogies for the Romanian nation, which has taken concrete steps along these lines in this International Year of Peace and which is the only nation so far which has decided to proceed to such disarmament measures, thus demonstrating that disarmament and peace cannot be attained through mere statements and words, but rather through concrete and real action. As many politicians and statesmen said when referring to Romania's initiative, we hope that other states will also realize that it is high time and necessary to proceed to disarmament, to the elimination of nuclear weapons, and to a world of cooperation and peace, in the interest of their peoples and of peace throughout the world! (Loud and prolonged applause; prolonged chants: "Disarmament-Peace!" and "Ceausescu-Peace!")

Dear comrades and friends, a few days are left until the end of this year. However, even in this short time, we must responsibly work in all units so as to conclude the year with increasingly better results and thus lay a lasting foundation for the fulfillment of the entire 5-year plan. At the same time, all units and all sectors must proceed to thoroughly preparing the second year of the 1986-90 5-Year Plan.

I am firmly convinced that all SDUF organizations will responsibly act and ensure that the members of the respective organizations, that is all working people and all our people--since SDUF actually represents the unity of our entire nation under the leadership of our Communist Party--hence, the entire nation will do everything possible, in complete unity, to meet the new year with ever better results. Let us ensure that the second year of the current 5-year plan marks a stronger development of our fatherland!

With this conviction, I wish all SDUF organizations and their members, hence the entire nation, ever greater successes and achievements in all fields! Since we are almost on the eve of the new year, allow me to anticipate and wish you a Happy New Year with ever better results in all fields!

Much health and happiness! (Loud and prolonged applause and cheers; prolonged chants: "Ceausescu-RCP": "Ceausescu and the People!"; and "Ceausescu, a

Happy New Year!" In an atmosphere of great enthusiasm and unity around the party, all those present stand up and cheer at length for the RCP, the leading political force of our socialist nation, and for Comrade Nicolae Ceausescu, RCP secretary general, president of the country, and SDUF chairman).

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CSO: 2020/41

SCINTEIA REPORTS SPEECHES AT GNA SESSION

[Editorial Report] Bucharest SCINTEIA in Romanian on 12 and 13 December carries several thousand words of material related to the Grand National Assembly [GNA] session held in Bucharest on 11 and 12 December, at which session the various economic plans and budget for 1987 in Romania were adopted.

In its issue on 12 December on pages 3, 4 and 5 and its issue on 13 December on pages 3 and 4 the paper carries reports on speeches made by GNA deputies, some of them senior party-government officials. The speeches deal in general terms with various aspects of Romania's socioeconomic life, with much emphasis placed on party secretary general Nicolae Ceausescu's and occasionally Elena Ceausescu's "outstanding role and great merits" in all areas. The speakers admit the existence of "certain shortcomings" in their specific spheres of activity and pledge to "eliminate all failures as soon as possible," without going into detail. They all endorse the adopted plans and pledge to implement them unswervingly.

Among the more prominent leaders whose speeches are reported by SCINETIA are: Gheorghe David, minister of agriculture; Ioan Avram, minister of electric power; Alexandru Necula, minister of electrical engineering; Richard Winter, minister of wood industry and construction materials; Paula Prioteasa, minister of food industry and acquisition of farm products; Lina Ciobanu, chairman of the General Union of Romanian trade unions; Ioan Petre, minister of industrial construction; and Mihai Moraru, minister of heavy equipment industry.

As well as the general speeches noted above, the papers carries reports specifically presenting one or another of the 1987 plans. SCINTEIA on 12 December on page 3 carries: the 2,000 word text of the "co-report of the Supreme Council for Romania's socioeconomic development, the plan for the development of agriculture, and the state budget in 1987" presented by Manea Manescu, vice chairman of the Supreme Council for Romania's socioeconomic development, and the 800-word text of a "report of the GNA standing commissions" presented by Elena Pugna, vice chairman of the GNA commission for industry and economic-financial activity. Both reports discuss in general terms, praise, and "favorably and enthusiastically endorse" the uniform plan, agricultural plan, and state budget for 1987.

