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JPRS-EEI-84-061

25 May 1984

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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JPRS-EEI-84-061

25 May 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

CONTENTS

CEMA INTEGRATION OFFERS ECONOMIC SECURITY

Bratislava PRAVDA in Slovak 12 Apr 84 p 6

[Article by Eng Jan Blisak, CSc, Bratislava: "Our Security Lies in Socialist International Division of Labor"]

[Text] The Leninist principles of peaceful coexistence of states with different social systems have not lost their validity even in the present complex international situation. The peaceful policy of the Soviet Union, approved by the 24th CPSU Congress as the "Peace Program of Soviet Communists" and amplified by the 25th and 26th CPSU congresses, was subsequently adopted also by the congresses of other fraternal communist parties. In this context let us recall the following words of the general secretary of the CPSU Central Committee, Comrade Konstantin Chernenko: "The preservation and consolidation of peace depends to a considerable extent upon the influence of socialist countries on the world stage and upon their active, purposeful and coordinated course of action." Due to this attitude and position of the USSR and other socialist countries, the European states have lived without war for four decades.

The expansion of economic relations, that is, international division of labor, constitutes the material basis of peaceful coexistence of states with different social systems.

Nevertheless, individual states do not make full use of its advantages and possibilities at the present time. This is caused by the policy of prominent, industrially developed capitalist countries, which by a policy of confrontation, are trying to slow down the development of the socialist community. Socialist states must therefore coordinate the expansion of their economic, trade and scientific-technical relations with the capitalist countries in order not to endanger the revolutionary accomplishments and advantages of socialism.

In the first place maximum use must be made of socialist international division of labor, which represents the only realistic alternative of strengthening the economy of the CEMA community and thus also of the capacity of self-defense. The intensification, such as joint research teams, joint forecasting and planning of scientific-technological cooperation, coordinated methods of shortening the science-research-production-application cycle, improvement of the mechanism of international socialist economic integration, and so on.

The countries of the socialist community are trying on a mutually advantageous basis to expand all forms of international, primarily socialist, division of labor. However, they also advocate equal relations with the capitalist states and, together with the developing countries, the introduction of an economic order in the world.

For this reason it also remains imperative for us to make maximum use of the advantages of socialist international division of labor and to promote the intensification processes in our economy more vigorously.

In terms of the dialectical unity of external and internal resources, the priority of the intensification of the Czechoslovak national economy means the following: we must continue to make more effective use of domestic resources in their organic context with strengthened and expanded external economic relations, primarily within CEMA and with the Soviet Union.

Not only from recent history, but also from the present situation everybody must reach the conclusion that no political, economic or military pressure on the socialist states has achieved the success expected by the capitalist world. On the contrary, this policy of the imperialists has caused additional complications in the capitalist economy and an aggravation of crisis phenomena.

Since some capitalist states and their firms have already grasped the nonsense of such a policy and the harm caused by it to themselves, they are trying to establish mutually advantageous economic and scientific-technological cooperation with the socialist countries and their individual firms.

That economic and scientific-technological cooperation among the socialist and capitalist countries offers more advantages also to our Western partners is clear from the fact that the centrally managed and planned economy of CEMA countries, as a stabilizing factor, positively affects their economies as well.

Regular deliveries of commodities and scientific-technological discoveries between the socialist and capitalist states are for the capitalist firms a guarantee that effective use will be made of their production capacities, and can also play an important role in their struggle against increasing unemployment. Moreover, the developed capitalist states obtain from the CEMA countries necessary raw materials and fuels, which is important for them during the period of a deepening raw materials and energy crisis.

Our participation in the expansion and intensification of international division of labor is directly related to the present broad assortment of products, which does not make it possible as of now to improve in the required scope these products to the highest technical and economic standard.

Taking into consideration the possibilities of socialist international division of labor, an important aspect for us remains the implementation of a selective policy indispensable for the further development of intensification, primarily innovation, processes. In view of the dominant position of the engineering industry in our economy, the import of equipment and technologies from foreign countries must be fully paid for and even exceeded by our exports so that our engineering industry will have enough funds for the purchase of equipment for other sectors of our national economy. The discriminatory policy pursued by the capitalist states and above all by the United States against the socialist countries has strongly antagonized suppliers and customers on an international scale. In this situation, in order to obtain new equipment and technology, for example, we must give preference to our own exports at the price of reducing imports. However, this is not possible over a longer period because such an orientation would close important channels of equipment imports and lead to a decline in innovation activity. Nor can be a strict anti-import orientation by means of which imports are replaced by domestic production be favored over a long period.

All these problems are further compounded by the rather limited adaptability of our economy to changes on the world markets. The slow reaction to changes on the capitalist market results in weak competitiveness of our products and thus also in lower prices per kilogram of engineering production. If we take into account the restrictive nature of the policies of developed capitalist states and the steadily increasing interest rates, we see that our economy faces additional barriers which can be overcome only and exclusively through the joint strategy and coordination of international socialist economic integration.

This means for us that our further economic growth is closely related to the further expansion and intensification of socialist international division of labor. The CSSR's participation in the solution of long-term goal-oriented programs of cooperation among the CEMA member countries up to 1990 is based on approximately 330 multilateral and bilateral agreements concerning the promotion of the most progressive sectors and branches of the national economy. It is to our advantage in this process that we can lean on the CEMA potential. The socialist countries must combine their efforts and concentrate on the effective selective manufacture of top-quality equipment and progressive technologies. The road to this lies in the purposeful intensification of production specialization and cooperation within CEMA, which make it possible to raise technical and economic parameters and the quality and competitiveness of socialist equipment on the world market.

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SHORTCOMINGS IN LIVESTOCK INDUSTRY CITED

Tirana RRUGA E PARTISE in Albanian Feb 84 pp 29-39

[Article by Thanas Piu: "We Must Place the Development of Animal Husbandry on a Sounder Scientific Basis"]

[Text] The party has always viewed the development of animal husbandry as an intrinsic part of the intensification of the whole of agriculture, closely linked with the continual improvement of the people's well-being. The large investments which have been made for the intensification of animal husbandry, especially for improving the breeding of animals, for strengthening their foder base, for improving methods of management and for protecting animals from disease have led to the continual increase of animal products and to an improvement in the structure of providing food for the working masses.

Actually, most of the cows tended in agricultural enterprises and cooperatives belong to improved breeds with high productive capacity. With regard to sheep, the level of breed improvement has reached over 70 percent, while in the agricultural enterprises and in some special cooperatives, all the sheep are of the fully improved type. The level of breed improvement for swine and poultry corresponds fully to the goals set for further growth in their productivity. Conspicuous improvements have been made in increasing areas sown to forage crops as well as in the structure and yields of these crops, in enlarging the ensilage of fodders and in applying advanced technology to the feeding of animals.

All this has been accomplished so that during the first three yars of the five-year plan, the yield of milk should increase by over 200 liters for each cow, by over 20 liters for each goat, by over 10 liters for each ewe, etc. Nevertheless, the planned goals for 1983 were not fully realized in a number of districts and agricultural enterprises and cooperatives. This is because measures were not correctly evaluated for increasing the number of head and, as a result, 1983 was begun with a smaller number of head than that envisaged in the plan. Consequently, even though the yield per head was increased, goals for the production of milk, meat, wool and eggs were not fulfilled. In some agricultural units, where there were incorrect conceptions regarding the development of animal husbandry under conditions of large and concentrated production, insufficient efforts were made to introduce advanced techniques and technology in animal husbandry management, in ensuring the fodder base.

As a result of work for the execution of tasks defined by the 8th Party Congress, with respect to the development of animal husbandry and especially with respect to the overall encouragement and support of revolutionary initiative by cooperativist peasants in the herding of livestock on cooperative farms, improtant qualitative changes have been made in the animal husbandry sector. As a result of the herding of small livestock throughout the whole country and of cows in the plains, one hundred persent of small livestock and swine and over 70 percent of the cows in the country are managed today in an organized and correct manner in the agricultural enterprises and cooperatives. This is a great victory for the farsighted Marxist-Leninist policy of our party in the area of the continual perfecting of socialist relations in rural areas, which opens new perspectives for the development and progress of the cooperativist order, and for the rapid development of agricultural and livestock production. These qualitative changes, as well as work done and measures taken for the scientific organization of livestock production by means of deepening concentration, specialization and cooperation in large dimensions, creating special units and sectors, and up to the point of establishing specialized enterprises for the production of milk, meat and eggs, and several agricultural cooperatives whose main direction is livestock production, have all created a new situation, a new stage in the development of animal husbandry which also requires a new, more scientific concept of problems in the development of this sector. This stage of animal husbandry development, as Comrade Enver Hoxha instructs us, requires that there be "a radical change in the concepts and attitudes regarding needs and requirements which are exhibited in the development of an animal husbandry with large dimensions and a variety of animals, and constructed on a scientific foundation" (Enver Hoxha, "Report to the 8th AWP Congress," p. 33).

The stage reached and the goals set by the 1984 plan for the development of animal husbandry, as was stressed at the 8th Plenum of the Central Committee, require increased attention from the party organs and organizations, the state and economic organs and all agricultural workers for this important and fundamental sector of the economy. They require more thorough study and the application of a range of concrete measures in the struggle against outmoded, empirical and one-sided concepts and practices which create obstacles to the present and future development of this sector.

Comrade Enver Hoxha teaches us that we must not treat the future in animal husbandry only or primarily from the standpoint of quality and breed improvement, but also from the standpoint of quality; it is therefore necessary that these two indices be kept in view. This requires that, beginning with the smallest organizational units, the sector brigades, and up to the Ministry of Agriculture, there must be a correct understanding and application of the fact that fulfillment of the planned number of livestock and continuous increase of livestock yields are in harmony with each other and lead jointly to a continual increase in livestock production. But in practice, some managers who do not have clear concepts fall into partiality; they overestimate measures for increasing the yield per head and underestimate measures for increasing the number of head of livestock; there are even those among them who increase yield at the cost of reducing the number of livestock. Such a practice has led to the situation where, even though advanced techniques and technology have been introduced and even though productivity per head has been raised, goals for increasing production have not been fulfilled, thus harming the prospects for rapid development of animal husbandry.

The obtaining of the planned number of head for all types of animals is connected with continuity in the development of animal husbandry in extended dimensions and with the increase of livestock products. This is made more imperative by the fact that during livestock herding in some agricultural cooperatives and in some districts, because of inadequate measures taken for the full herding of livestock, there has been a reduction in the number of head. Aside from this, a considerable part of the livestock that was herded, because it was at a low breeding and productive level, was discarded without any criterion and without first thinking about replacing the animals in larger numbers and with higher productivity. As a result, even the goals for production of meat, milk and wool were not fully realized according to the planned tasks.

In order to overcome, as quickly as possible, these circumstances which have arisen with regard to increasing the number of head of livestock, the Central Committee of the party and Comrade Enver Hoxha have instructed that work with the people should be intensified for the establishment of a correct conception and much better appreciation than until now of the numerical increase of various types of livestock according to the concrete conditions of each agricultural economy. It is therefore necessary for the basic Party organizations, the state and economic organs, the scientific research institutions and all the animal husbandry workers and specialists to devote special importance to the recognition and application of a range of measures which lead to both the rapid increase of the number of livestock and the continual growth in their productivity.

Within this framework, it is important to find ways to apply scientific methods which ensure the increase of fertility in all types of livestock, to eliminate cases of unjustified discarding of animals and to place the treatment of breeding animals and those to be fattened on a sound organizational and scientific foundation.

The increase of fertility constitutes the first and most important link in expanded reproduction of livestock, in the rapid regeneration of herds in ever greater dimensions, and in the qualitative improvement of animals. The task is set before science and advanced animal husbandry specialists to quickly learn and apply new, more effective methods to increase the number of lambs, kids and piglets in each birth, to ensure that ewes and sows give birth twice a year and to increase the fertility of cows and mares by over 85 to 90 percent. Fuller measures, on a foundation of thorough study, are required, especially for the treatment of young animals and their production, for their early mating and for preventing and combatting diseases which lead to a decrease in fertility. We stress this matter because, in fact, the situation in many agricultural units is not satisfactory. The fertility of cows today is around 70 percent; in some districts, such as Kukes, Diber, Gramsh, Skrapar, etc., the fertility of cows is 50 to 60 percent. Similarly, from every 100 fertile ewes and goats, 80-90 lambs and kids are obtained, at a time when advanced units obtain over 100. Some 6-8 piglets are obtained from each sow, while the advanced units obtain 15-20.

In the districts of Shkoder, Permet, Tepelene and Sarande, high output and overfulfillment of planned goals in the production of milk and meat from small livestock in the agricultural units is based, first of all, on the realization of high fertility, which results in 110-120 lambs and kids from every 100 head of fertile ewes and goats. Similarly, the "29 Nentori" agricultural enterprise in Lushnje and the Kamze agricultural enterprise in Tirana, as well as many others, realize and overfulfill the planned goals for livestock products also because they have achieved the application of measures which ensure high fertility in cows, obtaining about 90 calves per year for each 100 cows.

Increasing fertility ensures not only a sufficient number of animals for the annual regeneration of breeding and age structure, but at the same time, creates conditions which, parallel with the numerical increase of animals for breeding, allow us to fatten an ever increasing number of them for the production of meat, thus achieving quantitative and qualitative meat production while lowering its production cost. That is why the party instructs us that without increasing the fertility of livestock, it is impossible to achieve simultaneously both the regeneration, in ever greater dimensions, of the number of head of livestock and an increase in the consumption of meat for the good of the people. This problem takes on an even greater importance for those agricultural cooperatives in districts where appreciable deficits have been created in the number of livestock according to the plan.

The growth in the number of animals, the further improvement of breeds and the increase of livestock productivity greatly depend on sound scientifically based breeding, which constitutes the foundation of expanded reproduction in animal husbandry and the major link which opens the way to the prospects increasing livestock products.

In executing the directives of the party and the instructions of Comrade Enver Hoxha, many agricultural units have done good work in placing the whole of livestock management on a sound organizational foundation. For this purpose, special units have been established for the support of breeding herds and an ever greater number of young animals have been prepared and are being prepared to increase the number of livestock for regenerating herds in ever greater dimensions of qualitative improvement, replacing old, low productivity animals with young animals having a high productive capacity. As a result, the number of livestock in these units has grown, the breeding condition and age structure of animals has improved each year and productivity per head has increased. Thus, due to measures taken to ensure breeding in the agricultural enterprises of Gjirokaster, Bushat, Lushnje, etc., for example, an average optimal age of cows has been achieved at from 6 to 7 years, 15 to 20 percent of the herds are renewed each year and there has been an increase of 200-400 kg of milk per head each year.

But a correct conception and appreciation of breeding does not exist everywhere and among all people. Some cadres and specialists, led by their narrow interests of the moment in fulfilling the plan for milk and meat production, neglect breeding work, discard livestock without sound criteria and make annual requests for the securing of breed animals from other agricultural units. Thinking and acting in this manner, however, they deviate from the directives of the party and from the requirements and laws of expanded socialist reproduction which permit us to support ourselves by our own forces. The consequences are known; goals are not realized and the prospects for this sector are reduced. For that reason it is necessary to combat every mistaken concept and practice which is not supported by the objective requirements and laws of development, especially artisan concepts and practices which have nothing in common with large-scale concentrated livestock production. Comrade Enver Hoxha teaches us that for animal husbandry too, it is necessary to have a thorough knowledge of the internal laws of its development, otherwise we may be faced with surprises which need a great deal of time to correct.

We stress this because in the development of animal husbandry, too, there are incorrect conceptions, superficiality and one-sided work. In the treatment of breeding problems, scientific deficiencies are observed, especially in fulfilling nutritional requirements for young animals. Thus, for example, it happens that some managers and specialists are satisfied simply with separating breeding livestock in a few stalls or individual units wihtout accompanying this with overall measures for the nourishment and scientific treatment of breed animals. As a result, there is an increase of weight loss among animals designated for breeding. They go into production late, thus hindering livestock regeneration, and expenditures made for supporting their maintenance are increased. Under these conditions, it takes 35 to 40 months for heifers to become cows, although possibilities exist for this period to be 25 to 27 months. Simply as a result of prolonging this period for every heifer that goes into production, we lose 8 successive months to one year of production.

Because breeding is a costly investment, but also a necessary one to ensure the planned number of livestock each year, to improve the breed and age structures of production animals and to more rapidly replace the low productivity animals which are present in some units, it is necessary that all breeding work be supported on a scientific foundation. For this, parallel with measures for shortening the time of their entry into production, it is imperative that every agricultural unit and every district draw up a precise and scientific balance shset for the structure it will constitute during each year of breeding, supported by existing circumstances and by the goals set according to the plan. At the same time, animal husbandry research and scientific institutions and basic specialists must undertake studies and compile and apply full technology for the index which breeding animals must reach, according to their breeding constitution and planned increases. The point is that by retaining the best animals for breeding, those with breeding quality and high productivity, their introduction into production should lead not only to a numerical increase, but also to a qualitative improvement of the breed and greater productive capacities of the regenerated herd; thus, the paths of intensive and extensive development are viewed as one process.

The establishment and setting into operation of some large centers for increasing the breeding of cows will serve for the replacement and creation of breeding herds with very high output, such as those possessed by enterprises and some agricultural cooperatives, but this must, in no way diminish attention to the concentrated support and management of breeding in other economies. The goal is set for special breeding centers, sectors and brigades to improve all agricultural units--not only for cattle, but also for sheep, goats, and pigs--where the problems of further breed and production improvement are just as important as they are for cattle.

The fulfillment of goals set by the 1984 plan for the development of animal husbandry and the increase in the number of livestock also requires that attention be increased with regard to the restriction and baseless discarding of animals for meat production. The idea of some cadres and specialists that "herded animals give little output and must be discarded" without first taking measures for their replacement, is very dangerous and must be combatted as soon as possible. It is true that animals with low productivity incur losses and must be discarded. But the loss is much greater when these animals, although of low productivity, are discarded without replacing them with others. For example, discarding a cow that produces 900-1000 kg of milk, without replacing it, means at least that another cow in the herd must increase its output by this amount. If this is not achieved, it means that production is lowered, that some cooperativist families are left without provisions and that the plan for delivery of milk is not fulfilled. Several agricultural units in the districts of Korce, Lezhe, Vlore and Elbasan made a bad mistake last year when they discarded more cows than they replaced, thus lowering their number as compared with 1982.

The basic party organizations are analyzing the condition of animal husbandry at special meetings and are taking a stern view of mistakes which have been observed, especially during and after the herding of livestock on farms, in order not to permit any baseless discarding which would lead to a decrease in the number of livestock and a reduction in livestock products. The measures which have been determined and are being applied now are yielding a positive effect, but much remains to be done in this area. This is also because the effectiveness of work in animal husbandry is not immediately apparent.

In order that the restriction on discarding not be effected, but, on the contrary, that it lead to an increase in the production of meat for consumption, it is necessary that the fattening of all types of animals for meat production be organized and placed on a scientific foundation in every agricultural unit, in order that they may be delivered for slaughter weighing as much as possible. The experience of workers in the Lezhe Agricultural Enterprise, who obtained 11 quintals of meat from every sow, that of the Korce Enterprise for Cattle Raising, which delivers fattened calves weighing over 330 kg and of first quality, that of several agricultural cooperatives in the Shkoder district, which have delivered lambs weighing over 20 kg , etc., indicate the great possibilities that exist for augmenting the weight increase of animals being fattened and hence for increasing the production of meat for consumption, satisfying the needs of the people for meat in a continually better manner.

There is still a great deal of potential for the conditions and possibilities that have been created, as there is in these achievements. In smaller groups of animals in the Maliq Enterprise for Cattle Raising and in the "Clirimi" agricultural enterprise in Fier, calves being fattened attained a weight increase of 900-1100 grams per day. Through the use of balanced nutritional rations in the Sulzotaj sector of the Lushnje agricultural enterprise, "29 Nentori," in the Lezhe Agricultural Enterprise and in the Gorre Agricultural Cooperative, among others, an increase per head of 350-450 grams per day has been obtained. In the Tirana Enterprise for Poultry Raising, 1.5 kg of meat has been obtained from each chicken 55 days old.

But parallel with good experience, there have also been shortfalls in achieving planned goals for the increase of meat production by fattening. The fact that in 1983, as compared with 1982, the average weight of animals delivered for slaughter was increased by about 15 percent indicates that, with all the measures applied, there is no place for euphoria. Comrade Enver Hoxha teaches us that comparisons should be made with planned goals. If we look at the goals from this angle, the view emerges that many agricultural units in the districts of Mat, Mirdite, Pogradec, Vlore and Skrapar have delivered calves with a weight of 30-50 percent less than the designated goals, while some agricultural units in the districts of Kolonje, Elbasan and Kukes have had lambs slaughtered with a weight of 30-40 percent less than the designated goals.

The failure to achieve weight increases in fattened animals has also had an influence on the increased cost of meat production, lowering the economic effectiveness of this important sector of the economy.

Specialized centers for meat production must also make improvements in the direction of augmenting weight increase in fattened animals. Achievements until now in the weight of delivered animsla and the realizations in daily weight increases have not justified the large investments which have been made and are being made for the purpose of raising them. At the same time, we must guard against certain tendencies, manifested in some cases, to assume that only these centers and complexes will be the foundation for meat production, thus underrating the large amount of constant work which must be done in every agricultural unit for the scientific treatment of fattened animals, which is the major foundation of meat production.

For that reason, the Ministry of Agriculture, its scientific institutions and all workers and specialists in the animal husbandry sector must view, in a better and more organized manner, the work that is done and the studies which must be undertaken for a further increase in meat production. It is necessary to give priority to those animals that produce meat more rapidly and with lower cost, such as hogs, etc., while also bearing in mind at the same time the conditions and possibilities of every district agricultural unit for fattening calves, lambs and kids by means of more rational utilization of agricultural by-products and especially of natural pastures.

It is also known that the increase of livestock products depends upon a unified complex of factors which are inter-dependent. In view of this understanding, however good the measures may be for a numerical increase, for improving the breed and for preserving the health of livestock, they will not yield the required effect without regarding them as unified with measures for ensuring the necessary nutritional foundation in quantity, in quality and in the required time and without improving the technology of their feeding. Particularly in the deepening conditions of the intensive development of agriculture as a whole, the ensuring of a nutritional foundation and the improvement of feeding technology for livestock constitute the crucial link in the utilization of productive capacities and in the growth of livestock production in large dimensions. Comrade Enver Hoxha therefore instructs us to apply "a full and appropriate system of measures for tripling both the output of forage crops and the productive capacities of natural pastures, for accumulating and utilizing all agricultural reserves and by-products, as well as for applying a more advanced technology in the processing of concentrated fodders and other agricultural and industrial products for livestock" (Enver Hoxha, "Report at the 8th AWP Congress," p. 34).

