JPRS 81387

29 July 1982

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2298

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CONTENTS

'RUDE PRAVO' COMMENTS ON CEMA CONFERENCE

Prague RUDE PRAVO in Czech 14 Jun 82 p 1

/Editorial: "Toward a Higher Degree of Integration"/

/Text/ The recently concluded 36th CEMA session in the capital of Hungarian People's Republic, Budapest, stated that since its last meeting in Sofia international socialist economic integration has been further strengthened. The tasks listed in the Comprehensive Program for Further Intensification and Improvement of Cooperation and Development of Socialist Economic Integration as well as long-term goal-oriented programs of cooperation were gradually fulfilled. For their implementation 155 agreements were signed prior to the Budapest meeting.

Despite recession on the world markets and unfavorable external economic conditions; despite the intensifying discrimination campaign of imperialist circles against the states of the socialist community; despite the fact that not all possibilities have yet been utilized, the integration process further developed in most diverse, multilateral and bilateral forms. It instils among the CEMA member states the feeling of security that the problems of their further economic development will be mastered and solved, and that the tasks formulated by the congresses of their communist and workers parties will be fulfilled.

It is a fact that, despite a slight decline in the economic growth rate, the national income of the CEMA countries increased on the average twice as fast as the national income of capitalist countries in 1981; that industrial production increased and that agricultural production, despite unfavorable weather conditions, reached the 1980 level. It is also a fact that, while unemployment alarmingly increases in the capitalist part of the world and is becoming an incurable disease of the capitalist economy, nobody in the countries of the socialist community need not be afraid of losing his job and earnings.

The CEMA meeting in Budapest was marked by the atmosphere of sober, realistic and often also critical evaluation of documents discussed there, and also of the present international economic and political situation, and particularly of the intensified discrimination of the Soviet Union, Poland and other countries of the socialist community by the principal capitalist states.

The meeting in Budapest denounced these discriminatory measures as the steps against the law undertaken contrary to the signed international agreements, as gross interference in the domestic affairs of foreign countries which heightens tension in the international relations and is detrimental to the development of the world economy. Those discriminatory measures are and will be as ineffective as were all similar attempts at economic blockade of socialist countries in the past, and cannot in the least affect socialist and peace policy of fraternal countries. It will only teach them--as in the similar instances in the past--to rely even more on their own forces and mutual cooperation, and will contribute to closing their ranks.

It is no accident that the discussion of the coordination of national economic plans led to the reaffirmation of the need for coordination of economic policies of CEMA member countries and that the differences of the opinions on this point were narrowed. The coordination of overall economic policy in addition to the coordination of plans should contribute in the first place to the consistent gradual transition of economies of CEMA member states to the intensive development, to further improvement of cooperation of member states in the area of planning, its orientation to the solution of long-term problems of cooperation on the basis of scientific-technical progress.

This fully applies also to the four important multilateral agreements on application of robots, microprocessor technology, manufacture of components for microelectronics and color television which were approved in the course of the Budapest meeting. These are useful and necessary agreements which strengthen international socialist economic integration in important sectors. They are to contribute to the labor productivity increase, make labor easier by the elimination of strenuous production operations and of labor in harmful environment. The goal and common denominator of these agreements is the achievement of top technical standards in the sectors involved primarily through CEMA own forces and mutual cooperation.

These four agreements which were discussed in detail by comrade Lubomir Strougal in the interview upon the conclusion of the meeting, represent a concrete contribution of the 36th CEMA meeting to the intensification of international socialist integration as well as to the further economic development of CEMA member countries and of the community in general.

An important--though not explicitly formulated--conclusion of the Budapest meeting was the consensus on the following point: international socialist economic integration is a logical, but not automatic process and the slogan: "Economy must be economical" which was emphasized by comrade Leonid Brezhnev in the report to the 26th CPSU Congress must apply to its development.

As pointed out likewise by comrade Lubomir Strougal, international socialist division of labor as embodied in cooperation and specialization agreements is beneficial and is an important intensification factor, if these agreements are fulfilled on time, in the specified quality and at the high technical level. In other words, if the customer can fully rely on the fulfillment on time and on the quality of these deliveries.

This affects the plan fulfillment, labor productivity as well as production rhythm so far as deliveries of components and parts are concerned, and stabilizes trade and makes it more varied so far as deliveries of end products to the consumer are concerned. High responsibility for the honoring of cooperation agreements should become--both in the legal and political sense--a law which does not permit any exceptions or relief and which works as the reliable force in the mechanism of integration. It was precisely from the standpoint of functioning of mechanism of integration that the work of CEMA and its organs was frankly judged in order to make the entire mechanism work perfectly and promptly react to the changing needs of the market and production. This mechanism will become more operative, if the integration will involve also the ministries, associations and enterprises as pointed out by comrade Leonid Brezhnev in the report to the 26th CPSU Congress.

One can thus rightly say that the CEMA meeting in Budapest represents another substantial step forward in the consolidation of mutual cooperation. Not only from the standpoint of agreements and comments which the meeting approved, but also in terms of more precise definition and consensus or at least narrowing of differences of opinion, frank and critical evaluation of the situation, possibilities and mutual obligations.

The presidium of the CPCZ Central Committee and the CSSR government highly praised the results of the last CEMA meeting, its contribution to the intensification and expansion of economic and scientific-technical cooperation among the states of the socialist community, to the further upsurge of our economy.

General secretary of the CPSU Central Committee and chairman of the presidium of the USSR Supreme Soviet L. Brezhnev emphasized, during the conversations with our delegation in Moscow, the significance of rapid scientific-technical progress and prompt cooperation for the implementation of big common plans. These words of his may very well characterize also the results of the CEMA meeting in Budapest because they briefly and precisely express what is necessary for the utilization of all possibilities offered by the socialist system and for the accomplishment of all goals in interest of progress and peace in the world and consolidation of material and cultural standard of people in the countries of the socialist community.

10501
CSO: 2400/292

INTENSIFICATION NEEDED TO INCREASE AGRICULTURAL, LIVESTOCK PRODUCTION

Tirana RRUGA E PARTISE in Albanian Feb 82 pp 5-14

[Article by Themie Thomai, minister of agriculture: "Intensification--The Main Road To Increase Agricultural, Livestock Production"]

[Text] The policy pursued by the Albanian Workers Party for the development of our socialist agriculture has been and remains a creative policy which responds to the vital interests of the people, to socialist construction and the strengthening of the defensive power of the country. The party's objective to transform our agriculture within a relatively short period into a socialist agriculture with a large modern production, on an ever more powerful technological basis and by relying on the latest agrotechnical knowledge, proved in practice that it was a correct and fully realizable objective. The steady increase of agricultural and livestock products, the ever-better satisfaction of the needs of the population and of industry with these products, fully prove this fact.

Our agriculture, by developing in accordance with the party line, has made throughout a great advancement not only in comparison with the preliberation period, but also in comparison to 15-20 years ago. The overall agricultural production of bread grains increased 4 times, the production of milk, 2.4 times and so forth. Our country has, for a number of years, become independent in terms of the fulfillment of the needs for bread through our production, a great victory of political, economic and strategic importance. The overall agricultural production during the entire period of socialist construction has increased approximately 2 times faster than the population and the real income of the peasants during each 5-year period has increased 10-20 percent. The development of a complex agriculture, in which parallel to bread grains, as a main direction, industrial crops, fruits and livestock have been developed, has enabled this basic branch of the economy to satisfy ever better the needs of the population with agricultural and livestock products and of industry, with raw materials, and to increase exports, thus making an important contribution to the improvement of the country's trade balance.

These successes take on added meaning if we take into consideration that during this period in the entire capitalist, bourgeois and revisionist world, not only have these types of growth failed to materialize, but, like their entire economy, agriculture, too, has been gripped by a severe crisis which is leading it into further decline, accompanied by the decline and depopulation of the villages.

The role of agriculture, as a basic branch of the economy, is steadily growing with the increase of the population, with the expansion of the light industry and the food industry and with an increase in demands for export. The tasks for agriculture in the Seventh Five-Year Plan have been set in conformity with these demands; these tasks aim to raise production so as to ever better meet all the needs of the population for foodstuffs, by improving their structure, to further increase the raw materials for light industry and the industry, to gradually eliminate the import of those food products and of those agricultural raw materials which continue to be imported, to increase the volume of exports of processed and unprocessed agricultural products, to increase and strengthen the necessary reserves. On the basis of these objectives, as well as of other economic and social measures, the well-being of the peasantry will be increased and the differences between the village and the city will be further reduced.

The directives of the Eighth Party Congress for the Seventh Five-Year Plan call for an increase of the overall agricultural production compared to the Sixth Five-Year Plan, for the 5 years taken together, by 30-32 percent. The main task for this 5-year plan remains the increase of the production of bread grains, which in 1985 in comparison to 1980 will be 34.6 percent greater. A considerable growth will be experienced by all the field crops, especially the industrial crops, vegetables and potatoes. Livestock, fruit and other products will increase at high rates.

In order to fulfill these compact tasks the main road is in the increase of the rates of the intensification of agricultural production.

What characterizes, generally, the level of the intensification of our agriculture during this 5-year plan period, is the fact that 90 percent of the increase of the overall agricultural production will be secured through the increase in the yields of agricultural crops and in the productivity of livestock, whereas the entire increase of bread grains will be achieved through the increase of yields by aiming to obtain in grain an average of 32 quintals per hectare, and, in the plans, 40 quintals per hectare, and an average of 48 quintals per hectare of corn, and in the plains, 60 quintals per hectare, an average of 17 quintals per hectare of cotton, an average of 444 quintals per hectare of sugar beets and so forth. The increase of livestock products, of vegetables and of fruits, too, is expected to be obtained entirely through the increase of yields although, in these directions, the number of heads of the various types of livestock will increase too, the area planted with fodder will increase, the area of hothouses, fruit orchards and vineyards will expand.

The established objectives for the increase of the yields of crops and of the productivity of livestock are relatively high but they can be realized and surpassed, because they rely on the achievements of several years and are accompanied also by a series of concrete measures to further strengthen the material and technical base, to improve the organization and scientific management of production, to introduce advanced technologies, to raise the number of workers and of skilled specialists. During this 5-year period about 60 percent of the new active labor force will be directed toward this branch of the economy and about 29 percent of the investments will be used in agriculture, and so forth.

Under these conditions, it is important that the state and economic organs, under the leadership of the party organizations, take the question of agricultural intensification seriously, so that, through the all-around ideopolitical and organizational-technical work there will be a deep understanding of the fulfillment of the tasks in agriculture, and so that they will use, in a strictly scientific manner, all the factors which bring about the deepening of the intensification of agricultural and livestock production. The greatest problem "related to the intensification of agriculture--stressed Comrade Enver Hoxha at the Eighth Party Congress--concerns a better harmonization, on the basis of scientific criteria, of the human, material, agrotechnical and natural factors affecting agricultural production" (Enver Hoxha, "Report to the Eighth Congress of the AWP," p 35).

Not only the increase in actual and concrete work but also their use, with high effectiveness, is of importance for the development of agriculture on the intensive path for each unit of arable land. Every factor has its role and influence in increasing production, but the effectiveness of every factor increases when it is combined and organically harmonized with other factors. Therefore, every overevaluation of some factors which allegedly are decisive and underevaluation of other factors, and improper harmonization of all the factors, act in such a way that the soil, the crops and the animals fail to produce the necessary amount, and production and its effectiveness do not increase in the expected manner.

Fundamental in the organizational and managing work of the progressive agricultural units, such as for example in the cooperatives of Plase, Dajci, Krutje, Lapardhase, in the agricultural enterprises of Maliq, of Lukove and others, is the fact that the factors for the production increase have been correctly coordinated, the labor force and the material-technical base have been used with high effectiveness, the study-scientific data and those of advanced experience have been used and put into practice, by always closely combining them with the concrete conditions not only of every unit and every sector, but also of every brigade, down to individual plots of land.

In order to harmonize all the factors which have an effect on large modern production, it is necessary, in the first place, for all the factors involved in the increase of productivity to be correctly evaluated and to be used on the basis of scientific knowledge, by relying on the data of studies and of advanced experience, by giving everyone in organizational and managing work the proper place, and by expecting everyone to fulfill the tasks on time, quantitatively and qualitatively. And this kind of work coordination depends in the first place, on the conscientious work, but also skilled work, of the workers of agriculture, especially, the work of the cadres, the specialists of various work profiles, and the workers of scientific institutions of agriculture, who have here a broad field of study and of creative and inventive activity.

"Investments and care for the soil--stressed Comrade Enver Hoxha at the Eighth Party Congress--must constitute in the future the major direction of the work for the intensification of agriculture and increased agricultural production" (Enver Hoxha, "Report to the Eighth Congress of the AWP," pp 35-36). The question is to carry out comprehensive measures for increasing

the yields of the soil, to protect it from erosion and to constantly enrich it, but by never giving up the effort to increase the arable area by opening up and carrying out complex systematization of the new land. Within this context, of special importance is the intensification of the work underway for the assimilation of salty soils, so as to transform them, in the next 4-5 years, into high fertility soils, and into centers for the development of livestock production.

The achievement of the objectives set for the systematization and mobilization of land requires, in the first place, the strengthening of the necessary convictions for the necessity and the use, on the basis of correct criteria, of the planned investments, of the material-technical base, especially of the farm machinery. We stress this because there are still cadres, specialists and other agricultural workers who relate the increase of the yields of agricultural crops or the productivity of livestock entirely to the increase of investments and of mechanized means, but do not ensure, for example, that the investments are fully studied and highly effective, or that every type of work or improvement of the soil brings about a perfect systematization of the tract so as to create the best possible conditions for the implementation of advanced technologies in the cultivation of agricultural crops and for their development. Experience also shows that systematization of the area has the greatest effect when it is accompanied by systematization in depth, by the creation of the entire irrigation system of the plot. This type of harmonization creates conditions for the completion of agricultural work on the best possible schedule; it permits the implementation according to scientific criteria, of new advanced technologies in the cultivation of crops, especially, for raising the level of the mechanization of agricultural work.

More than 7 billion 200 million Leks will be invested during this 5-year plan period for the intensification of agricultural production. An important part of these investments are planned and are being realized for the mobilization of the land, for setting up a complete network of irrigation and for the protection of land from erosion. Investments will be used to increase the irrigation area and, parallel to this, the irrigation technology will be improved by also expanding the system of water sprinkling.

All things will strengthen the material-technical base of agriculture. But the highly effective utilization of the existing and quite powerful technical-material base is still important for the attainment of the planned objectives for increasing agricultural production. Thus the agricultural enterprise of Vrina and Vurgu in Sarande District, the agricultural cooperative of Dajci in Shkoder District, that of Peza in Tirana District and others, have made an important change in recent years in raising the yields of corn, by obtaining from the entire area 70-80 quintals per hectare, without considerably raising the material-technical base, but entirely by using the existing material-technical base with high effectiveness. The same thing is shown also by the fact that quite a few economic units with approximately similar climatic soil conditions and material-technical base, have shown strong differences in yields and in production, because, among other things, the material-technical base, too, has been utilized in some places better than in others.

In this context it is necessary to better combat and reject through arguments those mistaken concepts and practices which continue to be observed in some cadres, specialists and other agricultural workers, especially in connection with the use of the material-technical base in accordance with all the factors involved in the increase in agricultural and livestock production. Frequently we encounter opinions that "it is enough to possess a high level of mechanization, irrigated areas, large quantities of chemical fertilizers, improved livestock breeds, manpower, and sufficient salary funds in order to easily obtain the yields." Acting on the basis of these concepts, some cadres and specialists show not enough concern and do not make all the efforts for the oganization and management of works in such a way that the material-technical base which they use is utilized with the highest effectiveness possible, but limit themselves to requesting greater supplies of new machinery, chemical fertilizers, breed animals and so forth. And the negative consequences of such an attitude are considerable. Thus, there are cases in some agricultural units which although the expenditures of manpower and concrete work have greatly increased, the yields and the effectiveness of production have not increased at the same pace, something which has led to the increase of expenditures per unit of production.

The discussions which have taken place show that the reserves for the effective use of the material-technical base are great. For example some machine tractor stations in the districts of Lushnje, Sarande and Fier, realize through every hoeing machine and through every sprinkling pump 2-3 times larger volume of work than some machine tractor stations in the districts of Korce, Elbasan, Vlore and Tirana. In the same way, for every quintal of chemical fertilizer used in Sarande District for the corn crop, an average production increase of 3.3 quintals has been obtained, whereas in the districts of Shkoder, Tirana, Elbasan, Tepelene and Kukes, less than half of this increase is obtained.

The expanded socialist production and its constant increase is based on a scientific organization of production in which the principle role is played by the deepening of the concentration and of the specialization of production and, on the basis, the perfection of the rotation of agricultural crops. The experience of the Plases cooperative in Korce District and of some other distinguished agricultural units shows that the studies carried out in this field require a further theoretical and practical work, in accordance with the concrete conditions of every unit, and a resolute struggle for the implementation of programs drafted for the perfecting of the scientific organization of agricultural production, as an important condition to achieve high production levels through the utilization of internal reserves which exist and are created constantly in our socialist agriculture.

In order to generalize the experience of the cooperatives of Plases and of Dajci, a better work is being done in Shkoder, Fier, Berat and Tirana Districts. In particular a good work is being done for the concentration and specialization of agricultural production in the zone with a high intensification. Thus, starting with 1982, about 80 percent of the brigades in this zone will have no more than two crops, and the others, no more than three crops. In the livestock sector, too, the concentration and specialization of the different types of livestock is being expanded. Especially for the

breeding of animals, specific specialized units have been created in which the latest scientific developments for the expansion of livestock raising are carried out.

The results to date and the achievement of objectives which have been established for the intensification of agriculture and livestock are closely related to the evaluation and implementation of the data of scientific research study work and of progressive experience.

The development of the technical-scientific revolution in this important branch of the economy, as everywhere else, has solved important problems, which have strongly influenced the increase of agricultural and livestock production. Scientific work dealing with wheat seed and with corn hybrids, soil studies and the measures for increasing the fertility of the soil studies for the construction and putting into operation of a number of important projects of land reclamation and irrigation, for the increase of the level of mechanization, for the systematization of the field crops and of fruit-trees, the studies for the development of livestock, for the setting up of livestock complexes, for the intensification of the fodder base, for the protection of the health of animals and so forth, have been and are a powerful support for increasing the yields of agricultural crops and the productivity of livestock.

In those units in which scientific information in general, and especially scientific studies have been executed correctly, high indices have been achieved in increasing agricultural and livestock production and their economic effectiveness. For example, the agricultural enterprises of Maliq and of Vrine, the agricultural cooperatives of Plases and of Bushati and others, have, for a number of years, been obtaining, on an average, in all the area planted with bread grains 45-60 quintals per hectare, the cooperative of Lapardhase obtains approximately 20 quintals of cotton per hectare, that of Donofrose in the hilly areas and above water obtains 20 quintals of sunflower per hectare, the sector of the center in the farm enterprise of Kamze and that of Cerme in the "29 Nentori" farm enterprise in Lushnje obtain an average of over 4,000 liters of milk from every cow, the poultry-raising farm in Tirana and that in Vlore obtain an average of over 220 eggs from every chicken and so forth, because they have established their entire work on solid scientific bases and the organization and management of production responds to the implementation of the increasing tasks.

These experiences gained in the implementation of scientific information are a healthy basis for the realization of the tasks which we face. But much remains to be done in expanding scientific studies so that the study work, the analysis and the massive scientific experimentation will prepare better than now for expanded production. Important objectives of scientific research work in agriculture, based on the seasonal character of production, are the finding of concrete roads for accelerating the completion of various operations, for the most effective use of the work of the people, for the full utilization of production capacities, for the use of the material base on the basis of norms.

The fulfillment of the great tasks which the agricultural sciences face, requires not only the organization of the many and complex studies and

experiments, but also the drawing of correct conclusions, as well as the finding of ways for the quick implementation, in expanded production, of the conclusions and of the scientific data, by coordinating the present tasks with the long-term tasks. One must also combat all the foreign concepts and attitudes which hinder the introduction of progressive techniques and the implementation of scientific discipline, because empiricism, indifference and conservative attitudes continue to be manifested in various forms which, if they are not fought by the party organizations, by the state and economic organs keep the study data from being broadly applied and progressive experience cannot quickly spread. The issue is for all to correctly understand that without strong reliance on the development of science and technology we cannot have a deepening of the intensification of agricultural and livestock production, we cannot have an increase of production and reduction of expenditures for each unit of production, especially when we are talking about increasing the yields of grain above 40 quintals per hectare, of corn above 60 quintals of hectare, of milk, 3,500-4,000 liters per cow, and so forth.

The creation of correct concepts for the present and future tasks of the technical-scientific revolution in the field of agriculture is the starting point also for the determining and implementation of organizational and technical measures, for the perfecting of the scientific management of production. The present level of development demands, for example, that the distribution of the types and of the new hybrids of agricultural crops and of the breeds in livestock be carried out in a scientific manner, that production, collecting and distribution of seeds and of breeds be introduced fully on the road to planning, methodical management and systematic control by the state and economic organs, starting with the agricultural units and up to the Ministry of Agriculture.

In this context, the economic and state organs of agriculture, especially the scientific institutions, have important problems to solve also in the direction of the continued improvement of the structure of the types within every agricultural crop, by securing select seeds of the first reproduction and hybrids of high yield, resistant to diseases and of suitable technological quality. The scientific institutes and stations, in cooperation with the production specialists, have carried on and carry on a good work for the satisfaction of the needs of the country with seeds of high production biological capacity. Good work is being carried out in the direction of the regionalization and of the dissemination of the types of hybrids in accordance with the concrete conditions of the soil and climate in the agricultural units. But the deepening of the intensive development of agriculture requires, in this field, a more profound work, so that in the building of the structure of the types for every agricultural unit we should take into consideration the types and the composition of the soils, the previous crop, the climate conditions and the planting schedule. Only in this way can one succeed in assimilating fully the biological productive capacity of the various types of seeds.

By starting with the above and relying on the experience gained during this 5-year plan, work is being carried out to assure greater quantities of different types of seeds, and also there are serious efforts to make especially

noticeable improvements in terms of their quality, by better responding to the scientific demands of the creation and dissemination of the seeds with high productive capacities and of good technological quality. However, practice shows that this genetic base of production does not yield the necessary effect if it is not accompanied by measures for the improvement of the agrotechnology of the cultivation of crops, in order for the agrotechnology to meet the demands of the new types of seeds with a high productive capacity. This problem requires special attention because, in practice, there are cases when the level of the treatment of crops, of the services, of the techniques and of technologies which are used for the cultivation of crops is not in full harmony with the biological demands of the new types of crops which are put in production.

For the better satisfaction of the needs of the people and of the economy with fats, sugar, cotton and other products it is expected that in 1985, in comparison with 1980, the production of sunflowers will increase 66.3 percent, of sugar beet 36 percent, of cotton 51 percent and so forth. This will be attained in the first place through the increase in the productivity of industrial crops, but also through the improvement of the quality of production and especially of the qualitative and technological indicators, for example through the increase in the percentage of fat content in sunflower beets, in the sugar content in sugar beets tubers, in the length of the yarn of cotton balls and so forth. And all these are very important objects of scientific research work, both in the direction of the introduction into production of new types and through the improvement of the technology of cultivating these crops, combining various fertilizers setting planting schedules and attention to the harvesting, protection and processing of these products.

In order to put into practice the directive of the Eighth Congress of the AWP for giving priority to the intensification of agricultural production in the plain and coastal zone, concrete measures have been taken and are being carried out for every agricultural unit in the district. Attention has been concentrated, on some principal links, such as those of organization and management of work and of production, crop structure concentration, specialization and agricultural rotation of crops, the scientific treatment of the soil, mechanization, and determination of production technologies.

The work carried out so far is only a good start that must be definitely further advanced, which demands from the state organs and the agricultural economic organs a more resolute stand and action for the implementation of the established tasks.

But the directive of the party for the intensification at a higher level, of agricultural production in the lowland and coastal zone also assigns special tasks to the state and economic organs of the other sectors of the economy, because, as it is known, the completion of the tasks in agriculture depends on the completion of the tasks of the other sectors of the economy related to agriculture. Industry has the very important task of providing spare parts in quantities, quality and on time in order to increase readiness and the best production of new mechanisms and of the necessary pesticides, and so forth. The construction enterprises also have important tasks for the timely completion of livestock complexes and of the food processing plants for livestock, for the production of drainage pipes and so forth.

We stress this matter because the slogan of the party "Agriculture--an issue of the entire people" in some cases is understood in a narrow sense, as if the issue were the supplying of agriculture with some manpower during the periods of intensive work, or providing it with some technical help, some material or means of work of which the enterprise has a surplus supply. Of course, these are also important, but, above all, each sector of the economy must fulfill, in the first place, the planned tasks in agriculture, for example, the planned tasks to secure the means which agriculture needs in time, in the necessary quantity and quality.

The realization of the task to accelerate the intensification of agricultural production throughout the country, and mainly in the lowland zone, will be accompanied with the further perfection of socialist relations in production, especially in the direction of the state-cooperativist economic relations, of relations between the cooperative and its members, as well as of the organization and management of work and of production. The participation of the state through investments in the cooperatives in the lowland zone will be concentrated on those projects which constitute the main weight of the principal means of production, the mobilization of the land, the increase of machinery, the construction of stables, horticulture, animal raising and so forth, which not only will guarantee the deepening of the intensification of agricultural production, but will also gradually increase the weight of the means of production which are state property, which will result in the gradual narrowing down of the sphere of relations of cooperativist ownership, until it is transformed into the property of the entire people.

The realization of the complex tasks for the extension of the intensification of agriculture requires the step by step pursuit of the problems, requires general scientific studies, new forms of organization and management of work and production in all the zones of the country, requires mobilization and rational use of all the human and material forces. Only in this way, can the objectives which the Eighth Party Congress projected for the development of agriculture and the further advancement of our socialist village become a reality.

5112
CSO: 2100/63

TEAM KHOZRASCHET WORK CHANGES DISCUSSED

Bratislava NOVE SLOVO in Slovak 13 May 82 p 5

[Article by Jozef Kosta, candidate for Doctor of Science, Institute of Philosophy and Sociology, Slovak Academy of Sciences: "An Attempt at Team Khozraschet: Progressive Changes in Work Organization"]

[Text] In recent sociological research in all industrial enterprises in Slovakia, almost all of those questioned stated that they attach greater significance to good organizational work at their workplaces. However, only 33.1 percent of the workers questioned and 53.3 percent of other employees questioned attached greater significance to their own job allowing them to be concerned more with organizational activity. A full 42.3 percent of workers and 17.7 percent of other employees attach little or no importance to these elements.