SCINTEIA of 13 December on page 3 carries the 1,600-word test of the "report on the program for self-management and self-sufficiency to ensure appropriate

consumer supplies of agricultural produce and foodstuffs and industrial consumer goods for the period 1 October 1986-30 September 1987," presented by Deputy Prime Minister Aneta Spornic. This report--an outline of which was filed as the fifth referent item--refers in general terms to various points of the 1987 consumer self-sufficient program and "recommends its endorsement" by the GNA.

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CSO: 2020/41

SCIENTIFIC SESSION CABLES CEAUDESCU

[Editorial Report] Bucharest SCINTEIA in Romanian on 21 December carries on page 1 a 1,500-word "cable sent to Comrade Nicolae Ceaucescu, RCP secretary general and President of the Socialist Republic of Romania, by the scientific session dedicated to the 2,500th anniversary of the struggle and sacrifices of our people for freedom, independence, and for their right to be masters in their own country."

After eulogizing Nicolae Ceausescu as an "ingenious strategist and leader of the Romanian people," as "an excellent preserver of laws and customs," as the "founder of the new history, fervent revolutionary, and patriot," and as a "hero among the heroes of the nation," the cable refers to the papers read during the session which presented the first struggles by the Romanian people's ancestors 2,500 years ago to "defend freedom and independence and against foreign oppressors."

The cable also praises Elena Ceausescu's activity aimed at developing science, education, and culture, and pays homage to Nicolae Ceausescu's contribution to resolving "the serious problems confronting making today" and to defending people's right to peace and cooperation on a "planet freed from the nightmare of the arms race, primarily the nuclear arms race, and from the danger of self-destruction."

The cable concludes by stressing that "the most precious homage that can be paid to the glorious deeds of our forebears is to employ all our creative energy" to "implement the party program and historic decisions of the 13th RCP Congress."

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CSO: 2020/41

RESOLUTION-APPEAL BY AGRICULTURE COUNCIL PLENUM

[Editorial Report] Bucharest SCINTEIA in Romanian on 28 December carries on page 2 the "resolution-appeal of the enlarged plenary session of the National Council of Agriculture, Food Industry, Forestry, and Water Management" adopted during the 26 December proceedings of the plenum in Bucharest.

After reviewing the proceedings and stressing that the participants in the plenary session "fully endorsed our party's and state's domestic and foreign policy" and "paid fervent homage to Comrade Nicolae Ceausescu, the beloved and esteemed leader of our nation and the ingenious founder of modern Romania," and after expressing feelings of respect and "great appreciation" for Elena Ceausescu's activity placed "at the service of the homeland, the party, and people," the resolution-appeal calls on the Ministry of Agriculture to see to it that "great, secure, and stable agricultural produce be achieved."

It then calls on other agricultural units and bodies, specialists, and working people in agriculture to study and pursue the experience of front-ranking units, to try to achieve record yields in 1987, to make better use of raw materials, reduce costs and energy consumption, and to implement all targets aimed at achieving the new agrarian revolution.

The resolution-appeal concludes by urging all working people in agriculture to "follow the example of Olt County and of the state and cooperative agricultural units which were awarded the title of 'hero of the new agrarian revolution' and work with revolutionary devotion in order to increase the agricultural yields in all sectors."

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CSO: 2020/41

PEC MEMBER BOBU ADDRESSES TU PLENARY MEETING

AU231138 Bucharest SCINTEIA in Romanian 20 Dec 86 p 5

[Text] The plenary meeting of the Central Council of the General Union of the Romanian Trade Unions [GURTU] was held in Bucharest on Friday, 19 December. The meeting examined the activity carried out by the trade union organizations and bodies for the implementation of the 13th RCP Congress decisions and of Comrade Nicolae Ceausescu's guidelines and recommendations regarding the fulfillment of the 1986 socioeconomic development plan and the setting of the necessary conditions to fulfill the tasks of the 1987 plan.