Many agricultural units in districts have made important steps forward in executing this task. Due to work accomplished by the party, there is now a more correct comprehension and appreciation by the basic party organs and organizations and by the state and economic organs of the necessity for ensuring a fodder base for livestock. There is a continually better appreciation of the need to sow planned land areas with forage crops and of measures to increase the output per hectare sown to these crops. In some advanced units, such as the Zootechnical Station in Shkoder, the Maliq Enterprise for Cattle raising, the Kamze Agricultural Enterprise, the Bushat Agricultural Cooperative and several agricultural units in the districts of Korce and Lushnje, where advanced technology in the growing of forage is applied, 100-150 quintals per hectare of fodder units have been obtained from the raw forage crops. A continually greater expansion is being carried out in fodder ensilage, as an important link in ensuring the continuity and harmonization of animal feeding during the whole year. In the major districts of the country, a number of factories for the production and processing of dry and concentrated fodders have been set up and are being placed into operation. Conspicuous improvements have been made everywhere in the technology of animal feeding, using combined and balanced fodders in accordance with the animals' physiological requirements. All these factors have led to a more scientific treatment of animals and have further improved their productive, breeding and economic indices.

But with all the improvements that have been made, many of the tasks set for increasing the output of forage crops are being executed slowly and, as a result, the fodder base still does not correspond as is necessary to the continually increasing requirements of animal husbandry. During the three years of this five-year plan, the output of raw forage crops has increased by about 12 quintals per hectare of fodder units. Proceeding at this pace in raising the output of forage crops, the goals for ensuring a fodder base will not be realized, which will have negative consequences on increasing livestock products and especially on their cost.

In the analyses for the achievement of the tasks for 1983 and the three previous years of the seventh five-year plan, which are being made in the party organizations and in the state and economic organs, there is criticism of attitudes of underestimation of forage crops which are observed in some agricultural units, as well as of tendencies to increase the production of forage primarily by means of a further increase in land sown with these crops. Obtaining about 40 quintals of fodder units from every hectare and demanding an increase in land sown with forage crops, as is done in some agricultural units, means not thinking like a revolutionary, not living with the situation, not understanding the party directives about the present stage of intensive agricultural development. A comparison with progressive units indicates that all the possibilities exist for doubling the output of forage crops this year.

Under the conditions of our country, with a relatively limited arable land surface, intensification of fodder production is the only way to develop animal husbandry. One must condemn the opinions and practices of certain agricultural cadres and specialists who cannot realize goals for increasing fodder output, who pay insufficient attention to the cultivation of these crops by further increasing the area sown with forage crops. Accepting these requests means creating disproportions in other livestock products, something that will impair the intensification of animal husbandry itself. The only solution, therefore, where there is also great potential, is the increase in output of forage crops by means of the application of advanced technology to their cultivation, as well as the radical improvement of natural pastures.

It is clear from practice and especially from more advanced experience that it is also necessary to make visible changes in the structure of forage crops, giving priority to the sowing of leguminous crops with high yields, such as lucerne, meadow plants, soybeans, etc.

Actually, ensuring per protein fodder and compensating deficiencies in the protein balance have created an acute problem for the whole development of animal husbandry and especially for breeding animals, swine and poultry. But this requires more thorough study and better coordination of the work of scientific institutions in determining the most suitable structure for forage crops according to ecological zones and types of livestock. The agricultural unit itself must resolve the problem of securing selected seed for forage crops in a better and more rapid manner than heretofore. We stress this because a relative backwardness is still observed in comparison with the work that is done to secure seed for other agricultural crops. Studies and fuller measures are required for planning and setting into operation full and complex projects for improving natural pasture plants, in order that by 1990, as has been determined, a doubling of the reserve capacity of pastures in the major meadow areas in the country will be achieved.

The broader introduction of animal husbandry onto the path of modernization requres, as Comrade Enver Hoxha stresses, the necessity to undertake further study and application of appropriate measures to ensure a balanced fodder supply everywhere in accordance with breed composition and goals for increasing production. The output achieved by some advanced agricultural units today--4000-5000 liters of milk per cow, securing daily weight gains for calves of 900-1000 grams, obtaining 10-15 quintals of meat per sow, 400-500 kg of milk per goat, 5-6 kg of wool per sheep, 200-250 eggs per hen, etc., which constitute the objectives of a not too distant future for the whole of our animal husbandry, cannot be achieved by the extensive application of methods and practices based primarily on empirical knowledge with regard to feeding animals, without taking measurew which, parallel with an increase in fodder production, also involve an improvement in the technology of animal feeding.

But this requires, aside from everything else, that the scientific level of animal husbandry specialists be raised, that there be a rapid deepening and dissemination of the data from scientific studies and new technology regarding the rational and balanced feeding of animals. The point is that by means of the application of advanced technology, the full assimilation of the biological productive capacities of animals and the further increase in effectiveness in the utilization of the nutritional foundation, expenditures per unit of production are lowered. It is a task of animal husbandry scientific research institutions, in cooperation with the advanced specialists and workers in production, to undertake more thorough studies in this direction and to plan the most appropriate technology for each type and category of animal and for various levels of production, as well as to define new standards for the feeding of animals in accordance with their physiological condition and the output that is required to be achieved.

The goals set today for the development of animal husbandry on a scientific foundation are many and all-encompassing. In the first place, they require that the consciousness and responsibility of communists, cadres, workers and specialists in this sector be raised to a higher level; they require greater work for the establishment of correct concepts and complete conviction of the great possibilities and potential which exist for making those radical and rapid changes demanded by the party for the progress of this sector. As in every case, the conscientious work of people, under the leadership of the party, and the comprehension and execution of tasks set for the development of animal husbandry constitute the major link in achieving planned objectives.

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CSO: 2100/41

DEPUTY AGRICULTURAL MINISTER SETS TASKS FOR CROP OUTPUT

Prague ZEMEDELSKE NOVINY in Czech 7 Apr 84 pp 1, 7

[Article by Eng Robert Sevcovic, CSc, CSSR deputy minister of agriculture and food: "Development and Stabilization of Crop Production"]

[Text] The road embarked upon toward self-sufficiency in grain production and gradual self-sufficiency in food, which was laid down by the 15th and reaffirmed by the 16th CPCZ Congress, proved to be completely realistic, although we had to operate under rather complex weather conditions. Proof of this is the fact that the plan of gross agricultural production was fulfilled by 102.6 percent, and that of crop production by 100.9 percent during the 1981-1983 period. The plan target for gross crop production was met by 101.4 percent last year. We must regard as a success the attainment of 11 million tons in grain harvest, and good results were achieved in the production of oil plants, legumes and some other fodders. On the other hand, however, serious shortcomings and stagnation still persist in the production of sugar beets, potatoes and fodder from meadows and pastures. Further progress toward self-sufficiency can be achieved only if--in contrast to the average of the Sixth 5-Year Plan -- we annually increase agricultural production by 7.9 percent during the remaining years of the Seventh 5-Year Plan. Crop production should account for 83.2 percent of this increase. This means that crop production must increase at a more rapid rate than livestock production -- an effort in which we have failed so far.

Higher Quality Requirements

In order to comply with this requirement it is necessary to adopt in the entire agricultural food complex new, qualitatively higher forms of production management with the maximum participation of all workers in this process. An effective production intensification with differentiation according to agroecological conditions, with the rational use of all inputs, and the most effective use of products must be the common denominator.

In complying with the requirement of crop production increase on the basis of priority, the agricultural enterprises will have to revalue, on the basis of the latest scientific research findings, particularly the following:

-- the utilization of soil and the increase in its fertility;

-- the structure of crop production and of products cultivated;

--the level of the yield potential of varieties and hybrids.

By a detailed analysis of these factors, elaboration and implementation of specific measures every atricultural enterprise should not only increase the overall harvest, but also stabilize the yields per hectare of individual crops.

Suggestions for Discussion

These problems concern a large body of workers. For this reason, a creative discussion of these problems should take place in the unified agricultural cooperatives, on state farms, in the enterprises of agricultural services, research institutes, plant breeding stations and seed handling organizations.

It is important that the findings and suggestions be applied during this period in the entire production process, that is, from the preparation of soil to the harvest. This is one of the important goals of the pre-congress discussion.

Together with the measures aimed at preventing an additional loss of agricultural land, the utilization of soils and attention to its fertility increase is the fundamental precondition of achieving a more rapid increase in and stabilization of crop production. We must not, therefore, regard soil as a basic means of production only, but also as the irreplaceable national wealth of our entire society, which provides us with the most valuable commodity to man -- food. Moreover, agricultural land is an important component of environment and for this reason we must pay double attention and permanent protection to it.

A number of regulations, decrees and guidelines have been issued for this purpose. In addition, the Federal Ministry of Agriculture and Food approved the CSSR agricultural land improvement measure last year. This material and its utilization is significant for all agricultural enterprises and levels of planning and management. The soil improvement project developed by the scientific research basis factographically synthetizes and at the same time analyzes the production economic functionality of individual CSR and SSR regions on the basis of the characteristics of climatic and soil units as well as the production capacity of individual types of field crops.

On the basis of this study, every kraj, okres and agricultural enterprise must develop its own programs and plans in order to optimize the structure of field products and stabilize the high yields in relation to concrete agroecological and economic conditions.

In connection with crop production specialization, particular attention must be paid to soil condition. We frequently find that the soil fertility considerably varies not only among the neighboring enterprises, but also within production units of the same enterprise.

This is indicated by the different physical, chemical and biological properties of the soil and different yields of identical varieties during the same year. It is the consequence of management and people's work, of how they succeeded in mastering large-scale breeding technologies, in applying them within the agrotechnical deadlines and in appropriate soil conditions.

It is generally known that heavy equipment, which we have been intensively using in crop production recently, tends to compact the lower layer of the topsoil and thus substantially reduces its biological activity. As a result, the accessibility and utilization of nutrients also declines. It is therefore necessary to deepen the topsoil layer in heavy soils regularly at 4-year intervals and, in order to speed up the process of biological activation, to apply diluted dung-water or muck at the same time. The basic measure for increasing the soil fertility is the regular application of organic fertilizers, particularly of high-quality barn manure and, if this is not available, of compost.

The effects of the undesirable soil density can be significantly mitigated if the rubber industry manufactures low pressure tires for agricultural equipment. To improve the soil structure and accessibility of nutrients, permanent attention must be paid to liming of the soil, particularly in the areas strongly affected by industrial fallout. Likewise, the use of irrigation and its effectiveness vary considerably. As of now we have had little experience with irrigation out of the vegetation period, both prior to and after sowing. This form of irrigation, in view of the inadequate soil moisture at the present time, appears to be very effective and in the areas of southern Moravia and southern Slovakia is used as an effective measure against air erosion, particularly in the case of sugar beets.

These findings make it clear that our approach to increasing the soil fertility must be systematic and differentiated in accordance with the local conditions. This was stressed also by the participants at the recent all-state conference of brigades of socialist labor in JZD's [unified agricultural cooperatives]. Their experience and findings will serve as a stimulus for their broad application in agricultural practice.

According to Natural Conditions

Each area and locality in the CSSR possesses specific agroecological conditions. They predetermine the natural propriety of growing individual types of field crops and call for an increasingly more precise determination of their variety and hybrid structure. The optimization of the crop production structure, therefore, is a very important and at the same time sensitive area which essentially determines the maximum biological yield from the unit of area and its stabilization. These problems are more complex than they seem at the first glance.

In order to attain self-sufficiency in grain production we must grow some crops also in less favorable climatic and soil conditions. This is true, for example, of corn for grain, some types of legumes, and so on. However, this calls for a specific cultivation technology, selection of proper varieties and hybrids predominataly with a shorter vegetation period. Special treatment of seeds by incrustation and hydrophobization, and also the use of progressive methods of harvesting and of postharvest treatment, have proved effective. The conditions for it are being created in the variety structure, where the present assortment already makes it possible to plant these crops in additional areas and thus substantially reduces the risk of their growing. Our growers must continue to increase not only the yield potential of individual crops, but also their resistance to diseases and pests, to drought, frost and cold.

Emphasis on Nontraditional Approach

Within its study of agricultural systems and new types of crops our research also tries to find ways of making crop production more efficient through the optimization of its structure for individual production areas. From this standpoint the possibility is being explored and tested of growing corn for grain and of divided harvest also along the Elbe River in the Louny region, in central Hana, in the Nitra Valley and East Slovak Plains. The growing of sorghum and other grains is being planned in the dry areas of southern Slovakia, New Soviet varieties of alfalfa which tolerate permanent inundation are being tested because they could be planted on the East Slovak Plains. We are adding to the present assortment of clover and grasses other types for more extreme areas. More effective use of grassy areas is being sought by establishing zones of pasture. The cultivation technologies of sugar beets, turnips and potatoes are to be reappraised in order to achieve stability in high yields and quality of products.

From these standpoints attention must be paid in the immediate future to the optimization of crop production structure so that maximum use can be made of the ecological conditions in the CSR and SSR.

Closer to Maximum Yields

The creation of optimal conditions for the growth and development of plants is in agricultural practice the fundamental task of the agronomist and mechanizer. If we want to come as close as possible to the yield potential of varieties, we must take fully into account the agronomic methodology specified for individual varieties. If the maximum harvest is to be reaped, particularly under the most intensive conditions, enterprises must closely cooperate with basic research in dealing with the tasks leading to the formulation of scientifically funded programs of high and stable yields of individual crops, and to their practical implementation by teams of workers.

Many JZD's and state farms have registered significant progress in programming the yields particularly of grain crops. According to the evaluation by the workers of UKZUZ [Central Agricultural Control and Testing Institute] of the results achieved in the cultivation of grain crops during the 1981-1983 period, the yield potential of winter wheat in the CSR was realized only by 65-67 percent. Good results were achieved in peas and winter rape in 1983. Less successful, however, was its use in sugar beets, potatoes and particularly grassy areas on pastures where the yield potential was realized by only 27-45 percent. The reasons for this situation must be sought in the concrete local conditions. Most of them are of a subjective nature which should be analyzed in the pre-congress discussion and at the production conferences, prior to every more important agrotechnical measure taken in the field, such as preparation of the soil for sowing, protection against weeds and pests, organization of care of young plants, sowing, harvesting, and so on.

The task faced by crop production is made more demanding by the fact that it must provide not only enough quality products for the processing industry and human consumption, but also enough fodder for the planned increase in livestock production. At the same time it must create conditions for meeting the export quotas of our traditional commodities, such as sugar, malt, hops, and so on.

The results of crop production constitute the basis of the planned development of the agricultural-food complex. Increasing the degree of self-sufficiency in food requires a high level of crop production and its stability, and the creation of indispensable reserves in both grain and bulk fodders.

As was emphasized at the Eighth and Ninth plenums of the CPCZ Central Committee, it is the task of the entire agricultural-industrial complex, including its basic research and development basis, to meet these requirements.

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CSO: 2400/311

ELECTRONICS INDUSTRY PERFORMANCE IN 1983 VIEWED

Prague HOSPODARSKY NOVINY in Czech 3 Feb 84 p 2

/Text/ In the year 1983 the Ministry of Electrotechnical Industry achieved the goals that it had set with regard to the dynamics of the production of goods, the uses of production and the development of indicators of effectiveness; progress in the electronics industry continued in keeping with these accepted ideas. Not only was the plan successfully fulfilled, it was also conspicuously exceeded. This was shown by the fact that the needs of the national economy were better met than the government plan had called for in all the following areas: supplies needed for finished products, for the domestic as well as the export market, and also for investment capital.

In the production of goods the plan was completed by 23 December. Furthermore, approximately Kcs 700 million of goods were produced, which was made possible by reductions in material costs. All the productive economic units of the ministry fulfilled their planned output of goods.

The basic indicator of appraisal was the adjusted real performance, where not only were the goals of the state plan surpassed, but also those of counterplans. Overall the plan for the ministry was exceeded by Kcs 300 million.

In the uses of production the department managed in a most spectacular way to exceed the supplies for investment--by Kcs 1.1 billion. All the productive economic units are to be commended for this.

The department exceeded by Kcs 70 million in retail prices the supplies for the domestic market (compared with the year 1982 an increase of 107.8 percent). Only the VHJ /economic production unit/ High-Intensity Electronics Plants in Prague did not achieve their goals. In spite of the good volume of output a shortage of products still exists in the marketplace.

In the year 1983 supplies for export to socialist countries were propitiously provided. Planned goals were exceeded by Kcs 280 million in free prices. Compared with 1982 an increase of 111.8 percent was achieved. All the productive economic units fulfilled these export quotas.

In exports to nonsocialist countries the ministry generally fulfilled its goals. However the VHJ plants of high intensity electronics and Chirana Stara Tura did not achieve sufficient production.

As far as economics is concerned, in the year 1983 the Ministry of Electrotechnical Industry produced the necessary dynamics in the creation of financial resources; it exceeded the guidelines set by the plan. The ministry increased the planned creation of profit by about Kcs 600 million compared with 1982, which represents a growth of 125 percent.

The whole working team of the electronics industry brought about these good results and are to be priased for their work. This work was guided by the conclusions of the Presidium of the Central Committee of the CPCZ and of the Presidium of the Government of the CSSR, and was brought to fruition under the leadership of party organizations; these conclusions had been adopted in August 1983 in response to the results of the completion of national economic goals for the first half of 1983, especially with regard to maintaining the momentum that had been built up thus far.

The good results that the electronics industry had in the year 1983 create a favorable base for ensuring the goals of this year's plan. However, they do not indicate that all problems have been received, and that nothing needs to be improved in the work and activities of enterprises, economic production units and in the ministry itself. In the year 1984 demands continue for even more dynamic development of this branch with the aim of not only meeting needs better, but also laying claim to qualitative improvements, whether in connection with sales or with the financial plan.

In the year 1984 the electronics industry will create greater material resources for export and the domestic market, and also for the turning out of finished products. One of the important tasks is to further accelerate the manufacture of single purpose machines for domestic needs, and in view of this to create the right conditions in the preproduction stages, especially during the design stage. In conformity with the conclusions of the Eighth Plenum of the CPCZ Central Committee, innovations will continue to be introduced during the construction and preparation of production, and through this the portion of products which are on a high technological and economic level will continue to increase; this portion should rise by 10 percent as compared with 1983. To support the acceleration of innovative activity the ministry puts forward its so-called innovative goals with an outstanding financial interest. This year it is necessary to continue this progressive program and at the same time to benefit from the good results and experiences of the past year.

An increase of 110 percent in the production of goods must be achieved. The production of color televisions compared with the year 1983 will grow by about 80 percent, and supplies of them will increase at this rate for the domestic market. Conditions are being created fully meeting of the demands for batteries and single cells. Cadmium cells for watches and calculators, which up until now have been imported from nonsocialist countries, will be put into production and offered in the marketplace. In addition, supplies of calculators and digital watches for the domestic market will increase. Other new products will also appear on the market, such as the NAD record player, transistors and color televisions with remote control. Toward the end of the year 1984 a portable color television will go into production; this should enhance our market in the year 1985. In 1984 supplies for the domestic market will increase by not less than seven percent, compared with last year.

This year an expansion of international trade among the socialist countries will continue. In contrast to what happened in 1983 there should be an increase of 10 percent in exports, and in exports to the Soviet Union an increase of 15 percent. It follows from this that our aim is not only to fulfill the tasks of long-term plans, but also to speed up the process of collaboration and specialization with the USSR.

No less challenging were the tasks undertaken in exports to nonsocialist countries, where in spite of all the discriminatory measures and restrictions the ministry wants further to deepen and broaden foreign collaboration under mutually favorable conditions. The realization of these plans will demand an increase in activity, more progressive methods from organizations which produce goods and from enterprises engaged in foreign trade, together with an enhancement of mutual collaboration. The aim is not to export no matter what at any price, but properly to appraise the labor of workers and technicians within the sphere of international trade as well.

Supplies for investment are very promising this year, too. The ensuring of a large assortment of products will demand that, as in the year 1983, the goals of the state plan should be maintained. At all levels of management it is necessary to create conditions so that the assortment of goods will not merely be a narrow profile of the electronics industry, and so that variations in particular structures should be eliminated as much as possible.

Similarly, the financial plan provides challenging goals. The highly developed dynamics will continue further in our adjusted output, which will achieve an increase of more than 10 percent. Costs must decrease significantly (by 2.5 percent) and profits must rise by more than 20 percent. The productivity of work must grow by not less than eight percent in relation to performance in 1983.

Toward an acceleration of the process of electronization the electronics industry is creating, apart from financial resources, the right conditions in the realm of pricing. Since the beginning of this year the prices of important parts have become conspicuously lower, and together with this the conditions are being created for the possibility of accelerating the installation of complex microelectronic divisions in all branches of the national economy. The aim of the price policies of the ministry is that the prices of basic parts should approximate the prices of the parts imported from nonsocialist countries.

The completion of the tasks of the penultimate year of the Seventh 5-Year Plan demands that the economic managers of all the enterprises, which make up the electronics industry, continue in the course that was embarked upon last year. The basic orientation for the work of business, VHJ's and the ministry are the conclusions of the Ninth Plenum of the Central Committee of the CPCZ.

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CSO: 2400/266

ROLE OF ELECTRONICS IN EFFICIENT ECONOMY ASSESSED

Prague HOSPODARSKE NOVINY in Czech 9 Mar 84 pp 8-9

[Article by Doc Eng Miroslav Soucek, Csc, of the A. S. Popov Research Institute for Communications Engineering Prague: "The Genetic Code of the Future"]

> [Text] Today electronics is the most rapidly developing branch of production. It thoroughly permeates all areas of human activity and its genetic code determines the future development not only of all industrial sectors. Our national economy has been slow to grasp the approach of this sector; therefore the report of the Presidium of the CPCZ Central Committee on the achievements of science and technology, delivered at the Eighth Plenum of the Central Committee, stressed the role of and the urgency for the development and extensive application of this sector. One of the determining conditions for the development of efficient electronics production (which we conventionally divide into the parts base, capital investment and consumer electronics) is the exploitation of the possibilities of an international division of labor. How does the Czechoslovak industry satisfy this condition?

At present the most important key to scientific and technical progress is electronics, whose applications can, in an unprecedented manner, multiply the productivity, performance, and efficiency of the entire economy, fundamentally affecting the structure of the necessities of life and changing social conditions in domestic life, and furthermore accomplishing this all with exceptionally low and constantly declining costs (as well as prices) per unit of utility. It is a branch of which one cannot simply state that it is absorbing the latest discoveries of scientific research; it is itself actually generating them.

Every national economy which enters this area has a chance for equal representation, assuming that it makes way for all who provide a concrete meaning for the motto of the scientific and technological revolution. Thus various forms of governmental support and subsidies to the electronics industry are of very liberal proportions (even in those countries where state intervention is not an official doctrine of economic policy) and are combined with preferential intervention in the area of fiscal, income and price policy, while research and development are generously financed by the individual enterprises and firms, and efforts are exerted to assure effective international specialization. Comprehensive programs for the electronization of the economy and its basic branches (including programs of electronization in the areas of white-collar and blue-collar personnel policy, training programs, adult education, publicity, etc) are at the forefront in all areas where there is a recognized need for accelerated intensification of the production process.