These results signal a difference in the attitudes of our industrial workers toward organizational work at their workplaces and to their active decision-making, managerial and control activity. They are important findings in conjunction with the current, well-founded efforts to introduce to a greater extent in our country a very progressive team organization of work, one of its basic characteristics being just such an increase in the decisionmaking, managerial and control elements in the work activities of every individual.

In view of the results of this sociological research and in view of the numerous skeptical reactions to a series concerning the team organization of work in NOVE SLOVO, if this form of work organization is to put down strong roots in the shortest possible time, we must continue to expand and intensify systematically, materially and critically the level of awareness of our workers concerning its characteristics (for the time being, to be sure, based more on theoretical findings and experiences of other socialist countries than from our own practice), concerning the causes that necessitate its introduction under our conditions, concerning the advantages that it can bring to workers, enterprises and the entire society and finally concerning the technological, economic, social and legal changes that must be made in conjunction with its introduction.

The team organization of work is a higher level in the development of work organization forms that run counter to the economic and social functionality and efficiency of an intensification of the division and fragmentation of

labor (which characterizes, for instance, the Taylor concept of work organization). Among the basic levels of this trend, to which it is organically linked, belong the adaptation of work thythm (for instance, by eliminating conveyor belts), expansion of the number of work operations (for instance, by combining work activities), alternation of work activities, and the like. While in the basic levels of this trend the organization of work changes only the rhythm or the structure of strictly production and control operations for individual workers and does not alter the hierarchical, strictly individual structure of enterprise management, a team organization of work changes precisely this structure of managerial, decisionmaking and control authority in two respects. First, all types of activity relating to teamwork are shifted from the jurisdiction of the enterprise management or of individual supervisors (corporate officials, workshop managers, foremen) to the jurisdiction of the team members themselves. Second, the individual authority and responsibility of employees are replaced in a team with collective authority and responsibility.

Many views that refuse to acknowledge the different nature of the team form from those preceding it have let themselves be sidetracked by the title of differing labor movements and competitions in our country such as a "brigade work organization" (the word "brigade" appears in the names of such differing phenomena as work brigades, comprehensive rationalization brigades, socialist work brigades, etc) or by the appearance, in labor movements, competitions and organizational forms in various forms and at various levels, of elements that change comprehensively in the team organization of work, thus reaching another, qualitatively higher level of work organization forms. It is particularly necessary to emphasize the qualitative shift between the social institution of the "production conference" in existing work organization forms and the social institution of the "team council" in the team organization of work. In the first instance employees participate only indirectly in the management of their work activities, so that a change in their work methods in the final analysis depends on the agreement of hierarchical management structures; in the second instance employees in many respects manage their own work activities directly, on the basis of properly determined competencies.

Team work organization, of course, does not lessen the key position of enterprise management in the overall structure of enterprise management, decisionmaking and control. However, a shift to the team organization in an enterprise changes the style of every action of the enterprise management, which rids itself of the performance (but not of the overall supervision) of all activities concerning the internal matters of team functioning. With the gradual increase in the educational level and qualifications of our employees and the retention of old forms of work organization, there is often a conflict between the qualities of a person as a member of the work force and the possibilities for using these qualities at a specific workplace. A change in work organization has strengthened an orientation of enterprise managers toward performing the most important activities (cooperation among teams, external enterprise relations, etc), as well as performing specific professional tasks.

Team work organization utilizes elements of the lower levels of this new trend in work organization, as well as elements of differing labor movements and competitions. But this situation evokes fears, lest the application of these very elements not be assumed as the introduction of the team form of work

organization. Certain information concerning the practice of our production enterprises, which the press has published recently, confirms that these fears are justified. Although the very introduction of these elements is positive, in many instances it still remains only half the path to the desired objective. A critical consideration in the introduction of team work organization is the sophistication of technical production equipment. It is difficult, for instance, to introduce this new and progressive form of work organization fully at a facility where for various technical or economic reasons conveyors are used in production, requiring operation by only a few and with a precise time limit for designated operations.

In a team organization of work, above all those managerial, decisionmaking and control activities related to production operations and direct production activities are shifted to the authority of the teams; determining the pace of work, grouping work operations, placing team members in specific grouped work operations, determining the method for inspecting production equipment, product quality and the like. Since a team is meant to be an organizational and functional unity, it must also have at its disposal authority that more or less extends beyond its direct production activity, such as authority relating to the qualifications and education of team members, their incomes, team size, and acceptance into or discharge from the collective of members. Shifting this authority to team members also logically changes the tie, from a legal point of view, between a team and the other work collectives in the enterprise, as well as the team-enterprise management tie. Because it is legally responsible and financially motivated by the quality of its products, a team must have authority to control the quality of the raw materials, materials or production equipment that it accepts; it must have authority to reject or to accept inferior raw materials, materials or production equipment. The achievement of this authority by a team clearly has a broader impact. It also influences the afterhours of team members by determining the beginning and the end of work, vacations, etc.

Among the advantages of the team form of work organization for employees, the greatest emphasis in recent media coverage has been on gaining authority to decide individual income levels of team members. Excessive emphasis on this authority in the interest of agitation for a more rapid implementation of new forms of work organization is not very helpful from either a material or a psychological point of view. It is not helpful materially because there exist managerial, decisionmaking and control activities that pass to the authority of the team and more fully represent the basis of this authority. Even today it is clear that a brigade will be able to allocate only a small part of team member incomes. Income will always be fixed, will depend on the education and qualifications of an employee and will be agreed upon by contract at the time of employee acceptance into the brigade. It is not helpful psychologically because recent sociological research indicates a decline in the importance of "income level" in the choice of a workplace and the growth of other factors, especially "good interpersonal relations at the workplace" and "interesting job description."

The differential compensation of employees in an identical qualification category according to the quality of their work has not appeared with the team organization of work. Differentiated compensation according to work quality

(which recently in our press has been carelessly called "brigade") can certainly be implemented just as well under the current forms of work organization. To link it exclusively with the team organization of work on the one hand obscures the contribution of team work organization to our society (the main change in compensation is that team members themselves make decisions concerning a portion of their income according to strictly established rules); on the other hand it justifies shortcomings in employee compensation under existing forms of work organization, which are the fault of specific individuals and imperfect legal regulations rather than of existing organizational work forms.

While lobbying for the introduction of team work organization, greater emphasis should be placed on its bringing a progressive change in work content, which increases the possibility for self-realization of employees through their work activities. At the same time the quality and effectiveness of work are significantly increased. The transfer of all managerial, decisionmaking and control activities to the jurisdiction of team members increases the white-collar elements in their work. This serves to increase not only the educational and qualificational intensiveness of every job but also its variety, independence, responsibility and interest. Such work allows utilizing to a greater extent acquired abilities, developing new work techniques and mutual assistance. It stimulates initiative, creativity and inventiveness of employees, reduces their fatigue level, raises the cohesion of work collectives. Work is continuing to be humanized--it is gaining in quality, which is assumed essential during the early stages of the merger process of the classes and social groups of a socialist society and is rightly expected as a component of the work of a comprehensively developed society.

The initial results of the mentioned sociological research indicate that our employees attach a high value to these qualities. Work variety has great significance for 58.8 percent of industrial workers and 69.8 percent of other workers, while independent work is important to 52.9 percent and 73.4 percent, respectively, and interesting work is important to 87.6 percent and 92.2 percent. Among workers, 68.5 percent feel it important to have a job where they use their accumulated knowledge, while 83.9 percent of other employees feel this way; 55.2 percent and 72 percent, respectively, feel it important that their job allow for the development of new work methods; 63.1 percent and 78.3 percent, that it enable them to develop their abilities; 83.2 percent and 82.4 percent, respectively, feel that employees should assist each other in their work. The new organization of work allows everyone to work to contain these qualities more than previously.

In the introduction of a team organization of work, not only technical but other important conditions are essential. The level of education and qualifications of the employees is first. It will scarcely be possible to implement this form of work organization without problems in locations where the actual education and qualifications of the employees do not reach the required level for their positions. An additional important condition is employee age. With increased age adaptability of people declines. Therefore, it is necessary--when it is a matter of establishing above all model teams at workplaces to attract others--to establish the teams where the technical conditions exist, and above all in collectives of younger people with the requisite education and qualifications.

With the more extensive introduction of these forms of work organization, it will be essential, among other things, to expend certain resources and energy on the adaptation of technical equipment within enterprises, (for instance, in several instances the exchange of conveyors for workbenches) and on the adaptation of people to new conditions. The replacement of individual responsibility and authority with collective definitely requires at least short courses for employees in which they would learn about new aspects of the relations at the workplace, as well as the systematic supervision of experts in interpersonal relations, above all during the initial functioning of the teams.

The implementation of brigade work organization, then, requires not only enthusiasm from enterprise management and participants but also cooperation with experts, above all enterprise technologists, economists, sociologists, psychologists and ergonomics. Sociologists, particularly have not yet been utilized sufficiently as professionals by enterprises. In this area an opportunity is opening that neither they nor enterprise management should let pass. Because not every enterprise has an experienced ergonomics, psychologist or sociologist, it will be necessary to turn to supervisory agencies for assistance, above all to general directorates or ministries (all of which have affiliated research institutes) or to those enterprises with such experts at their disposal.

The implementation of team work organization requires serious preparation. It will be difficult to implement on a day-to-day basis by decree, order or regulation. It is impossible to presume that problems will not arise during its implementation. The implementation of every new phenomenon is always a process with its own success curve. This, however, does not meantthat there has been any hesitation concerning the implementation of team work organization or that its implementation might even be put off. In the interest of the further development of our society, it is necessary to devote extraordinary attention to team work organization at all levels, so that it is implemented gradually where feasible and this shift takes place in the shortest possible time and with the greatest possible impact.

9276
CSO: 2400/281

HIGHER PRODUCTION OF BULK FODDER EMPHASIZED

Bratislava ROLNICKE NOVINY in Slovak 23 Jun 82 p 6

[Article by Engr Alexander Sommer, DrSc, Research Institute of Livestock Production, Nitra: "In the Interest of Further Nutrition"]

> [Text] The production of animal proteins is determined by the requirements of the population's sound nutrition. The present per capita consumption of 58 grams of animal protein per day is supplied as follows: 57 percent in the form of meat, 33 percent in the form of milk, and the balance as other livestock products. This trend of the population's nutrition is very progressive and conforms to the needs of a developed socialist society. At the same time, however, it is also very demanding and sets for farm production, under our complex ecological conditions and limited land resources, challenging tasks that can be fulfilled only by utilizing all the intensifying factors.

Computations performed at the VUZV [Research Institute of Livestock Production] in Nitra show that if we calculate the output of animal protein per hectare of farmlandwith the expected crop structure, then under the Seventh Five-Year Plan the maximum amount of meat with bone that we can produce per hectare, in a combination of beef, pork and poultry meat, is 357 to 383 kilograms, which corresponds to a maximum of 60 kilograms of animal protein. In the case of milk, however, the production of animal protein is much more favorable. Already at an annual milk yield of 3000 liters we produce about 90 kilograms of animal protein; and at an annual milk yield of 4000 liters, around 104 kilograms of animal protein. Furthermore, if we consider that we consumed 82 percent of the feed grain to produce animal protein in the form of meat, and only 11 percent for the attained level of milk production, then the requirement is justified that crop production must be coordinated with livestock production not only in terms of the quantitative indicators, but primarily from the viewpoint of attaining self-sufficiency in grain production and of maximally utilizing the available farmland in the interest of feeding our population.

Emphasis on Economy and Quality

Under the Sixth Five-Year Plan, the CSSR imported 7.8 million tons of grain and 3.6 million tons of protein feed. This ensured practically 25 percent of our meat production. The entire export of food and farm products was needed to pay for this feed import. In view of the present situation when foodstuffs on the world market

are becoming an instrument of political power, this road is no longer feasible for us, and therefore the requirement is warranted that we become self-sufficient in producing food from our own resources.

Man and livestock are thus actually in competition, and our economists must decide --on the basis of a thorough analysis of the ecological conditions, biological laws, the food chain's inputs and outputs, with due consideration for the energy situation and the state of the economy--what road to choose for food production, not only in 1982 but in the subsequent years as well. Such solutions require nonconventional approaches, highly qualified production specialists, and close cooperation between the other branches of the economy and agriculture.

Because available farmland is limited, and in view of the complex production conditions in several of our regions, we must increasingly solve not only the questions of quantity, but also of the quality and economy of production.

From the preceding it follows that the intensification of crop production and its lead over livestock production are the basic issue in the further development of milk and meat production. About 80 percent of the output of crop production is needed for livestock metabolism which, from the actual biological aspect, is associated with substantial losses. For example, conversion of vegetable proteins is 8 percent in meat production, 26 percent in milk production, etc.

Therefore bulk fodder and its use in feeding livestock are of exceptional importance. Primarily beef cattle should be given priority in this respect. The link between the raising of beef cattle and the soil is a closed cycle. From local feed and fodder resources we produce animal protein of high quality, and simultaneously with the organic manure we improve or stabilize soil fertility.

However, we cannot be satisfied with the output and quality of bulk fodder in recent years. Last year in the SSR we used bulk fodder not only to ensure the maintenance ration but also to produce 5.8 liters of milk a day per cow (6.6 liters in West Slovakia Kraj, 5.2 liters in Central Slovakia Kraj, and 5.0 liters in East Slovakia Kraj) and to achieve a daily weight gain of 320 grams in feeder cattle (380 grams in West Slovakia Kraj, 270 grams in Central Slovakia Kraj, and 250 grams in East Slovakia Kraj). In one year, the feed efficiency of bulk fodder in milk production improved by about 0.2 liter per cow a day. This improvement in feed efficiency permits a reduction of 10 grams in the standard feed-grain ration per liter of milk if the milk yield is held constant, or an increase of 60 kilograms in the milk yield per cow if the ration is left unchanged. In the case of feeder cattle, an increase of 50 grams in the feed efficiency of bulk fodder permits a reduction of 0.2 kg in the daily feed-grain ration. If we analyze the feeding of beef cattle in the SSR during the past three years, we find that we have to feed 3 kg of feed grain to achieve a daily weight gain of 1 kg.

Complex Process

The decisive factors from the viewpoint of improving feed efficiency are the quality of the feed, and its ingestion by the livestock.

By "feed quality" we often mean only the classification of bulk fodder--of silage, for example--into quality grades. Such evaluation leads to false conclusions. The

production, storage and feeding of bulk fodder are a complex technological process that must be strictly observed. Here we find great reserves, directly on the farms themselves.

Losses in preserving feed are between 30 and 50 percent. However, this applies only to the quantity in terms of mass. If the technology of ensilaging protein fodder is not observed, changes occur in the structure of the protein molecules, as a result of which the digestibility of the nitrogenous substances is reduced by 37 percent. Butyric acid and a higher proportion of acetic acid in ensilaged forage and leguminous crops reduce by 55 to 75 percent the content of certain essential amino acids (lysine, histidine and tryptophane).

Spontaneous ignition of hay reduces the digestibility of nitrogenous substances to 17 percent. If the technology (temperature) is not observed in the production of lucerne meal, the digestibility of nitrogenous substances is reduced by more than 60 percent, and the essential amino acid, lysine, is blocked completely.

Various preservatives also play a role in these qualitative losses. For example, experiments at the Research Institute of Livestock Production in Nitra showed that formaldehyde-based preservatives reduce the solubility of nitrogenous substances in lucerne silage by 9 percent, and lysine forms insoluble compounds with the formaldehyde. Research into this problem has not ended as yet; we will continue these experiments jointly with the GDR and Hungary.

These qualitative losses are the more important because we intend to use silage to feed also hogs.

Discipline Is Foremost

We wish to emphasize once again that technological discipline is the alpha and omega of fodder production, and that herein lie our greatest reserves. If we reduce the losses in the SSR by only 5 percentage points, this will mean 450,000 additional tons of bulk fodder.

The criterion for the efficient utilization of bulk fodder is its ingestion by the livestock. On our large-scale dairy farms a cow eats daily bulk fodder containing 6 to 8 kilograms of dry matter. This is not enough. We must achieve that a cow ingests 1.8 to 2.0 kilograms of dry matter per 100 kilograms of live weight. Thus the requirement to produce 10 kilograms of dry bulk fodder per head of standard livestock [500 kilograms of live weight] is entirely sound. This can be achieved through a suitable combination of fodders. For example, if we feed ensilaged corn and ensilaged forage crops separately, the animals will not ingest more than 7.5 kilograms of dry matter a day. But if we combine the two silages, more dry matter will be ingested, the milk output will increase by 2 to 3 kilograms per day, and 1.0 to 1.5 kilograms of mixed feed can be saved daily. We wish to call attention to a further reserve that hinges on the highly skilled professional work of the zootechnician.

If we wish to achieve in the SSR the milk production targeted for 1985, for direct feeding we must produce bulk fodder equivalent to 4.0 tons of dry matter per cow (or 3.7 tons per head of standard livestock) and ensure a feed efficiency of 7 kilograms of milk. If we meet these conditions and 70 percent of the produced bulk

fodder is in quality grades I and II, then we can realistically expect a long-range milk output of 3380 kilograms, at a consumption of 270 grams of feed grain per liter of milk produced on the farm.

From the preceding it follows that if we wish to master the tasks in milk and meat production primarily with our own feed and fodder resources, then bulk fodder must account for 70 percent of the ration at an annual milk yield of 3500 kilograms; for as much as 65 percent of the ration of feeder cattle at a daily weight gain of 1.0 kilogram; and 80 percent of the ration for heifers from the age of 6 months to the fifth month of pregnancy. In terms of the intensity and structure of its production, also crop production must adjust to this fact.

At a cattle population of 1.5 million head (including 600,000 cows) in the SSR, we must produce bulk fodder containing a total of 5 million tons of dry matter. We must achieve this production while the acreage of farmland is constantly shrinking. Therefore crop production must operate at such intensity that we can produce 1.0 ton of milk on an area less than 0.20 hectare. By high intensity of production we mean also the structure of crop production from the viewpoint of the maximum conversion of nutrients.

Lower Energy Intensity

According to computations made at our institute, the composition of bulk fodder crops for milk production should be as follows:

	Percent
Perennial fodder crops on plowland, meadows and pastures	51
Annual fodder crops, including catch and second crops	41
Row crops, beet tops and cossettes	8

However, these proportions should vary according to farming regions. In a mountainous and piedmont region, for example, the proportion of perennial fodder crops will be more than 60 percent. Likewise the increased production of row crops in such regions must play a decisive role in supplying sufficient energy in the livestock feed. But we have a reserve also in nonmarketable potatoes. As much as 50 percent of such potatoes deteriorates. We recommend that such potatoes be ensilaged, dried or cooked for feeding, in accordance with the technical possibilities.

Depending on the attained intensity of production, the system of livestock feeding on large-scale farms requires that 60 to 70 percent of the fodder be preserved in various ways and stored. This is where agriculture becomes a significant consumer of energy.

Pastures

An integral part of increasing the intensity of crop production and livestock production must be a reduction of the energy intensity and the more efficient use of renewable sources of energy. In primary production this means that the efficiency of grass-feeding must be increased, and less energy-intensive methods of processing, preserving and storing feed and fodder must be used.

Our country has vast resources of green fodder, and they are far from fully utilized. According to the results obtained at VUCHS [expansion unkown] in Rapotin, grazing

young cattle gain 270 to 360 kilograms of weight on a hectare of average fertility, and over 400 kilograms per hectare of intensive pastures. The principles of sound nutrition must be observed also when putting young cattle and cows to graze. For example, the high nitrogen content of pasture grass, the subsequent elimination of nitrogen from the bodies of the animals, and also their more intensive movement result in that the animals' energy requirement increases by 10 to 25 percent. This must be solved by giving the animals additional feed grain. The size of a grazing herd should not exceed 250 head in the case of young heifers. There should not be more than 120 heifers 16 to 18 months old in a herd.

The energy losses are more pronounced when dairy cows are put to pasture. These losses are influenced primarily by the distance from the barn to the pasture, and by the configuration of the pasture. On level ground the milk yield does not decline if the distance is less than 800 meters; on hilly terrain, if the distance is less than 600 meters. On slopes the grazing system limits the concentration of cows to 450 head.

Irrigated grasslands as temporary pastures produce a large mass of fodder that nutritionally is fairly balanced. On them it is possible to produce as much as 10 kilograms of milk per day. And what is more important, the grazing season can be extended, and the amount of fodder that has to be preserved can be reduced by 10 to 15 percent.

We recommend that in planning new barns for dairy cows and young cattle, the planning of pastures and grazing areas be included in the zootechnical part of the project.

Advantageous Systems

Thus the extension of the grazing season by 3 to 4 weeks, according to farming regions, contributes toward reducing the energy intensity of milk and beef production. High-yield catch crops of the cabbage family (the Akela, Perko, Buko, Tyfon, etc. varieties) can advantageously contribute to this. According to the results obtained at the Research Institute of Livestock Production in Nitra, these catch crops are also suitable for ensilaging. Their only drawback is the high proportion of juice in the silage (up to 45 percent of the weight). But this juice could be fed to hogs.

If we take the ratio of the energy consumed in kJ/kg to the energy contained in the feed, we get 1:24 for silage and grass silage, 1:12 for hay dried with cold air, and 1:7 for hay dried with preheated air. For drying with hot air we get a negative balance, a ratio of 1:0.46. From this point of view it would be unwise to significantly curtail drying with hot air.

We must seek energy reserves primarily in the nonproductive inputs of energy (for example, hauling within the farm, etc.). But we must dry with hot air only high-protein fodder, recirculate the waste heat, and gradually introduce low-temperature drying.

A proportion of the dried fodder can be replaced with good-quality hay dried by the forced ventilation of hot air (according to the method developed by the Research Institute of Livestock Production in Uhrineves). Here the consumption of energy is

2156 percent lower in comparison with hot-air drying. In the mountainous and piedmont regions we should produce about 1.0 ton or more of hay per dairy cow, and up to 700 kilograms per cow in the lowlands.

The new methods of processing and preserving corn are a good example of gaining the maximum amount of energy from a hectare of land. In mountainous regions, where the dry matter content of ensilaged corn is less than 18 percent, we recommend substituting other fodder crops (oats, fodder beets, etc.) for corn.

A good energy balance can be obtained by harvesting the corn in two stages.

However, it should be pointed out that the use of corn in this manner is a demanding technological system, and the agricultural enterprises must make adequate preparations for harvesting, preserving and feeding the corn.

1014
CSO: 2400/314

STRATEGY FOR MARKET-ORIENTED AGRICULTURAL OUTPUT ANALYZED

Budapest KOZGAZDASAGI SZEMLE in Hungarian No 6, Jun 82 pp 689-703

[Article by Gyula Varga, deputy director of Agricultural Economy Research Institute: "Market-Oriented Agriculture"]

[Text] The key word in the title is "market." My goal in this article is to show how the consumption structure of agricultural products has changed, including the ratio of production for satisfying domestic demand and export; how commodity production has developed on large farms and by small producers; and chiefly in the case of the small producers how the market channels have been altered.

I am convinced that the effects of our economic regulation, which are often judged to be negative, primarily the delay in the desired structural transformation and the inadequacies of incentive for more competitive food production, derive mostly from the fact that the market laws, first of all the laws of the international markets, are not reflected, or are insufficiently reflected, in the economic environment.

In the agrarian development of the recent decades--in rather close relation with our economic regulation--we can differentiate among three varying structural policies or market policies:

1. The structural policy we implemented in the 1960's was characterized by the fact that its main and expressed goal was to satisfy as well as possible the food requirements of the Hungarian population. To this expressly autarkic economic outlook which was rather arbitrarily determined and worked with, within a short time we added a rapidly changing economic regulator system that denied the objectivity of market laws, and which we gradually succeeded in changing only in 1957.

Of course, the market had an effect on agricultural production in the 1950's as well. More markets and market limitations existed side by side, and exerted an effect with different force and different extent. All this led to the development of a very distorted production structure. Very different prices existed for the same product in different places, or in the same place but with a differing market form. In this way, neither production nor consumption developed rationally. Actual needs could not be met while production efficiency deteriorated rather than improved.

2. The guidance and incentive mechanisms which were implemented in 1957 breached the principle of production according to eigen needs. A price system developed which recognizes more and more the actual value relations and reflects better and better the value judgment of the internal market. Small-scale farming which began to increase in its wake and large-scale production which became stronger and stronger in the mid-1960's made it possible to emphasize export orientation. Likewise, the export commodity bases were established "imperceptibly" due to the profitability of production appropriate for the internal market.

The second phase of agrarian development, and all the more the phase that emphasized production for export, continued to be characterized by the requirement and intent for a rapid as possible increase in production. We sought to sell more and more goods on foreign markets judged to have an almost unlimited buying capacity, and to increase export revenues as much as possible. The fundamental requirement of export profitability has been voiced at various times, but a direct tie has been developed between domestic producer and foreign market selling prices.

Price supplements and premiums serving to stimulate exports did not mediate the value judgment of the foreign market but were designed exclusively to correct the insufficient effect of domestic prices. As a consequence, we have not managed to go beyond the limits of the natural interrelations, or have hardly done so. In considering production policy, the salability of products or the expandability of production occupied first place, and the question of export profitability remained in the background. This was contributed to, of course, by the fact that on socialist markets the nonmarket oriented relations were considered natural, and unfortunately this is still characteristic down to our present day. In export to capitalist markets, however, the country's unquenchable thirst for hard currencies took the place, and is still taking the place, of a onesided interest linked to the quantitative growth of export.

3. Toward the middle of the 1970's, the limited foreign market salability of agrarian products became clear, and the demand was strengthened that we should not simply sell more but sell more profitably.

This new and third phase, in which our structural policy must follow goals that serve more competitive and profitable export, places stronger requirements than ever before on the methods of guidance. Obviously, a more direct line between market and production and between production and market value judgment is becoming indispensable, and this excludes the possibility that natural product relations and prices independent of market value judgment should continue to fulfill an important role.