The plenary meeting endorsed the measures to perfect the activity of the trade unions and to increase their role in the workers' revolutionary self-management systems, thus making sure that they make a greater contribution to fulfilling the program of the intensive development of the national economy and all the objectives stipulated in the country's socioeconomic development plan for 1987.

The plenary meeting also examined the activity the GURTU carried out in 1986 in the field of international relations and endorsed the major objectives for 1987.

Comrade Emil Bobu, member of the Political Executive Committee and RCP Central Committee secretary participated in and addressed the meeting.

In an atmosphere of strong enthusiasm, the participants in the meeting endorsed a cable which they sent to Comrade Nicolae Ceausescu, RCP secretary general and president of the SR of Romania.

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CSO: 2020/41

BRIEFS

SIHANOUK JANUARY VISIT--Bucharest AGERPRES 6/1/1987--Upon the invitation of the president of the Socialist Republic of Romania, Nicolae Ceausescu, and of Mme Elena Ceausescu, Prince Norodom Sihanouk, president of Democratic Kampuchea, and Princess Monique Sihanouk will pay a friendly visit to Romania in the first half of January 1987. [Text] [Bucharest AGERPRES in English 1423 GMT 6 Jan 87 AU] /7358

CEAUSESCU ON U.S. CP LEADER'S DEATH--To the Central Committee of the Communist Party USA. Learning with grief about the passing away of Comrade Henry Winston, chairman of the Communist Party USA, on behalf of the RCP Central Committee and on my own behalf, I want to extend sincere condolences to you and all militants of the party, and to express our full compassion to the bereaved family. Nicolae Ceausescu, RCP secretary general. [Text] [Bucharest SCINTEIA in Romanian 18 Dec 86 p 5 AU] /7358

DASCALESCU CONDOLENCES TO RYZHKOV--Comrade Constantin Dascalescu, prime minister of the Government of the SR of Romania, sent a cable of condolences to Comrade N.I. Ryzhkov, chairman of the USSR Council of Ministers, in connection with the plane crash that occurred near Berlin Schonefeld Airport. In the cable feelings of profound compassion are extended to the bereaved families together with wishes to the injured for a speedy recovery. [Text] [Bucharest SCINTEIA in Romanian 17 Dec 86 p 5 AU] /7358

SFRY ARMY DAY MESSAGE--Colonel-General Vasile Milea, minister of national defense of the SR of Romania sent a congratulatory cable to Admiral Branko Mamula, Federal Secretary for national Defense of the SFRY, on the 45th anniversary of the Yugoslav people's Army Day. On the same occasion, Colonel Kosta Dankovic, air and naval military attache of the SFRY to Bucharest, met with soldiers in a military unit of our army and with military personnel in Bucharest garrison and spoke to them about the significance of the celebrated event. The participants in the meeting were shown documentaries and a photographic exhibition illustrating aspects of the activity of the Yugoslav peoples and army. [Text] [Bucharest SCINTEIA in Romanian 20 Dec 86 p 5 AU] /7358

CSO: 2020/41

JOURNALIST COMMENTS ON SERB-ALBANIAN HOSTILITY IN KOSOVO

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Dec 86 p 3

[Article by Viktor Meier: "The Serbians in Kosovo Are Unable To Produce Specific Allegations Against the Albanians--Life Style Differences Lead to Isolation of the Minority"]

[Text] Pristina, 1 December-- In front of the district office in Kosovo Polje a Serbian wedding celebration is in progress. The bride dressed in white leads the round dance, the kolo, and the schnaps bottle goes the rounds. The atmosphere is merry and relaxed. There are some Albanian onlookers, slightly amused by the spectacle, but not unfriendly. Among the Albanians the men and women would have celebrated separately. But the Albanians do not appear to be excluded from the celebration nor do the Serbians feel disturbed by them. One would hardly believe the claim that at this very moment the Serbians are thinking of nothing but emigration out of Kosovo.