Electronics has thus, by the rates of growth of its production and international exchange, attained the rank of the so-called superdynamic items, a rank in which practically no other branch has long-term representation. Its genetic code contains, figuratively speaking, a fourth sector of the economy, the information industry, which in the near future will become the backbone of industrial development and to which the entire structure of the national economy will become subordinate. This explains the reason for and the urgency for the preferential growth of the electronics industry, and not the fact, as we have often mistakenly been accustomed to argue, that it only "improves" the level and labor productivity of the traditional sectors and branches. Mass exploitation of electronics is and will long remain, from a materials standpoint, one of the major intensifying factors of economic growth.

In theoretical research on the economic conditions for the development of the individual subbranches and sectors of machine and electrical engineering production, electronics must therefore occupy a somewhat different position than the other units of the sector configurations. Its development and applications are not, therefore, a partial, no matter how serious, problem of the industrial structure, but rather a macrostructural problem of primary importance. As such they must be examined primarily from the viewpoint of the overall national economic context. This is supported by the results of macroeconomic research, according to which a delayed and frequently inconsistent approach of the Czechoslovak economy to the intensification process has been to blame for the delay in the electronization of the national economy.

Conditions for Development

Workers at the A. S. Popov Research Institute for Communications Engineering have analyzed the conditions for the further development of production and application of electronics under the conditions of the Czechoslovak economy. From detailed analyses of the basic economic characteristics and from projections for further growth based on a study of the requirements of the national economy and on research and development programs, the following general theoretical conclusions have been reached regarding the period approximately through the year 2000:

--A conflict between tendencies in the development of the requirements of the national economy and the possibilities for growth in the production of resources leads us to suggest that in comparison with the past period we must accelerate the electronization of the individual sectors and branches of the Czechoslovak economy. We can expect the relative consumption of electronic elements and devices in all the basic spheres of the production process to show the following increases: a sixfold increase in the material costs of the production and nonproduction spheres, fourfold in domestic consumption (personal consumption), fivefold in capital investment consumption, and fivefold in export. The comprehensive (direct and indirect) consumption of electronics in overall production will grow roughly sevenfold, while that of machine building alone will increase eightfold.

--An evaluation of the balance-of-trade relations in production and consumption shows that the required rate of growth of electronization assumes an average 11-percent growth in production and roughly a 10-percent growth in domestic consumption annually. This means that the electronics industry must grow twice as fast as the machine building industry as a whole (as opposed to the current 1.6 rate) and three times as fast as industrial production as a whole (currently only a rate of 2.2). As a rule the greatest growth will be in the area of the parts base of electronics in the sector of microelectronics and structural parts, and in capital investment electronics in the sectors of computers, robotics, automation and defense engineering.

--An analysis of the development of the structure of domestic consumption reveals stability of proportions in the division of production meant for domestic consumption. A significant change is occurring in comparison with earlier development, in which there was rapid growth of the share of assembly deliveries (even in the sectors of finished electronics) and a decline in the share of deliveries for domestic trade, as well as a moderate decline in the share of deliveries for capital investment. Now--for the period through the year 2000--we must fix the share of deliveries for material consumption (assembly deliveries) at a level of 60-63 percent, the share of deliveries for the domestic market at 9-10 percent, and the share for capital investment at 28-30 percent.

--The needs of the national economy in forming an optimal expense structure of the population requires that we reverse the heretofore long-term unsatisfactory application of consumer electronics on the domestic market. The coefficient of income demand resilience, i.e., the ratio of the growth of sales of electronics to the growth of per capita income, should in the near future reach a level of 1.2-1.3 and is expected to continue rising. This calls not only for the establishment of a moderate rate of growth of production and imports but especially for the elimination of other factors which have up to now produced an unsatisfactory situation (such as low frequency of replacement of household appliances, an insufficiently broad range of products, a narrow range of inflexible prices, insufficient enrichment of the range of untraditional products offered, and an inflexible import policy) and have been most closely connected with extremely unfavorable production, economic and export efficiency of the sectors of consumer electronics.

--Calculations of the direct and complex demands of production on the production factors and the basic units of material consumption have shown that the sectors of electronics continue to be relatively economical in drawing inputs. It is considered that an approximately 11 percent annual growth in production will result in a 6 percent increase in the strengths of the basic funds, a 1 percent increase in the number of workers, and a 10 percent increase in material consumption. Demands for supplying production with capital, labor and materials must be considered from the viewpoint of specific requirements for the rapid substitution and specialized application of engineering equipment, a skilled labor structure, and the diversity and exceptional properties of the materials used. With regard to costs and capacities of the research and development base, on which electronics is and will remain exceptionally demanding (the share of their workers in total employment and the share of expenses of the research and development base in production costs ranges in the CSSR, as in the electronics industries of other countries, between 10 and 15 percent), in the future there will be no great need for their relatively increase (per unit of production, employment, capital investment, etc), but rather a greater concentration on selected directions of technical development would suffice.

--A review of the national economic context in the development of electronics is far more sensitive to definitions of the system used to evaluate production than is the case in any other production branch. Preliminary projections worked out by input-output methods in matrices of intersector relations indicate that the price level in electronics will fall by roughly 18-20 percent over 5-year averages. There will be prominent changes--just as in the past--in the rates of growth of electronics, calculated on the basis of fixed costs, comparison with other branches, calculation of the efficiency of inputs, the efficiency of foreign trade, international comparison, etc. In electronics it is consequently essential to work with both types of estimates. The development expressed in constant prices of the initial period can then be interpreted as simply an auxiliary representation of the growth of physical volumes. In projecting, we must express the development of indices of electronics in simulated current prices, and only using these can we consider the proportions to the rest of mechanical and electrical engineering.

The Need for a Selective Policy

The most sensitive and problematical control point in the organism of Czechoslovak electronics is its position in the world market and in international production specialization, for this provides a close reflection of the overall state of its level of efficiency.

On a global scale, electronics is a subbranch characterized by an above-average rate of growth of international exchange and an above-average high level of linkage with the international division of labor and production specialization. This results in high shares of export in production and of import in domestic consumption; for example, in European capitalist countries of a size and industrial structure comparable to the CSSR, this is between 60 and 80 percent.

An objective cause of the above-average high level of international integration and specialization of electronic products is the specific course of the innovative process and the relations between research and production. It is characteristic of the electronics industry that after the introduction of large-scale production the demand for inputs turns out to be relatively low, and thus favorable for the national economy (which in any other branch would imply an unprecedented drop in costs and prices of functional elements and thus the economic accessibility of electronics in all types of applications), but, to start with, it is exceptionally to extremely demanding on the capacities of the research and development base. This concerns mainly the principles and technology of the production of electronic parts. Only the industrial giants can be successful in this innovative cycle over the whole range of products and can monopolize the world markets, for the rapid "dissolution" of initial high costs in preproduction stages in large production series and a rapid rise in utility, i.e., the share of functionally perfect elements in overall production, places them in the position of noncompetitive partners, in terms of prices.

Less industrially advanced countries, if they want to develop electronics and its applications to a reasonable level, must orient themselves toward a highly selective policy in research and production, and by exporting and importing obtain those elements needed for the comprehensive electronization of their economies. In this sense their orientation must be not only proexport, but also proimport, or prointegration. The fact that as a rule they do not achieve an active balance in international trade in electronics is evidently not regarded as a disadvantage. Of the Western European countries, only the FRG shows a moderately active balance, Sweden a roughly even one, and all the other countries a passive balance. This is a long-term established state, and in no way an accidental happenstance. For the nonsocialist world to achieve an active balance of trade in its current stage is practically impossible except for the United states and Japan.

It follows from the logic of these relations in world electronics that international specialization programs must have their own basis and approach, even in the specialization of programs in the sphere of the research and development base. At the same time it implies that what the United States and Japan are for the economically and industrially less advanced countries only the USSR can be for the industrially less advanced socialist countries.

While the rate of growth of the Czechoslovak economy is at the level of other economically advanced countries, this is not the case with regard to the rate of growth of exports and imports, i.e., the participation in international exchange. A lower degree of exploitation of international specialization of production impoverishes Czechoslovak electronics by perceptible effects on the technical conditions of research, production, serial methods, expenses, the diversity of products in the utilization phase, the advantages of concentrating research and development facilities on selected innovative projects, and by effects resulting from the "educational" action of rigid terms on demanding markets. The share of exports in production was only 26 percent in 1982, while the share of imports in domestic consumption was 33 percent, which is roughly 2 to 2.5 times less than in comparable countries; in long-term development up to now this state has been worsening. The export efficiency of Czechoslovak electronics, as measured by the ratio of exports of basic assets and investments, the number of workers and gross production, is, however, on the whole lower than the ratio for mechanical and electrical engineering as a whole.

The export activity of Czechoslovak electronics is thus, from the viewpoint of development of the world market, not only disproportionately low but also dangerously weak. This is the first warning signal. The source of the second are certain qualitative characteristics, for example indices of kilogram prices, production costs for foreign currencies, and difference indices, which we use to determine that the participation of certain sectors in international exchange is, from the viewpoint of efficiency, extremely unsatisfactory.

The development so far of import indices is at variance with our original assumption, and this is especially true regarding imports from the socialist countries, particularly imports from the USSR. The total volume of imports dropped by 12 percent from 1980 to 1982, that from socialist countries by 13 percent. This has been criticized by arguments on the urgency for implementing the so-called prointegration variant of the development of electronics, and this is a very relevant strategic vaccillation for the role which collaboration with the USSR is supposed to play in this direction. It changes not only the development and expected state in this 5-year period, but it also neglects a perceptible trend in the overall trajectory for the coming period.

A variant treatment of the future development of internal relations of Czechoslovak electronics leads to a solution, according to which a continuous rise in the export and import quotas of up to about 60 percent must be considered as a standard for development. This must, however, occur by means of a growth trajectory which does not threaten the firmly specified level and the development of domestic consumption of production (derived from the national economic demand) and leads to a gradual decrease in the passive balance of trade in this commodity group. This process, if it is to have a rational sense, must from the very beginning be accompanied by an improvement in the qualitative indices of the participation of Czechoslovak electronics in international exchange. Maintaining the present state would only contribute to a further worsening of real exchange relations and to losses in national labor.

Developmental Trajectories

These hypotheses are the result of comparing and evaluating variants of the development of Czechoslovak electronics which were worked out while problem-solving through an analysis of the conditions of production, export, import and domestic consumption, and the consequent development of production structure and a classification of the total production resources, including the development of the penetration of electronics into the basic branches and sectors of the national economy.

The first variant, based on systematic extrapolation, derives from more or less fixed trends of penetration of electronics into the national replacement process. In view of rates of growth and domestic consumption which are less than half that of the last period, continuing low growth rates of exports and a sharp slowdown in the rate at which electronics is catching up with high production units, this is a deceptive picture of future development. In the case of electronics, it serves only a demonstrative function, even though it can be a useful guide for comparison.

A second variant is the result of structural analysis conducted by the input-output method within the framework of a 36-branch model of the intersector balance (14 sectors of electronics plus 22 other branches of the production sphere). The structural coefficients of this balance are here dynamized with an allowance for tendencies of their change in the past and for the expected effects of key sectors of electronics on interbranch relations.

This variant can be considered among indices for growth of production and domestic consumption as the desired variant, and, in view of its multilateral verification in interbranch relations, as a realistic one. Both in electronics as a whole and in a sector breakdown, the rate of growth is gradually returning to the level attained in long-term averages in the past, and is also assuring the requisite speed-up in overtaking the growth of the aggregate indices of the national economy. A consistently above-average rate is evidenced by the future key sectors of capital investment electronics, especially computer, automation and control engineering. The rate of growth of domestic consumption of consumer electronics gives us grounds for assuming that it will catch up with the growth of personal incomes and expenditures, and thus that it will reverse the long-term unfavorable application of electronics on the domestic market.

We must pay particular attention to the formation of relations between export and import. Prolongations of the long-term reigning tendencies would return the passive balance to an unsatisfactory level. Therefore, it obviously cannot be accepted by an economic policy for the near and more distant future for the branch of machine and electrical engineering as a primary generator of foreign currency for the national economy.

Despite this, however, it still cannot be claimed that every individual subbranch or even sector of machine and electrical engineering must show an active balance of trade, and by no means must it do so immediately. Yet this pushes to the background the viewpoint of efficiency and the specific developmental needs of subbranches and sectors; a penetrating increase in the exportation of products of a number of sectors of electronics would today only contribute to a further deterioration of exchange relations of foreign trade.

For Czechoslovak electronics we must rather consider, within the limits of this scheme, how to direct the further growth of imports towards modernizing technology and equipment and supplementing them with a modern and reliable parts base in such a way as to make possible a gradual rise in the technical level of selected production profiles of sectors on which the capacities of the research and development base would also be concentrated, and to improve their ability to compete in demanding world markets. Only if this precondition is satisfied in selected sectors of electronics can we undertake greater export activity and thus, in a goal-oriented manner, turn over the available assets of the electronics industry. Under these conditions, efforts for the future equilibration of the balance of trade will be developed on healthy, economically favorable bases.

This concept forms the basis of the third variant, which develops the proportions of the preceding variant in the direction of a gradual but penetrating increase in exports and imports, and thus to a significant shift in the degree of international division of labor and specialization. In exports this is approximately to a level which, by the end of the long-range period, will assure an even balance of trade and will, in particular, maintain the required level of growth and covering of domestic consumption.

This does not have any affect on the adjustment of the rate of growth of production, in comparison with the second variant, since all changes concern only export and import relations. Because such a reversal can be realized primarily only in relation to the population of the CEMA countries, in particular the USSR, one can speak of a prointegration variant.

The Prointegration Variant

Arguments put forth in support of the prointegration variant are based on an analysis of the position of electronics in international exchange and specialization. Such an analysis has satisfactorily demonstrated that Czechoslovak electronics can also open up the economically most efficient pathways of development in the area of international exchange, if it closely fosters a selective structural policy, i.e., gives preferential treatment to a production profile of the promising sectors and does not afford an opportunity to those which lower its overall production level. The support and starting point can be only international production specialization in partnership with the CEMA countries, in particular with the Soviet Union.

The CEMA market represents a very decisive term for Czechoslovak electronics within the territorial structure of international exchange. Ninety percent of all of its export flows into this market (in 1982) and it draws from it 75 percent of its total import needs (in f.o.b. prices). Integration here thus has a ready-made territory, with regard to the necessary market size.

Likewise, the parameters of efficiency of international exchange are much more favorable in relation to the population of the CEMA countries than in relation to the nonsocialist countries. The average levels of all indices characterizing the qualitative degree of participation of Czechoslovak electronics in international exchange, including that with the CEMA countries, conceals sharp differences between the individual sectors and the pertinent aggregations of sectors. Certain sectors--as a rule almost always from the group of capital investment electronics--show above-average successful results (even with a view towards more long-range observation). Others, however--and this is always consumer electronics and lighting equipment and, with exceptions, most of the parts sectors--lower the level of electronics as a whole and in places put it far below the national economic average.

Also noteworthy is the fact that the order of indices of economic efficiency, as measured by the effectiveness of inputs and labor productivity, almost follows the order of sectors by indices of efficiency of export. This situation can lead us to consider directions of selective structural policy in the Czechoslovak electronics industry, with an orientation toward international production specialization.

From a combination of all available and measurable factors it is, in view of the current situation, to the advantage of Czechoslovak electronics to specialize in the production profiles of most of the sectors of capital investment electronics and the parts sectors (with regard to structural parts). But neither should microelectronics, the backbone of current and future technical development of electronics as a whole, remain without favorable sanctions. This of course assumes a concentration of assets on a narrowly restricted product range, where the necessary research and development qualifications scale of production and reasonable costs and prices can be achieved.

In connection with considerations of specialization measures it must, however, be stressed that the selection of profiles of product specialization must unconditionally be preceded by a decision on the specialization of research and development programs, or programs of technical development, for in all these preproduction stages they correspond to the most demanding phase, in terms of cost.

Structural Optimization

Statements and data for electronics as a whole could be accompanied by reports and preliminary calaculations for every individual sector. But such reports and calculations, when we are reviewing the national economic context in the development of a branch, have only the character of checks on methodical-balancing procedures, and thus it would be less advantageous to give an independent description and evaluation of them. The sector nomenclature of electronics in the concept of a unified classification of production objects and production sectors is today already under criticism for its rigidity and inability to bend with changing conditions of technological and scientific development. There is no sense in pretending that anyone would consider it seriously 10 years from now.

We must, however, take a stand on the mutual relations of the three basic functional units of electronics production--the parts bases, capital investment electronics, and consumer electronics.

What is most confusing in a comparison of the structure of electronics in the CSSR and in smaller industrialized countries of the capitalist world is the striking similarity in character of development with regard to production and import indices. The formation of an internal structure of electronics has its source primarily in the economy of production of the conditions for international exchange in the area of electronic parts. Supplying the capitalist world market with advanced and, in terms of price, competitive elements of an active parts base--semiconductors and microelectronics--is, with regard to a complete product range, a role which is practically reserved entirely for the United States and Japan, and therefore almost all other countries in these sectors are to a great extent oriented toward imports (for example, the GDR covers three-fourths of its needs for integrated circuits by imports), accompanied by the specialization of production in all other sectors of electronics. The fact that, despite all this, overall electronics import shows a certain decline in the share of parts does not contradict or even cast doubt on this, for powerful tendencies toward decreasing costs and prices of functional units among the major world producers are leading to a relatively constant fall in the prices of the parts base. Not should we be misled by the relatively high representation of parts in export, for in these countries export is based predominantly on passive and structural parts, which are not as cost-demanding in the preproduction stages as microelectronics and semiconductor elements, and are therefore a suitable direction for their production specialization.

The role played by the United States and Japan for the integration of capitalist economies in electronics with regard to small industrial countries, which are rarely disturbed by the fact that they do not show an active balance in electronics trade, must, with regard to the small industrial countries of socialist society, be asserted, for wholely objective reasons, by the USSR. The development of international specialization of production within integration of the CEMA countries, accompanied by a sharp increase in exports and imports, is the most important precondition for Czechoslovak electronics for raising its level of research and development in production and for the efficient introduction of electronics into all spheres of application.

An attempt to maintain a high level of exports in the parts sectors as well requires that we orient ourselves toward the production of passive structural parts and limit ourselves to a very narrow product range in the areas of microelectronics and semiconductor elements. The need for all-around electronization can be met only by a marked increase in imports. We are at present far from such a state, and therefore the small share of imports of parts must be compensated for by producing a broad range of parts, in rather small series and with a low yield, which leads to relatively high costs and prices and to a loss of efficiency in the sphere of utilization. The large share of parts in production and their disproportionately small share in imports is the greatest structural deformation of Czechoslovak electronics.

Another structural deformation of Czechoslovak electronics is the representation of consumer electronics, although in a different sense than in the case of parts, This sector is the least demanding on research and development, and is thus, from a technological viewpoint, on the periphery of the interests of producers (this is all basically true for the parts base), but it is always very active on the international market. It appears that production and export activities are being taken up by developing countries, while the developed countries also show a perceptible decrease in the share of consumer electronics in production and export, whereas it maintains a relatively significant share in imports. This trend is shared by Czechoslovak electronics, but with a significant delay. The share of consumer electronics in production is still rather high, while its share in imports is disproportionately low. Meanwhile, consumer electronics has, in many directions, the worst indices of efficiency in Czechoslovak production and export.

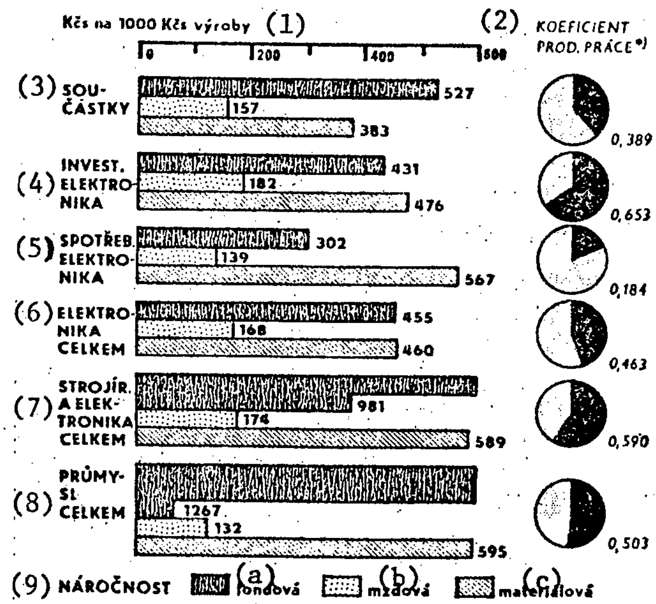
A deceased share of parts and consumer electronics in the structure of Czechoslovak electronics should make more room for capital investment electronics, primarily in the areas of production and export, since small industrial countries see their decisive line in the development of electronics in this group of sectors, while the CSSR is achieving relatively unfavorable indices of efficiency in it.

Graph 1: The Efficiency Level of Sectors of Electronics (Czechoslovakia, 1982)

Key:

1. Kcs per 1000 Kcs production
2. Coefficient of labor productivity
3. Parts
4. Capital investment electronics
5. Consumer electronics
6. Electronics as a whole
7. Machine building and electronics as a whole
8. Industry as a whole
9. (a) Capital intensiveness
   (b) Salary intensiveness
   (c) Material intensiveness

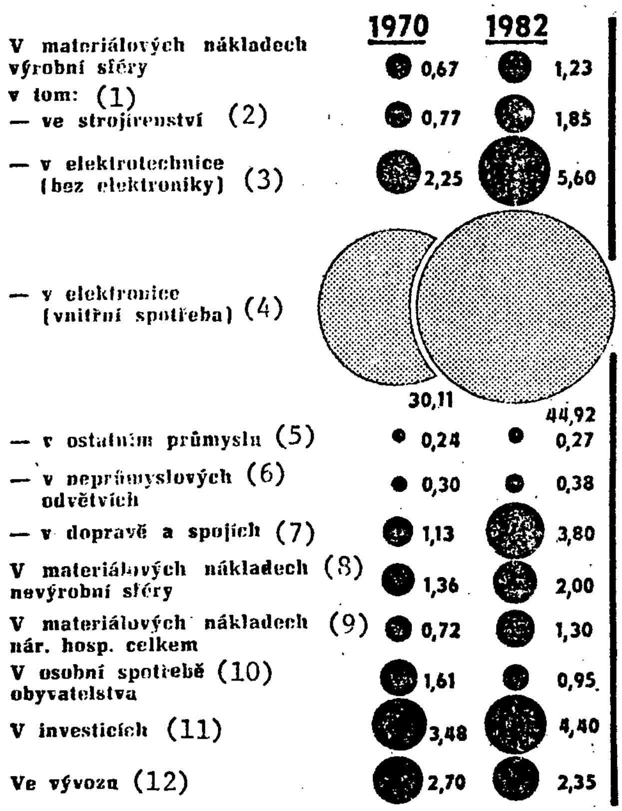
Notes on following page.