Development of Production and Commodity Marketing in the Past 20 Years

In the 20 years between 1970 and 1980, the value of agricultural production rose by 69 percent, gross commodity trade by 159 percent, and net commodity trade by 177 percent. It is obvious from a comparison of these three data that despite the very rapid advance of enterprise concentration (which exerts

an effect at moderating commodity production as a matter of law and to an extent that can be scarcely undervalued), the trade in agricultural products has increased at twice the rate of production itself. Except for the first half of the 1960's, when there was an 0.8 percent rise in trade from the 1.2 percent expansion of production, commodity production always grew to a considerably greater extent than production. In addition to the large farm sector, this interrelationship was also realized in the small-producer sphere even though to a more modest extent, and thus since the development of small-scale farming it has had a commodity producer character. On state farms the commodity trade was 1.3 percent and on producer cooperatives 1.9 percent as compared to a 1 percent production increase. Nowadays it has become natural that the part of livestock breeding which is outside of stock expansion becomes in its entirety a commodity. In the beginning of the 1960's the 68 percent ratio during the Fifth Five-Year Plan rose to 95 percent, that is to say, of 20 forints' worth of livestock breeding products 19 forints; worth is marketed. Fifteen to 20 years ago the producers scarcely sold 47 forints' worth of 100 forints' worth of livestock breeding products in crop production, but this now comes to a round 70 percent. It is likely that with this our agriculture has reached or closely approached the greatest possible commodity production ratio. It would not be purposeful if the fodders which serve as the basis of livestock breeding were to surpass enterprise limits and become a commodity.

In the past 2 decades, the ratio of commodity output in agriculture changed from 53:47 for livestock breeding and crop production to 57:43. Producer cooperatives expanded their commodity output 14 percent faster than the national average for commodity production, state farms 14 percent faster and small farms 22 percent slower. This slowest increase of the small producer sphere also means that over 5 years it was able to increase the value of commodity production in this sector by 22 to 23 percent.

Agricultural commodity production increased most rapidly between 1970 and 1975 at an annual rate of 8.3 percent. Under the Fifth Five-Year Plan, agricultural output was almost 50 percent more than under the previous 5-year plan.

At whose expense did this output of commodities increase? The most important and spectacular "counter" was the supplanting of the self-sufficiency production which everywhere characterizes peasant farming and which declined by 20 percent during the past 2 decades.

Hardly is there a better opportunity than in connection with self-sufficiency production to mention to what extent we must and may regard the increase in commodity production not as a goal but as the accompaniment and signal system of a favorable development process. In fact, we can also risk saying that it is precisely in the supplanting of self-sufficiency production that there are evident some undesirable side-effects in the distortion and obsolescence of our economic regulator system.

The inner structure of commodity production has also developed in a very interesting way in the past 2 decades that have shaped modern Hungarian agriculture. (Where ratios are presented, the basis is the 5-year average between 1961 and 1965.)

--In respect to ratio and absolute value there has also been a significant increase in the ratio and value of agricultural products that have gone for central purchase, and between 1976 and 1980 amounted to a round 100 billion forints.

--The free-market sale of products and the direct sale of agricultural products by way of retail trade amount to a total of 7 billion forints for each, but with the enormous difference that while free-market trade stagnated for 20 years, the value of retail and restaurant trade and so-called sales to large consumers rose 7.5 times.

--In the past 10 years agricultural commodity trade rose more than three times. The medium was the deepening specialization of large farms. It is likely that this rapid growth will soon slow down, but it will not stop.

The net commodity trade of agriculture (which is that part of gross commodity output reduced by the production-goal repurchase of products of agricultural origin) has increased at a slower rate, by about 110 percent in 20 years, and now makes up a round 60 percent of the value of gross production.

The sector by sector development of production and consumption is interesting and instructive. The following more important statements can be made:

--In 20 years the consumer consumption of one's own produced wheat has essentially come to an end, while the inhabitants consume as much of their own production of vegetables, fruit, wine and poultry as 20 years ago.

--The sale of garden items (vegetables, fruit and grape) is of unchanged importance, trade in everything else has declined but the sale of eggs in this way has increased three and one-half times.

--Trade in products between the large farm and small farm sectors has become considerable: more and more large mass fodder is circulating from the common farms of the producer cooperatives to the small producer sphere, and the small farms are marketing increasingly more vegetables, fruit, wine, milk and pork through large farms and producer cooperatives.

--The volume of products marketed for central trade is increasingly vigorous, not only from large farms but also from the small producer sector. Thus the small farms play an increased role in the production of the trade commodity base, and the chances for undertaking this role belongs more and more to the past.

Incentive and Market

Behind the dynamic increase in commodity trade we find very vigorous and regular causative factors. The most important is incentive which, since the 1957 agricultural price reform, characterizes the agrarian sphere at a satisfactory level and extent, and essentially without interruption. I find it worthwhile to make special mention of the following:

--Prices realized in agriculture create by and large similar interests for every producer sphere, and this price policy in its development down to our present day rests more and more on conscious economic political considerations.

--In the 1950's a price disparity which brought tensions between agricultural and industrial prices was essentially resolved, or at least became a phenomenon characteristic of given partial areas and not of agrarian production as a whole, and slowed down development but did not make it impossible. (I shall now refrain from discussing the growing problems of our days.)

--The selling price level of food industry enterprises processing, commercial and agricultural products intended for trade of agrarian products corresponds to the basic requirements of profitable production. As a consequence, we find tolerable and for the most part justifiable price differences on the buyer's and producer's markets. State produce prices have grown particularly fast for the products of livestock breeding, and in fact more than 30 percent faster than market prices. The price for vegetables and fruit developed exactly contrary to this since market producer prices for vegetables rose almost twice as rapidly and for fruit 40 percent more rapidly than state producer prices. These two different kinds of phenomena can be ascribed to the increased consolidation of livestock breeding commodity production, or the well-known characteristics of the garden products market.

The market channels changed and expanded together with the gradually modernizing system of producer prices. For this reason, as well as on the basis of the new forms of contractual relations, the relationship between the commercial and producer enterprises is proceeding toward equalization and equality.

But even if we accept this clearly positively sounding judgment, we must acknowledge that innumerable problems are still unsolved, and new problems are also appearing. It is worthwhile to mention several of these:

--Prices for agricultural products express quality requirements much less than necessary, and as a consequence they do not have adequate incentive force to improve use value, and to differentiate between work of good and poor quality.

--Most of the food industry enterprises live in the squeeze between agricultural producer prices that are set for them and very strongly fixed consumer prices, exposed to the chronic shortage of resources of a restricted reproduction process linked to a rigid system. In this system, the unfavorable effects of the market price movements fall for the most part on the state. As the consequence of the complete absence of an independent enterprise price policy, problems rise in particular where the volume and quality of raw materials are very changeable (for example, in gardening). The lack of an independent selling price work also has a very bad effect on agriculture, and it is one of the main causes why vertical integration is progressing very slowly.

--Despite the more and more stringent requirements of a strengthening export orientation and profitable export, the relations between producer and foreign

trade enterprises are developing only slowly and inadequately. Given the lack of contact between the internal and external market, the agrarian sphere is not informed of the world market price movements, or if it is, only in a delayed manner and then only in the form of pressure. Therefore, adjustment to the world market is delayed both in the more rational management of expenditures and in the rationalization of outputs.

Among the problems which have appeared recently I regard those as most worthy of mention which are related to the level of the internal market supply, or to the boost in the export orientation of agriculture. Uniquely among the socialist countries, we can experience in Hungary from time to time the oversupply difficulties of a food market that is amply supplied and quantitatively well satisfied, or the manipulation (refusal to accept commodities, delays, downgrading, and so forth) which serves to prevent the fears of the buying trade from such oversupply. There are those to be sure, who regard this as a "pleasant problem," but it has as serious an effect on the economy as shortages. Serious, but this is a natural difficulty subject to the law of supply and demand, and it will remain significant as long as production fluctuates. In this area, chiefly in livestock breeding and particularly in pork production, we have achieved an enormous improvement, partly by means of a consolidated grain market and partly a well-regulated pig market. Problems in gardening have scarcely been solved, where in my judgment we must become used to a tolerable extent of shortage and excess, and we must control this with price policy or by searching possibilities for imports that will make up for shortages. We must, however, acknowledge a certain extent of product surplus (or its elimination).

Export orientation does not, in general, increase the balance of the internal market. Favorable foreign sales possibilities and delivery obligations may entice us to cut short the internal market, although--and we cannot lose sight of this fact--this market can play a balancing role only to a rather modest extent.

Therefore, the independence of the internal market from production fluctuations in the case of seasonal and nonstorable items--because of the limited nature of our import possibilities in the near future--must be put off to a more distant future.

Satisfaction of Domestic Consumer Market Demands

For many years now our food production has been capable of supplying the population's demands at a very good level. (See Table 1) There is opportunity in practice only for selection supplementary and, for the most part, incidental imports of the items that can be raised domestically. Although a further rapid widening and diversifying of the supply with imported foods would in all certainty meet with the approval of the consumer, this is an illusion partly because of the lack of the necessary currency for capitalist imports and partly because of the internal food supply problems in the neighboring socialist countries. Nevertheless, it is obvious that international work distribution would find profit in the production of many products which because of autarkic economic policies almost every European country has to produce today for itself. We can also ascribe the rapid quantitative

Table 1. Development of Per Capita Food Consumption (in kilograms)

(1) Megnevezés	1960	1965	1970	1975	1980	(2) A változás mértéke 1960-ról 1980-ra (százalék)
Húsfélék összesen (3)	47,6	51,6	58,1	68,5	71,7	150,6
Hal (4)	1,5	1,6	2,3	2,7	2,1	140,0
Tej és tejtermékek[a] (5)	114,0	97,1	109,6	126,6	166,1	145,7
Tojás (db) (6)	160	187	247	274	317	198,1
Zsiradékok összesen (7)	23,5	23,1	27,7	29,1	30,5	129,8
ebből: vaj (8)	1,4	1,6	2,1	1,7	2,0	142,9
étolaj, margarin (9)	1,3	2,0	2,8	4,6	6,6	507,8
Liszt (10)	132,8	135,5	124,1	117,8	111,7	84,1
Rizs (11)	3,4	3,7	4,1	4,3	3,4	100,0
Burgonya (12)	97,6	84,3	75,1	66,8	61,2	62,7
Cukor (13)	26,6	30,1	33,5	39,4	37,9	142,5
Zöldség (14)	84,1	76,7	83,2	85,2	79,6	94,7
Gyümölcs (15)	55,3	52,8	72,5	74,0	74,9	135,4
Kávé (gramm) (16)	143	693	1645	2614	2900	2028,0
Tea (gramm) (17)	34	59	72	81	101	297,1
Bor (liter) (18)	29,9	32,8	37,7	34,2	34,8	116,4
Sör (liter) (19)	36,8	44,2	59,4	72,3	86,0	233,7
Égetett szeszes italok[b] (liter) (20)	2,8	5,4	5,4	7,2	9,3	332,1
Dohány (21)	1,8	1,8	2,2	2,3	2,4	133,3

a. without butter
b. converted to 50 percent proof
Source: Hungarian Statistical Handbook, 1977-1980. Central Statistical Office Statistical Yearbook, 1980

Key:
(1) Classification
(2) Extent of change from 1960 to 1980 (in percent)
(3) total meats
(4) fish
(5) milk and milk products[a]
(6) eggs (per unit)
(7) total fats
(8) including butter
(9) including cooking oil, margarine
(10) flour
(11) rice
(12) potatoes
(13) sugar
(14) vegetables
(15) fruit
(16) coffee (grams)
(17) tea (grams)
(18) wine (liters)
(19) beer (liters)
(20) brandies (liters)[b]
(21) tobacco

growth characteristics of food and luxury item consumption in recent decades and the shift in composition toward items suitable for satisfying more expensive and higher demands to a consumer price policy which stimulates consumption in addition to raising and improving basic background activities and incomes. Food prices which are forced down very low have made it possible for everyone since the 1960's in practice to buy the basic foods.

The strong support for food prices, to which we have given an important role in our living standard policy, has been criticized by many economists for a decade. It is acknowledged that under conditions of a short food supply and chiefly low incomes such supports fulfilled an important social function. But today the situation is radically different, and because of the change in the earlier conditions the substantial price supplements evoked an effect actually contradictory to our goals. With the declining emphasis on self-sufficiency produ tion, wasteful consumption is the most damaging side-effect of this system and also puts a big burden on the central budget.

Not only do we have important interests in granting less and less support to consumer food prices but also the economic and political conditions for their implementation have existed for almost a decade. This recognition was transplanted, with significant delay, into practice by changes in consumer prices between 1979 and 1981, and we can expect that further steps will be taken in this direction. In my view the moderation of subsidies for consumer prices is unavoidable, and even if in the middle of the 1970's the economic conditions were better for doing this, now the compulsion is greater for continuously taking these steps. What effect will this have? Neither the extent nor the structure, it may be expected, of the consumer demands will be rapidly or radically transformed, but we can certainly count on some substantial changes including among others the following:

--The increase in meat consumption is slowing down and may even stop in several years, and the volume of exportable commodity bases is increasing. This is also indicated by the fact that between 1976 and 1980 the quantitative growth in food production was 0.3 percent annually as compared to a 3 percent expansion in the preceding years.

--Consumption is shifting toward an economically more rational structure, that is, toward items which the economy produces more cheaply, with less expenditure (for example, poultry or eggs are cheaper than other protein sources of animal origin).

--The realistic value judgment between supported (or strongly supported) and nonsubsidized items will be restored, and the contradiction will be moderated that "soup costs more than the meat."

--It may be expected that the rapid decline in self-sufficiency production evident in recent years will stop. (Above all, the development of a more realistic level for pork can be expected.) The change in prices effectively support the preservation--otherwise also intended--of household poultry breeding and gardening.

--Waste is being reduced, as well as an unhealthy degree of overnourishment; the alternative of deciding between eating expenditures and the purchase of durable consumer items is becoming a realistic one.

--With the higher prices it may be expected that consumer demand for quality that can be justifiably expected of products will rise, as well as the demand for continuity of supply, and for a high technological level, and this must be taken particularly into account. As a consequence of the extension of more economic consumer habits, the demand will increase for means that promote the

modernization of households and their rational management (for example, large refrigerators and freezer). It is worthy to note that the evident lack of these things now slows down the development of more rational food consumption.

In final analysis, therefore, a favorable shift can be expected from the economic point of view which will modify the consumption structure and several former precepts of consumption policy that are now obsolete. I am convinced it would be a great error to continue viewing this process in a passive way. It would be particularly important to exploit to as great an extent as possible the possibilities latent in household attitudes and in the transformation of their operation and requirements through an appropriate food and industrial item supply and a strengthening of rational self-supply elements (in contrast to the only audible counterpropaganda!). Domestic research is not being conducted in this complex of problems, but recent findings of foreign "home economics studies" clearly indicate that we should not underestimate the reserves latent in consumer attitudes that can be changed.

Economic Position of Food Exports and Economic Regulators

The food economy has a positive role to an important extent in the development of the foreign trade balance. In our view, this positive role must be strengthened further because many industrial products are, in practice, not marketable on markets payable with capitalist currency or on our ruble-account markets, while the country has an urgent need for revenues. A very important task faces our agriculture and food industry in relation to food exports: we must increase volume and improve profitability. The dual goal, the volume increase and the improvement of the export profitability, evoke for the most part contradictory efforts, and in light of practical experiences there hardly exists an example of the simultaneous attainment of the dual goal. Therefore, we can say without exaggeration that today the solving of this contradiction, the finding of a proper ratio for the two goals has become of vital importance not only in the food but in the entire economy, and we can unreservedly call it the greatest economic dilemma of our times. It is obvious, to be sure, that if we do not have an objective and definitive yardstick for a desirable extent of profitability in export, we still cannot permit the evaluation of domestic work to go below a certain level even if we have a great need for revenues because sooner or later this will lead to indebtedness. On the other hand, we cannot set profitability criteria that are too strict because this will limit export to an amount of revenue that is less than necessary, and it will make the reduction of the debt entirely hopeless, and in fact it can even endanger the import cover.

We must speak in greater detail of all this because the present economic regulation, through the rather rigid use of rates of exchange, creates very difficult conditions for the objective analysis of the commodity composition of foreign trade and for indicating the directions of rational structural modification. This condition continues to intensify the well-known contradictions of our price system, and this is how a situation develops where the given exchange rates are 20 to 40 percent lower than the domestic costs (prices) for per unit revenue. That is, enterprise losses of 20 to 40 percent can be included in exports of average efficiency. It can hardly be doubted that the export of products that give average "foreign exchange earnings" is essential to the country. The debate is also being conducted

over whether it is justified to export products of which the forint/dollar index exceeds the average by two times. Unfortunately, the present economic regulation does not recognize this dilemma or does not reveal it openly and consistently. We even try to avoid the recognition of the problem. We could only by way of "acquiescence" accept the compulsory system of price supplements that are always designed to moderate if this did not tempt us into the necessity of the "strong central hand," and into the deceptive faith in the infallibility of central intervention and rationalism. The complicated system of various supplementary allotments linked to exports puts the scope of the average and of the best by and large into the same economic situation, and together with the basis outlook results in putting off from the beginning an export growth intention for the best. But we do not sufficiently penalize exports that are flagrantly unprofitable. On the other hand despite some taxes, the low exchange rate makes superfluous and unprofitable export desirable.

If possible, even more criticism than this may be leveled at the interest and incentive system of exports to the socialist countries based on international contracts. The illustrative example is afforded by our conserving industry, the future of which--because of the glaring conflict between the interests of the economy and enterprise--is judged in the most contrary way by those interested, and the uncertainty that has lasted for years is involving the industrial branch in a more and more difficult situation.

The fact that exports to the Soviet Union, fixed in long-term contracts in respect to volume and composition, require about a 60 percent price supplement, even for simple covering of the industrial costs, arouses the appearance that the production costs of the products are unbearably high or that the selling prices are unjustifiably low and are falling farther and farther behind world market prices. The data in Table 2 do not at all indicate that the domestic prices always prevent the increase of export prices. The prices for garden products (in dollars or rubles) have kept pace with the price rises for basic agricultural products, and in the past 10 years have two to three times greater nominal value. Behind this appearance, however, among other things, is the fact that the incoming export revenue in this manner affords a way for the advantageous import of natural gas and pine lumber. In final analysis, I see the untenableness of the present situation in that it not only gives the guiding organs a way of directly intervening in the life of the enterprises but also makes it directly unavoidable, "freeing" the enterprise leadership from the advantageous and disadvantageous risks of management.

As a consequence of all this, the export of the food economy stands rather uncertainly in the cross fire of conflicting evaluations, extremely praiseful and condemnatory judgments, and in fact in some cases of actual measures that have been taken.

We know for sure that the foreign trade balance for agricultural and food industry items is positive both in ruble and dollar account trade. With the valid (but according to the foregoing with rather unsteady content) foreign exchange multipliers (then exchange rate), the surplus value of exports in 1978 was about 26 billion forints, in 1979 and 1980 34 to 37 billion forints, and

Table 2. The Average Annual Growth Rate of the Agricultural Producer, Domestic Consumer and Export Prices for Several Agricultural and Food Industry Products

(1) Megnevezés	A termék vagy alapanyag mezőgazdasági termelői ára (2)	A $ viszonylatú exportár változása (3)		A Rbl viszonylatú exportár változása (6)		A belföldi fogyasztói ár (8)
		$-ban (4)	Ft-ban[a] (5)	Rbl-ben (7)	Ft-ban[a] (5)	
Búza (9)	0,5	10,2	2,9	6,7	2,4	4,6 (kenyér) (10)
Kukorica (11)	1,6	12,6	6,2	12,4	8,0	..
Cukorrépa-cukor (12)	6,1	18,6	10,8	10,8	11,0	6,9
(13) Napraforgóolaj	5,0	7,9	0,3	8,0	4,1	2,9
(15) Zöldborsókonzerv (14)	1,9	10,8	3,2	7,3	3,1	..
(16) Paradicsompüré	7,4	9,0	1,8	11,5	7,1	6,6
Fűszerpaprika őrlemény	4,7	9,1	1,9	10,4	6,0	2,7
(18) Vöröshagyma (17)	4,3	16,3	8,6	12,3	7,8	7,5
Uborka (savanyúság)	6,4	7,1	0,0	8,0	3,7	..
(20) Alma (19)	2,7	9,6	2,3	6,9	1,6	5,8
Meggy	7,3	14,3	6,8	18,3	13,6	10,5
(22) Málna (mélyhűtött) (21)	4,8	13,7	6,1	4,7	0,5	..
(24) Bor — hordós	6,4	10,3	3,0	6,2	2,0	5,5
— palackos (23)	6,4	1,9	—5,0	4,3	0,1	4,1
Vágómarha — élő állat	4,8	9,1	1,9	..	..	..
— hús (25)	4,8	6,4	—0,5	6,2	1,9	11,2
(26) Vágósertés — élő állat	3,9	11,6	4,2	5,9	1,7	..
— hús (27)	3,9	11,1	3,7	6,3	2,1	6,9
(28) — szalámi	3,9	10,6	3,2	7,2	2,9	6,8
Vágójuh — élő állat (29)	9,7	14,8	7,2	..	..	..
(30) — hús	9,7	13,1	5,6	..	..	
Pecsenyecsirke (hús) (31)	3,9	10,1	2,8	4,4	0,2	

a. converted at prevailing exchange rate

Source: Agricultural Reference IV, Central Statistical Office, 1981. Foreign Trade Statistical Yearbook, Central Statistical Office, 1971-1980

Key:

(1) Classification
(2) Agricultural producer price for products or basic materials
(3) Change in the $US-trade export price
(4) in $US
(5) in forints[a]
(6) change in the ruble-trade export price
(7) in rubles
(8) domestic consumer price
(9) wheat
(10) bread
(11) corn
(12) sugar beet--sugar
(13) sunflower oil
(14) canned green beans
(15) tomato puree
(16) ground sweet paprika
(17) onion
(18) cucumber (pickled)
(19) apple
(20) sour cherry
(21) raspberry (deep frozen)
(22) wine--in barrel
(23) wine--in bottle
(24) beef--on hoof
(25) beef--meat
(26) pork--live
(27) pork--meat
(28) pork--salami
(29) mutton--live
(30) mutton--meat
(31) roast chicken (meat)

Table 3. Structure of the Food Economy and the Directions of Change on Basis of Several Major Products

(1) Megnevezés	A kivitel átlagos évi mennyisége (1000 t) (2) 1961—1865	1976—1980	(3) Az átlagos évi növekedési ütem (százalék)	(4) Az 1976—1980. évi export átlagos értéke (milliárd Ft)
Gabonafélék összesen (5)	..	..	..	6,8
ebből: kukorica (6)	53,9	330,4	12,8	2,0
malomipari takarmány (7)	5,3	273,2	30,6	1,0
kenyérgabona (8)	55,7	685,4	18,2	3,5
Növényolaj-vertikum (9)	..	..	..	2,4
ebből: napraforgóolaj (10)	19,5	49,4	6,4	1,1
Kertészeti vertikum (11)	..	..	..	16,2
ebből: friss zöldség (12)	111,3	106,1	— 0,7	0,8
tartósított zöldségek (13)	126,5	338,6	6,9	4,5
friss gyümölcs (14)	170,8	436,6	6,4	3,7
tartósított gyümölcs (15)	41,5	121,7	7,4	2,1
szőlőbor[a] (16)	481,2	1939,6	9,7	4,1
pezsgő[a] (17)	30,3	167,1	12,0	0,8
Hústermelési vertikum (18)	..	..	..	24,1
ebből: szarvasmarha ágazat (19)	..	..	..	6,1
ezen belül: vágóállat (20)	59,9	86,0	2,4	3,3
nyershús (21)	19,2	39,7	5,0	2,4
sertéságazat (22)	..	..	..	7,5
ezen belül: vágóállat (23)	16,1	41,4	6,5	1,4
(24) nyershús	13,7	58,6	10,2	2,8
étkezési zsír (25)	5,0	35,8	11,4	0,6
(26) szalámi	3,4	9,7	7,2	1,1
baromfi ágazat (27)	..	..	..	7,6
ezen belül: vágóállat (28)	0,01	7,4	55,3	0,2
(29) friss tojás[b] (30)	165,6	407,3	4,9	0,5
tenyésztojás	32,6	131,3	9,7	0,8
(31) vágott baromfi	28,8	121,1	10,0	5,0
libamáj (32)	0,1	0,6	12,7	0,4
juh ágazat (33)	..	..	..	1,5
ezen belül: vágójuh (34)	8,4	23,6	7,1	1,3
nyúl ágazat (35)	.	..	..	1,4
ezen belül: vágónyúl[b] (36)	4,3	5,0	1,0	0,6
nyúlhús (37)	0,4	10,8	24,6	0,8
(38) Mezőgazdaság és élelmiszeripar összesen	..	..	..	55,4

a. one thousand hectoliter b. million units

Source: Foreign Trade Statistical Yearbook, Central Statistical Office, 1971-1980

Key:

(1) Classification
(2) Annual average volume of export (1,000 tons)
(3) Annual average growth rate (in percent)
(4) Annual average value of export, 1976-1980 (billion forints)
(5) grain types
(6) including: corn
(7) milling industry fodder
(8) bread grain
(9) plant oil vertical
(10) including sunflower oil
(11) garden vertical
(12) including: fresh vegetables
(13) canned vegetables
(14) fresh fruit
(15) canned fruit
(16) grape wine[a]
(17) champagne[a]
(18) meat production vertical
(19) including beef subbranch
(20) within this: slaughter animal
(21) raw meat
(22) including: pork-subbranch
(23) slaughter pork
(24) raw meat
(25) within this: edible fat

[key continued]

[continuation of Key to Table 3]

(26) salami
(27) poultry subbranch
(28) within this: slaughter poultry
(29) fresh eggs[b]
(30) brooding eggs
(31) dressed poultry
(32) goose liver
(33) including: mutton subbranch
(34) within this: mutton
(35) including: rabbit subbranch
(36) within this: slaughter rabbit[b]
(37) rabbit meat
(38) Total for agriculture and food industry

in 1981 considerably more. The improving balance of agrarian foreign trade indicates that in the past decade and a half the annual rate of export growth approached 10 percent, while import growth developed around 6 percent. About one-third of the exports belong to the agricultural share and two-thirds to the food industry share. (Despite the uncertainty of the two exchange rates as related to each other, we have shown in Tables 3 and 4 the forint total for exports and imports in order to make it easier to review the commodity composition of foreign trade.)

The problem of export incentive should be specially emphasized because the agricultural administration has no independent means for its full solution, because this would require a general revision affecting the entire guidance of the economy. Nor is a solution promised by those proposals that are frequently heard or read about according to which (in contrast to former determinations) it would still be worthwhile to extend the so-called competitive price system implemented in industry to agriculture. Disregarding the fact that from the beginning many technical difficulties were recognized for the price formation experiment, the greatest attention should be paid to the fact that in response, enterprise interest in increasing industrial export and exports themselves decreased, or at the best remained unchanged.