Nevertheless, in June and then repeatedly thereafter (the last time only a few days ago) groups of agitators have gone out of the Serbian villages of Kosovo Polje, the "crow field." In those movements the Serbians of this region threatened mass emigration if "their rights were not protected." They had threatened to demonstrate in front of the party congress in Belgrade. They had sent one delegation after the other to the Federal Parliament, to the federal government, and to officials of the Serbian Republic, and in dramatic gatherings they had demanded of the officials that they should "finally" do something "to protect their life and their property."

"Organized Wave of Murder"

The "Albanian nationalists," according to their spokesmen, attempted perfidiously to force them into emigration. If one is to believe Belgrade newspapers and periodicals an organized wave of murder, manslaughter, pillage, and rape has rolled through Kosovo and made necessary those "extraordinary measures" within whose framework commissions of the federal government, of the Serbian Republic, and of the latter's autonomous region of Kosovo have investigated the allegedly uncooperative behavior of the regional officials.

In a nearby Serbian village of the "crow field" we encounter some so-called "self-appointed leaders" of this agitation peacefully strolling in the soft

November sun. Actually, they say, they would prefer not to talk about "these things," but nevertheless they do talk about them. When asked to state their complaints in detail they say "our rights are not protected." "But what rights specifically?" "Well, we want to have our constitutional rights." "Then what rights are being infringed?" "Well, the rights given to us by the constitution." When asked to state this somewhat more specifically they reply "for example, I have to wait 7 days to get a copy of a birth certificate."

When asked whether this is their entire complaint they say "no." "There is also the fact that Albanians have settled in the village, four altogether, and have placed themselves 'strategically' at the exits." They claimed that in consequence they could no longer let their children leave the village, in particular, in the direction of Pristina. When asked whether there had been any problems with these Albanians they said yes, that they had often hung out the Albanian flag. It was true, they admitted, that this was permissible under the present constitution but they felt that the Yugoslav Federation should attempt to change this. Then they were asked whether there had been any other incidents. "No, not here," was the answer, but in another village about 10 km away. They said that there half the village was already Albanian and young Albanians had attempted to rape Serbian girls. "We don't want to wait for things to reach that state here, too."

Generally, ordinary men reach abstractions only after starting from concrete facts. When it is the other way around one can as a rule assume that there has been manipulation. All the Albanians in Kosovo with whom we spoke were convinced that the Serbians of Kosovo were being consistently incited by Belgrade to carry out agitation and thus provide an excuse for the authorities to eliminate Kosovo's autonomy and thus as after the war introduce a Serbian-managed compulsory administration, if possible with a military occupation. "They are always aiming at us with the pistol and there is nothing we can do," a young Albanian tells us. Another claims that there are a lot of Serbians in Kosovo and all of them have work while there is very little work for the Albanians. A Serbian need only say that he was forced to emigrate and he is immediately provided with a job, a house, or even a piece of property where he can build a house.

The other day in Pristina we received official confirmation of the bad job situation which is not improving, but deteriorating. The annual growth in the number of jobseekers at the present time was said to be almost 10 percent, but hardly half of these can be employed. A politician of Serbian nationality in this region who tries hard to be objective is of the opinion that unemployment actually weighs more heavily on Albanian families who usually have four, five, or even more children than upon the Serbian families where only one or two children must look for work. In Pristina one is struck by the masses of young people who evidently have nothing to do. "Thank God that we still have our strong family bonds," somebody said to us, "otherwise youth joblessness would by now have had devastating social consequences."