Notes: Production is calculated as the sum total of goods production, a change in the state of processed products, and intersector turnover within an enterprise.

Material intensiveness--material needed for Kcs 100 of production.
The coefficient of labor productivity is calculated as the ratio of Czechoslovak to world labor productivity.

Source: Research done at the A. S. Popov Research Institute of Communications Engineering.



Graph 2: Average Consumption of Electronics in the CSSR (in %)

Key:

1. Cost of materials of the production sphere, including:
2. Machine building
3. Electrical engineering (without electronics)
4. Electronics (internal consumption)
5. Other industry
6. Nonindustrial branches
7. Traffic and communications
8. Costs material of the nonproduction sphere
9. Costs materials of the national economy as a whole
10. Personal consumption
11. Capital investment
12. Exports

Note: The share of electronics in total costs of materials

Source: Research done at the A. S. Popov Research Institute of Communications Engineering

9832
CSO: 2400/293

PROSECUTORS BUSY WITH COMPLAINTS ABOUT NATIONAL COMMITTEES

Prague RUDE PRAVO in Czech 12 Apr 84 p 3

[Article by Jan Lipavsky: "When Will Prosecutors Have Less Work?"]

[Text] This will be an article about national committees, but this time about cases in which they do not make decisions regarding the affairs of citizens and various organizations precisely in the spirit of rights, the law or regulations. We also wish to emphasize that what will be mentioned here does not apply to all organs of the state administration.

To begin, the editorial offices receive not only letters praising the work of national committees, but also complaints or reports concerning their erroneous decisions. This occurs, for instance, in matters of monetary benefits or in housing issues, regarding the designation of business hours or the management of construction projects, etc. There are also more than a few reports regarding delayed action on citizen complaints.

There is, of course, more than one way to eliminate and take care of such things. They include the control and inspection divisions of national committees, people's control committees which are to intervene and to assert themselves in making corrections, as well as the prosecutors or, more precisely, an important provision of the legal system--the general responsibility of the prosecutor for the maintenance of legality in state administration.

Unfortunately, more than one citizen who has felt injured by a national committee decision regarding his affairs, or who has a justified suspicion that the law has been violated, has failed to address himself to the appropriate control organ, but has written letters all over the place and called for the due process of law instead of turning to the prosecutor and showing due cause for the latter to exercise his responsibilities. He does not do this because, as one reader has written, it smacks of "a kind of immorality," and because it is erroneously linked with "something out of character."

Frankly, what is immoral is to see or know about something that harms society, that is in violation of the law, and not to report it. Whenever this is not done, there are unpleasant consequences, because every case of the violation of a law about which a small circle of people are aware has, however one looks upon it, a demoralizing impact and disrupts legal certainty, both in fact and in the consciousness of citizens.

There are also people who see a request that the prosecutor exercise his responsibilities as a kind of settling of accounts between two people. It is not out of the question that this may sometimes happen, but it is also a fact that every complaint is thoroughly and objectively researched by a prosecutor, thereby completely eliminating from the exercise of his controlling function anything that is unsubstantiated or imagined.

Let us ask ourselves the question of why prosecutorial organs received in 1982 twice as many complaints as in 1971. Undoubtedly this is because people have convinced themselves of the usefulness, objectivity and professionalism of the work of those who guard and enforce legality. There are also more and more reports from citizens and organizations that are justified and true. For instance, the complaints that have recently been received by the offices of the prosecutors of the North Bohemian and North Moravian krajs have been 80 percent substantiated.

Prosecutors, understandably, do not rely solely on complaints from outside. An important source of their information concerning the status of legality are prosecutorial inspections. These have determined that the most frequent reasons for a violation of the law are ignorance of the legal regulations, the erroneous application of law and regulations, carelessness, inadequate control, incompetent administrative management, as well as insensitivity on the part of several employees of the state administration to the affairs or justified complaints of citizens. It has also been determined that in decisions concerning some matters some employees are guided by local if not group interests and viewpoints, by a kind of pragmatism rather than by legality.

What is, however, most important is that the exercise of prosecutorial control in conjunction with controlling organs not end with the mere statement of impropriety or of legal violation, but that cases in which regulations have been violated be taken care of immediately. What about those people who have committed a crime or other kind of impropriety? Prosecutors submit recommendations for charges of material, punitive or criminal responsibility. The year before last criminal responsibility was proven in 198 cases, while punitive and material responsibility was proven in more than 7,000 cases.

Readers might well ask if this was necessary, if it could not have been avoided. It could have been, if throughout the state administration (and this is true as well of all economic and other organizations) the internal control division had always functioned properly. This is also clear from the report submitted by the prosecutor general of the CSSR to delegates of the committees of the Chamber of People and the Chamber of Nations of the Federal Assembly of the CSSR at their January sessions. This report pointed out that ongoing shortcomings have been found in one form or another in all control and inspection organs. These consist, among other things, in something of a wavering approach to shortcomings that are known to exist, but mainly involve inconsistency in establishing responsibility for legal violations. For instance, a criminal act is discovered, but the prosecutor is not informed of it. Rather, the manager in question attempts to avoid his legal reporting responsibility by resolving the case in punitive proceedings. Or, a national committee registers excessively large apartments but, in violation of the law, is able to utilize such an apartment properly only on exceptional occasions. Or, instead of bringing charges against those who do not obey regulations, certain managers correspond with a control organ, with supervisory offices, but only so that they will not have to carry out the recommendation of the control organ.

The findings of the prosecutors show other things as well: that the most frequent legal violations occur in the lower echelons of administrative organs, which is also related to the professional qualifications of certain workers, but also to the fact that the authority that was entrusted to local and city national committees by the 1982 updating of the legal code for the most part has not been handled very well. This is also caused by the fact that the pertinent divisions of okres national committees have transferred responsibilities to city national committees and to national committees in regional administrative centers in many cases only formally, without proper training and without professional assistance. A prosecutorial inspection confirmed that these responsibilities are being carried out in many cases by employees who have not been approved by plenary sessions, or are being carried out by people without the proper professional qualifications or skills. Here is a likely source of the improper decisions in various matters relating to individuals and organizations.

This is a matter, quite simply, of improvement in control and inspection activity throughout the entire state administrative system. Only then will prosecutors have a lighter work load.

9276
CSO: 2400/302

MORE PRIVATE PLOTS FOR LEISURE, PROFIT

East Berlin NEUE ZEIT in German 6 Apr 84 p 5

[Unsigned article: "Productive Leisure-Time Activities"]

[Text] Blooming, productive gardens, pleasure derived from small-animal breeding achievements, active recreation after one's work has been done --all of this is part of this beautiful leisure-time activity. In order to provide such possibilities for our citizens to an ever increasing extent the local councils, jointly with the Union of Small Gardeners, Settlers, and Small Livestock Breeders (VKSK) and the agricultural producer cooperatives (LPGs), are making efforts to utilize still available splinter areas at the outskirts of towns and in and around villages for use as small gardening plots or for making them available to small livestock breeders. In the period from 1979 to 1983, a total of 79,600 new small garden plots have been created and given particularly to families with many children.

In the past year alone, more than 18,300 gardens were added. More than 3,800 new lots have been prepared for breeding and keeping small livestock. With the 34 communal small livestock breeding facilities which were additionally created in 1983, their total number has risen to 324.

The VKSK was founded 25 years ago, in November 1959. At that time more than 800,000 members got together in order to carry on the good traditions of the former "Schreber" gardens. As early as in the middle of the last century, the first German small-scale garden association was founded in a suburb west of Leipzig and named after the physician Dr Gottlieb Schreber, who had earned well-deserved recognition for his work in the spheres of promoting family life, national health, and popular education.

With a total of 979,000 members, the small-scale gardeners today represent the numerically strongest activity group within the VKSK. As has been the case in the past, every small-scale gardener is today also proud of the high level of productivity of his plot and of the profitable results derived from selling the produce of his garden. Thus, the leisure-time gardeners have in the past year sold 170,670 tons of vegetables, which is almost 30,000 tons more than the quantity sold in 1982. In addition, 191,495 tons of fruit were put on the market.

The top achievement in the competition for maximum results is the production of 100 kilograms of fruit and vegetables on 100 square meters of garden space. The small-scale gardeners are making particular efforts to plant more early and late-season vegetables, as well as winter-surviving vegetables. For this purpose they construct early-season bed boxes and small green houses.

Purposeful measures for raising soil fertility and for creating a continuing supply of water for plant watering are indispensable for high and stable results. The executive board of the Leipzig Bezirk VKSK has therefore, among other measures, instituted a soil testing service. There, several hundred soil analyses are carried out each week. The small-scale gardeners are given information concerning the phosphor, potash, and lime content of the soil in their gardens. At the same time it is possible for them to get expert advice as to which soil nutrients are lacking.

Many of the presently existing 17,815 VKSK branches are creating for themselves possibilities for additionally available water by means of simple methods which save them outlay and materials.

Approximately 60,000 VKSK members are in their leisure time engaged in raising high-quality poultry, approximately 32,000 members are raising rabbits, and 4,000 members are raising various types of high-quality fur-bearing animals. In addition to their raising productive animals, they also make available large quantities of consumer items. Thus, deliveries of chicken eggs for the first time exceeded the 2 billion mark in 1983. Approximately 7.5 million rabbit furs and 161,000 nutria pelts went to the fur industry.

1983 was a good year for the production of honey. Consequently the leisure-time beekeepers were well rewarded for their steadfast work with the bees. They sold to the honey trade a total of 6,662 tons of honey, which was over 50 percent more than had been planned. Thus, they achieved sales totaling 12.8 kilograms of honey per beehive. This compares with 11.7 kilograms in 1982.

In 1983, the goat and milk sheep breeders of the VKSK have made great progress in developing their breeding-animal stocks. Particularly noteworthy in this connection is the fact that the productivity of the animals was achieved primarily on the basis of the breeders providing for their own fodder supply. From the edges of roads and ditches, from residual and splinter land areas, they are bringing in green fodder and hay, a type of fodder which merely requires the effort of harvesting it.

Last year the members of the VKSK demonstrated the results of their leisure-time work at 3,861 exhibitions, which were attended by 2.6 million interested people. The Best Performers were represented at the AGRA (Agricultural Exhibition) in Leipzig-Marktkleeberg and at the IGA [International Horticultural Exhibition] in Erfurt.

The 3,090 cultural and branch centers of the VKSK are frequently used as meeting places for such exhibitions. However, many other events in the cultural sphere as well as those held for technical qualification purposes are taking place there. In the past 2 years alone, 178 such centers were newly created. They are to an increasing extent developing into centers of the spiritual-cultural life in the residential areas and communities.

An additional 153 small-scale gardening and/or communal animal breeding facilities have in 1983 been approved as neighborhood recreational areas by the local state organs. Their number has thereby been increased to 1,585.

8272
CSO: 2300/434

VAGUE CLARIFICATION OF ECONOMIC MANAGEMENT SYSTEM

Budapest TARSADALMI SZEMLE in Hungarian No 3, Mar 84 pp 76-86

[Article by Tamas Bauer, research fellow of the Academy Institute of Economics: "Vague Clarification"--Observations on the study entitled "Further Development of Our Economic Management System in the Service of Building Socialism"]

[Text] Having seen the title and the introductory sentence, I continued to read to its end with increasing curiosity the article published with the above title in issue No 11, 1983 of the TARSADALMI SZEMLE. I imagine many other people felt the same about it. That is, the newspaper-reading public was able to find out that "complex further development"[1] of the economic management system is on the agenda, and that a Consultative Body has been set up with the Politburo's approval to guide the work.[2] Most recently it has also received publicity regarding what questions the further development work is directed at.[3] However, so far the public has not received any authentic information about what results were produced, nothing has been brought before the public about the materials the Economic Management Coordinating Commission and the Consultative Body discussed. Even though numerous proposals have been printed in the trade press, as far as the public is concerned these remained individual proposals even if the article was written on the basis of a study prepared within the framework of some research program[4] or if it could be known about the author that he/she is a member of the Consultative Body.[5] It could only add to the lack of information that several representatives of the party leadership have even publicly disassociated themselves from some of the views which have been published.

In this situation, the TARSADALMI SZEMLE published a "summarizing study" which even itself refers to it by writing that: "The work aimed at further developing the economic management has recently been accelerated." (p 12)

The study undertakes to clarify the "main theoretical" questions of economic management, specifically by emphasizing "the social interrelationships and ideological aspects." Today this indeed seems necessary. The pragmatic approach to the questions of economic management, an approach which has met so much approval in recent years in this country as well as abroad, can beyond a certain point render the reform policy defenseless against attacks launched from the most diverse platforms. It is thus important that it should win clarification: can the reform policy be represented if we try to clarify rather than avoid the place of the reform process in the development tendencies of our social and economic order. It is not less important to think through the social interrelationships of the economic reform process because if we do not do this, then the representatives of social policy viewpoints may get swept into opposition to the reform.

Unfortunately the special working group's summarizing study causes disappointment. It not only does not help to provide clarification in the theoretical questions of economic management but causes confusion, enveloping in obscurity the viewpoint it represents. The simplified picture of society outlined in the study leads to confusion of the social problems rather than clarification of them.

Is this not so perhaps because we are dealing with compromise-laden material before the commission? Unfortunately the editorial introduction placed before the study is far from making it clear: to what extent does the study worded by Ferenc Kozma reflect the views of the working group as a whole, and to what extent are they his own opinions. Certain wordings ("in the working group's opinion...", p 22, [or] "our working group did not consider it to be its task..." p 23) create the impression that the study represented a collective viewpoint developed during the work. We have to think so also because if this were not so the study could have been published as Ferenc Kozma's article, with references to the task force's activity in conformance with the developed customs. At the same time, in some places ("During the task force's investigations and debates a series...of thoughts have also surfaced..." p 22 [or] "It came up during the debates..." pp 26, 27) the reader feels that the participants did not succeed in arriving at a common denominator in everything that appears in the published material. This would probably seem to be supported by comparison of the published text with the individual publications of the task force's members: the summarizing study appears to be a compromise which reflects the views of many but not entirely that of anyone. The enveloping of points of debate in obscurity, and seeking flexible wordings which are suitable for everyone really frequently accompany the development of such compromises. But I feel that on this occasion this is not the main reason that the summarizing study was unable to live up to the tasks it itself chose.

Even if many kinds of ideas and the elements of various systems of thought found their ways into the study through seeking a compromise, its backbone is still provided by a definite line of thought. And even if many concessions were made from the consequent wording of this line of thought, the essence of the line of thought remained untouched and the majority of the details also fit into this line of thought. Perhaps this is not evident in superficial reading, but if we free the study's central line of thought of supplements which are foreign to it, if we remove the obscuring cliches from the frame of the thought, this must become obvious.

With the observations that will follow I will make an attempt to criticize this very thing: the study's frame of thought. I think the main pillars of this frame of thought make the study such that instead of the promised guidance it provides misdirection, that instead of clarifying the problems, the result is avoiding and confusing them. These pillars of thought are the ambiguous interpretation of "enterprise" and the simplified concept of our society's interest structure.

The Ambiguous "Enterprise"

The summarizing study centers the question of further developing the economy's management around "the life-essential task of developing the enterprising ability." The enterprise, enterprising ability are elevated to the study's central category. The study views socialist enterprises as carriers of economic policy, wants to strengthen enterprise characteristics at the smaller collectives within the enterprise, and at the same time considers such efforts and actions by the state's apparatus as "selective development, foreign trade orientation, energy management base, the support industry, byproduct and waste utilization, etc." as "enterprise-type components of economic policy."

The reader would think that this is very progressive sort of position. A few years ago the word enterprise did not have much rights in the word usage of Hungarian economic policy. (I can remember that when a good 10 years ago I translated an American book and in its title"Business Behavior" would have been "Enterpreneurial Behavior," the editor wanted to modify this to "Enterprise's Behavior," and finally we decided on "Enterprise Behavior." This is rather funny with today's eyes. I think in another 10 years from now what they do not allow to be written today will be funny, and by then it will be the favorite expression...)

Unfortunately the study uses the word enterprise as its central category without telling what it really means by enterprise. And this is a problem. The Interpretive Dictionary, for example, ascribes essentially two meanings to the word. The everyday meaning of the noun enterprise and of the verb to enterprise is: "undertakes to complete, to perform some more or less difficult, risky task, job or one requiring serious consideration, fulfillment of some role; decides on, commits itself to something." The typically economic, commercial meaning of the word according to the dictionary is: "business activity performed by one or more natural or legal persons or undertakers, aimed at establishing and maintaining industrial, commercial, financial or transportation enterprise or plant or implementing some major business deal, into which usually a certain amount of capital has been invested." The approximately 20-year-old dictionary adds to this interpretation: (in a capitalist economy). While in the former case the generally understood human activity with its changing intentions is involved, in the latter case it is the economic action conducted in a businesslike manner in an economy which produces goods, the combination of productive factors which serve to increase wealth.

It does not become clear in the study which interpretation is applied. Projecting the first, everyday meaning to the economy, for example, the First 5-Year Plan and within this also the creation of a country of coal, iron and steel is also an enterprise. This action fulfills the meaning given by the dictionary, but also such criteria mentioned by the study as "by these decisions the state to a certain extent elevates the reproduction process from the usual routine," [and] "the country accepts a risk concerning success or the degree of the implementation's effectiveness." Similarly, later the development of the domestic heavy chemical industry or construction of a nuclear power plant were enterprises.

For the economist, the sociologist and, in general, the practitioner of social sciences the narrower interpretation of the word enterprise has a special role. The business enterprise is a certain sociohistorically defined variation of the acceptance of tasks in the economy: that variation when the enterpreneur invests his capital for the most efficient combination of production factors, and his main goal is to increase his capital, his wealth. The business enterprise that can be so characterized became generally widespread with the development of capitalism.

It is no coincidence that following the elimination of capitalist conditions in the countries which changed over to planned economic operation, enterprise, business became exiled expressions and acquired a pejorative ring. Economic activity, planning and enterprise "economic operation" became natural considerations, the goal became to increase production and decrease costs, and allocation and directives became its tools. The directive-operated planned economy, as we have already written so many times, considered the economy--on the basis of, among other things, certain of Lenin's writings--to be one single gigantic factory in which they only saw a difference between the tasks of the branch minister and the enterprise manager to the extent that they stood on different steps of the planning hierarchy. But they saw no quantitative difference in the characters of these two types of activities.

The operational problems and disadvantageous consequences of the planned directive system have led to some kind of reform of the economic mechanism in all CEMA countries and these reforms everywhere planned to increase the independence of enterprises. But increasing enterprise independence does not mean the same thing in every reform program. While further development of the economic management system remains within the boundaries of the planned directive system, basically such an increase of independence is involved where within one large management hierarchy it will also become possible to regroup investments and expand the independence of the lower levels. That no differentiation was made between the functions of the enterprises and national administration is shown also by the fact that in the 1970's in some countries attempts were made at introducing independent accounting even in the branch ministries.

The situation is different with those reforms which eliminate the plan directives and central material and product distribution, introduce universal interest in profit, place the relationship between enterprises and the national budget on the basis of taxation, and start out toward replacing government-established prices with market prices. Reforms representing such principles were introduced in Czechoslovakia in 1967, in Hungary in 1968 and in Poland in 1982. Such a reform wants to assign qualitatively differing roles in the economy to the state apparatus (economic management, directing and regulation) and to the enteprprises, which must become business undertakings. Even though reasons can be given in favor of this type of reform in every planned economy, this is made especially obvious by the recognition that the small countries which are highly dependent on the export of industrial goods and rely strongly on imports can under no circumstances do less than force the enterprises to compare expenditures and incomes purely on the basis of their values, introduce the most favorable combinations, and seek opportunities to increase the enterprise's wealth, and also that in a country with such open economy the material content of expenditures and results is actually indifferent as far as society is concerned. With such an approach it is justified to turn the enterprises into business undertakings.

We have learned in the plan directive system that organizing the entire economy into one single all-encompassing hierarchy is accompanied by a blurring of responsibility for decisions, which results in a system of "organized irresponsibility." Even though the solutions of the new mechanism introduced in 1968 eliminated direct plan directives, in a broad area, especially for investments, they maintained the sphere of "joint decisions" where actually the enterprise and the national administration together made the decisions. It became proved in a decade and a half that due to the lack of effective enterprise interest in profits and responsibility ("rigid budgetary limitation") even those financial constructions (state loan, tax reduction) lead to the blurring of responsibility and irresponsible spending, which are used also in the capitalist market economies but on a different soil there they are not, or are to only a much lesser extent, accompanied by similar disadvantages. It also became clear that clear economic sight and the reliability of prices and regulators cannot be achieved until every price and regulator is negotiable at any time between the national administration and the enterprises. And this is unavoidable as long as the enterprises, as depositories of natural national economic functions, can blackmail the national administration and it can direct or influence them as the bearers of such functions.

The severing of enterprises as business undertakings from the umbilical cord of hierarchic ties connecting them to the state administration, and distinguishing between the state administration's directing and regulating functions from the business activities of the enterprises (which does not exclude exceptional direct intervention by the state administration) became the central feature of today's ideas concerning the furthering of the reform primarily on the basis of these experiences. The new enterprise management formats on the basis of which the existential dependence of enterprise managers on the state apparatus is "significantly moderated" are designed to promote this in the concept of "complex further development of economic management."

There are numerous additional conditions (general interest in profit, realistic competitive prices, market competition) on the basis of these organizational changes to make the enterprises into as truly business undertakings as possible. The concept of carrying the reform further more or less contains also the effort aimed at creating these conditions.

In contrast with this, what does the "trade task force's summarizing study" say? According to the study, the undertaking is something which is the mutual, joint activity of the enterprises and the state. The state conducts "venture-generating" and supporting activity. In what sense is the word venture used here, in the everyday sense or as "business undertaking?" This is not clarified here, and this is so for the very reason to enable the study to in essence avoid making a qualitative distinction between the functions of the state administration and of the enterprises.

It is related to this that in the positive sense not a word is said in the study about creating the conditions for market competition, the basic condition for developing the enterprises into business undertakings. They consider it important to emphasize only that "the domestic market is asymmetric...in the foreseeable future a number of market mechanisms can be operated only in a more-or-less artificial (simulated) manner." (p 21) And later: "Since the domestic conditions of a competitive market cannot be, or can be provided only very intermittently for a significant portion of domestic products, and since for a long time we cannot realistically expect to develop import competition for foreign trade balance reasons, the economy's management will have to conduct the process of society's needs becoming solvent demands by more goal-oriented and better founded methods than it has today. Sensibly weighed implementation of the foreign market ratios in the domestic producer price ratios provides assistance in this." (pp 25-26) We could not object if we read about supplementing the competition by control in a proposal by the state apparatus preparing measures for the next year or two. But here the study undertaking to clarify the theoretical questions of economic management exclused "for the foreseeable future" domestic and import competition, realistic competitive prices, these indispensible conditions of business venture.