Beyond this, agricultural use of competitive prices would raise many, unique new problems. A fair number of these would enadnager the level which the domestic food supply enjoys even by international comparison, and it could bring about such a structural transformation as would rapidly break down the balance which has developed between supply and demand.

Naturally and fortunately for domestic realization of world market prices, this is not the only available experimental method and one which has not actually been applied anywhere, and even in Bulgaria this was used for only 1 year; rather we may pursue various available solutions. I have already discussed above, as an elementary condition, the introduction of the appropriate foreign exchange multiplier, or of a realistic exchange rate policy. If there is no change in this, then we must regard as permanent and natural the supplementary export incentive, and we must resign ourselves to waging a continuous struggle to explain the certification of "unprofitable" export.

Instead of continuing to list the tasks which affect the whole of economic guidance, I shall now, proceeding from the goals of present structural policy, turn to how we might evaluate the ratios among domestic producer prices, our interests and enterprise interests linked to export, or the relationship of domestic consumer interests to one another.

Table 4. Structure of the Food Economy and the Directions of Change on Basis of Several Major Products

(1) Megnevezés	A behozatal átlagos évi mennyisége (1000 t) (2)		(3) Az átlagos évi növekedési ütem (százalék)	(4) Az 1976—1980 közötti import átlagos évi értéke (milliárd Ft)
	1961—1965	1976—1980		
Gabonafélék összesen (5)	..	..	..	1,4
ebből: takarmánygabona (6)	201,1	149,0	— 2,0	0,7
kukorica[a] (7)	184,5	116,7	— 3,1	0,6
kenyérgabona (8)	268,3	8,3	—26,1	0,1
Növényolajipari termékek (9)	..	..	..	6,5
ebből: takarmányok (10)	145,0	613,8	10,0	6,2
Cukor (11)	..	76,2	..	1,3
Állati eredetű takarmányok (12)	..	..	..	1,6
ebből: tejpor (13)	8,0	16,1	4,8	0,2
hús-, hal-, vérliszt (14)	26,6	77,0	9,8	1,1
koncentrátum (15)	0,8	12,8	20,3	0,3
(16) Állatok és állati eredetű termékek	..	..	..	1,2
(17) ebből: nyers marhahús	16,8	9,0	— 4,2	0,3
húskonzerv (18)	1,3	2,5	4,4	0,1
(19) tenyészmarha[b]	209	3414	20,5	0,1
Különféle (20) fogyasztási cikkek				
ebből: kávé (21)	7,9	38,2	11,1	4,6
kakaó (22)	7,3	14,9	4,9	1,6
(23) déligyümölcs	33,3	97,2	7,4	1,4
sör[c] (24)	0,1	1,6	20,3	0,9
(25) dohány	5,7	6,6	1,0	0,4
cigaretta[d] (26)	..	1,5	..	0,2

a. Including hybrid sowing seeds, this is why the value is high
b. units
c. Million hectoliters
d. billion units

Source: Foreign Trade Statistical Yearbook, Central Statistical Office, 1971-1980

Key:

(1) Classification
(2) Average annual volume of imports (1,000 tons)
(3) Average annual growth rate (in percent)
(4) Average annual value of import between 1976 and 1980 (billion forints)
(5) total grain types
(6) including: feed grain[a]
(7) corn
(8) bread grain
(9) plant oil industry products
(10) including: fodders
(11) sugar
(12) fodders of animal origin
(13) including: milk powder
(14) meat, fish and blood powder
(15) concentrates
(16) animals and products of animal origin
(17) including: raw beef
(18) canned meat
(19) breeding cattle[b]
(20) various consumer items
(21) including: coffee
(22) cacao
(23) citrus fruits
(24) beer[c]
(25) tobacco
(26) cigarettes[d]

I regard grain and animal products, and within this the matter of harmony between actual and desired price formation for imported protein fodders as the most important and perhaps at the same time the most exciting question of the entire food economy. I am convinced that the domestic price of fodders that originate from imports is very high as compared to grain that can be easily sold at any time on the world market, or that the producer price of domestic grains as compared to the domestic price of protein sources is enormously low. No one denies this, but it has been characteristic for many years that it is worthwhile for enterprises to "save" $1 worth of protein imports with $2-$2.5 worth of grain utilization. To put it plainly: it is not only worthwhile for the farms to accept a certain waste in grain but they are directly compelled to do so by strong import limitations. I am convinced that if we were to make the price of protein more proportional to the price of grain we could obtain with the latter considerably more export surplus than the import increase that would come about because of the more favorable price situation as a consequence of the regularly rising protein demand.

Realistic price ratios for grains and protein fodders should be possible either by raising prices on the former or reducing them on the latter. In the former case, the foddering costs and the producer and then the consumer prices for animal products would be increased, and the latter solution would directly increase the cost to the state budget. I see the difficulty in that the rationalization which can be expected in fodder management and is theoretically well demonstrable will come in confrontation with the budget, whereas in the first case the grain subbranches would largely "escape" the state treasury. And still, in the course of the current price corrections and the measures for modifying regulation, it would be worthwhile, to the extent possible, to take steps in this direction, and with a systematic increase in the prices for grains. I am convinced that the often wished for improvement in fodder use will come about only with real price ratios for feed grain and protein fodders. Such reserves are available in the improvement of fodder use as would make it possible, even with increasing grain prices, to protect the profitability level of the livestock subbranches, and their better adjustment to the world market prices for grain and products of animal origin.

In the Field of Attraction of Two Markets

It is evident from the foregoing that Hungarian agriculture seeks to meet the needs of a very manifold and complicated demand system on the internal market and the foreign markets, and despite every problem, contradiction and setback it is solving this problem successfully. Proof of the success is the well-recognized, good domestic food supply and the rapidly or (as for example in 1981) spectacularly expanding exports. The doubts that crop up, however, are nourished by the domestic food prices that are rising strongly and the unprofitability of a part of the export.

In the middle 1960's, we consumed domestically 80 units of food out of every 100, and exported 20 units. By the end of the 1970's this ratio had basically changed to about 65:35. The ratio of exports is even greater in final consumption of raw products where the ratio of domestic consumption has declined to 55 to 58 percent and export has risen to 42 to 45 percent.

At what price? It is certain that the pressure for forced exports has required, and is still requiring today, such a degree of production expansion that it has the effect of driving up cost and price. The pressure to increase exports also causes a rise in the domestic market prices for all products. That is, if our agriculture had to serve only the domestic supply and the export countering the producer means imports necessary for production, it could produce less expensively than it does today, and every efficiency index would improve.

Given the lack of an export replacement alternative, I regard as unwise and useless the question that is raised here and there (that is, would it not be worthwhile for Hungarian agriculture to equip itself only for self-sufficiency in this broad sense). One-fourth of our total exports and about one-third of our exports that bring in convertible revenue is food. Even if we wanted to guard against a deficit balance and further indebtedness, we still could not give up this export if there did not exist a third reason--perhaps the most pressing--raised by the demand of primary importance from the viewpoint of stability of continuous repayments on existing loans.

The task, as I see it, is for us to filter out the share that is least profitable, and which is not able even to produce a net foreign exchange yield, to put it in a simplified way. Of course, no central normative exists for doing this. Its realization is a function of whether we will find a mechanism which is capable of mediating this requirement of the economy through enterprise interest.

It is worthwhile pointing out here the phenomenon which we used to call the increased import demand of the food industry. Tables 5 and 6 give an account of the direct and indirect, that is, full import demand in the past 15 years in agriculture and several industrial branches. It is evident from these that the import demand of food production as realized chiefly through indirect, producer means use is large, while direct producer means import in agriculture, for example, is expressly slight. But it is also obvious, on one hand, that we do not have any industrial branch where the development would nor require an import demand of at least a similar ratio as in the food industry itself; and on the other hand, that a more competitive food economy depends largely on whether the machine and chemical industry which manufacturers producer means will be capable of supplying the food economy as a buying market with adequate commodities at an adequate price, or whether we will again have to resort to imports for producer means.

It is worthwhile to conclude the sequence of thought and the study by noting that not only did agriculture find, and is continuously seeking, its own product market, but agriculture itself is a market and one with a highly variable composition and structure, with highly differentiated demands, and a buying capacity that should by no means be discounted. And the products sold here, the producer means that are used (together with prices and quality) are also reflected in the products of agriculture.

Table 5. Development of Direct Import Material Use (in percentage of the value of social product)

Year	Agriculture	Food Industry	Food Industry Activity of Agricultural Operations	Light and "Other" Industries	Machine Industry	Chemical Industry
1965[a]	3.31	5.88	--	16.11	11.47	25.00
1970	4.56	13.25	1.91	22.67	11.52	24.53
1975	10.02	14.04	2.28	21.35	12.49	36.03
1979	6.54	12.01	0.91	20.16	13.54	36.59
1976-79[b]	6.53	13.19	1.25	19.50	12.30	34.87

a. Data for 1965 calculated at unchanged prices for 1968 from the AKM [Input-Output Table], data for subsequent years derive from AKM data calculated at current prices

b. Simple arithmetical average of data for 4 years.

Source: Input-Output Table of the Hungarian Economy 1965-1968, Central Statistical Office, 1970. Input-Output Table 1970-1979, Central Statistical Office, 1981

Table 6. Ratio of Import Material Use to Primary Expenditures Accumulated in Per Unit Final Use (in percent)

Year	Agriculture	Food Industry	Food Industry Activity of Agricultural Operations	Light and "Other" Industries	Machine Industry	Chemical Industry
1965[a]	8.40	14.52	--	27.32	24.37	32.40
1970	14.49	26.67	14.39	32.77	23.35	32.68
1975	25.86	34.12	21.72	34.82	27.37	46.23
1979	22.68	30.72	19.46	32.91	27.60	45.77
1976-79[b]	21.31	31.28	18.43	32.28	26.13	43.71

a. Data for 1965 calculated at unchanged prices for 1968 from the AKM [Input-Output Table], data for subsequent years derive from AKM data calculated at current prices

b. Simple arithmetical average of data for 4 years.

Source: Same as for Table 5.

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6691
CSO: 2500/292

HUNGARY'S IMF MEMBERSHIP PROMISES NEW SOURCES OF CREDIT

Budapest FIGYELO in Hungarian 1 Jul 82 p 3

[Article by Istvan Szalkai: "IMF Membership: New Opportunities"]

[Text] Hungary, as any country not wanting to lag behind in technological and economic development, desires to participate on a wide scale in the international division of labor. This intention is reflected in our active participation in the expansion of CEMA cooperation and in the realization of the objectives contained in the adopted documents. Our economic relations are expanding also with the developed capitalist countries, which account for about 40 percent of our foreign trade. Modification of economic management to enhance faster response to the world economy's impulses and the country's ability to adapt internationally also serves this purpose.

Effective participation in the international division of labor can be imagined only with integration into the world economy's monetary processes. The operations of our banks on the international money and credit markets, the MNB's [Hungarian National Bank's] wide network of foreign banks and corresponding banks, its membership in the Bank of International Settlements, etc. serve the realization of this objective. In the coming years Hungary will have to increase its participation in international economic and monetary cooperation. In accordance with all these requirements, we have regulated our relations with the international monetary organizations.

Hungary signed the International Monetary Fund's articles of agreement on 6 May 1982, after the voting members had unanimously agreed to admit Hungary. Our assigned IMF quota is 375 million SDRs. The amount of the quota reflects primarily the openness of the Hungarian economy, and the significant role that foreign trade plays in the economy. One-fifth of the quota has to be payed in convertible foreign exchange, the balance in forints. The proportion of the quota paid in convertible foreign exchange may be drawn automatically in case of balance-of-payments problems, and may be used indefinitely, without interest charges. On the other hand, the undrawn balance of the quota's proportion paid in convertible foreign exchange is a part of our domestic foreign-exchange reserves.

Expanded Sources of Credit

Membership in the IMF offers the country numerous economic advantages. Foremost among these is significant strengthening of our foreign-exchange backing, which manifests itself partially directly, and partially indirectly.

The various credit opportunities provided by the IMF directly strengthen each member nation's financial position. The amount of the credits that may be drawn is determined by a member nation's quota. In three consecutive years a member nation may borrow a maximum of 150 percent of its quota each year, or a total of 450 percent. The cumulative debt, without the debt servicing due, may not exceed 600 percent of the quota. But the credits that the IMF provides the given member nation to offset the higher costs of its grain import, to compensate for a dropout in export earnings, or to finance the buffer stocks established within the framework of international raw-materials agreements, do not have to be included in this upper limit. These exclusions jointly may amount to 175 percent of the quota. Under the present rules, then, any member nation may theoretically owe the IMF as much as 7.75 times its quota. (It should ne noted, however, that flexibility is the declared intention of the latest credit guidelines, and thus the upper limits are by no means rigid. For example, if a country's quota is small in comparison with the size of its economy, or if it is preparing an exceptionally strict program of economic stabilization, these limits may be exceeded.) Credit agreements may be concluded in two ways: within the framework of the traditional tranche mechanism, or under the so-called expanded procedure. In comparison with years past, additional credits originate from the IMF's supplementary resources or borrowing.

Membership in the IMF not only offers direct borrowing privileges but also expands indirectly the foreign sources of credit. The fact that the acceding country is willing to participate in international monetary cooperation, in accordance with the principles contained in the IMF's articles of agreement, enhances the financial world's confidence in the given country and increases its credit-worthiness on international money and capital markets. As a result, the volume of credit that the given country may obtain on private-capital markets increases, because it now has access to those segments of the capital market from which it was excluded previously. Furthermore, the terms and conditions of foreign borrowing can now become more favorable. Credit-worthiness on capital markets enhances the good relations between the member nations and the IMF, and their willingness to cooperate.

In the wake of Hungary's accession to the IMF we expect first of all that the effect of membership on our credit-worthiness will offset the present unfavorable influence of factors beyond our control. The opportunities of borrowing from the IMF provide a guaranty for the additional foreign loans we might want to take out to improve our liquidity, should our economic interests so require.

Special Drawing Rights

Member nations of the IMF may voluntarily participate in the work of the IMF Department of Special Drawing Rights. The participating countries share in the organization's periodic allocations of SDRs.

Over and above the possibilities ensured in the articles of agreement, numerous decisions of the IMF executive directors have lately broadened considerably the scope of the SDRs' application. SDRs may now be used in swap deals, futures contracts, loans and their repayment, in general as guaranties of financial obligations, and to extend aid. Since 1 January 1982, also the Soviet Union is willing to accept SDRs in the settlement of international freight charges.

As a result of the SDR mechanism's liberalization and the growing balance-of-payments problems of developing countries, these countries are striving to obtain larger allocations of SDRs than what their quotas entitled them to. They want allocations based on need and liquidity problems. (Because of the controversy over this issue, no decision has yet been made on the amount of SDRs to be allocated in the first half of the 1980's.)

At the time of its accession to the IMF, Hungary declared that it wished to participate also in the work of the IMF Department of Special Drawing Rights. Assuming that the total amount of SDRs to be allocated annually over the coming years will not exceed the previous 4.0 billion SDRs, and that the allocations to individual countries will be commensurate with their quotas, for Hungary this will mean approximately 25 million SDRs of readily available, unconditional, additional liquidity a year.

Participation in Management

A newly acceding country is admitted also to the IMF's managing and decision-making mechanism, paving the way for a better insight into the IMF's system of complicated interrelations, and offering a certain degree of influence in changing these interrelations.

Each country appoints a governor and alternate governor to the IMF board of governors, the highest authority of the IMF. The board has competence in all matters that have not been delegated specifically to other organs. Within the board of governors, each country votes in its own name. Every country has 250 basic votes, to which is added one vote for every 100,000 SDRs of the country's quota. (On the basis of its 375 million SDR quota, then, Hungary has 4,000 votes.) The governors usually meet once a year when the IMF holds its general meeting, and also at the sessions of the interim committee that assists the board of governors in its work. Before these international forums, the governors are able to present their standpoints regarding the IMF and the timely problems of the world economy.

Day-to-day operations are entrusted to the IMF management. The five members with the highest quotas each appoint one of the executive directors. The articles of agreement enable the IMF's two largest creditor members to appoint executive directors of their own, if by chance they are not entitled to do so on the basis of their quotas. The other countries elect 15 executive directors, on the basis of complicated rules. For the purpose of electing their executive directors, these countries are divided into groups. Yugoslavia and Romania, the two socialist countries that joined the IMF earlier, form a group together with the Netherlands, Cyprus and Israel. The executive director representing them in the management is a Dutchman. The other socialist or socialist-oriented countries within the IMF joined regional groups with the other countries in their geographic regions, regardless of their social systems. In the management, then, a majority of the member nations is able to assert its interests through elected representatives. The representative casts the combined vote of the countries in his group. (In practice the management adopts its decisions by consensus, but this does not detract from the significance of the votes.)

Hungary has joined a group that includes Belgium, Austria, Turkey and Luxembourg. Despite the differences that exist in the sociopolitical systems of these countries,

their economic conditions are in many respects similar, forming a community of interests for their actions within the IMF. Hungary's joining this group also means the formation within the IMF of a voting bloc whose most important mission is to represent and far-reachingly assert the real economic and monetary problems of the small open economies of Europe. This mission will impart to the group (from the very beginning it has been led by Belgium and Austria) a distinctive character of its own, distinguishing it from the other voting groups.

IMF membership offers better access to the international flow of financial information. On the one hand this necessitates that our domestic banking system provide continuous information for the various statistical publications of the IMF. On the other, we have a direct link to the IMF's huge financial data base, which opens up new prospects for economic analysis in Hungary.

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CSO: 2500/305

NATURE OF CULTURAL CHANGE IN SOCIALISM DISCUSSED

Budapest SZAKSZERVEZETI SZEMLE in Hungarian No 3 Mar 82 pp 22-30

[Article by Sandor Karpati: "The Challenges of Changing Reality"]

[Text]

> Let us not proceed from wishes and subjective notions but from social reality, the facts."
>
> Janos Kadar

"Wouldn't those propositions still be valid which we once learned about socialism at basic seminars and various schools?" I was asked by an elderly, experienced trade union official as on our way home from a discussion we kept mulling over the questions that had been raised. This was at a time when small entrepreneurships were beginning, and I lectured on timely questions of our ideological life together with consultations in one of our courses. After lecturing once an hour and one-half I was asked many questions. I shall quote serveral of them: "Why is small entrepreneurship coming to the forefront right now? Are we speaking of a longlasting process? Are we not endangering with this the relations of socialist property and distribution? Are we turning socialism into a business operation? What guarantees are there against distortions and negative effects?" In response to these and similar questions I jotted down the following views and fragments of thoughts: Perhaps it will be good.... It makes sense.... Competition is growing, items in shortage are disappearing, service is improving.... It is not proper...we are becoming maszeks (members of private sector society).... Some people are getting rich.... They are drawing manpower away from the large enterprises....

In the question-answer period lasting almost 3 hours we tried to clarify the problems in heated exchanges of ideas, but of course many questions remained open. The questions quoted above came as after-vibrations.

Reflections on a Change of Era

Discussions are not only or primarily about small entrepreneurships. Differing views conflict in many subject areas in small and large circles, at professional forums, bodies of political leaders, on television, radio, in the press, and in family circles and among friends. A broad-scale debate engaging the whole of public opinion has unfolded in regard to housing construction

and distribution, housing management, the further development of public education, the introduction of the five-day work week, settlement developments and the modernization of public administration. Consumer price, income policy, manpower management, and work place democracy are subjects constantly appearing at our discussion forums. The rate of economic growth, the direction of industrial policy, enterprise managment, the practice of personal choice, the process of technical development, the further development of socialist work competition and the brigade movement, the relationship of the economy and culture, the concept of culture, and the nature of commodity are also subjects for exchanges of opinions and views. There is a great deal of discussion about innovations, the role of the human factors, the use of intellectual energies, the interrelationship of lifestyle and education, the living conditions of the disadvantaged, the problems of those starting on a career, those with large families, and the elderly. Emphasis has been placed on our population policy, the anomalies of our historical consciousness, and questions related to environmental protection, the situation of certain groups of intellectuals, and youth education.

Debates are not a phenomenon of recent origin. Certain phases in the building of socialism and changing reality bring forth problems that await solutions. We need only to recall the pro and contra battles of the 1960's and 1970's regarding the introduction and practice of the new system for the management of the national economy, on the polemics accompaning the more intensive implementation of material incentives, the situation of the petite bourgeoisie and the working class and the realization of its leading role, and the development of a new concept of public education. The appurtenances of social development and the natural accompaniments of economic political and intellectual life. Debate is the mirror, the terrain and means of socialist democracy. It fulfills an essential role in surfacing, dealing with and solving interest differences, in exercising democratic rights, and in developing creative forces; it helps in crystallizing differing points of view, in clarity of vision, and in making correct decisions.

Bearing in mind such interrelationships, what is more natural than that we should now have as many debates as we are witnesses to and participants in? The rate, substance, direction of development, the obstacles that crop up on the road to progress, contradictions and tensions put on the agenda in any event questions that urge thinking in common; while the analysis of the concrete situation, the taking into account of real possibilities, and the projection of perspectives require discussion that mature and build decisions.

We are now in a period like this. We are living in an era of change. Already in the first half of the 1970's we felt the first signals of the economic problems deriving from the energy crisis, but it was at the end of the 1970's at the time of the second oil price explosion, with the deepening of the economic crisis of the capitalist countries and the strengthening of unfavorable trends in the world economy that we really become conscious of it. It became clear at that time that the 1980's, particularly the first half, would be difficult. We are now living in that period, experiencing it.

In addition to all this, there came the ultraconservative Reagan. The unfavorable world economic processes were paired with a deteriorated world political situation. Where now is the soul-refreshing, cosmic handshake of the Soviet-American astronauts! How far in the past is the hope-giving day of the spirit

of the Helsinki Final Document, which represented the peak of international detente. And still, it is hard to believe, all these things happened only several years ago. It was the Reagan administration's striving for power politics, speculating for upsetting the power balance, and inciting tensions that saw to dispelling these hopes and to covering with dark storm clouds the international skies once again. It is poisoning the international atmosphere by its strained efforts at armaments, by a series of attacks against the Soviet Union and the socialist countries--more recently on pretext of the introduction of martial law in Poland. The protection of peace and the avoidance of a nuclear catastrophe have again become a central issue, a task of first order. But mankind could have other things to do and more noble tasks than armaments, matters on which to expend its energies, material and intellectual capacities. On the solution of such agonizing problems--which were also emphasized at the 10th Trade Union World Congress--as the elimination of illiteracy, hunger, poverty, unemployment, the overcoming of inflation, the restraining of terrorism, the halting of the destruction of the environment, and the ending of exploitation by monopoly capitalists and transnational enterprises. Instead of concentrating on armaments we ought to concentrate on the training of skills, technical development, on health and social facilities, and on many other tasks which are essential for elevating ourselves and for human life.

The negative trends of the world economy and the worsening of the world political situation naturally also affect the socialist countries. The negative effects are strengthened by the fact that this change of era reached the socialist countries when the conversion from the extension phase of economic development to the intensive had already begun. Add to this the discriminatory economic sanctions of the capitalist countries and the internal difficulties, primarily in Poland, of the socialist countries.

The Polish crisis which erupted in the summer of 1980 put the economy into disorder, wakened the ties between the party and the masses, disorganized state and social life, divided the trade union movement, and paralyzed the normal operation of social and political life. The mistakes of the former leadership, the deteriorated mood of the disillustioned masses created a favorable soil for the intensification of anarchic-syndicalist views, for counterrevolutionary efforts, and for the activities of antisocialist forces that culstered around Soldiarity. A situation which threatened complete chaos and civil war and which endangered European stability made it indispensably necessary to introduce martial law, which restored order and peace and created the conditions for consolidation and the possibilities for overcoming the crisis and for development.

The introduction of martial law not only frustrated the plans of antisocialist Polish forces and of the extremist leaders of Solidarity but also thwarted the already written scenario of the Reagan era. This "unexpected" turn and this "disagreeable" solution angered the ruling circles of the United States. While prior to the introduction of martial law the United States warned everyone against intervention, after 13 December 1981 it intervened with open insolence in the internal affairs of a sovereign, socialist country. It started an anti-Soviet and anti-Polish propaganda campaign such as had not been seen for a long time and for which it used the UN sounding board, the Madrid Conference and the Geneva and Vienna talks.

This exists, this you must like--as the Pest proverb puts it. Actually, this exists, but we do not have to like it. We must acknowledge the realities, and in the knowledge of these we must reshape our policy and make our decisions, but we cannot acknowledge the bad and the harmful with resignation. We do not have to like the negative trends, the phenomena which have a disadvantageous effect; on the contrary, let us accept the challenge and change matters. Let us undertake with bold, deliberate firmness to overcome the difficulties and create the conditions for a new upswing.

We cannot adapt our plans, or goals and our work to our desires, we are the ones who must adapt to a changing reality. All the more so, because we cannot strive for autarky, we cannot shut ourselves off and in, for isolation is the same as suicide. The world has shrunk. We are linked to one another and are dependent on one another through unnumerable ties. This is particularly true of our open-structured, export-oriented economy in which foreign trade plays a very important role. But the dependence and the effect are mutual. Even as the Western countries are interested in trade with the East, we also feel the harmful consequences of the economic recession in the capitalist economies. This also goes without saying for our relations with the socialist countries in the CEMA bloc, where the unity and interdependence are closer. Therefore, if trouble should occur somewhere or problems arise, the other countries will feel it, too, for the bearing of the burdens and the granting of assistance is an international interest and obligation stemming from common principles. We experience joys in common and sorrows in common. This is how it was in 1956 when we were the ones who were reduced to accepting help from the fraternal socialist countries, and this is how it is today, too, when it is the most natural thing that together with the community of the socialist countries we should help friendly Poland stand again on its own feet.

We experienced an economy which dictated a more rapid tempo for a relatively long time, and we enjoyed the blessings of growth, as shown in the rise in living standards. The straight development curve of the 1970's which reached its peak in the 5 years between 1968 and 1972 as graphically shown by the results attained in the year 1971-1972: the national income increased by 12 percent, the same for industry, agricultural production by 10 percent, per capita real income of the population by 2 and one-half percent, and all this was paired with a surplus in our foreign trade balance.

The rise in the living standards was also sustained into the decade of the 1970's. It was even more dynamic than the economic situation should have permitted. To put it plainly: we exceeded our means, something which is a permissible condition for a short time but cannot be maintained over the long run. Meanwhile, the tables were turned: the oil price explosion of 1973 reorganized prices and caused us extensive losses. The prolonged crisis of the capitalist economy restrained our rate of growth and basically changed the external conditions of our economy.