In the Serbian village which we visited a Belgrade enterprise has built a little factory which gives work to about 120 people. "They did not build this factory out of brotherly love, but out of the financing provided by the federal

government for undeveloped regions. This fund belongs to all of us, but nevertheless they set up the plant in this Serbian village where practically everybody already has a job," says one Albanian. People speaking for the Serbian population also oppose the factory. "It draws Albanians here," they say, declaring that there are not enough Serbians looking for work who could fill the jobs. "We want to keep our villages ethnically pure," they say.

When asked whether they speak Albanian, the answer is "no"; why should they learn Albanian when "the language of our country is Serbian and always was Serbian"? In Kosovo--according to statistics--the Serbians with a total population of about 1.7 million at the moment represent about 15 percent of the population and at the present time the rate of emigration is about 3,000 annually. We also hear that it is true that at the present time the Serbian children are being compelled to also learn Albanian in the schools (and conversely), "but that will have to be changed."

The regional politician of Serbian nationality in Pristina declares that in certain places Albanian nationalists have actually exerted physical pressure through threats, vandalism, and through molestation of women and children. "But even if this pressure were removed," he asserts, "there would still remain a multitude of other reasons why a Serbian would want to emigrate." He said that it is a fact that whenever Albanians once settle in a Serbian village the population shift takes place very rapidly. The differences in life style, religion, language, and in many other respects had a strong impact and finally the remaining Serbians felt themselves constricted and isolated.

"I no longer even have enough Serbian neighbors to share the traditional cake for Slava, the patron saint's day," one Serbian told him. The cake must be sprinkled with wine and then broken up in the form of a cross, in other words into four pieces. He said that his Albanian neighbor, a polite and friendly man, came to his Slava but the Muslim had no feeling for the cross and drank only fruit juice. But he was so friendly and polite that the Serbian admitted to having a bad conscience for continuing to raise hogs.

Temporary Prohibition of Emigration

In view of the circumstances, according to the Serbian politician in Pristina, there exists at the moment probably only one route to take if one wants to stop emigration and somewhat stabilize the relations between the ethnic groups. This route would be the policy of keeping the Serbian character of those villages which are still entirely or predominantly Serbian, even though it might strike an unsympathetic chord to speak of Serbian "homelands" or "Serbian reservations." Such a purpose would be served by a regulation terminating in 1990 which would make it illegal to sell land and/or houses "for the purpose of emigration" to members of the other ethnic group. Various commissions would have to carefully examine every proposed land sale between Serbians and Albanians to determine whether or not there was really no element of compulsion present. He said that the Yugoslav Constitution permits such restrictions if they are instituted by law. "Either we all go together or we all stay together," say the Serbian activists.

The Serbian politician in Pristina says that he himself has built for himself a new house in Kosovo and by this contributed more to the creation of trust than could have been accomplished by all the oratory in the world. He said that there were also Serbian politicians in Kosovo whose families lived in Serbia and who are in Pristina only during the week. The Serbian population of Kosovo has been especially disturbed by the emigration of its intelligentsia because this means that they will be more and more limited to Albanian medical doctors or dentists. And he said there was scarcely any Serbian cultural life left. For the future he said that he could only hope that the Serbians would be able to contribute their share by, for example, making the autonomy of Kosovo a concern of theirs also, just as the autonomy of Vojvodina is also jointly supported by Serbia and Hungary. But here, it seems, the views of the majority of the Serbian population and of their activists are mixed. They say that it is in Kosovo that the center of the old Serbian realm has been situated, that it is here that the old Serbia is to be found and that is the way it must remain.

It is remarkable, as even Serbians will agree, that the Serbians who adopt this line of argument most vigorously are precisely those who have not belonged to the old established population, but whose fathers in fact did not arrive as immigrants or as so-called "colonists" until after the Balkan wars. For them the Albanians are not partners, but enemies. They say that the commissions of the Federation and the Republic which investigated the complaints during the summer accomplished nothing and have corrected nothing. "We must prepare once again for battle."

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