In recent years, the opinion has become popular that the organizational system has become the "narrow cross-section" of carrying the reform further. Elimination of artificial monopoly situations, providing the organizational preconditions for competition, and reorganizing the state's economic management in accordance with this are obvious preconditions for the enterpreneurial independence of enterprises. This is also why the organizational changes were the focus of official reform work. It is, therefore, even more noteworthy that the study only beats around the bush in this matter, [for example,] though in one sentence it admits the significance of steps affecting the organizational system, it does not consider listing justifications important in its favor, but gives lengthy justifications to the contrary; organization can only provide the framework, the organization is only a dependent variable and, further, even if by chance the organizational system's modification did succeed, it is still "a painful step which affects livelihoods, careers, diverting or perhaps fracturing them." These unpleasant accompanying phenomena of organizational changes followed to a no lesser extent the enterprise mergers around 1963 or the cooperative mergers of the 1970's, which, by the way, were not only "dependent variables" of the economy but in themselves also caused severe difficulties.

The way "flexible mechanisms" are urged by the study "in order to dissolve the contradiction that the macroeconomic regulation of the economic operation of enterprises is normative by its nature, while at the same time the normal operating and growth conditions of the producer cooperatives doing business in the various speciality areas qualitatively differ from each other" (p 23) witnesses a lack of understanding of business undertaking and of market competition's logic which provides the natural medium for this. The basic principle of our mechanism is that, in the competitive sphere, the enterprises must conform to the requirements of the market and of the economic regulations and not the other way around. That is, as we have discussed, within its own specific profile every enterprise ties down capital and uses import which could also be used in other profiles, and, in the competitive sphere, the only thing that is interesting macroeconomically is that tying down one unit of capital should provide as much value as possible, and one unit of import should be transformed into as much export as possible. The enterprises and their supporters in the state's administration pitch the need for differentiation--often unavoidably due to the shortcomings of the regulations--against this logic. But theoretically the only alternative to the logic of market selection can be selection by the state administration. If the study by urging "flexible mechanisms" favors selection by the state administration over market selection, then willingly or unwillingly it is supporting haggling about regulations in contrast with the principle of business undertaking.

In the final analysis, the position the study takes against the enterprises becoming independent business undertakings becomes unambiguously clear where it discusses the relationship between planning by the national economy and by the enterprises. "Planning must be made a unified, coordinated process at the enterprise and national economic levels," it concludes, and urges partnership-type cooperation between the enterprises, enterprise interest associations, interest representations and the planning organ. (p 27) It is useless for the study to isolate itself from breaking down the plan as long as it wants to build national economic planning on information supplied by the enterprises, and assumes that this "would better mobilize" the resources. At the same time, it had concluded earlier that the "state must also have financial means in order to...be able to take a role in financing undertakings which seem necessary and promising from the viewpoint of the national economy's strategy." (p 26) It in itself is probably unavoidable that the state, under open social control, should as an exception also invest public monies into promoting certain production development goals. The problem is when this fits into the well known system of the hierarchic bargaining relationships. After all, if the state's planning activity relies continuously and closely on the planning work of the enterprises, if money can be received from the state for ventures which seem necessary and promising, if the contradiction between normative regulations and the different conditions of the enterprises must be dissolved by flexible mechanisms--then what will change in comparison with the practices of the last decade and a half?

Approaching the end of discussing this question, I cannot resist picking up one of the articles[6] of Ferenc Kozma, who wrote the "Summarizing Study." The author here points out that the state "itself also takes on the form of a unique enterpriser, as if it were not an organ of public authority but the headquarters of a concern."[7] Well, from the concept of one large factory we have proceeded to one large concern. The matter becomes tragicomical when the summarizing study proposes "agreements between the given enterprise...and the planning organ," (p 27) which in the meanwhile have been implemented and have thus led to the revival of open plan bargaining.[8]

Summarizing what has been said above: even though the study very vaguely develops its theoretical position concerning economic management by organizing it around the ambiguous use of the concept of undertaking, but by removing the cliches and dispersing the fog it becomes clear that we are witnessing here the definition of a viewpoint clearly contrary to carrying the reform any further.

From a Vulgar Picture of Society to Ignoring the Social Policy

When in the 1960's at the time of preparing the new economic mechanism, official Hungarian public opinion broke with considering the national economy as one factory and in connection with this also with assuming that the interests remaining within the trenches of socialism would harmonically coincide, the concept of the three-tier hierarchy of national economic or all-society, enterprise or group, and individual interests represented an important step forward. The particular interests became legitimate within the meaning of this ideology, and within this spirit an economic mechanism was built which theoretically permits the direction of the activities of the individual enterprise to differ from what the government considers desirable for the economy as a whole.

At the same time this concept contains two serious simplifications. One simplification is to equate the enterprise with the assumed collective of the enterprise's workers, enterprise interest with "group interests," and the other one is to equate the state's, the government's interest with the national economy's, that is, the overall society's interests.

The first one, equating that the enterprise and the collective fulfilled an important ideological function at the time: this made it acceptable to give up the assumption concerning the general agreement of interests, to recognize the difference of interests. The collective of workers as the assumed bearer of a particular interest is still a socially neutral thing and thus it was possible to avoid revising the concept that social property is equivalent to state property.

The second simplification, equating the state's, the government's efforts with the national economy's interest is the point where the concept's double-edged character was concealed. That is, this identification made it suitable for also serving as the ideology of the recentralization process during the 1970's.

At this time, enterprise interest, group interest had acquired a bad ring--of which it has not been able to rid itself to this day--and in the hierarchy of three kinds of interests the feature of sub- and superordination became prominent. Accepting subordination of the enterprise interests, implementation of the central intention believed and said to be the national economic interest became the justification for the multiplying central interferences.

The initiation of social science research in the late 1960's aimed at identifyin the real interest relationships, then its development in the 1970's was an important accompanying phenomenon of introducing the reform and of emancipation of the concept concerning the multifaceted nature of interests. Economists, jurists, sociologists, and representatives of the budding domestic political science participated in this research. Results of the research projects unquestionably supported the discontinuation of the onetime assumption concerning coincidence of interests, but at the same time also scientifically made obsolete the concept of triple hierarchy of interests: national economic (overall society), enterprise (group), and individual, which even today dominates in ideology and publicity.

Based on research, such mechanisms became outlined among others through which implementation of the unique interests of the governmental apparatus--and some of its segments--often resulted in developments differing from the national economy's favorable growth. If nothing else, the historical research aimed at the 1947-1953 period and also at the decade after 1956 proves that under our circumstances there are no builtin guarantees to avoid these things.

The sociological and labor economics research projects also dispelled the assumption that the enterprise's workers constitute a homogeneous community. The reality of the microsocieties of enterprises and places of employment became clear to the researchers. It became clear that in the process of production organization and payment of wages the enterprise management and the workers and their various groups come to oppose each other more or less the same way as in the enterprises of the capitalist world.

The picture has grown richer not only about the micro- but also about the macrosociety. At one time, there were some illusions that at least the population living on wages and salaries (workers and employees) are socially practically homogeneous, and only the remaining difference between physical and intellectual work separate the intellectuals within this circle. (This concept is reflected in the expression "workers" which naturally also includes the members of the cooperative peasantry--also believed to be homogenous.) Today--mainly on the basis of the activity of research groups of the Statistical Office, the Sociological Institute and of the Social Sciences Institute--we have a picture of scientific quality in the process of development about the structure of the Hungarian society, about the complicated system of interrelationships of the place occupied in the distribution of labor, social position, level of income and living conditions, where there are people in positions of leadership and others are untrained manual laborers, some well off or rich and some deprived ones or poor people, "people with multiple-disadvantaged situations," where the ones who live in dormitories and commute and the ones living from odd jobs appear, where the differences in income and the non-monetary privileges are interpreted, the varying likelihoods of obtaining allocated goods by social determination are assessed.

In comparison with the information available today about Hungarian society and its interest relationships, the social picture of the summarizing study seems impermissibly simplified, [even] vulgar. That is, the study maintains the identification of enterprise and collective, or state and society, when it breaks down the "vertical" conditions to "relationships of the individual and the economic operating community as a whole," (p 13) or characterizes it as "individual-enterprise-state relationships." (p 14) The enterprise is a "federation of people gathered in it in order to ensure their livelihood," and a "collective undertaking which wants to grow and expand." (p 15) That is: the enterprise is a federation, a collective. Similarly we read about "socialist national economic community."

In this sense the various interests in the economy appear as internal maladjustments of the same "main players": the individual is simultaneously producer and consumer, the enterprise is simultaneously a collective of consumers and a "collective undertaking which wants to grow and expand," and thirdly, a "link in the chain which fits into the national distribution of labor"; and the "socialist national economic community," or the state which is equivalent with it, simultaneously strives for prosperity, growth of the national economy (which in the study's language means enterprising character), and balance and security.

In reality, of course, our society's interest relationships do not look like this. The interest to accumulate is not distributed practically equally between the various "main players" under our circumstances either, but in part the central national administration and in part the leading managerial groups of the enterprises are its bearers. After all, in our society also, the circle of those who make economic decisions as functionaries of the national economic management or leaders of the enterprises can be identified, and--in addition to they themselves also being people who live on wages and consumers, "individuals"--in their leadership capacities they play a primary role in economic processes, while the remaining portion, the majority, of "individuals" play a role only as employees or consumers. These "individuals" are bearers of the interest aimed at increasing consumption, and the state is to that extent to which--like every modern state--it considers this to be the precondition of sociopolitical stability.

Of course, enterprise interests do exist, but the bearer of this interest to accumulate aimed at the development and growth of the enterprise is not the sum of the enterprise's workers but of a certain managerial group which is not easy to identify. The enterprise's management has to reach its production and growth goals with the given wages and, therefore, its interest is contrary to interest of the employees to increase wages, which has been shown by numerous empirical investigations. If, going door to door looking for wage preferences these leaders themselves are also trying to obtain opportunities to pay more wages, it only means that they are endeavoring to improve on their wage management conditions. It does not mean that their interests are identical with those of the employees, and that--as the summarizing study states--the enterprise management's interest and the interest of the employees are the interests of the same "main player," and this "enterprise has dual interests: on the one hand, as a 'collective which provides livelihoods,' it wants short range maximization of personal incomes and in this sense it is 'net product interested'; and, on the other hand, as an "undertaking," it endeavors to stabilize and strengthen its market position, and in this sense it is interested in profit." (p 17) Here the summarizing study considers a collective to be the bearer of this dual interest, a type of which one could speak only in the case of realistically implemented self-government, and therefore it blends together two bearers of interests.

Today the conflict in the development of foreign trade balance and domestic consumption is an actual contradiction: obviously here the state's interest is to maintain solvency, the enterprise's (enterprise management's) interest is productive accumulation, and the consumer's interest is as high a level of consumption as is possible. Of course, "in the final analysis" everything is in the interest of everyone--but real interest implementation is not motivated by "final analysis."

Of course, the structure of interests and the system of interest-bearer "role players" are more complicated than this.

Emphasizing the difference in enterprise and employee interests does not mean denying that in certain respects agreement may also develop between the enterprise's interest and the interest of some or all of its employees, and this--even under capitalist conditions--may also be accompanied by the development of a "we" feeling which includes management as well as employees. But in normal situations the awareness of the "we--they" conflict is stronger, which adequately reflects the realistic circumstances. In special situations--for example, when in a crisis the enterprise's failure would also involve elimination of the employees' place of work--mutuality of interests may become dominant.

With all this, from our viewpoint the essence is that our society's interest relationships are characterized by the coexistence of social groups, strata and institutions rather than a hierarchy of two or three kinds of quarreling "main players" of socially identical character.

The idea concerning the ways of coordinating interests organically follows from the summarizing study's concept of society. The study talks about "the socialist economic policy's role in coordinating interests." Since the same role players bear different interests, a "vertical community of interests can be developed" between them in the producer-enterpreneur, as well as the consumer-prosperity and also the conformance-balance-security interest-event areas. The task of coordination, "fitting in with each other" occurs between the "livelihood-wealth and the enterpreneurial-growth and efforts," and the various levels and groups all have interests in this, so that the internal dilemmas of the "main players" themselves is involved here. Therefore, separate representation of the individual interests and unique interest coordinating mechanisms are not necessary. There is need for neither trade unions nor for other democratic institutions of interest coordination. While we can read a separate chapter about "the development of workplace democracy," it does not appear that the authors would wish to develop the interest representation of trade unions. Elegantly but summarily, they dismiss the thought of independent interest representation by the employees from the enterprise's production viewpoints: "We must strive to develop forums and mechanisms which protect the welfare interests of individuals and producer collectives primarily by actively contributing to creating the conditions of affluence by work." (p 19) Isn't this same thing perhaps the "dialectics" of today's dual function of the trade unions? If we want to be fair to our present-day trade unions we must admit that, at least in theory, they have already gotten past that subordination of interest protection to the production goals which the above-quoted formula means. We can also read in the study about a dialog between the workers, the small collectives and the enterprise, the interest of the "lead group" to take the collective's opinion into consideration, the "effective and strict control" of the workers over the trade apparatus, about everything except what mechanisms guarantee this, why all the things should materialize in the future which have not yet done so.

The society of not only the workplaces but also of the country is better structured than the summarizing study indicates. From the fact that today's Hungarian society is also divided into strata and groups with unique interests, also derives the necessity of democratic institutions and coordinating mechanisms on the national level. But I am only mentioning this here, and I would rather discuss one additional logical consequence of the simplification which replaces the realistic picture of society. A concept which knows no social stratification and considers society as a homogeneous mass of individuals organized into enterprise collectives, feels that the performance concept in distribution is to be corrected only for reasons of health or demographic disadvantages. The social policy is aimed at helping those who are still or already inactive, temporarily unable to work, and young people starting their individual lives. Thus redistribution helps one through life situations which everyone has gotten into or at least could get into in some stage of their lives. The social policy's function is dissolved here in the functions of a broadly interpreted social security system.

It is well known that in this country differences in family incomes exist partly because of differences in family size and the performance-proportional differentiation of earnings is often counteracted by the differentiation of family incomes due to family size. Therefore, the benefit policy assisting supported persons helps the earnings differences gain validity in the way family incomes develop by moderating the differences due to family size. The summarizing study--deriving from the above-mentioned concept of social policy--considers this a generally valid purpose of social policy: "...it should at least noticeably ease the inequalities in the social burdens of individuals and families, and thus in personal consumption it should help implement the dependence of income formation on performance." (p 28) It is not surprising that this line of thought reaches the coupling of social policy and the performance principle: "...beyond this--wherever this is necessary and possible--the socially motivated income distribution also validates (indirectly) the performance principle (sick pay, retirement income)."(Ibid) If, in contrast with this, we recognize our society's realistic stratification conditions, the existence of "compoundedly disadvantaged situation" population groups, regeneration, then we cannot dissolve the social policy in social insurance. If we know that there are strata and groups where entire families and subsequent generations throughout their whole lives--including also the active, earning stages of their lives--"their income level is insufficient to satisfy their realistically considered necessities of existence even if they work giving the very best of their knowledge and industriousness," because, among other things, knowledge and industriousness are also socially determined, then we have to consider helping these very strata, elevating them from regenerating poverty, terminating the regeneration of poverty, the central task of social policy which points beyond social insurance. Unfortunately the problem of poverty is absent from among the areas which, according to the summarizing study, are the "most important ones social policy takes an aim at, considering its social and financial effects." But if we consider ending the regeneration of poverty as social policy's central and most characteristic function, then we must also recognize that in no way can social policy implement the performance principle in this function, on the contrary, it must isolate itself from it and it has to oppose it.

Clarification or Obscuring of the "Ideological Aspects"

The summarizing study's introduction promises guidance in the most important theoretical questions, emphasizing the social interrelationships and ideological aspects. If explanation of the theoretical questions was confused by the ambiguous use of "enterprise," and discussion of the social aspects was miscarried by following a vulgar picture of society which in its own time was progressive but has by now become obsolete, then clarifying the "ideological aspects" cannot be particularly successful either.

Let us begin with a general question. It is clear that the category of enterprise in the typically economic sense cannot fit into the social movement's traditional system of values, but it can in the everyday sense. Confusing the two kinds of interpretations lays down the foundations of not clarifying but confusing this typically "ideological" question.

This thought could be followed through the entire study, but it seems sufficient to mention only two examples, both of which are on page 16 in the publication.

Here, after mentioning the socialist enterprises as the "agents of implementing our economic policy" the following sentence appears: "And we must also watch out that the wild shoots of the enterprising process which necessarily come to exist not weaken our society's socialist character." It is not clear: Are these undertakings parts of the circumstances considered to be socialist or do they have to be introduced into them from the outside? Other parts of the study seem to suggest the first alternative. But if this is so, then why is something which is a necessarily accompanying phenomenon of the enterprising process a wild shoot, and what is wild in it? If it is a product or effect of the enterprising process, then is it socialist or not? If not, then why does it necessarily come into existence? Does by chance the socialist undertaking--like small-scale merchandise production in the old brochures--day by day give new birth to capitalism? It seems the summarizing study as a whole does not want to say this. The matter is not clear.

Ever since the nationalization, there has never been in this country a clear adjudication of the remaining small-scale private industry and private commerce, and the stages of limiting and encouraging them have periodically changed. The theoretical uncertainty related to this has increased in connection with the small-enterprise policy followed in recent years. There are more than just a few people in whom the "privateering world" triggers contrary feelings, while at the same time the responsible, well-considered decisionmaking and solid business policies of those active in small enterprising are hindered by the uncertainties of this very perspective. A well-argumented theoretical clarification would really be important. But the following appears in the study: "Meanwhile, naturally economic policy also provides space for the socially useful small-scale private enterprises." Of course it is a good thing that it provides space. But it is surprising that this is natural, since for a long time it was not so. And why must it be added that for the "socially useful" private enterprises? This restriction did not appear at the beginning of the paragraph for enterprises in social ownership. Is this not the controlling criterion there? According to the practice of several decades, it really often is not so (more often not than in the private sector), but the study's authors probably do not consider this desirable. Again confusion, instead of clarification.

Topic identification received a noteworthy supplement in the study's title: "...in the service of building socialism." Perhaps they stuck it there only out of habit. Perhaps. But not for certain. After all the reading public knows Ferenc Kozma, who accepted the project of wording it, as someone who writes richly and selectively, and chooses his expressions very carefully and aptly. The question has to occur: Does the title express some isolation? Does it not perhaps wish to indicate that the approach to the circle of problems of economic management in this study contains the further development of the system "in the service of building socialism," while another approach does something else?

By presenting my observations, I have tried to reach the bare skeleton of the summarizing study's line of thought. All this, I hope, was suitable to help admit that this system of thought avoids the consistent furthering of building the economic reforms on separating the national administration and enterprise sphere, as well as the social approach to social policy, and the development of the institutional system of political democratism. But we can hardly seek elsewhere the most important tasks of Hungarian society's growth.

Not even if fitting these tasks, the directions of social growth to each other do not promise to be free of conflicts. We say in the example of the relationship between the performance principle and social policy that absence of the necessary clarification also makes it more difficult to recognize these conflicts--which must be understood and resolved with democratically reached compromises.

FOOTNOTES

1. Miklos Pulai, "Development of the Economic Management," FIGYELO, 17 Jun 1981.

2. NEPSZABADSAG, 2 Oct 82; TARSADALMI SZEMLE, No 2, 1983.

3. "Year End Questions," Interview with Laszlo Ballai, HETI VILAGGAZDASAG, 24 Dec 83.

4. Marton Tardos, "Program for Developing the Economic Management and Organizational System," KOZGAZDASAGI SZEMLE, No 6, 1982.

5. See several articles by Tamas Sarkozy.

6. Ferenc Kozma, "The Enterprising Socialist State," GAZDASAG, No 2, 1983.

7. Ibid, p 59.

8. Gyorgy Varga, "Agreement," FIGYELO, 24 Nov 83.

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PREJUDICES IN ADMINISTRATIVE SYSTEM DEVELOPMENT

Budapest TARSADALMI SZEMLE in Hungarian No 3, Mar 84 pp 86-89

[Article by Tamas Bacskai: "Prejudices Instead of Debate"]

[Text] For an author or group of authors critical echo is the greatest recognition. Vorosmarty [Mihaly Vorosmarty, 19th century Hungarian poet] wanted to solve the questions of national fate "by the pure ray of the battle of spirits." This purity suffers if intentions differing from the defined are attributed to the author. This is so even if, according to Tamas Bauer, within a group which does not have a unified opinion, "the enveloping of points of debate in obscurity, and seeking flexible wordings which are suitable for everyone, really frequently accompany the development of such compromises." (p 77)

The group of authors really did consist of persons with many types of experience--enterprise, administrative organ, scientific--who had different convictions about development of the administrative system, with respect to emphasis, took different positions about the circle of economic licenses of the state and of the enterprises, and had different opinions on the question of the extent of social limitations on economic standards. They tried to arrive at a common position on content through patient debates based on mutual respect--and I am surprised to see the absence of these two characteristics from our critic's article--and not at "bleached out" wordings which can be interpreted in many ways. An impatient debating style which attributes a different interpretation to the debating partner's work can only cause harm to scientific and political life.

Is that association of images by Tamas Bauer is justified where "state administration" comes to his mind every time our study uses the word "state?" I feel it is seen quite clearly from our article that it is the state's organ concerned with economic management which is mentioned here in connection with the enterprises and we have made a distinction between the economic functions exercised by the socialist state through various separate organizations. We have taken a definite stand in favor of "separating more consistently than is being done now, the state's administrative (authoritative), ownership and economic regulatory activities." (Summarizing Study, p 24)

By the way, one characteristic of joint work done in a group is that the study "reflects the views of many but not entirely that of anyone." (p 77) The work is the result of coordinating views onto which none of the participants placed their own label. It is a different question how well the clear, contentual wording succeeds. Tamas Bauer read from the article that the "main pillar of thought" is the "ambiguous interpretation of enterprise" which is camouflaged by "obscuring cliches (p 77), then either we cannot consider the wording successful or we are facing strong prejudice on the side of the receiver.