We did not react in adequate time to these changes in the world economy. We underestimated the consequences of the unfavorable effects and overestimated our own possibilities and our capabilities to adapt. However, the facts of the period between 1974 and 1978--the deficit in our foreign trade balance--

aroused us to the realization that this was a longlasting process we were dealing with: the unfavorable trends of the world economy were also affecting us sensitively, and in this situation the shortcomings of our own work came into sharper focus. It was evident that an adjustment to the new, altered conditions was unavoidable: we needed an economic political strategy different from the one we had.

On the basis of an appropriate evaluation of the situation, this was done by the party's Central Committee at its December 1978 session, which put our economy on a new modified growth track. By drawing lessons from earlier experiences, reckoning with the real situation, and weighing the future possibilities, the Central Committee arrived at the conclusion that a forced rate of growth would lead to the further indebtedness of the country, and to supply problems. Therefore, the economy can grow only at a rate that will permit the restoration of our payments balance and the equilibrium of our economy. This requires, however, the cutting back of uneconomic production, limitation on investments, transformation of the product structure, intensification of export capability, increased efficiency, and quality work. We needed and need an economic policy and management of the national economy which creates an advantage on the market for the production of goods that are well marketable, reckons with the need and problems of structural change, and undertakes to see that internal consumption grows more slowly than the increase in the national income. The restoration of the equilibrium can be realized only if we do not use more for investment capital and consumption than we produce. It was in this way that the protection of the standard of living already attained and the establishing of foundations for further progress was shaped and became the main task of the present five-year plan period.

Thus we had to break with all that proved obsolete and mistaken. On the other hand, we had to undertake that which corresponds to present reality and to future requirements. In these terms we developed further in recent years the management of our national economy, improved our regulator, interest, and incentive systems, place our price system on a world market basis, modified the organization of the central and enterprise management of the economy, and gave scope to the development of small and medium-sized operations and small entrepreneurships.

The Palette of Our Dispositions

Thus the track modification has been done, we have started solving tasks in terms of realities. But this has taken place with great difficulties and struggles. It assumes taking into account the altered situation, the understanding of their causes and interrelationships, the acceptance of the necessity for change, the capability of adjusting to the modified circumstances, and on the basis of all this action readiness and deeds. Life has given us a serious lesson: we must produce better, in a more disciplined way, and more competitively and manage more efficiently under more severe international circumstances, stricter domestic conditions, given a more moderate rate of development, a frozen living standard, and stagnating living conditions. We must work and think in a different way. We must break with our old customs, our fixed conditioning, and we must renovate our outlook and our style of work. Reconstruction is also necessary in the brain and in human attitudes.

Change and transformation cannot take place from one day to the next, not even though we know there is no alternative. Change by change is painful even if we are aware of the necessity. Changing the old for the new is a painful process, and means a struggle waged with ourselves by ourselves. This is a human task for we are speaking of ourselves: our life relations, our character, and our future. Nothing is more natural than that all these things should occupy us, influence our mood and our disposition, permeate our interests, and motivate our plans and resolutions. In such a socio-political situation it is understandable that there should be doubts and worries, that the question marks should multiply, debates and criticism should become stronger, extremist views should appear, demagogic statements and unrealistic demand should be bandied about.

Our public opinion and our trade union membership holds in high esteem the results of our party's 25-year-old policy, which also enjoys international respect. It regards as its own the achievements that have been gained through joint efforts. It feels and knows that our national history has never had two such calm and productive decades as the 1960's and the 1970's following the 1956 tragedy. But the recognitions, compulsions, and difficulties of recent years have retouched and made more care-laden the palette of our disposition. Colder and harder lights have become mixed in with the warm pastels.

Although our internal situation is still characterized by a clam atmosphere, the calm is no longer like it was before: the feeling for life is more nuanced and more vibrant. We became accustomed to balance and stability, and now it appears that everything is moving. We believed that as we advanced in time, our life would become better. As if we had forgotten the Leninist warning that the second phase of the building of socialism--after the achievement of power by the working class and the laying of the foundations of socialism--it would be still more difficult. As if the dialectics of socialism had faded within us, according to which the road to building the new life is not smooth and free of frustrations, but rugged and filled with curves and potholes. Ad if we had become disaccustomed to changes, and perhaps we even became a bit spoiled. While we basked in our relatively good life, we became accustomed to absence of change, we became inflexible, and we forgot that nothing is as constant as movement and change. It may be maintained with great probability that this is why the negative trends of change came on us so unexpectedly and as a surprise, and the difficulties knocked us on the head.

We became used to the conditions of peace, the blessings of detente, we departed from the Cold War atmosphere heavy with tensions, and now we must learn that the sham corpse has come back to life: armaments are increasing, the international situation is worsening, the points of tension are accumulating, the problems of the world are multiplying, and armed conflict has become a direct danger. The world has become more complicated, complex, variegated, and contradictory: not only has it shrunk but it has also become differentiated, it has not only become integrated but also polarized. All these things including the tragic and painful crisis in Poland--has not remained without an effect: it raises question marks within us, it agitates our imaginations, it gains force over our intellectual powers, puts our emotions to a test, and builds itself into our nervous system and everyday life.

Points of Orientation

We have become accustomed to equality, and now--even if with difficulty--we are becoming differentiated. We have become disaccustomed to entrepreneurship, we have forgotten the concept, and now the small entrepreneurships are here. The industrial enterprises have become accustomed to the plan directive system, and now we are already strengthening enterprise independence. Our plants which afford weak achievements and operate at a loss are used to being maintained by the good profitable plants, and now they must acknowledge that this world is passed. Formerly, we never even heard of innovation, and now it has become the key word of these days. Formerly, we hardly had to take risks, today risk-taking is a natural requirement, a virtue to be praised. And I could go on listing the examples that indicate change.

Our reality is not forgiving; it faces us sternly with the questions of the intensive change of eras: What should be the direction of industrial policy? Who are those in a disadvantaged situation? How long and to what extent will prices keep on rising? How can we strengthen the feeling of property? The second economy is prospering, but how is the primary one developing? Will culture, the interests of the community, the socialist human values be deemphasized? How shall we strengthen the ability ot undertake conflicts, how shall we shape the socialist worth value?

We have many dilemmas: Shall we increase low income, or shall the honoring of good outstanding achievements be placed at the center of our income policy? In satisfying housing demands, how much of the burden should the state take on itself and how much should it pass on to the families? How can we develop our self-knowledge, our debating capability, our democratic ways of thinking, the workshop relations? How should we make our thoughts into an active force? In general, what is the best way of finding correct answers for solving social and economic tasks? And let us also speak about our doubts: Will we succeed in protecting the livings standards we have achieved, in improving our living conditions (the housing situation, the child care institutions, education, health services, transportation, commerce and services)? Shall we be able to maintain the great achievement of full employment? And not least of all: How can we prosper respectably with work?

After these questions is it strange if in a basically confident atmosphere we have worries and dilemmas? It is understandable that the criticial spirit has been strengthened, debates have been revived, because there are possibilities for solutions. One of these concerns, for example, is that in producing its products our economy uses more materials, energy and live labor than developed countries in general. Inadequate quality and organization and delays in realizing investments are old problems of ours. It is an impermissible luxury of ours that we deal wastefully with intellectual resources, put up with underemployment, do not manage talents appropriately, and do not use better the resources latent in human factors. We are also speaking of attitudinal and behavioral distortions. For example, of the fact that the demand for the security and protection of the citizen is more strongly alive within us than that everyone should work according to his capabilities, and share in ratio to the work performed in the goods that are produced and put up for

distribution. The housing shortage is a longlasting center of tensions, and the problems of young people starting on a career, of those with large families, and of pensioners are becoming more and more strongly evident. Learning, the devaluation of the rank of education, the decline of educational quality, the cultural conditions of the disadvantaged give plenty to think about.

Thus a great deal exists about which we can exchange views. We are witnesses to and participants in constructive exchanges of ideas which are well-intentioned for the most part, which are both the subject of the present exercise and the path of the future. But we have also learned that together with progressive ideas and proposals, pipe-dreams and delusions are mixed into the discussions, and something which requires special attention is that in addition to the socialist criticism of errors the bourgeois criticism of socialism is also present. Debates are essential like the sense of responsibility that is evident in them. Openness, patience and the well-founded arguments are requirements. And the rules of the game: an approach and attitude which in its criticism maintains repsect for our achieved results, our ideas, and our strategic goals. And not the least important viewpoint is the feeling for reality. The knowledge of the fact that there are many real demands which it will not be possible to satisfy in the Sixth Five-Year Plan. We can clarify a great deal through debates, but the key to the solution of the problems is to be found in deeds, in the unity of the strong, and in the establishment of interest. This is the main condition that the freedom of criticism should bear fruit in the maintenance and strengthening of the social balance, that socialism should become an uplifting force and strengthen the positions of the workers' power.

A More Realistic Picture of Socialism

When we speak of the challenges of reality, we do not mean only the changes taking place in economic life but the ncessary modification of the images of our consciousness. Even though only in outline, we considered the desirable directions of economic development and spoke of the modulation of our disposition, and neither can we avoid the timely tasks of consciousness formation. For the very reason that the questions are also conceived in this way: Do our social and economic efforts move in the direction of socialist perpsectives? Will our socialist ideals and values fall victim to the solution of our economic difficulties? Is our former image of socialism valid in the relations of the present day?

It is obvious that the changes in our lives also influence our image of socialism. We know it lives within us: we identify socialism with stable, low prices. We learned and imagained that under socialism food, rent, transportation, and public services will be inexpensive. We also thought for a long time of equality as egaliterianism. Full employment we also conceived of as meaning that everyone would work at the same place and job where he wanted and as long as he wanted, not where and until when he is needed, and this will satisfy the interests of the economy and society.

In the initial phase of building socialism--besides moral incentives--we did not use the principle of material incentive. We recognized the importance of interest essentially after 1956 when the institutional limits of socialist democracy started to be worked out, such as participation by workers, and forums for the coordination of differing interests. And now already we are working on the broadening and perfection of socialist democracy (factory, work place democracy). Formerly, we did not speak of small entrepreurships because we felt they were obsolete and coupled them with the capitalist economy, but now we are providing incentive for their development, putting them in the service of our interests. As a consequence of social changes, various concepts are being built into common knowledge like commodity, market and money relations, credit capabilities, competibility, risk-taking, the foreign exchange rate, which we did not use before, or they appeared only faintly in our economic life and the images of our consciousness.

The images we formed of socialism have, of course, constant elements and permanent pillars: thus, for example, workers' power, federation of the working classes and sub-classes, popular-national unity, security of life, stability, and protection. It has also been built into everyday consciousness that socialism is the society of work, the most just society, which guarantees the improvement of living and working conditions, education, the development of social conditions, and the human right to learning, education and not least of all peace. All this is a value, which even if it is not realized in practice according to our intentions and interests, it is accepted by public opinion, and regarded as a characteristic of socialism, because it derives from the nature and essense of socialist society.

The Tasks of Consciousness Formation

The task of consciousness formation is to strengthen the constant elements of our image of socialism and promote the understanding and acceptance of new and changing elements in such a way that it happens without shock, does not cause disturbances, wavering, pessimism, or the loss of perspectives. The given task of the factors of consciousness formation--agitation and propaganda, information and orientation, the press, mass political education, and office-holders' training--is to pair openness and sensitivity toward the necessary changes with a sense of stability, the protection of socialist values, faith in the strength of our principles, and confidence in the development possibilities and capabilities of a socialist society. We must shape a unified outlook and way of thinking and call for an action attitude in that constancy and renovation, continuity and change should form a dialectic unity in our concepts and attitudes.

This requires responsibility, consciousness, preparation, circumspect, enduring work, and patience. Consider the example of the small entrepreneurships. Why is it so difficult for us to regard it warmly? It has faded within us, it sounds strange, and it evokes the past. We resist it, we have reservations because we feel it has a bad taste, and we associate negative impressions with it. This is what we learned, our former propaganda hammered it into us. Now that entrepreneurships has come to the forefront and become a key word, should we be surprised that we are reticent, we emphasize our worries, we accept it with difficulty? We are suspisious, we feel it is incalculable, we fear its moral-political consequences.

We must struggle with that sediment of consciousness which we ourselves created. A well-known example of this is that we have always liked langos (a fried dough), but the langos baker has for decades been the butt of cabaret jokes. Let us not be surprised if the drawing on and granting of incentive to private resources does not call forth the same kind of enthusiasm in everyone, while at the same time some people see it as a miracle cure. We cannot change as if by magic old conditioning and developed outlooks. Therefore, let us not precipitately brand someone as backward who does not all at once understand the new, and is not enthusiastic about it at first hearing. The fear for our socialist achievements, principles, and moral norms are also expressed in these worries. And this is a good thing. We cannot condemn it even when we know that there is no real foundation to these fears, for we are speaking of such a socialist entrepreneurship as will release enormous energies, satisfy many different kinds of demands, considerably expand our services, and improve the quality of our life. We must therefore dispute with those who assert this is the only way, and with those who say we must not go this way. Nor can we agree with proposals, for example, that the Philosophical Outlook should be written in small entrepreneurships, but neither can we give a free pass to laziness of thought, intellectual slothfulness, reactionary conservatism, a concrete outlook stuck in the earth. Let us guard against extremes: Neither hurrah optimism nor the attitude of the grieving Magyar! Neither rose-colored nor dark glasses! Let us sit squarely astride the horse when the wind blows hard and the obstacles grow.

Recognition of the need for a change of step, an understanding of the meaning of the times, and the acceptance of the new do not happen without self-examination and struggle. Only gradually, with patient ideological and political vasodilation, detailed and everyday work will it be possible to change misconceptions, false beliefs, laziness of thought, obsolete customs, and comfortable routines into a good direction. We have enough experience and proof to know that the efforts at consciousness formation cannot be spared. Did all of us at once accept as sour own the saying--which has now become famous and been vindicated--that "he who is not against us is with us"? Let us recall the debates of the 1960's. How many were there who feared for our socialist moral principles in the face of "frigidaire socialism" when a greater role was given to material incentives? How many mental reservations arose (and were dispelled) when household farming was supported and agricultural auxiliary operations were being developed? How many tormenting feelings of antipathy accompanied the introduction of the New Economic Mechanism? Time was needed to dispel the doubts, factual proofs were needed to recognize the correctness of the decisions.

It will be like this now, too, if we accept the force of the changing world and accept as our own the task that is obligatory on all of us: a renovation that is based on our results, and our achieved values and adapted to the requirements of the era. For household farms are important and so are small entrepreneurships, but the socialist large operation is decisive. It is not possible to conduct large entrepreneurships with household farms. Developed socialism is large-scale entrepreneurship. We measure against it not only our demands but also our efforts. This is the long-distance runner (not with his loneliness but) with his toughness. We did not set out 37 years ago a road which requires the impulse of the 100-meter dash, but rather the strength for the marathon run. Over the long run, the tempo must frequently be changed, counting on obstacles that cannot be foreseen and on some dropping behind during the course. But he who wants to reach the goal must stand the pace. And we want to reach the goal.

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WEST'S TRADE POLICY, EAST-WEST INDUSTRIAL COOPERATION DISCUSSED

Warsaw HANDEL ZAGRANICZNY in Polish No 1-2, 1982 pp 24-27

[Article by Wincenty Waldemar Samulewicz]

[Text] In this article we are going to trace the impact of trade policy that is unifying Western countries more and more as industrial cooperation develops between economic units of different economic systems.[1] We shall also make some suggestions regarding the directions of recommended activities.

Tariff and Paratariff Barriers

During the postwar period we have noted a universal tendency toward reduced tariffs in international trade. Multilateral negotiations within the GATT framework, known as the Kennedy Round and the Tokyo Round, have resulted in a significant reduction of tariff barriers. The trends toward the creation and strengthening of integrated groupings in the worldwide economy have also helped bring about this reduction. Tariffs in mutual trade among EEC countries were lifted in 1968. Since 1977, by virtue of agreements concluded between EEC and EFTA countries, an area of free trade in industrial goods has been operative in Western Europe.[2]

The tendency toward a reduction in tariffs is likewise observed in trade between industrialized and developing countries. The so-called general preferential tariffs in the importing of industrial goods by the EEC from developing countries are an example of this. Thus, a broader and broader area of free trade in industrial goods is being created. Only the socialist countries and developed overseas countries remain outside this area. The latter, especially the United States and Japan, circumvent the existing tariff barriers by making capital investments in countries in the free trade zone.

Given this situation, the circle of countries forced to overcome the existing tariff barriers is limited essentially to socialist countries. These barriers are still considerable--they average 10 percent to 20 percent ad valorem. Tariff barriers reduce the price competitiveness of commodities exported by socialist countries to countries within the free trade zone or they reduce the profitability of export. In both cases, they have a negative impact on the development of export. This negative impact is greater in the case of coproduction, since generally as the level of processing of a product increases (coproduction mainly involves processed products), the tariff rate

likewise increases. In addition, the same shipments of goods sometimes have a tariff imposed on them twice if they have crossed the border twice.[3]

In many cases, upgrading turnover is an important element of coproduction cooperation. Here the procedure of so-called provisional export and import may be applied. The procedure of provisional import stipulates that goods provisionally brought into a given tariff area for the purpose of upgrading, to be exported outside this area, are free from tariff payments. From the viewpoint of East-West industrial coproduction however, the institution of provisional import is of minimal significance, since it is mainly Eastern countries that actively upgrade turnover within the coproduction framework. This is so mainly due to their lower labor costs.

From this point of view, the procedure of provisional export that lifts import tariffs on previously exported coproduction elements that are reimported as upgraded products or as components of finished products manufactured abroad is more significant. However, the use of these procedures is encumbered with a series of burdensome requirements, the most troublesome being the necessity of physically identifying an exported and then transferred commodity. Despite these difficulties, the procedure of provisional export, if made universal, could be an effective instrument for breaking down tariff barriers in East-West coproduction trade.

One of the solutions to the problem of tariff reductions on coproduction could be the initiation of tariff quotas enabling tariff-free coproduction turnover within the framework of established limits, set up in a contract.[4] However, the problem is that most Western countries treat institutionalized tariff reductions for coproduction turnover as a sort of departure from the most-favored nation clause, which is prohibited for GATT members. These reductions are treated by the West as their trump card in bargaining with socialist countries.[5]

The most-favored nation clause has a special place in the arsenal of trade policy measures used by Western countries. The question of granting most-favored nation status is very strictly observed in U.S. relations with socialist countries. To date, the U.S. Congress has granted most-favored nation status to only three CEMA countries: Poland, Hungary and Romania (under certain conditions).[6] The restrictive impact of a refusal of most-favored nation status is considerable. According to Western estimates, if all Western countries granted most-favored nation status to all socialist countries, the latter would gain $2 billion.[7] Given the existing level of tariffs imposed in trade with countries without most-favored nation status, U.S. coproduction with socialist countries is made very difficult.

Measures that have had an especially negative impact on East-West industrial coproduction include the so-called "rules of origin," applied by virtue of EEC agreements with particular EFTA countries regarding the free trade zone. The legislation on this matter stipulates that only those commodities originating from the 17 Western European countries (9 EEC countries and 8 countries of the small EFTA) that make up the free trade zone may benefit from tariff-free turnover.[8] The "rules of origin" function as a tariff

barrier from the viewpoint of East-West industrial coproduction. They should be reevaluated in order to eliminate their negative impact on the development of this form of East-West economic relations.[9]

Extratariff Barriers

The most drastic instrument used to restrict East-West trade relations, an instrument that goes back to the cold war period, is the strategic embargo.

Commodities placed on lists of goods having strategic importance (the so-called COCOM list) may not be exported to socialist countries. The restrictive impact of the strategic embargo on East-West industrial coproduction is great, since most often strategic importance is ascribed to machinery that utilizes a great deal of modern technical know-how.

The difficulty of strictly defining a strategic commodity lends an arbitrary character to the procedure of granting licenses, which in turn increases the uncertainty and risk involved in East-West economic relations. The functioning of the processes of international detente has led to a considerable reduction in the lists of strategic goods. The strategic embargo still plays a definite role only in U.S. relations with socialist countries. However, the scope of the strategic embargo is closely tied in with the international political-military situation. When this situation worsens, its scope may rapidly increase.

In addition to the strategic embargo, a second instrument of the trade policy of Western countries in the group of direct quantitative restrictions, is the imposition of import quotas. The restrictive impact of Western goods quotas exported from the East to the West becomes readily apparent when they are lower than the export potential of a given Eastern country in the area of the specific items (or group of commodities). Nor should we underestimate the indirect effect of these quotas on the volume of export deliveries from the East to the West. The fear that import quotas of specific commodities from a given country will be reduced or totally eliminated increases considerably the uncertainty of exporters regarding export potential and profitability. Due to the nature of East-West industrial coproduction, it suffers most severely from this.

Western countries apply not only quantitative restrictions permitted by GATT (residual restrictions) on imports from Eastern countries but also restrictions not in compliance with GATT principles (discriminatory restrictions). The existence of discriminatory restrictions on imports from socialist countries is an especially burdensome problem. The EEC is taking steps to limit the powers of member countries to regulate autonomously the importation of those goods from third-party countries not on the EEC liberalization list. The standardization of the scope of quantitative restrictions in EEC import means that the scope of general market restrictions is the sum of all restrictions applied in the EEC area. Consequently, the discriminatory restrictions maintained by some member countries on imports from socialist countries, under the conditions of a joint trade policy, mean that discrimination will be expanded for as long as trade policy is not fully consolidated.[10]

Generally, however, quantitative restrictions on imports from Western countries from Eastern countries do not represent a fundamental obstacle to the development of East-West coproduction ties. On the average, considerably more than 90 percent of all items have been liberalized in EEC importation.[11]

In those cases where the restrictive impact of quantitative quotas on exports from the East to the West is significant, the lifting of quotas on deliveries made within the framework of coproduction agreements should become a universal practice. In some countries, coproduction deliveries are no longer included in obligatory quotas.[12]

The Promotion of East-West Industrial Coproduction in the Trade Policy of Western Countries

As East-West economic relations have become diversified--i.e. as cooperation has been expanded to spheres other than trade (industrial coproduction, scientific-technical cooperation)--the need arises for a new legal-institutional framework for this cooperation. This need is particularly acute in relations between EEC countries and socialist countries following the creation of a contractless condition resulting from the EEC member countries' loss of the right to make bilateral trade agreements with socialist countries. Former long-term agreements contained a clause promoting industrial coproduction.[13]

Bilateral agreements for economic industrial and scientific-technological cooperation (which were initially 5-year and then 10-year agreements) have partly satisfied the need in relations between Eastern and Western Europe. To the extent possible, these agreements create stable prospects for cooperation. They also reduce the degree of risk associated with coproduction commitments. Thus, agreements of this type concluded by Poland contain provisions concerning a general guarantee of support for industrial coproduction, the desire that coproduction ventures be treated as liberally as possible and the creation of bases for tariff and import adjustments and reductions for coproduction trade.[14]

The statements contained in agreements on economic, industrial and scientific-technological cooperation do not mean, however, that the parties making the agreements assume responsibility for coproduction between the interested countries.

The general nature of the provisions of the Rome Treaty regarding joint trade policy and the fact that East-West industrial coproduction did not exist when it was signed have created a field for the divergence of positions regarding the mentioned agreements between EEC member countries, the commission and the Parliament of the Common Market. These disagreements concern the degree and nature of the authority to conclude and implement bilateral long-term agreements on economic, industrial and scientific-technological cooperation with socialist countries. Friction on this account led to a compromise sealed by a Council of Ministers decision dated 22 July 1974, obliging member states to abide by a consultative procedure for the purpose of coordinating actions taken regarding coproduction import within the EEC framework. The decision somewhat reduces the sovereignty of EEC states in the area under discussion.

Thus far, however, it has not had major practical significance.[15] However, its importance may increase. In light of what has been said concerning EEC trade policy, a standard EEC approach to the matter of concluding long-term agreements may be less beneficial to socialist countries than now.

Agreements concluded by Eastern and Western countries concerning the elimination of the double tariff have great significance in the development of East-West industrial coproduction. They reduce considerably the burdens of income and property taxation. This has special significance for coproduction based on licenses (the elimination of the double taxation of income from the sale of licenses) and on capital coproduction (the elimination of the double taxation of one party's capital outlay as well as the income generated by this capital in the form of profit, interest and the like).[16]

Instruments of Autonomous Policy

Concerning the autonomous trade policy of Western countries, instruments supporting export are of most vital significance from the viewpoint of promoting East-West industrial coproduction. These instruments include government subsidies reducing the interest burden on private export credit, the state (governmental) securing this credit through guarantees and pledges and the direct granting of export credit by state (governmental) credit institutions. These instruments work to improve conditions of granting credit for Western coproduction deliveries.

The machinery of international competition for markets causes the governments of particular Western countries to intensify the use of these instruments. For some time, however, in Western economic circles, especially government circles, there has been the view that the race to support export, especially export to socialist countries, which is dictated by considerations of competition, may do more harm than good to the economies of Western countries. Consequently, we should not expect that East-West industrial coproduction will be more heavily supported than in the past with the use of instruments from the sphere of the autonomous trade policy of Western states.

The difficulty of evaluating the restrictive or promotional impact of particular instruments of the trade policy of Western countries on East-West industrial coproduction in quantitative terms prevents determining an unequivocal balance in this regard. Nonetheless, we can venture a guess that progress in the field of facilitating and promoting East-West industrial coproduction through the use of the instruments at the disposal of Western trade policy is rather meager. What is more, it does not neutralize the restrictive impact of traditional or new barriers. Obviously, this situation does not foster the development of East-West industrial coproduction.

FOOTNOTES

1. Industrial coproduction is defined as "that activity of two or more economic units that consists of the permanent synchronization of their production processes and/or purchase of goods and services and of the reaching of a complementary agreement that is optimal from the viewpoint

of the economic results attained by the organizational units involved." From E. Tabaczynski, "Kooperacja przemyslowa z zagranica" [Industrial Coproduction With Foreign Countries], Warsaw, 1976, pp 10, 18.

2. See J. Jodko, "Trade or Politics," POLITYKA-EKSPORT-IMPORT, 1978, No 8, p 18 [supplement to POLITYKA].

3. See J. Laudanska, "Bariery taryfowe w obrotach kooperacyjnych miedzy Polska a krajami Zachodu" [Tariff Barriers in Coproduction Turnover Between Poland and Western Countries], pp 27-32; UN ECE trade document (R 373, Annex IV, p 3). However, it should be added here that the parts of finished products have a tariff imposed on them in worldwide trade generally levied at lower rates than tariffs on finished products.