We did not feel it necessary to detail the role, authorities and responsibilities of the state's power, the state administration, the economic organizations exercising ownership authority and of the enterprises. That is, we were not writing a comprehensive book but a study for a magazine in which articles enjoying our agreement about the subjects mentioned have been published, such as for example, in issue No 1, 1983 of the TARSADALMI SZEMLE by Tamas Sarkozy entitled "On the Ownership Theory Questions of the Socialist Undertaking"; by Mihaly Bihari on topics of state theory, etc. It is possible that with a new summary of these our article would have been clearer--but certainly longer. In spite of all this, it appears impossible to misunderstand from our article that it requires behavior from the state which is friendly to enterprising, one which generates and supports enterprising. To define it even more precisely: It expects from the central economic management (the legislature and the planning and directing organs) to create continuously suitable opportunities and preconditions and maintain them for the development of market conditions, for independent and autonomous economic operation of the enterprises, and also contribute capital to them--based on economic policy considerations, but also on the basis of business calculations and in forms which conform to the business activity.

The fact that the competitive conditions are not favorable in this country--due in part to long-range factors such as the limited nature of market demand for products for which volume production has a definitive role, as does the degree of concentration (not centralization!) that has developed in production in accordance with this, and partly to the temporary shortage of hard currency--is a fact we must recognize. Recognition does not mean acceptance, nor "supplementing competition by control" (p 80) but a counterbalancing of it wherever and whenever it is possible, or simulated substitution for competition. Based on economic criteria, for example, that "the judiciously weighed implementation of foreign market ratios in the domestic producer price ratios" (our study, p 26)--which transplants the results of actual competition beyond our borders into our economy--is not perfect, but it is a solution best approximating it or least strange to it. Why is it better to chase illusions in this question while remaining on a high level of generalization, than to consider the possible and endeavor to expand the opportunities? I do not believe that Tamas Bauer denies these conclusions, and views them only as a pretext with which he sort of "exposes" the group of authors because they consider preservation of the present economic role of the state apparatus desirable.

It is unfortunate that the proportional extent of the part dealing with the organizational system may have provided fuel for this. Since the TARSADALMI SZEMLE also published several articles about this question, thus the position the magazine takes gained expression in the sum of these articles, we felt we could be frugal in writing about it. We did not beat around the bush. Clearly, if briefly, we stood up in favor of changing the organizational system. But we considered it important, for the very reason that we accept the change, to call attention to the personal problems which accompany this process and which must be eased.

The state's, or more exactly its organs which handle budgetary resources, "joining" into business undertakings is natural even under dominant market conditions. Even in the "most market-oriented" country, the United States, research and development are financed by signficiant capital redistribution through the budget. In England and France, where there is an insufficient supply of loan capital for risks, microelectronics and some other new, growing industry branches came into existence with state participation of capital. Let there be no misunderstanding, I do not consider the present ratios satisfactory today in this area in our country, I am only questioning the theoretical rejection of this format.

My opposing opinion is similar to that conclusion of Tamas Bauer which rejects the flexible mechanisms in the competitive sphere mentioned by our study which are designed to ease the contradiction between normative regulation of the national economy and the different operating and growth conditions of enterprises conducting economic operation in the individual speciality areas. Can things be defined in such contrasts rigidly opposing each other as "but theoretically the only alternative to the logic of market selection can be selection by the state administration?" (p 80) Can the legislature not define such criteria which the state administration only applies? Is not this the way things are, for example, with respect to agriculture in those countries which have no extensive development opportunities? And has not this taken place in a number of countries in connection with developing the production of domestic energy sources? Here again one should rather argue about in how large a circle is it expeditious to apply differentiations, for what period of time and to what extent. Because no matter how unfortunate it is, socioeconomic life does not take place under laboratory conditions and model circumstances.

And perhaps it can be observed for every other question of the entire debate that it is not enough to draw the picture of a remote concept, we must also endeavor to define the steps leading to it.

Tamas Bauer deduces our opposition to "letting the enterprises become independent as business undertakings" from the way we discuss the relationship between national economic and enterprise planning. He thinks that "when this fits into the well known system of the hierarchic bargaining relationships" (p 81) nothing will change with respect to the practice of the last decade and a half. But where does Tamas Bauer get the idea that the collective of authors imagines partnership cooperation between the enterprises, enterprise interest associations, interest representations and the planning organs while ignoring the interests and concern?

On the other hand, our study takes a definite stand in favor of "the state can have only a secondary, /adjusting/ [in italics] role with respect to enterprise-individual and enterprise-enterprise relationships." (our study p 15, emphasis by myself, T. Backai). The state (more precisely: its organs which handle its economic management) can fill such an adjusting role only if the relationships between these organs and the enterprises--as a consequence of, among other things, organizational changes which we also consider important--as our critic writes: do not fit into the system of hierarchic bargaining relationships. So far--I think--we agree. But the author collective also worked on making a statement in the positive format about how the enterprise and national economic planning "could be made...into a unified, coordinated process." (our study p 27) That is--regardless of how important it is--for the person exercising the economic policy it is rather little if he is warned only about what not to do. For this very reason we would have expected that our critic, in contrast with the assumed planning picture of those he criticizes, he would outline his own.

I did not find convincing the conclusion of Tamas Bauer that "a not easily defined management group is the bearer" of the enterprise's interest to accumulate, that is, the enterprise's other workers and employees are not. Had Tamas Bauer written that this realistic interest is not in people's awareness in broad circles, or it is in people's awareness depending on to what extent the worker identifies with his enterprise, I could accept it. And also that this identification depends on interest, being involved in the decisions and being informed. But even if only on the basis of personal experience and not scientific evaluations, I am convinced that due to technical need, better earning opportunities and/or less strenuous working conditions, etc., the interest to accumulate is an existing if not always operating motivation in much broader circles than Tamas Bauer assumes. By the way, if I generalize what our critic writes on page 83: "In special situations--for example, when in a crisis the enterprise's failure would also involve elimination of the employees' place of work, mutuality of interests may become dominant," I could also word it so that this occurs not only in a crisis but also in case of decreased competitiveness. And the accumulation interest attaching to the preservation of competitiveness exists continuously; the question is, of course, how it gets to be implemented.

And as long as Tamas Bauer has brought up the subject of crisis under market economic conditions from the viewpoint of the enterprise-employee interest community existing at the time, let me call attention to this from the viewpoint of the state's economic role. So these market automatisms--as numbers of civilian economists have also demonstrated--need to be corrected; the invisible hand alone is not enough, anywhere! And perhaps the reduction of the state's Bauer-style economic role is the other extreme in contrast with the "visible hand's" present excesses?

In conclusion, as far as the social policy is concerned, our study deals with its income redistribution area as well as its application area based on performances--separately with each other--and not, as Tamas Bauer states, just "reaches the coupling of social policy and the performance principle." (p 84) Or is perhaps Tamas Bauer criticizing that retirement pay and sick pay are set as a function of earnings, and that these forms of the performance principle in the social policy were considered useful by the authors' collective?

And finally I must confess that following the debate article's logic I did not understand how our critic arrived from his behavior rigidly rejecting redistribution in the economic area to demanding redistribution aimed at "breaking off the regeneration of poverty." That is, this latter demand of his is in essence contrary to the former one. On this point the--ever so debatable--internal logic of his writing also breaks down.

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CSO: 8125/1191

ECONOMIC PRINCIPLES: MARKET GUIDED BY VISIBLE HAND

Budapest TARSADALMI SZEMLE in Hungarian No 3, Mar 84 pp 89-99

[Article by Tamas Sugar of the Ministry of Foreign Trade, member of the special task force on principles of economic guidance: "The Market and the Visible Hand"]

[Text] About Style

Let me begin with a couple of quotations. In 1973 John R. Hicks[1] repeated his confession from his days as a youth: "...the economist has been given a rather difficult life since he finds himself facing too many alternatives to consider to be able to select one or the other with a clear conscience. His ideas get into conflict with each other and he is unable to find an easy way out by way of sacrificing one of them." This is the scientist's sympathetically modest skepticism emanating from his intellectual needs. He lives between eternal doubts on the field of his huge but finite knowledge of his material and of the always immeasurable unknown.

The 1976 statement of the honorable Harry G. Johnson[2] sounds quite different. He did not shrink from calling Hicks and Miklos Kaldor of Cambridge "amateurs on monetary policy, unfamiliar with recent literature." This is an unappealable verdict. His soul rests on it. But our experience warns us that if--as the French proverb has it--really the "pure sound makes the music" then we must expect the deeper, more circumspect work to be behind the more modest wording, and the tone of voice which tolerates no contradiction, it appears, is unable to make the arguments more convincing, so instead it is designed to substitute for them.

Now as far as the article entitled "Vague Clarification" by Tamar Bauer is concerned:[3] I was genuinely pleased with it even though its author thoroughly misunderstands the character of the article[4] he critiques—to which I will return later. I am pleased because there are things in the article I can agree with and if it was possible to interpret the article as he did, then his criticisms are also justified.

I agree with him that the pragmatic approach to questions of economic guidance which became natural in this country has found much approval in recent years in this country as well as abroad. And I will also add this: If we consider only the short-term pragmatic reflexes of the guidance to be economic policy, we can also be proud of that. On the other hand, if we also demand that economic policy--in a small, medium-developed country in debt such as ours--also have longer range strategic elements, immediately we find ourselves on the field of a multitude of unknown factors where the scientist is modest.

Our recent experiences also prove this. The longer the lively exchange of ideas goes on in the Economic Guidance Coordinating Commission, the Consultative Body, and quite a few other forums--which also enjoy Tamas Bauer's sympathy--the clearer we see that at this time we can move forward only carefully, step by step (in addition to, of course, that the moment these steps become timely and also their sequence are not immaterial). That is, in the economy's "scientifically endogeneous" politician the demand must live for having a minimally necessary scientific foundation and until this is satisfied he will not decide to take comprehensive, large steps. He stands at the peak of his calling when he is able to recognize in an understanding manner and also at the same time intuitively feel the moment of action. Such things cannot be expected of a scientist. His calling is to probe the eternal unknown of all times and to publish his all-time findings. And his right is to demand attention, to be able to listen to the echo of the knowledge he made public treasure, and to be able to experience their practical utilization.

About Getting Oriented

Our "changing of era" age rolls epochally serious questions before us. Politics and science are shaken by a crisis of orientation worldwide, one of the main questions of which is the relationship of short and longer range economic policy to the market.

The new types of debates--mutatis mutandis--between the scientific schools of the market economies of the developed capitalist countries with continuous traditions are in many respects similar to ours. Therefore they deserve our attention. They are seeking the correct relationship between the state's deliberate influence and the market's automatisms which have their own laws. Economic policy, the great socioeconomic controversy is based on the differences between disciples of neo-Keynesianism and monetarism, and the trends which follow these.
The main theses of the Keynesists (neo-Keynesists) are approximately as follows:

1. The value of money develops as a summarization of the individual demands of the economic operating organs and their willingness to invest.

2. The general price level varies according to the weighed averaging of the rise and fall of individual prices.

3. The economy's money supply is an endogeneous dependent variable changing flexibly as a function of the way interest rates and credit supply develop.

4. The private sector's economic operating organizations are inherently unstable. They make their decisions based on their expectations. But these are not realistic. They feel the accelerative effects of their summarized incomes and multiplicative market effects of their investments only afterwards as external impulses.

5. The economy's stability and suitable employment can be assured through the state's active influencing activity, budgetary and monetary policy.

6. Savings depend on investments and not the other way around, therefore the entire economy is controlled by the investments and how they are motivated.

Keynes brought his theory before the public only in 1936, after the great crisis. Life in its own way had even preceded him. Numerous elements of his theory had already been recognized earlier in the United States, England and Germany under the depression's pressure, under duress and instinctively, and applied with more than small success. Therefore shortly after the war it was effective practically with the force of evidence. Its limitations which existed all along remained hidden. He took the market of the great depression, which was extremely limited in demands, as its foundation, and, as a scientist of the huge British empire, his model was an economy considered to be closed. Later when the world of concepts of the "Keynesian revolution's" theory became the conscious starting point of the postwar economic policies of the developed countries, further developing and supplementing it were also inevitably placed on the agenda, without of course--and this must be emphasized--anybody ever having challenged its correctness which had been self-evident ever since the beginning.

It was operational for a long time, the entire practice of postwar "mixed economies" was built on it. As we know, it gave capitalism the gift that was not expected of it, economic growth and enrichment of theretofore never achieved rate, followed by only mild cyclical fluctuations. The momentum of its "economic miracles" suffered a break only towards the end of the 1960's (simultaneously with the decision of the reform of the Hungarian mechanism), so that thereafter it would yield space to deeper and deeper crises rapidly following each other (1967, 1969-71, 1974-75, 1978...?).

It is well known how complex the reasons are: changes in the East-West and North-South relationships, the gigantic monopolistic-oligopolistic companies have gained strength (became multi- and transnational, intertwined with the state apparatus, and started to determine prices) and as a result of this the national markets broke into separate sectors which, of course, are not isolated from each other (development of sectors controlling and controlled by one market)[5], regional reorganization of the world economy, thorough and lasting shifts in its price ratios, radical and continuous restructuring of its production due to accelerating technological-technical growth, strong differentiation in employment according to professions, rapid growth of unemployment also strongly varying by profession which appears impossible to halt, intensification of problems related to training, retraining and advanced training and of the migration problem which accompanies these, etc.

In this constantly changing world which takes on unexpected forms, the toughest nut for theory proved to be the so-called wage and cost inflation. The input side cost-sensitivity of the giant concerns has essentially ended, as price determinants they can react to increases in their instrument and wage level expenditures with price increases, and they can practically freely determine their profit margin (which, by the way, they primarily have not tried to maximize for a long time). This phenomenon has for the time being placed capitalist economic science into a not yet defended "check" situation. It is again educational how modestly and correctly the great scientist reports this: "Modern political economics," writes Samuelson, for example, "has the obligation to record the simple truth. With respect to the present information obtained about the modern mixed economy, no jury of competent economists can arrive at general agreement concerning how to propose a suitable and optimum income policy."[6] No wonder that the long-standing faith in neo-Keynesianism has been shaken.

Samuelson who also cannot be called unfamiliar with recent literature, wrote this when a new school wanting to gain the role of jury for itself, monetarism, which had for some time been trying out its intellectual wings, had already actively penetrated the area of activity of theory and economic policy that had been left vacant due to disappointments. Did it succeed in filling it again? Let us see the main theses of this one also:

1. A close positive correlation exists between the money supply and income.

2. Changes in the money supply influence the real economic processes through placing into motion a multichannel transmission mechanism.

3. The private sector's economic operating organizations are inherently stable as long as the state's discretionary budgetary measures to not distort market conditions.

4. Macroeconomically the state can (and should) be impartial concerning the microeconomic automatic market allocations of fixed and operating capital.

5. Macroeconomically the general price level is of interest--because it is regulated by the quantity of money the state issues--but the prices and price ratios of the individual items are not.

6. Economic stability can be assured by consistent maintenance of the money supply's proper growth rate.

7. If the budget counterbalances the increase in its expenditures by taking on loans derived from uncovered emission, this leads to inflation. If it increases centralization of the incomes of the other income owners, it chokes off (forces out) their activity and initiating ability ("crowding out" effect).

8. A relationship of mutual exchangeability ("trade-off") exists between inflation and unemployment.

9. All interference by the state which is not limited to establishing the money supply is harmful.

The negative attitude of the majority of these theses (3, 4, 5, 7, 9) is conspicuous. The correctness of some of them (9, 3, 6, 8) have never been successfully proven either theoretically or statistically. The monetarist quantitative money theory has not been able to become self-evident, to generate a sense of evidence anywhere, and it appears that this no longer is a question of time either since time is working against it. We cannot even talk about becoming proven pragmatically because there has never been one single government anywhere in the world which would have allowed itself to pursue a consistently monetarist economic policy. Several scientists--monetarists and nonmonetarists--have also theoretically warned about some doubtful theses: for example, the interchanging of cause-and-effect relationships (1, 8), the undefineable character of concepts ("money supply," the "proper" growth rate of the money supply), the impossibility of learning about the transmission and informal processes between the macro and micro spheres (2), etc.

Many people have pointed out that even though in its details monetarism also parades many interesting things (for example, the importance of the money supply, which even Keynes did not deny, but which is not sufficiently appreciated either; the "crowding out" effect), its versions in the United States--which, by the way, many people there also reject--are not "exportable" to other countries. One must not, they say, harbor false illusions about the possibilities of "theory transfer." The American versions were also defined using a closed economy as foundation, which is an even more preposterous situation because pretty soon even the United States cannot be viewed as such a country. (It has become more open offensively because it can do so due to its weight, development and power.)

Scientists of smaller countries, monetarists also among them, have been speaking ever since the beginning about the importance of hard currency liquidity (which is also a form of wealth and inventory), the balance of payments, the exchange rates and the inventory of international net demands (debts). The monetarist concept is modified or rejected, for example, in England, the FRG, Austria, etc. The actual economic policies of other countries are essentially different, for example, that of Sweden or the not exactly small Japan which has an original path and is following it successfully. Mentioning the developing countries is a waste of time. It hardly needs proof that the monetarist methods there can be considered just as little as in the relatively poorer countries in general.

The growth and refinement of the quantitative money theory was actually a slow theoretical backing down, a 20-year history of retreat and at the same time also a certain degeneration. The more recent authors do not even believe in the magic function of the money supply as the economy's exogenous variable. They are backing into the tangles of lack of theory, into the void. And they allow for even the most improbable "discoveries." For example, declaring the dependent and independent variables of the so-called Phillips-curve which describes (but does not explain!) the functional relationship between inflation and unemployment to be freely selectable, they "discovered" that unemployment is not a sad situation for the working man but a self-chosen "rest" when it is his judgment that it is not worth working for the wage that can be received at the time (for example, at the time of cyclical but passing business slowdowns, or if he has not recognized yet that as a result of technological development he has become unqualified, his job has been eliminated). This idea could be written down--even if not proven--only in such a rich country where it can be assumed that even those living on wages and salary are "holders of money" capable of substantial savings.

One stable thesis remained: Every active economic policy, every influence by the state is harmful; the private sector's enterprises must be left alone on the automatically self-regulating market and then the economy will sooner or later balance itself.

As if we were again in old England and again placed our fate into the "invisible hand" of Adam Smith. The directions overemphasizing the quantitative monetary theory, the new macro- and microeconomy, and the new neoclassics have also taken the ultimate step that is logical for them: they argue away from the state the right to deliberately change the money supply, the last important function monetarism left for it. By doing so--one must admit, with complete consistency--they "further developed" the monetarist theory to self-annihilation

Neo-Keynesianism cannot be galvanized into new life, and monetarism did not prove to be an operable theory. Thus the orientation crisis.

With this review I wanted to illustrate what brand new and yet unanswered questions the world has come to face. Disciplined, responsible work is needed in science and politics today, work which courageously exercises the imagination. There are no ready recipes which can be adopted from elsewhere. I intended to use description as a sort of a basis for reference and comparison. The great crisis did not bypass us. To find the way under our circumstances, to recognize our own vistas is solely our responsibility.

About Our Reform

The basic principles of our reform accepted 18 years ago are still sources of strength today. It has proved that without a direct breakdown we can plan more precisely and effectively. It corrected our market picture, by recognizing the objective operation of the existing market. It demanded independence for economic operating organizations, also including subsidiary operating branches and small producers.

We look back at 1966 as a turning point of historical significance, but even in this quality it was just one single step from the past into the future. It itself has also practically become history since it is for the most part behind us, and a sort of a noble patina has also covered it. The time is coming when it can be viewed from the necessary distance. The increasing "remoteness" ripens the conditions of being able to embark on a truly scientific evaluation of it.

The strong wave of the reform has struck with honorable thunder the dual levee erected before it by the era: the social system of values in effect at the time and the level of scientific knowledge of that time which proved to be an immanent barrier.

The Central Committee's May 1966 Resolution emphasizes the prime significance of the party's economic policy and the role of national economic planning. It sought those relationships in the plan which make the active economic policy specific and the demand-controlled but not "some kind of free market," regulated (but not regulating!) market through which all real processes would sort of automatically come into equilibrium. Sought it, I say, since as a political document it limited itself to merely listing principles. Working out the concrete economic methods and legal framework of operation waited for the state's work to be completed by 1968. And this was unable to live up to this expectation. It collided with the above-mentioned double levee and the strong resistance of the power structure of the apparatus of the authorities assigned to do the work.

Now when the reform's complex further development is on the agenda, the scientific recognitions are decisive. If we do not concentrate our attention on these, how could we interpret, for example, the stumblings of the reform process well before 1972, how could we explain its inherent lack of defense, the poor immune reaction to the unexpected difficulties?

Among our scientists Janos Kornai[7] warned as far back as 1971 that "partial decentralization of the decisionmaking spheres of authority and increasing the profit interest still do not provide the necessary incentive either for technological development or for more flexible adaptation to the buyer's needs since the seller continues to 'dominate' the buyer." He states that the reform did not take into consideration our market's characteristics. "Some of the economists preparing the reform became victims of gullability toward the general school of equilibrium theory.... In reality, a strongly concentrated economy is involved here in which there is not much trace of the atomized, self-regulating, perfect competition but...it operates amid many kinds of state interference." "But even if the capitalist economy's practice does not listen to the suggestions of the general school of equilibrium theory, some groups of the reform economists...have to a certain degree been 'taken in' by this."

Marton Tardos[8] also spoke up early. He wishes to master the lack of clarity of the relationship between the plan and the market by disecting the market into spheres. In the first one are the products and services consumed collectively in society, where the interest in profit can play only a subordinate role and the plan's tasks must continue to be determined centrally. The other one is the so-called "competitive sphere" where the "economic policy" (thus: in personified definition) is restricted to only indirectly influencing the demands through regulators, reacting to external impulses, and shaping the conditions of international economic contacts. Other things are also discussed (short- and long-range decisions; enterprise size), but from our viewpoint the idea of breaking down into spheres is the interesting one. In the competitive sphere, the state's management organs can deal only with normative, that is, general regulators without any differentiation, that is--to use the terminology of our reference basis--they must be impartial toward the microeconomic automatic market allocations of fixed and revolving assets.

This notion became popular in some circles of experts (for example, Tamas Bauer also says the same thing in his above-quoted remarks[9]), even though it does not even provide an answer to the open questions of the relationship it itself originally considered one to be examined. In addition, as far as I know, such a thought of breaking the market down to such completely separate spheres has in this way not been considered for discussion anywhere. One can read about competitive and noncompetitive products and services, and also about various "sectors" (many kinds of such categorization are known), but these are always parts of the unified market in interaction with each other, and as such they are in contact with the state. I do not believe that--in this country or anywhere--the national economy could even in just one isolated sphere tolerate the automatic movements of a market which automatically regulates itself. We could believe in this type of thing only if we were to accept the monetarist thesis concerning the inherent stability of economic operating organizations.

In spite of all this, Marton Tardos' writing is an important document. Diagnostically it is a good one. But the therapy it recommends is an over-simplifying one, theoretically not a revealing one but a retreating one, of the character which avoids the question it itself had posed. That is, we do not have to find an answer to how the state's economic policy activity (and the planning with it) should leave the market, but rather to how it has to superimpose itself on the existing market in a creative way, recognizing and exploiting its power games.

Of later origin but that much more interesting ideas also of diagnostic character came from Laszlo Antal.[10] He seeks the reasons for our market's operating problems in some erroneous hypotheses and inconsistencies of the mechanism. It was a mistake, he says, to assume that there are no changes in the foreign economic environments in both main relationships, as was the expectation that the self-regulating processes initiated can become self-reinforcing in the economic and social sense, too. It was inconsistent not to touch the institutional system. These errors can explain the operating mechanism's numerous backwardnesses from among which Laszlo Antal wittily interprets the phenomenon he calls "regulative disassembly" and the "plan bargaining" between the authorities and enterprises which survives everything.

Imre Pozsgay's even more recent writing proves to be the most grandiose. The recognition already occurred in 1983 and has ripened further since then that our so-called stage of compelled consolidation may prove to be stubbornly long-lasting and it may easily happen that "the transition lasts too long." And in that case "its methods may become structured in the national economy." Therefore "...the first thing to do is...without debating the necessity of transitional measures, to look for such consolidative bridging methods which realistically lead by continuing the reform, to economic vistas beyond the era of restriction." And since Pozsgay thinks in the dimensions of an era rather than of a fleeting stage, he feels that there are also morals to be learned with respect to our reform. He also sees "internal contradictions of strainged force" in it which make our further progress more difficult.

"That is," he writes, "the economic mechanism was unable to solve some of its basic tasks, therefore politics had to reach over it from time to time...," and even if it can be said to this "that in this way politics itself distorted the economic conditions with its voluntary interferences...this also should be examined, but it would be unfortunate to judge it prematurely in the name of an obsolete mechanic justification." "It shows the level of development of our political culture and its growth depends on how well we can familiarize ourselves with our own past without distortions and prejudices. Only in this way can we avoid the danger of replacing the old dogmas with new ones." And finally: "...when we pick up the 1966 Resolution we cannot do this without being critical either, and mainly we cannot ignore that the events of the last 17 years have not disappeared without a trace but have become the conditions of future steps."

Seeking the ways of further development thus we cannot recognize untouchable taboos. Total intellectual openness is necessary. Nor did those experts stop before prohibitory signs who--as the example of Marton Tardos also indicates--already early turned away from the 1966 Resolution. That is, on its market the active policies of the state and party (economic policies) were clearly designed to be present as "visible hands" and it could not even be mentioned that the state as fulfiller of strategic functions should stay out of the market's more significant "sphere." In spite of all this at the time of monetarism's victorious march ahead and of the surfacing of the reform's internal dilemmas, this idea was also an experimental thought the likes of which are always permissible naturally on the field of unfamiliarity.

About Criticism

I am glad--let me say it again--about Tamas Bauer's criticism even if I have some disagreements with him on the main questions.

--First of all his method is startling. In as many as two places it is the opinion of his article that the summary published in November 1983 about the task force's discussions and partial studies "undertakes to clarify the 'main theoretical' questions of economic guidance." Where does he get this? Even a not too attentive reader can easily inform himself that the study is a different type of work, right from the introductory lines. Tamas Bauer's main effort on this also explains many of the later things. Besides this, I feel that rather he is the one who takes a stand in the role of a "clarifier" and even as a knowing judge authorized from somewhere to render judgment. As far as I am concerned, I sincerely respect his talent, knowledge and outstanding capacity for work. I consider his monograph[12] to be successful and good (even if many of his other statements are not). And for this very reason: it was too bad he donned a judge's cape not tailored for him. I find the method strange also when he opines that "The matter becomes tragicomical when the summarizing study proposes 'agreements between the given enterprise...and the planning organ,' which in the meanwhile have been implemented and have thus led to the revival of open plan bargaining." The study indicates even typographically that it speaks not about a proposal but about ideas which "came up during the debates" which we saw as problematic. (By the way, the topic was discussed when it was already on the agenda of the authorities.) The critic, it is said, should take care to be correct lest he should expose himself to the danger of having even his justified observations doubted.

From among the social policy discussions, Tamas Bauer snatches with barely disguised eclecticism the following partial sentence without subject: "...it should at least noticeably ease the inequalities in the social burdens of individuals and families, and thus in personal consumption it should help implement the dependence of income formation on performance." If the subject here is "social policy" (again just like this: personified) then this sentence cannot even be criticized because it makes no sense. But the subject is, as a careful critic could also have discovered, a "system" which is supposed to insure that the targets of aids and supplements paid together with the worker's earnings should be the needy family members and not he himself. I do not believe that this sentence could be interpreted in any other way when placed into the context of page 28 of the study. As far as social policy is concerned, there is indeed discussion on page 28 that we cannot consider the lack of wealth and lack of income the "isolated problems of the strata" concretely discussed (that is, families with several children, retired persons and those at the beginning of their careers—T.S.) "since they directly affect at least one-third of society..." What is this if not mentioning the realistic strata conditions and the unfortunately still existing poverty not mentioned in the study according to Tamas Bauer? I do not think the highly trained and intelligent critic could have misunderstood this.

--Tamas Bauer calls the use of the concept of enterprise ambiguous in the study. If this means "generally understood human activity with changing intentions" and within this also the "state's enterprise-generating" behavior, then in his opinion the word gets overgeneralized and semantically breaks apart. He is right. It would have been more fortunate to talk about active state economic policy which also does not ignore industrial and agricultural policy as well as infrastructural strategic considerations. Is it perhaps possible to sufficiently concentrate the limited resources without this, to avoid the danger of dispersion, to give preference to professions which perhaps still have some identifiable comparative advantages, and--as a recent American document[13] also witnesses about this--to bring into harmony today's educational, training and advanced training policies with tomorrow's need for trained people? And let us really reserve the word enterprise for the economic operating organizations which--at least according to the critic--operate in such a way that "the enterpreneur invests his capital for the most efficient combination of production factors and his main goal is to increase his capital, his wealth." Has Tamas Bauer not joined here the persons of enterpreneur and owner of capital (let us not pry into who the latter is in the case of publicly owned enterprises), his definition would be identical with the 1911 definitions of the late J.A. Schumpeter[14] (whom he translated excellently). This outstandin thinker introduced the concept of innovation and the theretofore neglected need of dynamism into economies. The task force dealt intensively with these categories and in reality enterprising rose through them to be one of the central topics of the study. Of course the participants did not know that being familiar with Schumpeter is not enough. His book is 73 years old. The main question is how enterprising can and must be handled here and now. Nobody believed that the road leads directly from the Austrian neoclassicism, of which this brilliant polyhistor was an intellectual descendent, to some "new neoclassicism."

Even the critic cannot question that there are things to be considered here. We can perhaps also agree that the concept of enterprising, being the broader category, includes that of competition. And yet I agree with Tamas Bauer that the study treated the concept of competition shabbily. Thanks for the remark.

--After quoting some of the basic ideas of reform, Tamas Bauer writes: "...the small countries which are highly dependent on the export of industrial goods and rely strongly on imports can under no circumstances do less than force the enterprises to compare expenditures and incomes purely on the basis of their values, introduce the most favorable combinations, and seek opportunities to increase their enterprise's wealth, and also that in a country with such open economy the material content of expenditures and results is actually indifferent as far as society is concerned. With such an approach it is justified to turn the enterprises into business undertakings." Later he lists it among the principles of our mechanism that: "...within its own profile, every enterprise ties down capital and uses imports which could also be used in other profiles, and--in the competitive sphere--the only thing that is interesting macroeconomically is that tying down one unit of capital should provide as much value as possible, and one unit of import should be transformed into as much export as possible." These are words written down next to each other. Their writer does not deal with their justification.

Demanding efficiency is clear, but there are no answers to the other swarming questions. For example, why is the--typically monetarist--indifference toward the economic operation's material content more important in a country strongly dependent on foreign trade, than elsewhere? What holds back the producer of a country forced to do its economic operation with tight hard currency resources, from taking advantage of this shortage and endeavor to strengthen its monopoly situation also with the method of product differentiation? Is it certain that in such a country the commitment of capital recovered better at the enterprise level at the same time also means better exportable production? I will not continue. No disrespect being meant by saying so, the one-time philosopher comes to my mind who in the beginning had nothing more than his "world outlook," and then he tried to stuff the world into this, whether the world liked it or not.

Tamas Bauer owes us his justifications even more so because other than them his article has no other statements that are even somewhat approving and forward pointing in their desire. And it is a quiet irony of things that negation also dominates his proposals: he demands indifference and macroeconomic disinterest toward the material content of the individual expenditures and their results. Theory transfer in pure inbreeding. I do not think it is correct.

—The study, Tamas Bauer says, simplifies society's interest structure because it reaches back to the 1960's when at the time of preparing the mechanism we broke with the concept of the national economy as one single factory, since compared with this "the concept of the three-tier hierarchy of national economic or all-society, enterprise or group, and individual interests represented an important step forward." The simplification, so to speak, is dual: identifying the enterprise with the collective of the enterprise's workers, and identifying the state's, the government's interests with the national economic, all-society interests. He points out that the results of social science research conducted since the 1960's demonstrated much more differentiated structures and interest-implementation efforts. This is true, I admit. But why does Tamas Bauer think that he can qualify everything else the study has to say as "foreign appendages" and shrug off as "fog-generating cliches?" Of course the critic's situation is more comfortable this way; he does not have to bother with our actual difficulties. Instead he can and does write without further ado that "in the process of production organization and payment of wages the enterprise management and the workers and their various groups come to oppose each other more or less the same way as in the enterprises of the capitalist world." I am not a sociologist but I do not think that this extremely simplified conclusion would be the essence of our more recent social scientific researches and results. Not to mention that the interest conditions pictured in the quote show a still much more schematic and less differentiated division of society into parts than the triple outline criticized by Bauer.

It is true, however, that apart from a weak reference the study does not speak about our trade unions. But they have really grown a lot, their interest-protection activity has gained strength, which is pleasing especially during the present swelling of the difficulties of the distribution tasks. The study does not say that "trade unions are not needed." It would not be fitting for a correct critic to impute this sort of thing on it even without quotation marks. But Bauer intends the interest-representation function "becoming independent of the enterprise's production viewpoints" for the trade unions, and qualifies it as a positive development that our unions "already have at least in theory gotten beyond...subordinating the protection of interest to production goals." But is this really the ideal direction of growth for trade unions? Is it not necessary, for example--especially in a crisis situation like the present one--to also coordinate their interest-protection efforts with the deductions deriving from their knowledge of the economic situation, and even with evaluating the given enterprise's situation? Do they have to ex officio reject the justification of the performance theory? The trade unions of today's capitalist countries have long ago given up clinging to this type of officially mandatory blindness. (I am not referring to the "yellow ones," the rigidly militant ones.) They have become high-quality research places, factors actively influencing the shaping of economic policy. Fortunately, our trade unions are also not simplifying their goals (not even "at least in principle"). Their economic knowledge is also growing.

Briefly: even including the criticized description of interest structures I consider the study to be better than Bauer's criticism.

--Discussion of two topic areas is intentionally missing from the study: those of the institutional system and of exercising the ownership function. These are open research topics about which no new, jointly representable formula developed compared to what has already been said by others in the task force.

Of course, even so especially the institutional system's topic area came into the discussion again and again. Even if it did not become the object of a detailed exchange of ideas, it was not possible to completely avoid it and nobody wanted to do so anyway. Numerous references are witness to this, and not only the one which can only capriciously be called "beating around the bush." This blame bounces off the task force's members who after many individual publications can, so to speak, look "with raised heads" into the readers' eyes. (I myself can lay claim to only one manuscripted study--written 2 years ago,[15] in which I did not hide my opinion under a bushel either. Many people have read it and I have also been honored by an organized discussion of it.) Our (all time) institutional system and the state's economic role have to be adequate for the changing economic policy goals and guidelines. It is my conviction that under the conditions which have developed, our economy's operation cannot become more flexible without reorganization of the administrative and banking organization, separation of authoritative, ownership and management functions, and gradual building of a commercial bank network. The harmful phenomenon I call information-blocking also remains. Until we take the necessary steps, the more courageously creative operation of legally independent but economically interdependent enterprises cannot develop either.

—According to Tamas Bauer: "the study...very vaguely develops its theoretical position concerning economic management...but by removing the cliches and dispersing the fog it becomes clear: we are witnessing here the definition of a viewpoint clearly contrary to carrying the reform any further." This is the key sentence. Permit me then--in closing--one more reference.

In his most recent article[16] written about the investment cycle, Andras Brody presents some important thoughts which were unfortunately left out of Tamas Bauer's already mentioned monograph--which, by the way, stops at the threshold of the Hungarian reform. Brody writes: "In the present system of planned economy the...practical lack of interest which causes underplanning, irresponsible starts, delays and fractioning is generally known. With the decentralization of investments, this situation will become even more acute and can lead to totally confusing situations..." "...it would be very simplistic to examine the problem on the basis of an outline of decentralization-recentralization or to pass judgment about it." "Each investment contains innumerable decisions and the main problem in connection with them is not whether they are made centrally or locally, that is, at what 'level' of the economic life, but whether or not the decisions are correct." This is not an antireform position either, but it is a good example again that in our era, in seeking orientation it is also possible to think so openly and without prejudice. How much more promising this is than the easily insulted behavior which often rings the emergency bell and sounds the alarm, which the critic uses in his article.

I would ask Tamas Bauer not to entrench himself on a front line in the opposite trenches of which the earlier so militant troops of "limitators" and those who want to bring back partitioning have lost their strength, or have perhaps even disbanded. The intellectual reserves of opposers of active economic policy by the state are also becoming exhausted worldwide. He should not avoid the new questions of our era either.

FOOTNOTES

1. John R. Hicks: "Crisis of the Keynesian View of Economics" (1973), published in one volume with Hicks' work entitled "Value and Capital," Economic and Legal Book Publishers, 1978.

2. Harry G. Johnson, "Kommentar zu Mayers Ausfuhrungen uber den Monetarismus," published in the volume entitled, "Beihilfe zu Kredit und Kapital. Heft 4. Die Monetarismus-Kontroverse." Duncker und Humblot, Berlin, 1978.

3. Tamas Bauer: "Vague Clarification," TARSADALMI SZEMLE, No 3, 1984.

4. "Further Development of Our Economic Guidance System in the Service of Building Socialism," TARSADALMI SZEMLE, No 11, 1983.

5. Tamas Bauer attempted to cast doubt on this fact of our era in his presentation delivered at the Marx anniversary conference held 20-27 October 1983 ("Reform-Market-State Administration," KOZGAZDASAGI SZEMLE No 1, 1984 p 99) by saying: "The giant enterprises inherently operate on the world market, therefore they must stand their ground in world market competition where being intertwined with the state can provide them with only limited support." I would not think that this is that simple. By all means the view of Miklos Losoncz presented at this same conference seems to dominate ("Small Countries and the Change of Era in the World Economy," Ibid., p 87) that "in the last 10-15 years the power policy effects have escalated in organizing foreign trade connections. Examples for this are the interest implementations of transnational enterprises against small nations..." Perhaps Tamas Bauer's problem is that the transnational phenomenon described earlier by J. K. Galbraith ("Economics and the Public Purpose," Houghton Miffin Company, Boston, 1973) and J. J. Servan-Schreiber ("Le Defi Americain," Danoel, Paris, 1967), without understanding which our entire era remains ununderstandable, cannot be fitted into the model of an abstract market either in national or in international respects.

6. Paul A. Samuelson, "Economics," Economic and Legal Book Publishers, 1976 p 1030.

7. Janos Kornai, "Antiequilibrium," Economic and Legal Book Publishers, 1971 pp 350-351.

8. Marton Tardos, "Problems of Economic Competition in This Country," KOZGAZDASAGI SZEMLE, 1972 Nos 7-8.

9. Tamas Bauer, "Reform-Market-State Administration," KOZGAZDASAGI SZEMLE, No 1, 1984.

10. Laszlo Antal, "Development With a Side Trip--the Hungarian Economic Mechanism in the 1970s," GAZDASAG, No 2, 1980.

11. Imre Pozsgay, "Continuing To Move on the Basis of Responsible Historical Analysis," TARSADALMI SZEMLE, No 2, 1983 p 72.

12. Tamas Bauer, "Planned Economy, Investments, Cycles," Economic and Legal Book Publishers, 1981.

13. "National Commission on Excellence in Education (Chairman: David P. Gardner): A Nation at Risk," Communications, Vol 26 No 7, Jul 83.

14. Joseph A. Schumpeter, "The Theory of Economic Development," Economic and Legal Book Publishers, 1980.

15. Tamas Sugar, "Planning, Regulation, Administration and Direction," Manuscript, 1981.

16. Andras Brody, "Theory and Regulation of the Investment Cycle," GAZDASAG, No 3, 1983 pp 65-66.

8584
CSO: 8125/1191

PARTY OFFICIAL EVALUATES AGRICULTURAL PROSPECTS

Warsaw ODRODZENIE in Polish No 12, 20 Mar 84 p 5

[Interview with Stefan Zawodzinski, director of the PZPR Central Committee Department of Agriculture and Food Economy, by Stanislaw Mienkowski: "Hopes and Fears in the Future of Agriculture"]

[Question] One year ago the joint 11th Plenum of the PZPR Central Committee and the Supreme Committee of the United Peasant Party confirmed and expanded the basic principles of agricultural policy which had already been formulated by the Ninth Extraordinary PZPR Congress and the Seventh United Peasant Party Congress. Which provisions of this policy would you like to call to attention?

[Answer] Above all, the adoption of a set of principles for foodstuff expansion within the national economy, agricultural integrity and the equality of all sectors, and the recognition of the fact that individual family plots are here to stay and that agricultural production pays for itself.

[Question] Undoubtedly, these are all great-sounding slogans, but when we talk about their implementation, things turn out differently.

[Answer] But this is no reason for surprise. The implementation process for these goals is long term because of our ongoing crisis and Western trade restrictions. Beyond this, we have two implementation plans: one is political and the other is governmental. The latter contains as many as 44 different tasks. I would also ask that you consider the fact that in this short time all the fundamental legal regulations have been passed; these include a constitutional entry, soil management, social guarantees and farmers' and cooperative self-government. The Sejm has passed a program for the development of agriculture and foodstuff management to 1990. In fact the program's application has already begun.

[Question] However, despite these political declarations, programs and a host of regulations, the self-confidence and material situation of our rural inhabitants have not seen the slightest improvement.

[Answer] I would not disregard their significance. Agricultural development is as dependent on these declarations and programs as it is on investment outlays and...the weather. If the countryside has yet to see the slightest improvement in its living standards, this is a result of the delays in and existence of immense requirements in the production and social spheres. Objectively, however, we have to admit that an improvement in the means of production has occurred. Farming techniques have become more efficient and agricultural management more decentralized. The authorities have also shown great concern in maintaining the profitability of agricultural production.

[Question] A beginning has been made, but we still face the majority of the problems.

[Answer] That is true. This point was made at a joint session of the PZPR Central Committee Politburo and the Presidium of the United Peasant Party Supreme Committee. This session highlighted the many still existing weak areas in its evaluation of the implementation of the joint agricultural policy.

[Question] For instance?

[Answer] There is a real need to analyze in depth the workings of the rural market, to research the profitability of rural production and then to provide the means for this production. We recognize the fact that we have to increase the authority of rural self-government and enhance the efficiency of advisory services. It is necessary that we speed up land reclamation, provide fresh water to the countryside and improve the system of contracting and purchasing agricultural products. The issue of improving the management of feed and fertilizers is still very pressing, and we also need to apply the systems type solutions of the economic reform to the requirements of agriculture and foodstuff management.

[Question] The list of these requirements is exceptionally long. It will certainly be presented to the PZPR Conference. I suggest that we deal with at least several of the problems contained.

[Answer] I think that being specific is the best way to go.

[Question] Okay. Can we become self-sufficent in foodstuff production?

[Answer] Of course. After all, this is our strategic goal which we can reach after a long-term period.

[Question] Could we better define this long-term period?

[Answer] I think that it will be toward the end of the 1980's. I hope that before this time we can reach a decent level of sufficiency, replenish our supplies of resources and acquire a credit balance in our foreign trade for agricultural and food products.

[Question] In the meantime, self-sufficiency is understood by many to be only one-sided.

[Answer] That is not correct. Let us not delude ourselves that we can get by without the help of others. Nothing like that is implied here. It is in our interest to export agricultural and food products, while also importing those goods which we cannot produce here at home. For instance, the decline in albumin deliveries had an immediate effect on the weight and number of our livestock.

[Question] As a result, despite the rise in food costs, a deterioration in the supply of meat and its products occurred.

[Answer] Unfortunately, the supply of basic foodstuffs will not noticeably improve this year. The diet of the average citizen will be satisfied, however, with regard to health requirements.

[Question] Despite this, there are indications to the contrary which show that the foodstuff market is holding its own. The peasants are saying, however: "If you guarantee a greater margin of profit in agricultural production plus the promised parity in income, there will be more on the farms and in the stores."

[Answer] That is a bit too simplified. We are, after all, trying to meet our obligations. What we are doing is not some kind of tactical ploy brought on in response to the localities or sharing the burden of extricating the country from its crisis; we are behaving so because we have long-range goals. It is a fact that personal incomes in the socialized economy are not always justified by the increases in worker productivity. Nevertheless, these incomes grew by 125 percent in 1983 with farmers also seeing increases only a few percentage points lower. As a result, the 1981 through 1983 period did see the principle of parity complied with. This is at least a signal that we need to watch closely and analyze developments and quickly correct any dangerous tendencies.

[Question] The talk is getting louder about the decline in the profitability of certain sectors of agricultural production.

[Answer] We are looking at profitability not only through the prism of prices, even though this is important, but also from other aspects. If the costs of agricultural production go up along with the cost requirements for supporting a family, then prices at the store have to rise in order for an equal price relationship to exist between grain and other items. We must not forget that profitability is dependent not only on how the farmer does his work, budget subsidies, the amount of production and the increase in farm productivity, but even on such factors as taxes and other financial obligations and burdens.

[Question] The last item sounded rather perfidious.

[Answer] Maybe, but you have to keep in mind that current financial obligations for a single hectare of land leave a profit of only 870 zlotys. Do you think that this is an incentive to increase efficiency in agriculture?

[Question] Would a new tax be an even greater incentive? Have we already forgotten the experiences of the 1950's?

[Answer] The proposals for a new tax could agitate the rural community. We are in favor of a line tax, that is all. The proposed solution is not supposed to bring money into the state treasury, but to stimulate production. This idea would pump money out of the countryside and contribute to the departure of young people from the farm; it would kill the incentive to produce. In April there will be consultations on the final form of this plan.

[Question] Will all farmers be involved in these consultations?

[Answer] Better yet, with the representatives of farmers' self-government and trade unions. After all, it is difficult to discuss every issue with 3 million farm communities. I think, however, that it is time to determine what, how, when and with whom we are to consult. Farmers' representatives and cooperative members approach this problem one way, the ministries another. Both parties certainly make mistakes, but all can adjust to any new economic conditions.