4. See S. Szczypiorski, "Nowe formy i metody wymiany miedzynarodowej" [New Forms and Methods of International Exchange], Warsaw, 1976, p 159.

5. See B. Hass-Hurni, "Economic Issues at Belgrade," JOURNAL OF WORLD TRADE LAW, 1978, Vol 12, No 4, p 196; M. Rucinski, "Problems of Polish Industrial Coproduction With Developed Capitalist Countries," HANDEL ZAGRANICZNY, 1974, No 7, p 287; E. Zagorski, "Industrial Coproduction and the Trade of Technology Between East and West," HANDEL ZAGRANICZNY, 1977, No 4, p 19.

6. See "Birth of a Salesman," THE ECONOMIST, 20 May 1978, No 7029, p 98; J. Kaczurba, "Polska-USA. Gospodarka--stosunki ekonomiczne" [Poland--the United States. The Economy--Economic Relations], Warsaw, 1977, pp 172-173.

7. See B. Hass-Hurni, op. cit., p 299.

8. See UN ECE trade document, op. cit., p 2; J. Laudanska, op. cit., p 31; "The Seven at 20," THE ECONOMIST, 1980, No 7137, p 58.

9. See UN ECE trade document, op. cit.; J. Szita, "Perspectives to All-European Economic Cooperation," Budapest, 1977, p 178.

10. See J. Laudanska, "Quantitative Restrictions in International Trade and the Development of Industrial Coproduction Between Poland and Western Countries," HANDEL ZAGRANICZNY, 1976, No 1, pp 20-21.

11. Even if some liberalized items are "dead" items (i.e., they do not figure in the export of socialist countries), this does not alter the relatively high general level of liberalization. See K. Michalowska-Gorywoda, "Factors of the Intensifications of Economic Cooperation Between CEMA and EEC Countries," MONOGRAFIE I OPRACOWANIA, SGPiS [Main School of Planning and Statistics], 1976, No 59, p 143.

12. See F. Levcik and J. Stankowsky, "Industrielle Kooperation zwischen Ost und West," Vienna, New York, 1977, p 60.

13. This situation dates from 1 January 1975, and in the case of new EEC members, from 1 January 1976. See T. Kolodziej, "Long-Term Forecasts for the Development of Cooperation Between Socialist Countries and EEC Countries," HANDEL ZAGRANICZNY, 1975, No 12, p 13.

14. See M. Rucinski, op. cit., p 287.

15. See K. Michalowska-Gorywoda, op. cit., pp 179-182.

16. The concluding of such agreements within the EEC is still in the hands of particular member countries. See K-E. Schenk, B. Klumper, N. Leise and D. Wurster, "Industrielle Ost-West Kooperation," Stuttgart, New York, 1977, pp 214, 220.

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POLAND, UK ECONOMIC COOPERATION DISCUSSED

Warsaw SPRAWY MIEDZYNARODOWE in Polish No 9, Sep 81 (signed to press Dec 81) pp 85-96

[Article by Lucjan Ciamaga, professor at the Institute of Economics and Foreign Trade Policy of the Main School of Planning and Statistics (SGPiS): "Directions of Polish-British Economic Cooperation"]

[Text] Great Britain is an attractive economic-trade partner for Poland in view of type of economic and technical progress and developed financial credit, shipping, and insurance market. The traditional commercial reliability of the Britons, which superbly facilitates material contacts and trade negotiations, is also important. On the other hand, a pragmatic collision, a commercial approach to matters of cooperation, with the characteristic, for the Poles, disposition towards idealism and improvisation, may have certain negative aspects. For example, it may lead to the conclusion of transactions for goods and services which, in fact, we may not most urgently need.

Insofar as the nature of Great Britain's technical and economic development and advancement is concerned, it interests us mainly from the applied-technology aspect. The Britons, for example, do not commit their financial and human resources to doubtless fascinating but costly research on control of outer space. This is not in keeping with their pragmatism. The scientific-technical achievements which result from this research have no great relationship to everyday reality, and to make practical use of them is mostly a matter of the future--a rather distant future at that. However, in the area of applied technology, although they have relinquished first place to others, they are still sufficiently attractive; in some fields their achievements continue to be ranked on the world scale.

Legal-Treaty Bases of Cooperation

The legal basis of Polish-British cooperation is a 10-year agreement on economic, industrial, scientific and technical cooperation, dated 20 March 1973. It expresses the willingness of the governments of both countries to support broad cooperation, particularly industrial, and affirms their interest in cooperating on deliveries to third markets. A Polish-British mixed commission was appointed to supervise the collaboration and cooperation and to formulate postulates, recommendations, and proposals to the parties concerned.

The agreement, quite naturally, was of a general, declarative nature, expressing the intention of the parties for mutually beneficial development of economic, industrial and scientific-technical cooperation. Its concretization produced a long-term program for future development of economic, industrial, and scientific-technical cooperatation, signed on 4 September 1975 in London. It specifies the fields in which the parties have something to offer each other and in which collaboration and cooperation is possible and would be useful. These subsectors principally include: chemistry, construction, electronics, machine building, the shipbuilding industry, coal mining, metallurgy, the textile industry and the agro-food industry. In preparing this program, the interested economic ministries took part on the Polish side, and in Great Britain, about 100 companies and enterprises participated. A further step in the regulation-by-treaty of matters relating to the development of economic relations between both countries was the signing, on 16 December 1976, of a five-year agreement on economic cooperation.

Despite the fact that a great deal has been done in the field of treaty regulation of cooperation, nevertheless the most difficult problems still remain to be solved. It is particularly necessary to conclude a trade agreement to ensure Polish goods better access to the British market.

As we know, since 1975 Great Britain's trade matters are under the jurisdiction of the Commission of the European Communities [CEC] in Brussels, and not the British government. Polish-British technical contacts in these matters can take place on the forum of the GATT, to which both Poland and Great Britain belong. This does not, however, offer hope that we will obtain any concessions of great importance for liberalization of turnovers. Under the present arrangement, it appears, all possibilities have been exhausted and we cannot count on more than small benefits resulting, for example, from transfers within the framework of quotas, subquotas and custom rates.

Further progress is possible by way of: 1) renegotiation of the conditions for Poland's participation in GATT on a duty tariff base and 2) conclusion of a general agreement between CEMA and EEC and/or between Poland and the Common Market. The first solution does not exclude the second, although the second without the first reduces the negotiating abilities of both countries. Without minimizing the importance and significance of non-tariff obstacles in trade, it must be said that a clear and understandable-to-every-businessman principle of reciprocity, and particularly give-and-take, is most fully apparent during negotiations on the subject of duty concessions. Obviously the situation would be different if Great Britain were to leave the Common Market.

The result of the willingness to develop mutual economic relations, as expressed by the parties in the above-mentioned documents, was the signing, in the 1970's, of a series of important understandings and contracts. They include:

--the largest of the co-production contracts concluded thus far with capitalist countries, signed in 1974 by AGROMET-MOTOIMPORT with Massey-Ferguson-Perkins [MFP] for the production of tractors and cooperation in the construction of engines for farm machines;

--the contract concluded in 1975 by POLIMEX-CEKOP and Petrocarbon Development for "turnkey" deliveries for the polyvinyl chloride (PVC) complex in Wloclawek;

--the contract signed in 1978 between the Polish Steamship Company and British Shipbuilders for construction, on mutual cooperation conditions, of 22 ships and two floating cranes.

Other contracts worthy of mention were those concluded in December 1976 between:

--CIECH [Central Import and Export Office for Chemicals] with Shell (four-year) on goods exchange in the area of chemicals and development of technical cooperation;

--CIECH and ICI on goods turnover and renewal of two understandings concerning goods exchange and technological cooperation in the area of pesticides;

--INTRACO [construction investments firm] and Cementation International for the construction, on "turnkey" terms, of two hotels in Gdynia for the Industrial Construction Association and a Polish Air Lines "LOT" terminal in Warsaw on terms of 100 percent credit, paid out of income from hotel services. (On 21 July 1981 Cementation broke the contracts; the matter is in arbitration.)

--IMPEXMETAL [ball bearing import-export firm] and Anglochemicals on deliveries of Polish copper at the rate of 10,000 tons annually for five years, in connection with financial credits granted to us in the amount of 50 million dollars;

--PAGED [timber products import-export firm] and the Polish-British company Polish Timber Products Ltd on deliveries of Polish sawn timber to the British market, in connection with financial credits granted previously to the company by a British partner, i.e., the W. Brandt firm.

Some of these understandings met with severe criticism in Poland, others were criticized in Great Britain. Two large contracts, particularly, provoked a wave of discussion and controversy in Poland, namely on the tractors and the polyvinyl chloride. In Great Britain it was the matter of granting credits for the construction of ships.

The MFP-URSUS [Tractor Factory] contract had many opponents from the very beginning. Polish designers proposed their own concept for Polish mass-production of an entire family of 30-70 horsepower tractors. It took into account the needs and conditions of Polish agriculture, the availability of raw materials and other materials for tractor production, technical service capabilities, etc. However, the idea of purchasing a license won out. Its main bargaining chips were to be: high technical level, rapid implementation of investment, and the possibility of paying for licensing credits drawn for this purpose with URSUS products. These bargaining chips, however, were tied to fulfillment of specified conditions. What was primarily important was that in the fields in which Polish industrial facilities cannot (and for some time yet will not be able to) ensure deliveries of assemblies, subassemblies and parts due to shortages, or differences in material characteristics, burdensome co-production import is essential.

Hopes for rapid implementation of investments fell through. At the end of 1980, license tractors still were not produced, although according to the schedule, production was supposed to amount to 55,000.[1] Insofar as self-payment was concerned, it was immediately apparent that if economic conditions deteriorated, tractors, assemblies or subassemblies produced in Poland would not enter the MFP network.

As pertains to the polyvinyl chloride plants, both the selection of supplier, in this case the British completion firm, Petrocarbon, as well as certain contract conditions, aroused doubts. The West German firm Uhde and the French firm Spiedatignol offered us similar plants on "turnkey" terms. The Petrocarbon bid was the lowest, but it provided for a contract on a cost-plus fee basis, which provides that the purchaser must cover all costs that will arise in the future. In this way, every subsequent delivery for this investment is invoiced at higher prices, taking into account the current rate of inflation and all other expenditures. Under these conditions, the seller has an interest in prolonging construction to the maximum. That is exactly what is happening in Wloclawek, although it must be admitted that the blames lies not just with the Britons. The PVC complex was supposed to cost 1,058 million foreign-exchange zlotys, i.e., approximately 14 billion negotiable zlotys. In reality, it will cost 1,600 million foreign-exchange zlotys, and total costs will reach 40 billion negotiable zlotys.[2] Trade losses alone from professional reports, official trips (which could have been avoided), annexes to contracts, etc., amounted to 35 million pounds sterling.[3]

Both of these large contracts were concluded, as already mentioned, on the self-payment principle. This principle often furnishes a basis for generalizations and accusations that the British firms exporting to Poland were forced to make equivalent or partial purchases of goods which either we are not capable of selling or are not able to sell abroad (counter-trade, contre-achats).

One form of self-payment is buyback. This form is attacked, especially by the trade unions, for its allegedly destructive effect on the British labor market. This refers to both the undermining of the principle itself of repaying credits drawn to startup a given installation or complex with the goods produced in it, as well as to cases, which occur, where other products are offered, especially when delivery dates of licensed products, which cannot be produced in Poland, are drawing close. This, supposedly, deprives other firms of the possibility of developing trade and reduces the growth of employment in Great Britain. We are also accused, on this basis, of unfair competition.

We can cite many weighty arguments against these accusations. If the contract for construction of the above-mentioned 22 ships and the two floating cranes had not been signed, a couple thousand Scotch shipyard workers would have been threatened with unemployment. The total benefits which would have had to have been paid to them over two years--for the shipyward would have had to have been shut down for at least that time because of lack of orders--would have exceeded the amount of

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[1] In 1980, only approximately 2,000 license tractors were assembled from parts imported from Great Britain. Overall, this investment is at least four years behind schedule.

[2] See A. Jedrzejczak: "Should We Hang Ourselves Because of Wloclawek," ZYCIE GOSPODARCZE, 8 March 1981.

[3] See A. Kowalski: "There is Business to be Done," PERSPEKTYWY, 12 December 1980.

credit granted to build these ships. The credit will be repaid, with interest, by the Polish-British firms which will operate these ships, but who will repay the British treasury the money expended for unemployment benefits? Insofar as tractors, assemblies, subassemblies and parts produced in Poland are concerned, they will be received by the MFP world network if economic conditions are good; worsening of the world economy will, to some extent, automatically shift the burden of risk onto Poland. In turn, insofar as the PVC is concerned, the costs that the Polish side bore (and will continue to bear) in building this complex, justify considerably larger concessions than repaying them with the production of polyvinyl chloride--if deliveries of materials for production can be considered in terms of buyers' concessions.

Turnover Growth Rate and Structure

According to British[4] statistics, the value of turnovers in Poland in the 1970's doubled every five years. Their average annual growth rate during this decade amounted to 14.8 percent (including export, 12.8 percent; import, 17.4 percent). The surplus of imports over exports meant that during 1971-1980, the cumulative balance of current turnovers amounted to 365,313 thousand pounds sterling in our disfavor. Added to this will be instalment payments on credits drawn and debt servicing.

Poland's share of export and import in Great Britain's total goods turnovers was negligible and according to British statistics amounted to (in percent):

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
0.71	0.65	0.69	0.72	0.62	0.67	0.60	0.54	0.61	0.53	0.48

These data show that:

1) Great Britain's turnovers increased faster overall during 1970-1980 than did turnovers with Poland (overall those increased 5.9 times and grew at an average annual rate of 19.4 percent, while in Poland they grew fourfold, i.e., they increased an average of 14.8 percent annually);

2) Polish-British turnovers are marginal for Great Britain and our export is almost imperceptible in England.

The situation is different in Poland. In the sphere of our turnovers with developed capitalist countries, Great Britain in 1978 strengthened its position as Poland's second economic-trade partner (after FRG), and as its fourth partner from the standpoint of the size of Polish export (after FRG, France and the United States). During the second half of the 1970's, British export's share in Poland's total imports at times exceeded by tenfold Polish export's share in Great Britain's total imports.

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[4]Differences between Polish data from the Main Statistical Office (GUS) and British data from their Central Statistical Office, result primarily from the method of classifying products. GUS applies the principle of including in exports (import to selling country) purchases of commodities, while the British Central Statistical Office (GUS) applies the principle of actually designating the origin of commodities. At a meeting of the Mixed Commission in Warsaw in 1976 it was decided to appoint a group of statistical experts to develop methods and propose measures to standardize and compare data. The group's work has not brought concrete results.

Agreements on industrial co-production also resulted in certain side effects. Namely, they constituted a platform for developing the Polish export of a series of products (such as bearings and machine tools), which had not been covered by these understandings but which could be placed on the British market as a result of the long-range ties that had formed between both sides. These agreements also paved the way for delivery of a number of machine elements, semi-finished products, and spare parts. However, as early as the mid-1970's, co-production mutual turnovers fell. The causes were quite varied, but were mainly linked with the weakening of the economy in the West and with the expiration of a series of co-production agreements made at the beginning of the past decade.

One of the traditional co-production agreements is the long-term understanding of BUMAR [building machinery import-export firm] with Jones Cranes, Ltd on joint production and sales of 40- and 25-ton cranes and a somewhat later understanding between BUMAR and Coles Cranes, Ltd on joint production of a 30-ton hydraulic crane. In 1978, final negotiations were conducted with this firm on the subject of concluding a license-co-production agreement for the production of site cranes with a 25-60 ton lifting capacity. On the basis of a license-co-production agreement with Ecko Instruments, Ltd, signed in 1975, BUMAR is producing lifting capacity limiters for cranes. As early as the 1960's, an agreement was made between MOTOIMPORT and Leyland on deliveries of Polish motorization products to Great Britain. In 1978, talks were conducted with this firm on purchased technology on high-pressure engines, including fuel apparatus. vibration dampers, and also on iron and aluminum castings. In 1976, a licensing agreement was signed at Hamworthy Hydraulic, Ltd for the production of power hydraulics elements. An agreement with the T. I. Churchill firm provided for joint production during 1978-1980 of a series of 300 lathes, on which the Britons installed control systems.

Of other types of interesting co-production initiatives we can mention the agreement made in 1978 between our automation and measuring apparatus industry and the British firm PSL-Penta. The subject of the agreement is the training of Polish specialists in the field of programming by the Honeywell systems in order that they may be able to use the software packages for the particular needs of the buyers of these systems. This opens up the possibilities for exporting services to the British market.

Examination of past experience shows, however, that our co-production ties with firms of pure-British capital were quite incidental, short-term, and not very effective from the economic and technical standpoint. Ties with American firms which had branches or departments in Great Britain (International Harvester, Singer) or with transnational concerns (MFP, GKN, Shell, BP, Lucas, Tube Investment) produced much better results.

For countries which have an average level of technical-economic development, co-production is often the only way the structure of export can be changed and the only way they can break into the saturated markets of highly industrialized countries with their highly processed products. Thus in the future the standing of this type of cooperation will grow.

Co-production possibilities in Poland's relations with Great Britain are considerable and encompass, in addition to the continuation of projects already begun, a

Table 1. Poland's Share in British Trade During 1970-1980 (in million pounds sterling)

(1) Wyszczególnienie	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
(2) Eksport Wielkiej Brytanii ogółem	8 063	9 175	9 746	12 455	16 494	19 762	25 769	32 974	37 363	42 804	51 650
(3) Import Wielkiej Brytanii ogółem	9 051	9 834	11 155	15 854	23 117	24 028	31 155	36 476	40 969	48 467	49 510
(4) Eksport Polski do Wielkiej Brytanii	63,0	59,8	70,7	95,1	110,3	114,3	154,2	178,6	212,2	229,3	194,5
(5) Import Polski z Wielkiej Brytanii	59,7	64,3	75,4	111,2	138,7	182,2	189,5	200,5	265,9	260,6	296,2
(6) Udział polskiego eksportu w imporcie brytyjskim (%)[a]	0,69	0,60	0,63	0,59	0,47	0,47	0,49	0,48	0,51	0,47	0,37
(7) Udział polskiego importu w eksporcie brytyjskim (%)	0,74	0,70	0,77	0,89	0,84	0,92	0,73	0,60	0,71	0,60	0,59

[a]In 1937 Poland's share in Great Britain's import amounted to 1.1 percent.

Source: OVERSEAS TRADE STATISTICS OF THE UNITED KINGDOM for particular years

Key:
1. Item
2. Great Britain's export, total
3. Great Britain's import, total
4. Poland's export to Great Britain
5. Poland's import from Great Britain
6. Polish export's share in British import (percent)[a]
7. Polish import's share in British export (percent)

light industry products (wool, cotton, linen, hemp, silk and silklike, and plush cloth; footwear; fur skins). The fourth group was the wood industry products, primarily sawn timber and fiberboard. Farm-food products were in fifth place (bacon, canned meat items, frozen fruits and vegetables); sixth place -- chemical products, principally sulfur, and also tires and fertilizers; further --fuels (mainly coal); finally, products of the mineral industry (household glassware, crystals, ceramic products).

In total, the share of processing industry products in our exports towards the end of the 1970's amounted to 40-45 percent; the rest were fuels, raw materials, other materials and farm-food items. Particularly low, incommensurate with the achievements and capabilities of Polish industry, was the share of electric machinery industry products.

However, imports were dominated by complete installations, machinery, equipment, highly processed industrial products and materials, licenses, patents, know-how, and also grain.

Although, as mentioned, a certain improvement took place in the structure of our export to Great Britain, it was not sufficient to increase trade. The traditional structure of our export was thus the main factor inhibiting the growth rate of mutual turnovers.

Industrial Co-Production

One of the concepts for modernizing the structure of our export, making it possible to accelerate the growth rate of turnovers with highly developed capitalist countries, provided for entering into co-production relationships with them. Insofar as Great Britain is concerned, it was, and continues to be, a rather difficult partner in industrial co-production. That country prefers to sell installations, technologies, licenses or equipment, without getting involved in co-production. This is motivated by high unemployment, stagflation, incomplete utilization of production capacity in many enterprises and subsectors of industry. Inertia and conservatism also play a part here, revealing itself in attempts to continue the old model of trade, based on exchanging industrial products for raw materials, other materials, and food. Other phenomena appear also which interfere in our establishing and developing co-production with British industry, which do not exist in other West European countries, and particularly the different system of British standards, weights and measures. Not conducive, either, to co-production with Poland, is the disposition of British industry to the traditional markets of the former British Empire, and after integrating itself with EEC, the attempts to modernize and adapt, aimed at closer cooperation with the Common Market.

Hence, thus, in comparison with other countries, co-production with Polish and British enterprises developed more slowly, both from the standpoint of rate, as well as form and scope. It principally encompassed the electric machinery industry, heavy and farm machines, construction machines, road machines, the shipbuilding industry, the chemical industry, and also construction and export of complete installations to Poland on the basis of license agreements, co-production understandings and trade contracts concluded during 1971-1978.

During the 1970's an acceleration of mutual turnovers took place, and economic cooperation began to develop on qualitatively new bases. While previously it was primarily in the nature of an exchange of larger or smaller quantities of commodities, contracted for intermittently, mainly from year to year, in the second half of the 1970's permanent ties between Polish and British enterprises began to be formed, on a long-term basis; co-production ties were strengthened, and possibilities of cooperation on third markets appeared. But by the end of the 1970's payment difficulties began to be evident and greater dependence of British deliveries to Poland on the ability to obtain credits. And although there were no special difficulties in obtaining them, nevertheless in 1978 Poland was moved (within the second category of debtors in which it found itself) from group A to B, which made credits somewhat more expensive. The Britons explained this move as being due to commercial considerations. In actuality this was a signal attesting to their negative assessment of our payments situation.

Certain positive changes took place in the 1970's in the structure of our export to Great Britain. Export of the so-called investment commodities, i.e., ships and products of the electric machinery industry, increased from 24.6 million pounds in 1976 to 37.4 million pounds in 1977, that is, by 53 percent. This growth was attributed to the deliveries of ships, whose value in 1976 amounted to 9.6 million pounds, and in 1977 to over 20 million pounds sterling. Thus the share of ships in all of our exports of investment commodities totaled almost 39 percent in 1976, and increased a year later to 53 percent.

In 1977, however, we were not unable to conclude any contract for further deliveries of ships. The deepening crisis in the world shipbuilding industry and the use for years of the British shipyards' production capacity ruled out further purchases from Poland, although the British side did not indicate any reservations as to either quality or timeliness of the last lot of seven ships supplied in 1977. Our export to Great Britain did not include ships for many years. Even if some kind of boomlet had occurred in the shipbuilding industry and some kind of contracts had been able to be concluded with the Britons, in view of the construction cycle deliveries could not have been made earlier than the second half of the 1980's.

Nevertheless, in 1978 (according to British statistics, reduced due to improper inclusion of ships) exports of products from the Polish electric machinery industry (SITC/R Group 7) reached a value of almost 51 million pounds, that is, it increased by 29.8 percent, and its share in all of our exports to Great Britain reached almost 24 percent. Aside from ships, the main export items in this commodity group were: construction machines, metalworking machines, bearings, ship fittings, passenger automobiles, tools, refrigerators, electron lamps, engine components, fuel apparatus, electric motors, tractors, and bicycles. In 1979 the value of export of machines and transport means dropped to 49.2 million pounds (21.4 percent of all export), and in 1980, it dropped to approximately 25 million pounds (12.9 percent of export).

The next, almost equal from the standpoint of value, group of commodities exported to the British market were metallurgical products, mainly copper, rolled products, sheetmetal and silver. Towards the end of the 1970's the role of these products, as well as other raw materials and materials, increased as the share of products of the electric machinery industry dropped. The next group was the broad range of

number of new fields of production in the electric machinery, chemical, heavy machinery industries, in industrial construction, metallurgy, mining and the production of mining machines. As an example, the following cooperation can be listed:

--in the production and deliveries of fork-lift trucks with the Lansing firm (a factory in Suchedniow is cooperating);

--with GKN in joint deliveries of complete installations and their fittings, including to third markets (forging-casting lines, welding equipment, tools);

--with Black and Decker in the production of electric tools and their components;

--with British Aerospace, Lucas and Rolls-Royce in the field of subassemblies and systems for light airplanes and jet engines up to 1,500 kg thrust;

--with General Electric in the production of motors and generators and fittings for power units;

--with Clark in the production of ships' engines' elements;

--with the British Metalworking Plant Markers Association (BMPMA) in the field of production of machines and equipment for iron and steelmaking;

--with the Association of British Mining Preparation Plant in the production of mining machinery and equipment and the construction of mines.

Cooperation on Third Markets

Industrial co-production is conducive to joint penetration and cooperation of parties on third markets. This is, thus far, an element of Polish-British cooperation that has not been employed very much, although there is every opportunity for it to become one of the leading forms of our activity on these markets. There are many premises for this:

--Great Britain has a long history of tradition in the development of world trade and strong economic and financial interconnections with different countries, including the developing countries;

--it continues to be one of the most formidable centers of world trade and its financing, and also one of the largest freight markets;

--a wide, relatively extensively developed sales network in the form of Polish-British companies is already in operation.

Forms and types of cooperation may be various. Primarily this may be traditional re-export and import from different areas through the British market, utilizing its institutional, financial-credit and stock-exchange capabilities. This is the most typical form of our cooperation with third markets through Great Britain. This form, as one that is proven and advantageous, particularly where purchases of stock-exchange commodities is concerned, should be strengthened and developed further. Purchases of such commodities as cocoa beans, tea, rubber, crude oil and others, made on the London stock exchange, turn out to be cheaper, in today's monopolistic world, than if purchased directly from the producers.

The next form of cooperation may be based on the principle of contracting partners or subcontractors, with a different area of performance by each of the parties in the implementation of complete industrial installations and general construction. This would require expansion and a certain remodeling of the work of some our companies with the participation of foreign capital operating in Great Britain. Such a model would, of course, assume various possibilities of appearance on third markets. A Polish-British company could, for example, appear in the role of main contractor and submit independent bids for entire installations directly to the customers. It could appear jointly with its principle domestic shareholder (shareholders), home foreign-trade enterprise, and offer installations on third markets. In both cases, outfitting of such installations would come from both Poland as well as Great Britain. It could appear in the role of subsupplier of the home foreign-trade enterprise and offer supplementary deliveries from Great Britain if deliveries from Poland are not possible. Finally, it could appear in the role of subsupplier or a consortium partner of a British firm, appearing in the character of the principal contractor of the installation, offering part of the deliveries from Poland in the name and account of its main, home shareholder. In any case, activities of companies on third markets need not be limited only to implementation of investment deliveries and construction and assembly work.