[Question] But will this adjustment be able to serve the peasant?

[Answer] Yes, the situation is extremely complicated. There are all kinds of legal bases for extensive action on the part of agricultural and cooperative self-government, but self-government concentrates primarily on production profitability and the acquistion of cooperatives. At the same time, rural interests are not conducive to doing only this. The countryside does not see motivators and organizers of socioeconomic life in self-government. What they want to see are people who link group interests with social interests and battle against inefficient management, bureacracy, cliques and the poor regard for producers and consumers.

[Question] While the economic reform is ongoing, the level of prices and how they are set will always evoke strong emotions.

[Answer] This is natural. But there is agreement that the prices of the means of production, purchase prices of agricultural products and the prices of various foodstuffs should all be mutually interdependent. Hence, the prices should be set on the basis of the socioprofessional organizations of producers of production means, food producers and the combination of all consumers.

[Question] Provisions of the means of production for agriculture continue to be in short supply. Besides continually rising prices, the great demand for farm equipment is also responsible for these shortcomings.

[Answer] A pro-production attitude on the part of the farmers is a favorable development. Quantitative progress is already evident. Thanks to decisions made, 15 to 18 basic items on the list of pieces of equipment necessary to the farmer have seen their production increased.

[Question] Is it true that, from a mass levy of almost 700 volunteer plants, barely 60 were capable of working on items for agriculture?

[Answer] We have to talk about this subject without emotion. It does not always make sense to have plants turn out farm machinery if they are not equipped to do so. This would also apply to factories which have been specially equipped but as a result can no longer utilize their total production capacity. What farmers cannot understand, however, is when farm equipment comes from factories not specially equipped and still costs more. Despite these questions, however, industries working for agriculture work faster and better than others. This year alone will see deliveries up by 10 percent and replacement parts production up by 17 percent.

[Question] The situation continues to be difficult, however.

[Answer] For many reasons. Equipment for tractors and replacement parts are lacking. Why did it have to be spring of last year before we had enough batteries, tires and other items necessary for us to do our work? Thirty-seven percent of state farm machinery was idle, 29 percent of agricultural producer cooperatives and 26 percent of agricultural circle cooperatives were idle because of equipment shortages. Many private farmers also went without. Much equipment breaks down on our poor roads and stoney fields. Quality is also a problem with our equipment. This was borne out by Poznan's sheaf-binders and ploughshares. Selection is also modest, while much is still to be desired in protecting our equipment from simple corrosion.

[Question] One could get the impression that you all would like to escape from the problem of mechanizing Polish agriculture.

[Answer] But we cannot. We are thinking about working on the problem of spare parts by increasing the cost of final products and bringing idle machinery back into operation. But are we really able to provide every farm with its own indispensable machinery, equipment and tools? Can farmers carry on like this financially for long? What would food have to cost then?

[Question] Are we looking here at the possibility that horses will again be drawing our ploughs?

[Answer] No. Even in the West every farmer is unable to buy all the machinery he needs. They support themselves as best they can. We should also think more extensively about what we can do for each other, how we might use machinery collectively or let it be provided by some service agency. Here and there we see the beginning of such ideas taking hold. We need to expand and develop this practice. Thankfully, this is an area of endeavor for farm self-government to get involved in.

[Question] According to the specialists, many of today's difficulties are the result of the inconsistent implementation of several provisions of the joint plenum.

[Answer] Which means...?

[Question] It has been recorded, for instance, that the share of investment outlays for agricultural and food management development will increase from 28.1 percent in 1983 to 30 percent in 1985. But at today's figures, even this 30 percent investment is not very much.

[Answer] True. The national income is down; the money spent today and last year's planned increase from 28 percent would equal only about 17 percent of the total invested only several years ago. All of this caused a delay in the undertaking of tasks in the areas of land reclamation, water supply for the countryside, electrification, food industry, and the socio-technical infrastructure of the countryside. In completing their estimates, the Central Committee Politburo and Supreme Committee Presidium have recommended that these delays be made up.

[Question] Is it possible for planners to talk about reclaiming 400,000 hectares of agricultural land by 1985 when the resources on hand will permit the reclamation of only 310,000 hectares? In the same light, current technology will allow only 54 percent of the plans for drainage development to be completed by 1990.

[Answer] Just like the issue of supplying water to the countryside, the issue of land reclamation is unusually complicated. Needs are immense and delays significant. Hence, these efforts are covered by government orders and commissions. Thanks to these, the potential of the enterprises to work and their material provision will be increased. Simultaneously, there has to be improvement in the work of water partnerships between users and suppliers.

[Question] We produce little, but what is worse, we waste even more. One synonym of weakness is the food industry.

[Answer] Indeed, this is our Achilles' heel. The outlays in this area are insufficient, renovation of property and equipment is low, but expenditures went up 52 percent in 1982. Shortages exist mainly in grain milling, baking, dairy products, sugar and oil. Without the decisive support of state funds, we are not going to get out of this mess.

[Question] Are these still any doubts about the sense of investment in these areas of the industry?

[Answer] Appreciation of the problem will not do here. The developmental requirements of the food industry are estimated to be 50 billion zlotys annually, but we get only half as much for our needs. In addition to this, there is a shortage of construction materials and assistance from the enterprises.... We are considering the possibility of setting up investment funds from amortization deductions, and tax relief for modernization and renovation investments; we are also thinking about an increase in budget subsidies.

[Question] There is more and more talk about the need to accelerate the changes under way in the structure of our farms. A significant number of farmers view this as an attempt to challenge the Constitution and upset the stability of our agricultural policies.

[Answer] Stability does not imply an end to structural changes within sectors and between sectors of the economy. The Constitution guarantees that we cannot force the farmers to be happy. The point is that we want a simultaenous increase in land productivity and an improvement in production efficiency to accompany the changes in an obsolete structure.

[Question] What can we expect afterwards?

[Answer] For one thing, large family farms will emerge, for another, smaller ones will also crop up, but they will be much more efficient than the ones we find now. We will push for all forms of production and service corporation with the socialized farms and between farmers. Of course, we want this on the principles of complete voluntarism and supported in various ways. But we will not deviate from the adopted direction of agrarian policy which calls for freedom of development for all types of farms. This will provide the opportunity to utilize those reserves still untapped within agriculture.

[Question] Is not all this talk about so-called reserves just an attempt to divert attention from the pressure for investment outlays?

[Answer] Agriculture cannot do without investment. But we are not embarassed to talk about reserves. I see these reserves in a better utilization of those resources we already have, such as fertilizers, feed, construction materials, mechanized equipment and vacant positions. Much still depends on the farmer's knowledge, his attitudes and the organization of his effort. People are becoming more and more convinced that investments in people are the most profitable.

[Question] There is a phrase: a joint agricultural policy and joint responsibility for its implementation. What does it mean?

[Answer] It means that the PZPR and United Peasant Party contribute separately with their own concepts and thoughts to this policy. We discuss and often we argue. This is natural when there are differences in opinions and both are looking for the best solution to the problem. When we have established joint goals, however, we are loyal and comply with our principles as partners should. We pursue our goals with all our strength.

[Question] But is there not only a little of that?

[Answer] Almost every fifth farmer belongs to the PZPR or United Peasant Party. These people involved in the activities of self-government, trade unions and social organizations. When they talk, people always listen. They actualize the worker-peasant alliance; through their participation, the ties between the city and countryside are restored. They demonstrate the class nature of the PZPR and the United Peasant Party.

[Question] I believe that at the Party Conference just beginning and at the upcoming Ninth Congress of the United Peasant Party the peasants will cover their own interests in their own way.

[Answer] You can be sure of that. Moreover, they will do so because the future of agriculture is not limited to the field or garden. More and more, its fate is dependent on other sectors of the national economy. That which we do is done in the name of a program of hope, but reality teaches us that we need to be unafraid of the implementation of new policies. The lessons we have learned from our past mistakes incline us to behave in only one way.

12247
CSO: 2600/882

'ANIMEX' DIRECTOR DISCUSSES MEAT IMPORTS

Warsaw ZYCIE WARSZAWY in Polish 5 Apr 84 pp 1, 2

[Interview with Zdzislaw Brylski, director general of "Animex," by Henryk Chadzynski, date and place not specified]

[Text] [Question] "Animex" usually was interested in exporting meat and meat products, which frequently led to controversy, given the background situation of our domestic market. This time, I'd like to ask you about meat imports, which are affecting the market in an interventionist manner.

[Answer] Actually, following a government decision we are importing about 125,000 tons of meat from abroad this year. This is roughly what is necessary to fill the ration allotment on a monthly basis.

[Question] How does it happen that "Animex" is simultaneously buying and selling meat? What does this procedure mean? People are bad-mouthing your central office, claiming that this is being done as a make-work measure for your employees.

[Answer] Of course, if we take only the tonnage into account, this year's exports are equal to the imports. It is, however, important to consider that about 50 percent of the meat sold is horsemeat, mutton or venison--varieties which are not a significant part of our domestic consumption. Moreover, the procedure is economically important, for we are selling more processed goods and reaping price benefits on particular kinds of meat. Overall, 125,000 tons are being purchased for 40 percent of the value of our exports. Of course one could say that we are short-changing the domestic market on--ham, for example. But the ham we sell abroad allows us to import about three times its weight in pork. In other words, for 1 kg of ham, we get foreign currency equal to 3 times what we pay for 1 kg of pork. To a lesser extent, we derive similar profit from the sale of horsemeat, mutton and venison.

[Question] When will the imported meat show up here?

[Answer] Some of it is already here, for about 45,000 tons arrived in Poland during the first calendar quarter. By midyear, this will reach 100,000 tons and the balance will be imported during the third quarter. We expect that domestic purchases will be greater in the second half of the year.

[Question] Which countries is the meat being imported from?

[Answer] Most of the pork, about 80,000 tons, was bought from Hungary. Hungary has recently made considerable progress in breeding techniques, and is producing three times as much meat as it needs for domestic consumption. It has thus become one of Europe's most important meat exporters.

[Question] What is the nature of these transactions?

[Answer] These are free foreign exchange transactions. Of the 80,000 tons, 20,000 are used for barter, for coke, zinc and copper. The rest are bought for free foreign exchange short term credit.

[Question] Where does the rest of the imported meat come from?

[Answer] Small quantities were bought from the FRG, Norway, Sweden and Finland. Some live hogs are imported from the GDR. This is vitally important, since it allows us to utilize the production capacity of our domestic slaughter houses.

On the other hand, the largest meat supplier after Hungary is the PRC. We bought about 5,000 tons of meat from it through the clearing exchange, and 10,000 tons of pork under credit agreements. Because of transportation costs, we requested that this meat be prepared as hams, joints, filets and shoulders. It was formerly supplied to Poland in this form, anyway, and met with acceptance in our market. We also buy hog casings from China for sausage making.

[Question] Are increased import operations profitable for your enterprise? Are you getting more from exports than from imports?

[Answer] One could say that our profits come entirely from the export operation--we're getting the imports for free, as it were. And moreover, according to the financial indices in force, we're being penalized for running that labor intensive operation, for labor intensive import operations from payment area II countries are not taken into account in providing unencumbered funding for wages. If we have a year when exports shrink and we have to expand import operations, our profits decline and expenditures increase to the point where we have trouble coming up with the funds needed to maintain a proper sized work force.

It is not the problem of only our central office: such rules painfully affect all enterprises that engage in import from payment area II. To be sure, those are our professional complaints, for we understand the vital matter of the import operation. We were prepared for it sufficiently early, prior to the government's decisions being taken. It permitted us to make preliminary arrangements to ensure such quantities as later on proved to be indispensable. In addition, we were lucky to effect purchases when opportunities were profitable for importers.

[Question] If, however, we were to express this year's import in terms of dollars what would the sum be?

[Answer] About 130 million dollars is the value of what we purchase for cash. It is therefore a great foreign currency effort of the state to save the consumption standard. Let us hope that the revival of stock-breeding will permit us to return to our traditional role as a meat and meat product exporter, rather than an importer. We have rich traditions in this domain. Anyway, we are doing everything, even at this most difficult time, to preserve a good record in the market and what is worth more than a license --a long established trading network and commercial position. We are convinced that with the regeneration of our agriculture we will be able to take advantage of this capital of ours.

1015
CSO: 2600/883

KRAIGHER COMMISSION MEMBER DISCUSSES LONG-TERM STABILIZATION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24-26 Mar 84 pp 1, 11

[Interview with Professor Dr Ljubisa Adamovic: "The Long-Term Economic Stabilization Program on Paper and in Practice -- Disordered Criteria as Sources of Misunderstanding"]

[Text] The Yugoslav share of the world market is at the level permitted by statistical error. Yugoslav manufacturers and exporters must have criteria which are effective on the world market. Society must build a bridge between our price system and prices on the world market.

What has happened in the Yugoslav economy that has brought to the surface a plethora of contradictory ideas about economic stabilization of the country during critical years? The fact is that in the tense existing situation it is more difficult to arrive at agreement, since many persons look after their own concerns first. It is not that the attempt to arrive at agreement has caused the difficulties; it is rather that the economic difficulties have made agreement difficult.

Our editor Zdravka Cicmirko-Pokrajcic discussed this and other current problems of the Yugoslav economy with Professor Dr Lubisa Adamovic.

[Question] At this time of crisis, widely varying outlooks, are heard in talk about our economy, including consternation over the foreign exchange extortions and over the monopolies in the guise of association and locking ourselves up in our own house. What is really happening in our economy?

[Answer] Every person has his own view of what is happening in the economy, both as consumer and as producer. The closings and extortion in connection with foreign exchange are logical consequences of the system and of the general framework into which we have all been placed for operation. In a situation such that there are no markets, goods, or foreign exchange, when there is no coordinated development of the Yugoslav economy, it is no wonder that we shut outselves up in our own houses. We have an administrative system which, although this isn't said, makes it impossible to unify the economy, by way of a specific kind of competition and linking in a Yugoslav context.

If we proceed from the fact that the Yugoslav market is too small for the greatest number of products, we find this to be an indisputable fact. It is difficult to explain by economic logic why this small market must be split up into 8 even smaller ones. I think that these are above all political problems rather than economic ones. Before some questions are resolved from the viewpoint of political relationships, we will have the economy again in the service of politics, despite the fact that the economic relationships are said to determine the political ones.

[Question] Businessmen often criticize politics for constantly doing what it is not its business to do and for not doing what it should be doing. That is, in place of creating condition enabling the economy itself to solve its problems by pooling labor, increasing production, and going out into the world, it attempts to distribute both production, income, and losses.

[Answer] Businssmen are right when they say that politics concerns itself with something that is not its business. However, it would seem that bad businessmen are to blame for our current situation, since they are always covered when they carry out someone's decisions and the regulations of all possible special interest groups, even if not directly those of the government. Unfortunately, the system does not encourage the most capable businessmen to concern themselves with the economy. Hence the flight from the economy by the most intelligent and businesswise people who are willing to take risks. Our economy is becoming more and more bureaucratic, with one bureaucrat working in a special interest group and another in a basic associated labor organization.

No matter how mush we have stated that we are all equal, day-to-day practice shows that this is not so. It is not a matter of indifference who heads what sector and how he guides it. With this equality of ours we indirectly negate fundamental human values: one person is more intelligent and industrious, has a better understanding of a particular field, and is ready to make some sacrifices. The current way of doing business fosters the concept that everyone can be anywhere. Consequently, among other things, that is the way we are operating. I am no longer surprised to hear of someone who concerns himself with postal affairs today, public health tomorrow, and education the next day stating that he is opening or directing a gynecological clinic. Thus we have people whom we merely have to tell where their new job is and who will immediately orient themselves in it just as they earlier oriented themselves in other jobs. And then we are surprised about what is happening to us in the economy and how it is that something like this does not happen in any other country, even in the countries of administrative fiat socialism.

Selection by Obedience, Not by Ability

Generally speaking, we find that we cannot say today that our politics is poor and the economy good. This miserable economy can get nothing accomplished because politics has a stranglehold on it. We have reached the stage of fairly large scale rule by mediocrity. It is the strongest International I know of. They help each other everywhere, regardless of race, color, nationality, and position, since what they have in common is that only by mutual association can they keep their position in associated labor organizations or in other jobs. Generally speaking I would not set politics against the economy, since in both fields there are people who are for progress and people who, perhaps unconsciously, are not on the side of progress. In saying this, I run the risk of having someone say that I am not on the side of progress. But this is one of the advantages of a free discussion.

Unfortunately, there is sufficient evidence that it is the less capable, the less inventive, the less bold, who set the pace. I would like one of these days for someone to answer me that I am in wrong and that in our country people actually are selected on the basis of ability rather than on the basis of obedience.

[Question] Losses are piling up in the Yugoslav economy, primarily in a very narrow circle. How do you account for the "production" of losses?

[Answer] The concentration of losses in a relatively small sphere is not a negative phenomenon, since it signals the focal point of trouble where we can go and take action. Of course, in speaking of taking action I do not mean covering losses from here to eternity, but rather making structural adjustments in the economy and doing what we have promised through the Long-Term Economic Stabilization Program.

Any adjustment is unpleasant and painful. After all, it means loss of certain positions that have been gained. In our economic system the position of one sector can be radically changed by administrative intervention in the area of taxes and the like. An erroneous estimate has been made in the primary distribution structure, since for a long time our development has gone forward without any reference whatever to the actual system of costs, values, and other criteria which are applied in the world market. I do not mean to glorify the world market, since there are a number of deficiencies in it. Admittedly Yugoslavia cannot exert substantial influence on this market, where its share is only 0.4 percent, that is to say, within the range of the admissible statistical error. However, our manufacturers and exporters must apply some of the criteria which prevail in the world market, or society must have a mechanism with which to build a bridge between our price system and prices in the world market.

I will believe that we are implementing the Long-Term Economic Stabilization Program when I see us acting somewhat more earnestly to shut down the focal points of losses. But not if the action amounts to closing one school and opening two others or if in some small part of the service sector the activities of adjustment in the process of carrying out the stabilization measures are emptied in their content.

[Question] In your opinion, how could the economy break the back of inflation through production?

[Answer] If I knew the answer to your question about inflation, I would probably be one of the candidates for the Nobel Prize. But what pleases me about your question is that it refers to solving the problem by increasing production and not merely by saving and tightening belts.

The Solution Lies in Increasing Rational Production

In my opinion we can expect the economy to be able to break the back of inflation only by increasing production, not just at all costs but by increasing rational production. This implies, of course, that a great amount of assistance will be given by the government and society to reduce spending in the nonproductive sector of the economy, and there is a great amount of such spending in my field, in journalism, and in diplomacy. Yugoslavia must understand once and for all that it is a small, poor country and that it cannot behave like a rich one.

[Question] The decision for a policy of applying a realistic dinar exchange rate finally halted the practice of imposing an overvalued dinar which we pursued for years. However, hasn't the dinar ultimately been undervalued as a result of the sudden depreciation and isn't the result the opposite of what the original efforts were aimed at?

[Answer] The decision to pursue a policy of a realistic dinar exchange rate was arrived at fairly late, and the shocks caused by acceptance of what in my opinion is the only correct position were greater. The dinar has been abruptly depreciated, but it is not mandatory for it to continue to remain so. The dinar can improve its position provided that appropriate changes are made in the structure of operating costs and export is improved, but not export at any cost; rather export in keeping with the priorities of our country. In the main we know the sectors which are best sutied for it.

'Export or Perish' -- An Erroneous Slogan

The undervalued dinar suits those who can export without great difficulty and who have a monopoly and conform to the current slogan, "export or perish." This is an erroneous slogan. This is not the situation that prevails. I am not certain that we are increasing exports by following this slogan. I am certain, however, that we are continuing to undervalue our national currency and are placing the exporter in a difficult position. I would remind you that foreign partners are well aware of our slogan and take great advantage of it in foreign trade negotiations.

Following this slogan today, anyone can be an exporter, but perhaps it would be better for the country if not just anyone were to export. On the other hand, whoever has come by foreign exchange with relative ease likes the undervalued dinar, since he can earn more from exchange rate differences than from productivity, and can even engage in extortion on the domestic market. This is a dramatic situation which should not be allowed to continue, as after all any drama does not, for more than a year. In our country this is becoming almost a way of life, since we are not in a position to free ourselves from our focal points, the heavy costs in our social administration which makes the Yugoslav economy less efficient than others. This is true of all types of nonproductive expenses.

[Question] As a member of the so-called Kraigher Commission you participated in preparing the Long-Term Economic Stabilization Program. To what extent is this program being carried out in practice (foreign exchange distribution, the inflation control program, and the like)?

[Answer] Probably every person who worked on the commission and in the groups of this commission has his own idea of what has been accomplished by it. I think that only the first steps have been taken in the sphere of economic relations with foreign countries and that we are not carrying out consistently what we decided on. We must place all participants in the same situation; all these different compromises with the privileges of individual groups merely complicate and defer application of the principles adopted by the commission. Economic logic continues to be suppressed, and I believe that without specific agreements at the political level we will not carry out the economic stabilization program quickly, at least in the field with which I am familiar, that is, economic relations with foreign countries. I would be happy to be mistaken and to have experience prove me wrong.

[Question] Did the commission set a deadline for the foreign exchange market?

[Answer] There is no deadline involved, since it is imposed automatically. Insofar as I am concerned, we went beyond all deadlines years ago. What is needed is adjustment which brings certain changes with it. We are all in favor of changes which promise improvement, but we are willing to hold back changes when we don't know what will happen to us or when we know that things will be more difficult for us.

Hence, we cannot complain, as is done here and there, that there are no firm hands to put everything in order. Considering our historical, regional and economic differences, which moreover have been initiated by our ethical, cultural, national and other characteristics, it would be highly risky to make any rash moves. This does not mean, however, that we must move along at a snail's pace. Many of those who are in a hurry forget that we must preserve the political unity of Yugoslavia, even if this costs us more in material terms. It is not a question of why we import or export, but of the terms on which we do so.

What is happening to us is that we are selling goods at lower than normal prices and are importing costly goods on less favorable terms. It is not a question of "why" we export but of the terms on which we do so. If we see that we are exporting cheap and importing dear, it is far better for such exports not to take place and for goods to be processed in Yugoslavia.

[Question] What should be done to extract the country from its economic woes?

[Answer] Like wealth, debt and proverty are relative concepts. If we invest these 20 billion dollars, which together with the repayments will probably exceed 30 billion, in labor organizations which will ensure repayment of the credit, if we invest it rationally and intelligently in production, then not merely 20 billion but even 40 billion dollars of debt would be no problem. Since we have invested the greater part of this amount in current consumption, we have arrived at the point where we find ourselves. We have a large debt, and the first major disturbances on the world market have upset our equilibrium. There are no large-scale and fast solutions for escape from this situation. If somebody promises a faster solution, I think that this is an expression of good will but possibly of amateurishness, since the situation that has evolved in the course of decades cannot be rectified all at once.

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