Expansion of the operation of Poland's trade network on the British market to third countries would require changing, or making more flexible, the Polish legal regulations that are binding in these matters. However, such changes should be made giving consideration to the purpose for which the companies are being formed abroad with the participation of foreign capital. Namely, they cannot give priority to purchases in third countries at the expense of Polish commodities--quality and delivery conditions being equal.

Prospects of the Growth of Export

Although all forms of economic cooperation and industrial co-production are important, nevertheless our export to Great Britain will be of decisive significance in the development of Polish-British economic relations. The main task is very complicated and comes down to the fact that by 1984 we must equalize turnovers, and as of 1985 begin to attain surpluses that will make it possible to gradually reduce our indebtedness to Great Britain to the safe level of 30-35 percent of the annual value of our export to that country, while at the same time maintain, over the entire current decade, indispensable sizes and rates of import.

After thoroughly analyzing data available in the middle of 1981, we can fix the average annual growth rate of the volume of our export to Great Britain during 1981-1990 within the range of up to 9.5 percent, while the desired export should be up to 14 percent. Attainment of desired growth will ensure implementation of the main task in the above-foreseen time; however, in the possible variant, the turning point will have to be shifted beyond the year 1985. This minimal rate (9.5 percent annually) will also be very difficult to attain without a basic change in the structure of our export to Great Britain both in total as well as in particular commodity groups.

In the understanding of the prognosis, possible growth means that its attainment is allowed both by the absorptiveness of the British market as well as the ability of our national economy to satisfy Great Britain's future import needs; desirable growth, however, assumes a specified dose of uncertainty--larger, insofar as deliveries are concerned, and smaller, insofar as the market's reaction to such a growth rate of our export is concerned. A precise demarcation between "possible" and "desirable" growth is very difficult in view of the circumstance that possible reduction of export of agro-food items or sawn timber is, by all means, also a very desirable goal.

Taking the year 1980 as the basis of the projection means that attainment of desirable growth becomes a very real task. In that year, as a result of the socioeconomic crisis that appeared with full severity in Poland, our export to the British marked dropped by 15 percent in comparison with 1979.

The reality of the accepted assumptions means that both the factors favoring our export to Great Britain as well as the circumstances that inhibit this export must be considered. The favoring factors include: the large (with small exceptions, unlimited) absorptiveness of the British market for Polish commodities; the high dependence of Great Britain on foreign trade; and the British policy of supporting export. Circumstances that do not favor our export include: the cyclical, uneven development of the economy and world trade; lack of tradition in Great Britain for developing trade with socialist countries: the necessity of overcoming the traditional approach of the Britons to exchange of finished products for raw materials, other materials and food; and Great Britain's membership in EEC.

Table 2. Average Annual Growth Rate of Polish Export to Great Britain During 1981-1990 (in 1980 prices)

		(1) Grupy towarowe									
(2)	Tempo rozwoju	I	II	III	IV	V	VI	VII	VIII	IX	(5) Ogółem
(3)	Możliwe	22,3[a]	4,3	13,5[a]	8,5	18,9	—2,0	2,1	0,9	—	9,5
(4)	Pożądane	21,0[b]	5,2	12,7[b]	22,0	23,7	6,0	10,9	5,8	—	14,0

[a] Desirable

[b] Possible

I - Electric machinery products; II - fuels and energy; III - metallurgical products; IV - chemical industry products (fertilizers); V - mineral industry products; VI - wood and paper industry products; VII - light industry products and hides; VIII - food industry products and agriculture products; IX - unspecified.

Key:
1. Commodity groups
2. Growth Rate
3. Possible
4. Desirable

If these assumptions were to be realized, the share of finished products in our export to Great Britain would increase to 55-60 percent; but raw materials and other materials, fuels and food, would drop to 40-45 percent in the first five years. Towards the end of the 1980's the share of finished products would increase to 80-85 percent, and then it could be said that the main obstacles in the dynamic development of favorable economic relations for both sides are removed.

The realization of the assumptions requires that obvious conditions must be fulfilled as to quality, up-to-dateness, timeliness and flexibility of deliveries and organization of better before- and after-sales service on products supplied to Great Britain. But this also requires that measures be taken to make access to the British market easier.

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DROP IN REAL WAGES DEBATED

Warsaw ZYCIE GOSPODARCZE in Polish No 18, 23 May 82 p 7

[Letter to the editor by W. Lenczewski and reply by "Ch. M."]

[Text] I am hoping that ZYCIE GOSPODARCZE, which has denied that it is engaging either in the propaganda of success or the propaganda of failure, is not now going to start engaging in the propaganda of claptrap and falsification. Tendencies along these lines have been displayed by Mr Ch M, who of late has been slipping us reports from the official manipulators of statistics, without making any attempt at critical analysis or interpretation of this information, in the form of a series of articles entitled "From Material of GUS [Main Office of Statistics]," thereby no doubt, as was the case in the past, fulfilling certain promises. The piece written by Ch M entitled "Wage-Price Ratios" and published in ZYCIE GOSPODARCZE No 11, 1982 is proof of this.

There is no way that one could overlook the obvious error and perhaps even the deliberate misrepresentation that was made in table 2 of this article in which, alongside figures showing the median annual nominal wages for 1980-1981, no mention is made of median annual wages for 1982, but rather of projected wages for the fourth quarter of 1982, which says something about the method used to calculate these figures. There can be no doubt but that this was done in order (in keeping with the promise that was made) to show that real wages in 1982 are going to drop at a rate which does not exceed the decline in the national income, i.e., to levels that prevailed in 1972-1973.

The indicator cited in table 2 showing living costs rising by 180.3 percent serves the same purpose. How could anyone accept such an indicator for the rise in the cost of living, since the prices of foodstuffs affected by the officially sanctioned price hikes rose by approximately 330 percent, since the public has already been informed that the prices of foodstuffs are going to go up on the average by 269 percent, since everyone knows that the prices of manufactured goods are going to go up anywhere from 50 to 300 percent, and, finally, since by setting foreign exchange rates at levels that match the current purchasing power of the zloty it is assumed that they will increase on the average by 265 percent?

Likewise, what is described to us in table 1 as a method for studying the rise in living costs and real wages as well is on par with the work of a schoolboy, since these things are determined not by how much of what can be bought with

median wages, but rather by the structual breakdown of the goods that are purchased, and this should also take into account the structural breakdown of purchases made in the socialized trade sector, in the public market trade sector, and nowadays, unfortunately, in the black market trade sector as well, a sector which--as if nothing had ever been done to counter it--has become a permanent feature of our economic life throughout all phases of the crisis. The failure to take into account the overall structure of personal spending meant that the rise in living cost for 1981 cited in table 2 winds up more or less matching the rise in median wages, something which is more of a pious wish than a statement in accord with the facts.

Whenever one engages in any kind of forecasting it is advisable that one should be guided by extreme caution and a willingness to consider several different alternatives and that one should avoid making categorical statements. If one were to heed these requirements a forecast of real wage trends for 1982 should look something like this:

Real wages with a rise in the cost of living of:

Rise in median wages	225 percent	250 percent	275 percent
25 percent	1,713	1,542	1,402
27.5 percent	1,747	1,573	1,430
30 percent	1,782	1,604	1,458
32.5 percent	1,816	1,634	1,486

So, it turns out that real wages might decline to a level lower than they were in 1970 or even to a level lower than they were in 1960 depending on what happens to median wages in 1982, taking into account compensations that have already been granted--and one should remember here that a rise in median wages by more than 6 percent will be held up by the tax system--, and depending on what ultimately happens with trends toward a rise in the cost of living. This is a truth that cannot be ignored. This fact gives rise to certain conclusions that should be taken into account in the formulation of wage and price policies, policies whose implementation will barely be able to secure a level of real wages that matches that of 1970 or even 1972. There are two such conclusions that appear to be most important:

1) It is urgently necessary that an effort should be made to refine the instruments and methods used to study living costs so that against the backdrop of a given way policy it will be possible to ascertain their impact on the level of real wages on a running basis.

2) It is urgently necessary that an effort should be made to set up the kind of machinery designed to compensate people for rises in the cost of living that would prevent a decline in real wages to an undesirable level.

W. Lenczewski /signed/

Mr W Lenczewski is levelling charges agsinst me of a most serious nature, i.e., the manipulation of statistics and even their deliberate misrepresentation by way of fulfilling a "certain promise." There is nothing we can do about this kind of slander, inasmuch as our polemicist does not want to acknowledge the fact that all attempts at drawing up forecasts dealing with wages, living costs, and real incomes are very difficult at the present time, since never before in our postwar history have we experienced such drastic changes in this area. So, if one wants to avoid making any mistakes, one should give up making any predictions on this subject. This is because the forecast suggested by Mr Lenczewski does not pass the test either (in light of recent statistics), although far be it from us to suspect that he himself is juggling figures in order to prove that real wages have dropped further than they really have. The simple fact of the matter is that given these kinds of shifts in wages and prices, inaccurate projections are a possibility.

Now let's get to the point. We noted that the median wage of workers (with compensations) in 1982 would come to 9,951 zlotys per month, and we based our estimate on data for the fourth quarter of 1981 (and not 1982--since then, as is much the case now, these data were not and could not be available). In March of this year the average wage (without compensations) in four primary sectors of the economy (industry, construction, transportation and communications, and trade) was 8,993 zlotys. The average compensation (not counting compensations for family members) was tentatively set at a level of more than 1,500 zlotys. So, one would not be greatly mistaken in assuming that the average wage together with compensations amounted to more than 10,500 zlotys. In the socialized sector of the economy as a whole the average wage last year was approximately 2 percent lower than in these four sectors individually. So, it can be estimated that the average wage in March of this year amounted to approximately 10,350 zlotys. So, the estimate given in the article "Wage-Price Ratios" was in error--because it was too low. However, it is hard to make the charge that this is a question of exaggerating the level of real wages, since in fact the error was made in the opposite direction.

On the other hand, the indicator reflecting the rise in the cost of living cited in this article was set at too low a level. When prices of February 1982 are compared with those of February 1981, it turns out that this indicator was approximately 35 percentage points higher. The rise in the prices of manufactured goods was not predicated as accurately as it should have been.

Mr Lenczewski charges that we should have foreseen this, taking into account, among other things, the change in the rate of foreign currency exchange. However, the higher exchange rates cited by him apply to export sales. A much lower rate of exchange was quoted for converting the prices of imported raw materials into domestic producer goods prices, and this after all has an impact on the costs and prices of manufactured goods. On the other hand, we did not do a good enough job of estimating the impact on prices resulting from the increase in the turnover tax in addition to certain other costing factors.

Accordingly, after admitting to having made certain mistakes of our own, it is fitting that we should also comment on the tables and the recommendations made by our challenger. While we agree that forecasts which consider multiple

multiple options have a great chance of coming closer to the truth, we are compelled to observe that in light of data that have now become available the cost of living indicator comes to 215 percent (February 1982 compared to February 1981). Will it go up in the months to come? There are three trends that will come into play in this regard. First, there is the effort to hold back on a further increase in the prices of manufactured goods by broadening the scope of official and controlled prices. Secondly, changes have been made in the index basis of comparison. Prices also continued to go up last year--mainly for foodstuffs, services, alcoholic beverages, and cigarettes. These two trends should contribute to a levelling off or perhaps even a reduction in the cost-of-living indicator. The third trend will encompass an increase in the prices of primarily public marketplace goods, but the rise in the prices of some foodstuffs will also tend to counteract this trend. The third trend--a rise in the prices of, for the most part, public marketplace goods, but also including the prices of some foodstuffs--will tend to work in the opposite direction. It can be estimated that this indicator will wind up at a level ranging between 215 and 230 percent.

On the other hand, there can be no question but that Mr Lenczewski underestimated the rise in median wages, and on this score one should assume that this indicator will amount to an increase of at least 40 percent, not 25 percent. So, taking into account the fact that after midyear some compensation is supposed to be allowed for upward fluxes in the prices of manufactured goods, this indicator will most likely move to an even higher level.

And, finally, one other observation--in reference to the final recommendation contined in Mr Lenczewski's letter. The level of real wages will be first and foremost a function of the level of output of consumer goods. That is, a function of whether or not we succeed in slowing down the decline in this level of output and perhaps even manage to register a marginal increase. A rise in wages, which in a formal sense would boost the real wages indicator, but in effect be set aside in the form of forced savings, would not make much sense. So, it is in those mechanisms geared toward boosting output and the productivity of labor that we will find the main key to making sure that real wages do not drop to levels that prevailed in the 1960's. This, of course, does not mean that we should not make an effort to refine compensation arrangements and the methods used to study living costs.

Ch M /signed/

11813
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LONG-RANGE ENERGY POLICY OUTLINED

Warsaw ZYCIE GOSPODARCZE in Polish No 18, 23 May 82 p 5

[Interview with Ryszard Nodzynski, Deputy Director, Planning Department, Ministry of Mining and Energy, by Janusz Ostaszewski: "Between the Two Equally Hazardous Alternatives of Requirements and Capabilities"]

[Text] [Question] You've authored the "Program for the Development of Energy Industry During the 1982-1990 period and Its Directions Until the Year 2000," recently submitted at a session of the Scientific and Technological Council for Energy under the Minister of Mining and Energy. This is yet another forecasting study in the field. Could you describe your program against the background of the earlier programs, especially the work of the State Council for Fuel-Energy Management (PRGP-E)?

[Answer] I'm familiar with these analyses and their authors. AFter all, more than once we've worked together. In what do we differ?

Professor Kopecki, the chairman of PRGP-E, who co-presented our program at the session of the ministry's scientific council, pointed out that it chiefly applies to electrical power rather than to the nation's entire fuel and power economy. He also offered detailed comments on, among other things, heating plant systems, but altogether he assessed the program very positively. Admittedly, this program does concern just one sector of fuel energy management, but, in my opinion, that is the principal sector. As a consequence, our program is extremely detailed. It comprises everything relating to the generation and utilization of electric power, that is, the construction of electric power plants, electric power and heat generating plants, transmission and distribution networks, the power machinery and equipment industry, repair facilities, environmental protection, etc. At the same time, although we worked independently of each other, our forecasts agree on the anticipated demand for electrical energy and the necessary changes in the structure of its generation. This concerns primarily the share of energy from nuclear power plants and increasing share of brown coal.

[Question] Considering how many unknown factors there are, this agreement is indeed surprising. The most important x-factor is the rate at which the economy will emerge from its crisis. So much depends on how soon will the

economy regain its health, gain appetite, and begin to demand strengthening. We also do not know how rapidly and in what way the structure of industrial output will change. If memory serves me correctly, Professor Kopecki criticizes your analysis because you assume an excessively passive version of development which energy problems may bring to a stop after the economy begins to progress normally.

[Answer] This is a fundamental issue. If the emergence from the crisis and the start-up of the economy are too rapid while at the same time--here, generally speaking, nothing can be done raipdly--the energy-intensiveness of national income will not diminish, owing to structural changes, there may occur an energy famine. On the other hand, we must simply consider our possibilities. Every zloty expended nowadays on investments, even on such important investments as ours, must be carefully inspected. But to be sure, energy needs should, in my opinion, receive a definite priority and privileged treatment, because without energy there can be neither bread nor housing nor stores with full shelves, because one tailors a garment according to the amount of cloth available.

[Question] Funds are needed not only to build new electric power plants and thermoelectric power plants as well as networks but also--and urgently at that--to modernize your facilities. As ensues from the assessment preceding the program, the actual state of the nation's energy industry is not adequate.

[Answer] Already since 1976 it has been unable to cope with the needs and it had become necessary to curtail and ration energy supply for industry. Subsequently the outages affected the population, too. We had dark streets in cities and electricity-deprived villages. The worst year was 1979 when the power shortages reached as much as 5,000 Gwh [gigawatt hours]. But even a year earlier the shortfall was as much as 4,000 Gwh, and were as high in 1980 and 1981 also. This stemmed from the collapse of energy investment projects, which dates back to 1975. During 1976-1980, pursuant to the Decree No 204 of the Council of Ministers, we were to install 9,050 MW in new capacities. The 1976-1980 plan specified 8,100MW but only 5,500 MW were created. Moreover, electric power plants began to decrease in efficiency. Between 1975 and 1980 their available power--the difference between their actual and installed capacities, dropped to 72.3 percent from 76.6 percent. This was a consequence of repair delays and an unsatisfactory quality of repair. The energy industry entered a vicious circle. Instead of being shut down for reapir, worn-out boiler-turbine units were exploited beyond the very limit of their capacities because of the constant energy shortage. Industry kept growing, energy consuming investments continued, consumers, and they all clamored for energy. We have achieved a sorry world record in terms of annual time of utilization of the mean capacity generated in thermo-electric power plants. In 1978, one of the three record-breaking years in this respect, it amounted to well over 5,500 hours or, to compare, nearly 1,500 hours longer than in, say, the FRG, and 1,000 hours longer than in Czechoslovakia.

To cpmplement the picture it should be added that at the same time the distance of energy transmission has grown. Transmission losses in our power grid amount to nearly 11 percent, whereas in most European countries they do not exceed 8-9 percent. The situation is at its worst in the countryside which, to be sure, it electrified but, in as many as 12,000 out of 45,000 villages farmers are unable to avail themselves of electric motors.

[Question] Well, this is not the only field whose condition is shocking after [the era of] voluntarism [arbitrary officialdom], yet it is precisely in energy that the situation is particularly menacing. If we compare the needs with the possibilities, the picture is even less pleasant...

[Answer] It is farily difficult to present such a comparison verbally, without tables, diagrams, and data illustrating interdependencies, but I'll try...

[Question] If it is all right with you, we shall be glad to complement this interview with analytic material selected from your study.

[Answer] Fine. This will make everything clearer.

We adopted three versions of the demand forecast. The most active, and basic, version proceeds from the premise that energy industry must be prepared for the eventuality of a somewhat more rapid emergence of the economy from its current crisis nadir, and it looks as follows: the level of the generation of electric power in 1982 should reach 118 billion kwh [kilowatt-hours]; in 1985, 133 billion; in 1990, 170 billion; and in 2000, about 260 billion. These figures allow for the anticipated export targets of 2 billion kwh to Austria as well as for imports of 6 billion kwh from the USSR and also--commencing in 1989--for power generation in nuclear power plants which will reach 3 billion kwh as early as in 1990, 15 billion in 1995, and 50 billion in 2000.

The structure of the consumption of fossil fuels to generate electricity should also gradually change. As early as in 1985 we expect the consumption of hard coal to exceed that of brown coal only slightly, and by 1990 brown coal should predominate and its share should continue to rise. This should result in the relative stabilization of hard coal consumption by power industry at the level of some 70 million tons in 1990 and somewhat more than 80 million tons in 1995 and 2000. We do not expect any marked increase in the share of liquid ruels. In this respect, as you have surely gathered, our forecast agrees with the forecast of PRGP-E.

[Question] And what about the investment forecast?

[Answer] The aggregate capacity of thermoelectric and hydroelectric power plants until 1990 has in principle already been determined by the power pfojects commenced. This concerns the electric power plants: Polaniec I (8x200 MW), Opole (6x360MW), Belchatow I (12x360 MW), and the Zarnowiec Pumped Storage Power Plant (4x170MW). The new projects include the Zarnowiec Nuclear Power Plant where, during the first stage, by 1990, two 440 MW units

should start operations; the Zatonie Brown Coal Fired Plant (2x360MW); the expansion of Polaniec (4x200 MW); and lastly the first stage of the Mloty Pumped Storage Power Plant, which may generate 250 MW. Altogether then, by 1990 we would like to achieve, or should be able to achieve, in accordance with the anticipated demand, about 12,000 MW in new capacities, or about 82 percent of the aggregate capacity of the electric power plants now under construction or expansion.

[Question] How much is all this to cost?

[Answer] This is hardest to discuss. The minimum needs for the present year, determined after extremely thorough analyses not only by us but also by the Planning Commission, and upon taking into account power network and heating system investments, exceed 60 billion zlotys on the entire fuel and energy complex, including one billion zlotys for starting up the Zarnowiec Plant.

[Question] The difference between the funds needed and the funds that could be obtained is quite considerable. What will be its consequences, in your opinion?

[Answer] Very serious. Above all, the investment-caused increase in the extractive capacities of hard coal mines will slow down which, combined with the decreasing extractive capacities of certain older mines, will curtail the increase in hard coal extraction in the coming subsequent years. The consequences will be far-reaching, because the failure to commence certain investment projects at present means shortages of production capcity in the long run. Similarly, the actual extraction of brown coal will likely be only 18 million tons in 1985 instead of the planned 25 million. And lastly, by 1985 we will have added only 4,760 MW in new capacities, that is, 1,060 MW fewer than expected--and this gap will affect the subsequent years as well. Unless we initiate investment projects this year, the resulting shortfall will amount to 1,050 MW during 1986-1990--or even more considering that the shortage of funds will continue after 1982 as well. Of course, our calculations are geared to the expected demand, on whose size all the forecasters agree. One more thing: the construction of 110 kw industrial power transmission networks will be curtailed, thus forfeiting the chance to improve the quality of transmission and reduce network losses, and curtailing the electrification of PKP [Polish State Railroads] as well.

[Question] Then what do you propose in this situation?

[Answer] The recommendation included in our program is as follows: allowing for the decisions already made to halt the construction of certain projects such as the Mloty and Zatonie power plants, the development of the electric power industry should be based on a less active schedule--provided, however, that about 5,100 MW in new capacities will be added during the years 1981-1985; about 7,100 MW, during the 1986-1990 period; and 9,000 and 12,000 MW, respectively, during the 1991-1995 and 1996-2000 periods. This ensues from the actual possibilities, but it should be clearly stated that it will not satisfy the economy's demand for electric power even when given the version of the demand forecast based on a much lower estimate than the one I cited

previously, namely, on a demand estimate of 129 rather than 133 billion kwh in 1985; 160 rather than 170 billion kwh in 1990; and 240 rather than 260 billion kwh in 2000. This may affect the rate of emergence from the crisis and seriously obstruct the development [of the economy], but,,,that is all we can afford. Needless to say, this will also have adverse social consequences and affect the level of our living standards. Thus there is no choice but to conserve energy.

[Question] Thus one can only repeat here the proverb about the tailor and the cloth. On the other hand, you're painting a picture of a real energy famine and its rather discouraging consequences--including even, and above all, social consequences. Yet I believe that reasoning of the kind "Either give us funds or everything goes kaput" is rather fallacious. Don't you have any alternative programs that alleviate at least in part the consequences of inadequate budget allocations?

[Answer] I ought to add here, in order to clarify the financial consequences of our program, that a more active schedule of power development for the 1981-1985 period would require spending about 200 billion zlotys, plus about 290 billion slotys in the 1986-1990 period, in terms of 1978 prices.

[Question] These prices are no longer current, being much lower than the current prices. Then also there is the added consideration of material shortages--something we haven't discussed so far.

[Answer] Of course, But you should also consider that even the less active, "pessimist" version of the development schedule still would require the commitment of substantial funds amounting to 190 and 275 billion zlotys respectively for the two periods mentioned.

[Question] But let us return to emergency measures. To be sure, it is only layment who think that modernization costs nothing and is rapid like lightning, but even so we cannot disregard the possibilities ensuing from it as regards the energy indsutry and its customers. The unfortunate extremely high energy-intensiveness of our economy must, after all, gradually diminish as otherwise we would find ourselves in a cul-de-sac from which there will be no exit.

[Answer] This must be loudly proclaimed, and not only proclaimed--because no appeals here have been or even will be effective. Energy cannot be cheap, and the economic-financial system must promote its conservation. The energy-intensiveness of our economy is not the fault of power experts but that of the structure of the economy, ensuing from a complex whole of mistakes made in its development--mistakes that now belong to history. In our pursuit of quantity we did not consider its cost. Now we have the reform, but there also exists a situation in which, e.g. in housing construction, heat loss in buildings is, owing to technological monopoly, 30 or even 40 percent greater than elsewhere. For nowhere else could such construction be afforded. We dissipate energy in the air and, together with it, many billions of zlotys and great quantities of hard work. It can be seen from this example, which is but one of many and can be multiplied, that rationalization of energy consumption in inevitable

for us, and in indispensalbe--it menas for us "to be or not to be." But let us warn against excessive optimism and the dissemination of the view, especially among decision-makers, that this will produce rapid and significant effects such that we will be able to build fewer electric power plants. The necessity of building them despite everything is demonstrated by a comparison of per capita power consumption in Poland with that of other countries. We occupy the 15th place, with 3,000 kwh per capita. We rank below Bulgaria and Czechoslovakia, not to mention Norway, the world leader in this respect, where per capita power consumption is as much as 17,000 kwh.

[Question] All this is true but, as distinct from the forecast which we mentioned and which precisely bases the nation's energy balance sheet on an exact determination of the amount of the needed energy savings, your program does not pose any such specific requirement despite its extremely detailed enumeration of the streamlining measures that have to be taken in various fields. Your program also lacks an economic analysis of this problem, which is a pity considering that the new economic mechanism favors, finally, serious consideration of the criterion of the energy-intensiveness of the development and assessment of industrial production. Might not this be because you, as energy producers, are primarily interested in achieving the possibilities for generating as much energy as possible, because it will profit you even though you drawn on development funds from a common source [the Treasury]?

[Answer] I do not quite agree with this reasoning. It can be indeed believed that we are only interested in expanding output and shall use every method of promote its development--though always, as you yourself admitted on the basis of considerations of national welfare. But we have specified the quantity of energy that we can provide to the economy given specific investment outlays. As for the remainder, this concerns precisely that energy shortfall in industry, construction, and agriculture, which will happen if they do not take proper preventive measures. After all, investments are made in those sectors as well. Thsu let outlays be made on what will conserve energy rather than on facilities which will continue to waste it. After all, as I recall it, you commented on the first analysis submitted last February at the PRGP-E session that it is a veritable paradox, encountered nowhere else in the world, that energy consumption has been increasing despite the declining level of industrial output. I believe in the need for a genuinely strong economic whip to be applied to those who disregard so frivolously the value of energy. Unless that whip is applied, people will not exorcise from themselves a negligent attitude toward energy conservation.

After all, one cannot always put the cart before the horse, as has been done so far with complete unconcern. Ultimately, it is energy, and the energy and fuel policy, that represents that horse. Until now the cart has been ornamented and enlarged. The heavier it became, the leaner the nag beacame until it was no longer able to pull it.

[Question] I must admit--and I don't know if you share my view--that I'm relieved to realize that it is not I who must decide on these matters. You can hardly feel happy, not only in view of the position you occupy but also

in view of because you are more familiar than me with the details of the vicious circle in which the energy industry is trapped. You can perceive more clearly that the times of easy and genius decisions supposedly--but unfortunately not at all--solving all problems and pushing us even farther into the abyss of economic "success"--that these times are over. Excuse this reflection. It's time to return to the topic. I suggest that you describe to us the program for the development of nuclear power. In that field we have been horrendously slow, but it looks like we will finally grasp the nettle, even if ti is not hanging on the highest level.

[Answer] The delays are enormous and there is not point in proving this yet again. But it is worth recalling that, under the original plans, the first Polish nuclear power plant was to start operating this year. Actually, however, only its construction was started.

At the Zarnowiec [Nuclear Power Plant], first of all, two 440-MW units will be built and will start operating during 1989-1990. In the second stage, 1992-1993, two more units of the same type, WWER-440 [water-moderated water-cooled 440-MW power reactors] will be built. Later still, the program transcending the year 2000 is quite extensive--a nuclear power plant will be built in the region of Ciechocinek, although that site is dubious in view of the existence of the local health spa. Generally speaking, plans exist to build several nuclear power .lants on the Vistula in: Kujawy, Wyszogrod, Karolowo, Chelmno, and Opalenie. Still another nuclear power plant is to arise on the Odra, below its confluence with Warta; another on the Warta in the region of Wronki; and yet another on the sea in the region of Koszalin. As for the remaining regions, three sites have been tenatively selected: Malkinia on the Bug, and Annopol and Jaroslaw on the Vistula below its confluence with the San.

Assuming, as must be done considering the nation's balance sheet of fuels, that by the year 2000 nuclear power plants will provide capacities of the order of 11,000 MW, a new project must be commenced every 3 years. This illustrates the scale of the undertaking, at least with respect to what we stated before regarding investment possibilities.

[Question] In addition, these projects hinge on extensive co-production ties with the abroad as well as on as yet--in my opinion--enigmatic although previously readily declared possibilities of domestic industry as regards building equipment for these power plants.

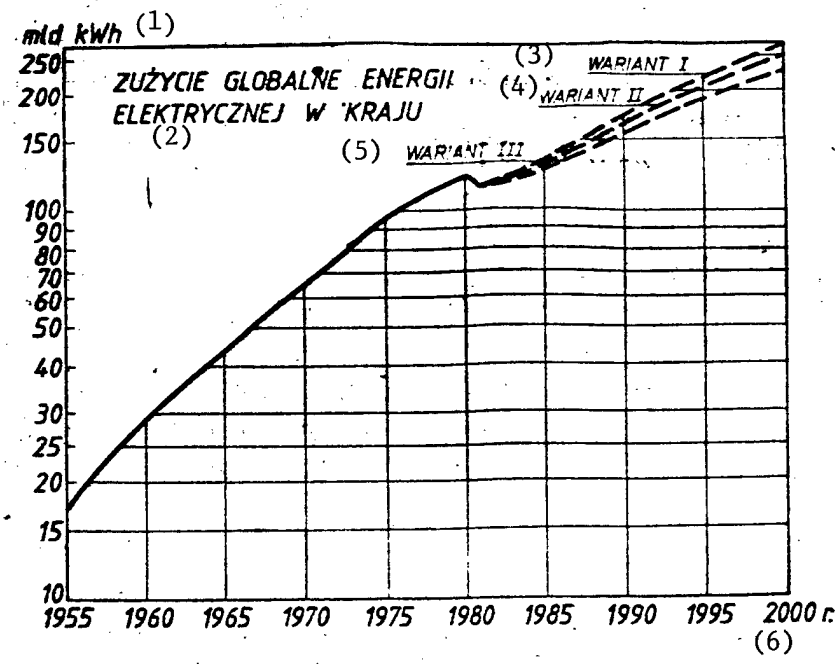
[Answer] I am more confident about cooperation with the abroad--concretely, with the USSR--thatn about my own bailiwick which may actually, given the pace considered, cause a great deal of trouble and will ultimately decide the success of the entire program. At the Zarnowiec Nuclear Power Plant, for example, our share in equipping the plant reaches 50 percent. This concerns a complete machine shop with a 465-MW turbine unit, steam generators, heat exchangers, etc. Some of these facilities we already manufacture within the framework of [CEMA] specialization and supply to our neighbor countries which already have built their own nuclear power plants and continue to build more. Thus, we have some experience, although it must be stressed that this concerns a new technical generation, a new technological cultures that must be rapidly mastered. Here shoddy work cannot even be considered.

[Question] And so--any concluding remarks to this interview?

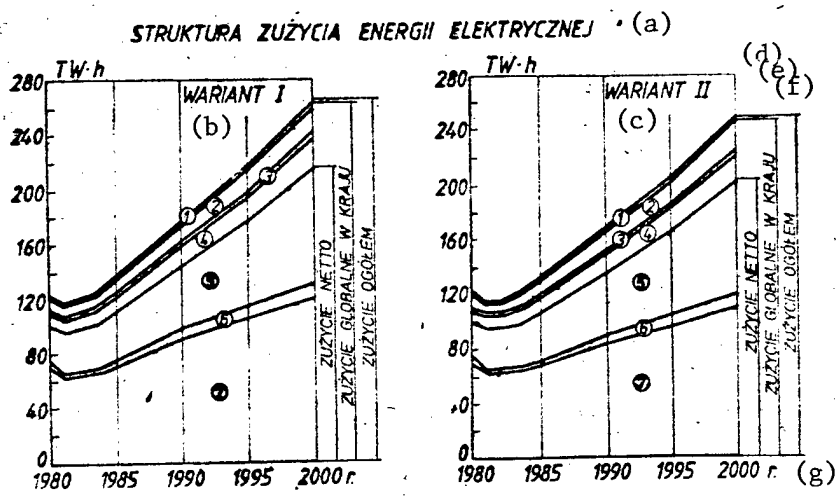
[Answer] Yes. It should be clearly stated that we are being menaced by an energy famine unless we increase the proeudtive capacities of our fuel and energy base and at the same time rationalize and practice the conservation of electrical and heat energy. It is sometimes difficult to understand the origins of the conviction that, despite the growing energy shortages and high fuel prices, we constitute an isolated island of plenty on which we can waste what others meticulously conserve.

Thus, the aim of energy industry is to meet as fully as possible the demand for electrical and heat energy provided that it is socially justified and based on conservation measures--without waste and without excessive consumption.

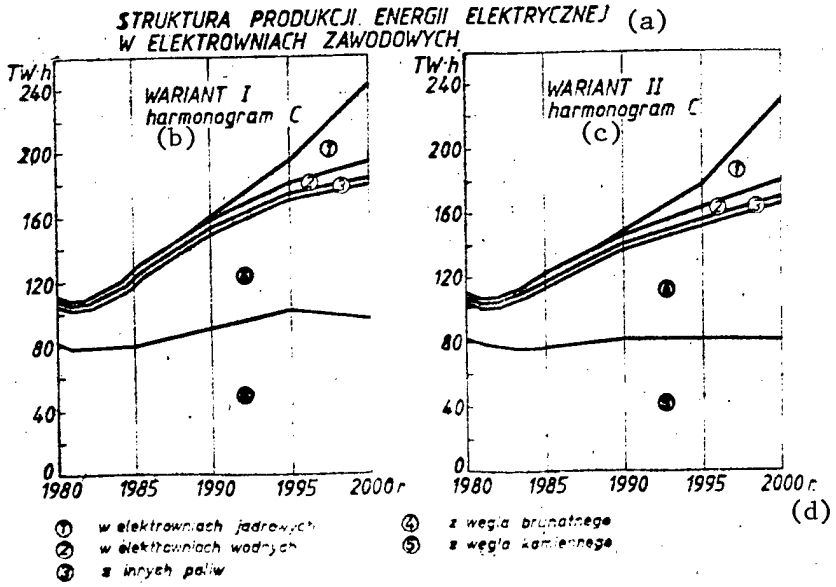
[Questino] We have not exhausted the topic and many aspects of your program could not be represented here. I hope, however, that we did discuss the most important issues. As for the remaining issues, we shall certainly consider them more than once in subsequent issues of ZYCIE GOSPODARCZE. Thank you for the interview.



Key: (1) billion kwh; (2) Aggregate domestic electric power consumption; (3) Version 1; (4) Version 2; (5) Version 3; (6) year



Key: (a) Structure of the Consumption of Electrical Energy; (b) Version 1; (c) Version 2; (d) Net consumption; (e) Aggregate domestic consumption; (f) Overall consumption; (g) Year; (1) Sales to the abroad; (2) Network losses; (3) Pump storage; (4) In-house consumption for the generation of electric power; (5) Consumers and communal services; (6) PKP [Polish State Railroads] traction; (7) Industry



Key: (a) Structure of Electric Power Generation in Regular Power Plants; (b) Version 1, Schedule C; (c) Version II, Schedule C; (d) Year; (1) Nuclear power plants; (2) Hydroelectric power plants; (3) Other fuels; (4) Brown coal; (5) Hard coal

1386
CSO: 2600/279

HOUSING CONSTRUCTION PLAN FOR 1982 OUTLINED

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 8, 17 May 82 pp 21-23

[Article by Kazimierz Kolodziejczyk: "Housing Construction in 1982"]

[Text] The principles of planning, realizing and financing housing construction in 1982 differ significantly from previous years. This year the extent of the tasks is based on realistic possibilities and projected fulfillment in 1981 and not, as previously, on an assumed high-housing construction growth rate, which, as a rule, there was no chance of accomplishing because of a lack of discipline and a developed investment front and because of a shortage of materials.

In realizing housing construction in 1981, we started with large shortages of materials (cement, finishing materials) and their associated production stoppages. As a result of tightening the terms for receiving housing and setting the end of December as the closing month for a given year, we entered 1982 with large raw material supply.

The magnitude of housing construction in 1981 is presented in Table 1.

Table 1. The Magnitude of Housing Construction in 1981 (in thousands of housing units)

Housing Construction	Revised NPSG [National Socioeconomic Plan]	Fulfillment
Total	225.0	183.0
Socialized	175.0	139.1
Including:		
--Cooperative	140.0	107.9
--Plant	35.0	31.2
Private	50.0	43.9

In the CPSG [Central Socioeconomic Plan] for 1982, only the magnitude of total housing construction was designated--170,000 to 200,000 housing units--without, as previously, a breakdown into types and forms of housing.

The designated outlays were at a lower level; that is, 170,000 housing units. However, it is assumed that it will be possible to build 200,000 units with the same outlays if waste and improper construction work are eliminated and if material economies and organizational-technical changes are implemented. In the 1982 CPSG, the maximization of results with the minimization of resources is assumed.

Investment outlays were included in the system for the housing complex and alloted for cooperative and plant housing. Outlays for municipal construction were included in UW [Voivodship Office] investment outlays.

In comparing the share of investment outlays for the housing complex in total outlays (see Table 2), it has increased over past years, which substantiates the priority of residential construction. Nonetheless, the absolute outlays for housing construction are lower in 1982 than in 1980.

Table 2.

(in billions of zlotys)

Item	1980	1981	1982
National economy	594.7	466.0	423.0
Housing complex	164.2	122.6	127.7
including:			
--Housing management	127.2	91.5	93.0
--Municipal management	29.1	24.1	27.7
--Housing industry	3.9	2.5	2.5
--Heating plant system	4.0	4.5	4.5
Share in outlays for the national economy, in percentage	27.6	26.3	30.2

Three Forms of Realization

In accordance with Resolution No 50 of the Council of Ministers of 2 March 1981, regarding the principles for realizing and financing socialized housing construction for the nonagricultural population, and in accordance with the 1982 CPSG, socialized housing construction will be realized in three forms: [cooperative housing construction, municipal housing construction and plant housing construction].

Cooperative Housing Construction. In the 1982 CPSG, with regard to cooperative housing construction, outlays were specified in the aggregate in the apportionment per voivodship. The bank furnishes credit in accordance with these outlays. In the framework of the outlays and material-technical resources allocated in the 1982 CPSG, the most substantive results should be achieved.

The cooperative housing construction for 1982 is wholly intended to satisfy the housing needs of cooperative members. The apportionment of housing for

members is done within the cooperative with the participation of people's control.

Cooperative construction is realized via the commission system. It can also be realized via the economic system over and above allocated outlays but it cannot represent a right to additional allocations of materials and resources and is permitted only when resources are used more efficiently.

Based on agreements between UWs and cooperatives, investment outlays can be transferred from a UW investment plan to a cooperative housing plan if the funds are used for housing and associated purposes.

Cooperatives may sign a contract to realize housing construction with other investors--over and above their own tasks--providing the investors' resources are used.

Depending on existing capabilities, cooperative housing may be realized via the sponsored housing system (above and beyond outlays specified in the CPSG).

In the framework of outlays for cooperative construction, basic attendant installations are realized in accordance with Resolution No 50 of the Council of Ministers of 2 March 1981. Beginning in 1982, schools, nurseries and nursery schools, which had been financed in other ways, are also included in the framework of these outlays.

Funds obtained from the full-payment (for ready cash) sale of cooperative housing can be used to increase cooperative construction above the amounts from the outlays specified in the 1982 CPSG.

The NBP [Polish National Bank] controls the total amount of investing designated for housing construction in the 1982 CPSG by financing and giving credit to this activity.

Municipal Housing Construction. Municipal housing is designed to provide new housing to replace depreciated buildings and municipal investments, welfare housing and housing for families in the most difficult housing and material situation.

The magnitude of this construction is determined by the UW plans specified in the framework of total outlays allocated to the UWs in the 1982 CPSG.

Municipal housing construction is financed by bank credit, which is repaid when the construction is completed.

Municipal housing construction, like plant housing construction, can also be realized by a cooperative investor. This is linked with a one-time transfer of funds required for this purpose.

Money from special funds can be used for housing construction, including money from a local housing fund in accordance with its appropriation.

Plant Housing Construction. Plant housing for enterprises operating in accordance with Resolution No 243 of the Council of Ministers of 30 November 1981, regarding principles of operations for state enterprises in 1982, can be realized as follows:

--as plant housing construction in the framework of investment tasks based on funds such as those for basic investments (mainly bank credit);

--from Plant Housing Fund money and, if necessary, supplemented by bank credit;

--from other funds (such as the Fund for Mine Injuries) designated for supplementary housing construction.

State enterprises can also realize plant housing via vicarious investors, including housing cooperatives. Enterprises concluding a suitable contract with cooperatives remit appropriate funds for this purpose.

Officially financed economic units realize plant housing construction from budget funds allocated in the 1982 CPSG in an amount permitting the realization of specified results. These units, like an enterprise, can realize plant construction via housing cooperatives by remitting appropriate funds for this purpose.

An Efficient Plant for Housing Construction

At its 28 January 1982 meeting, the Economic Committee of the Council of Ministers established the operating plan for 1982 housing construction at the upper limit specified in the CPSG: that is, 200,000 housing units, including 102,000 units of cooperative housing construction.

On 29 January 1982, the Economic Committee of the Council of Ministers also decided to increase production of local building materials. In accordance with this decision, the Ministry of Materials Management is obligated to develop the specific principles for supplying units undertaking this production, and the MBiPMB [Ministry of Construction and Construction Materials Industry] is supposed to designate the form, principles and scope or providing design, technological and technical aid to these units. Governors and presidents of cities are obligated to ensure coordination of production of local building material in their areas.

Decentralization of Construction Potential

In accordance with the resolution of the National Council and the Council of Ministers of 28 November 1980, regarding general directions for broadening the authority of regional organs of government and state administration, the output potential for realizing housing construction and the technical, social and agricultural infrastructure is being included gradually into the regional management sphere.

The combined output potential, supervised by regional organs of government and state administration, will include:

--municipal construction enterprises, which now operate in the sphere of regional management;

--enterprises for special and general construction;

--agricultural construction enterprises, excluding national enterprises.

The assumption of output potential is ending. The necessity to set this sphere in order results from, among other things, the need to reorganize and regulate this potential before the general construction associations are liquidated. The assumption of construction potential by regional governments allows using it more efficiently to satisfy needs but this will require an appropriate adjustment of organizational structures to execute the expanded tasks. The action of governors, however, cannot limit the rights of enterprises resulting from the resolution concerning state enterprises and the execution regulations of this resolution.

The principles for shifting general construction potential to the regional management sphere were defined by the MBiPMB.

The tasks of the MBiPMB in relation to the organized potential in the voivodships will result from its function as the main organ of state administration in the field of construction and building materials. It will encompass such problems as repairing principal construction machinery, recycling spare parts, servicing house factories and providing transport services except flow-line transport.

In contract to previous years when it was done at the ministerial level, balancing construction-assembly work will now be the task of the voivodships.

The Materials Supply System

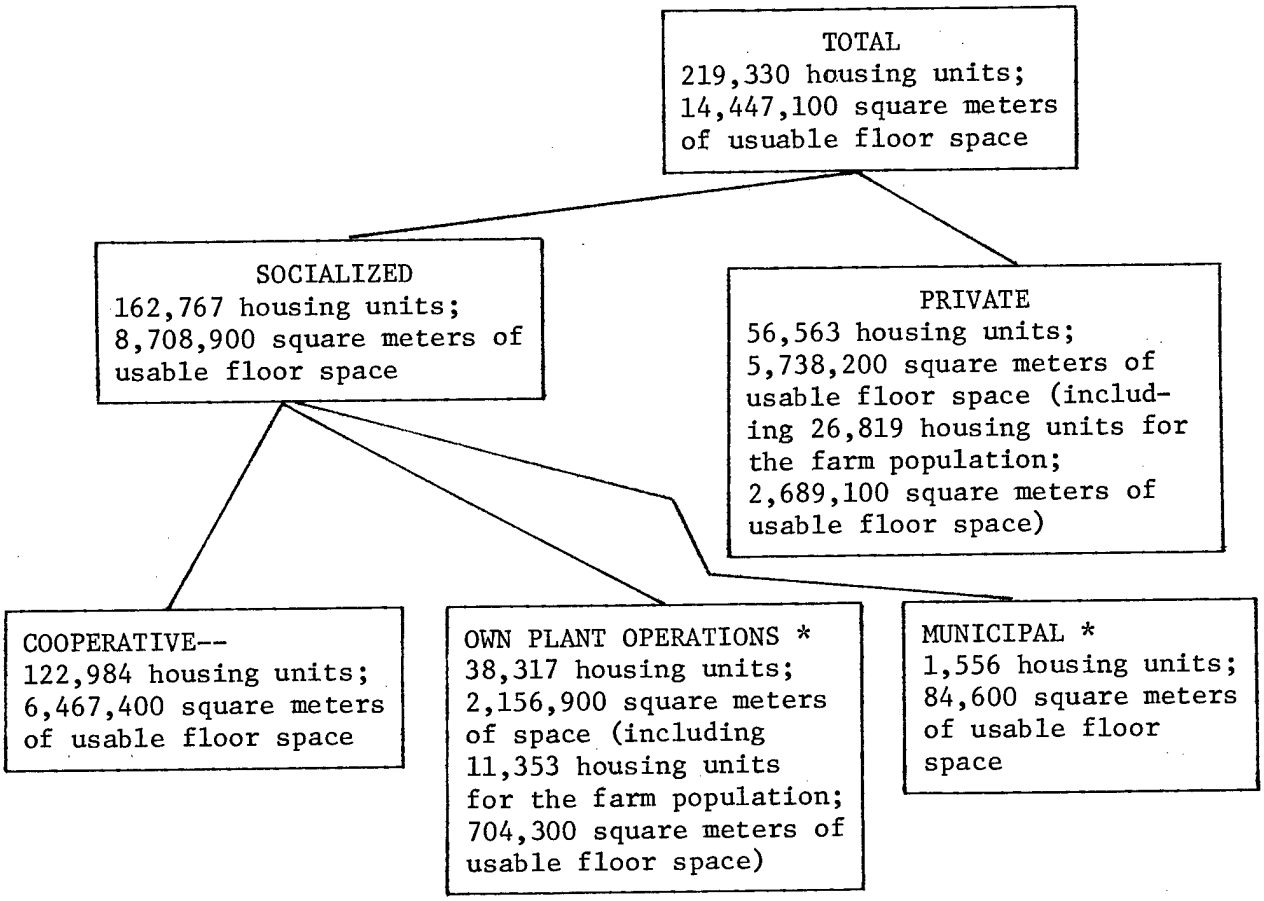
Just as in industrial production, a significant portion of materials consumed in the construction process is not included in the distribution system, and in accordance with Resolution No 243 of the Council of Ministers of 30 November 1981, regarding the principles of operation of state enterprises in 1982, free turnover exists. The following building materials are included in the distribution system; cement, metallurgical products, electric-power cables, boards and woodlike panels.

Based on Circular No 2 of the Ministry of Materials Management of 23 February 1982, regarding supplying building materials to construction enterprises supervised by the voivodships as well as the cooperation of voivodships with enterprises involved with turnover of distributed materials, the following applies:

--Units involved with production resources turnover authorized for distribution apportion materials for individual customers, the remaining materials are distributed to the individual voivodships.

--Allocations of materials for territorial apportionment in a voivodship will be obtained by the appropriate territorial units involved with turnovers

Table 3. Housing Construction Tasks in the Voivodship Plans for 1982



* excluding results obtained via cooperatives

which prepare the apportionment of materials, including those for construction enterprises, but realizers of operational programs have top priority. The proposed apportionment will be coordinated with Voivodship Materials Management Teams.

*

The realization of the housing construction plan is occurring under difficult supply conditions along with a shortage of proper infrastructure investments.

In the socialized housing construction during the January-February period, 8,300 housing units were ready for occupancy, which is 7,600 units less (46.1 percent) than for the similar period last year. Not one unit was ready in six voivodships.

During the January-March period, 13,200 housing units were ready for occupancy, 39.2 percent less than in the analogous period last year. Fulfilling the housing construction plan will in the end be determined by the substantive capabilities of material supplies and processing and their proper utilization.

Decision No 7 of the Economic Committee of the Council of Ministers of 29 January regarding the 1982 Operating Plan for Housing Construction

In order to guarantee conditions for increasing the magnitude of housing construction in 1982, the Economic Committee of the Council of Ministers resolves:

1. to establish the 1982 operating plan for housing construction at the upper level projected in the 1982 CPSG; that is, 200,000 housing units, including 102,000 cooperative housing units;

2. to authorize the management of the Central Housing Construction Cooperative Union in order to increase outlays for the cooperative housing construction specified in the 1982 CPSG, especially for one-family cooperative housing construction, construction realized in the framework of a sponsor for young people and in the economic system as well as with funds obtained from the sale of housing;

3. to establish that money from a plant housing fund transferred to a cooperative for constructing housing commissioned by a workplace as well as credits obtained for this purpose increase investment outlays for the cooperative housing construction specified in the CPSG;

4. to shift investment outlays of 3.7 billion zlotys in the CPSG from plant construction to cooperative housing construction in the Katowice Voivodship for the construction of housing for miners;

5. decision to be effective on the day of inception.

Specifying Changes in Housing Policy

Along with the assumptions of the program for housing construction to 1990, prepared simultaneously with changes in the principles of housing policy, draft documents were prepared specifying the general assumptions, namely with regard to rent for apartments and rooms, housing allowances brought about by increased rents, the principles for realizing and financing housing construction, charges collected for changing apartments and the principles for creating and the operating scope of Housing Exchange Offices.

Rents. The projected directive of the Council of Ministers are meant to establish socially just relations of rents for apartments to charges for cooperative tenant housing such that increasing rents will cover current building maintenance costs. A base rate of 12 zlotys per square meter is proposed, along with a table that takes into account additional factors that would lower the rent (for example, the lack of water or a basement) as well as factors increasing rent (wc, bathroom and co [expansion unknown]). In the table of rents for rooms, the base rate is 30 to 50 zlotys and factors lowering it are also considered.

Housing Allowance. In the draft resolution of the Council of Ministers, housing allowances are acknowledged for an individual whose rent has increased because of the mentioned directive and for a member of a housing cooperative occupying a residence based on a cooperative right to an apartment under tenant conditions. This allowance, in accordance with the draft resolution, is supposed to be 30 zlotys monthly per tenant or cooperative member as well as for each close individual living with him; single people will receive an allowance of 300 zlotys monthly.

Realizing and Financing Housing Construction. The draft resolution of the Council of Ministers standardizes conditions for financing housing construction in urban and rural areas and in a comprehensive way establishes the principles of furnishing financial aid of a social nature by the state for all forms of single- and multifamily housing construction to supplement housing deposits and reduce monthly payment charges for state-controlled and tenant housing.

Changing Residences. The draft instruction of the Ministry of Administration, Local Economy and Environmental Protection proposed, among other things, relinquishing collection of charges for obtaining additional living space and appliances as a result of a change in residence. Also, according to the stipulations of the draft instruction, charges collected for housing exchange services will be increased; for example, the charge for advertising living quarters for exchange will be 300 zlotys and for assistance in a change of living quarters, 1,000 zlotys.

11899
CSO: 2690/666

ADDITIONAL ARTICLES UNDER CENTRAL IMPORT CONTROL LISTED

Warsaw RZECZYPOSPOLITA in Polish No 127, 11 Jun 82 p 6

/Decision No 30 of the Economic Committee of the Council of Ministers: "Supplying Materials and Technology--Implementing Operational Programs"/

> /Text/ We publish today Decision No 30 of the Economic Committee of the Council of Ministers concerning the improvement in supplying materials and technology to the economy. The Decision confirms the list of additional articles under central import control, which is also published in full.

Decision No 30 of the Economic Committee of the Council of Ministers of 5 May 1982

In order to insure appropriate conditions for supplying materials and technology and for implementing operational programs, it is established:

1. Within the framework of implementing supplies on behalf of the operational program of "production, supplies, and services on behalf of defense and security of the country" priority is established for orders marked according to the principles established by the Defense Industry Committee of the Council of Ministers.

2. Within the framework of implementing supplies on behalf of the operational plan of "export to states included in first and second payment areas," the priority is given to the enterprise which implements an agreement of supplying to a foreign trade agency or an appropriate contract concluded with a foreign client.

3. Within the framework of implementing supplies on behalf of operational programs of "supplies and production of fertilizers and plant preserving agents" and "production of milk and milk products," as well as "production and supplies of work clothes and protective clothes," the priority goes to the enterprises covered in the lists of those implementing the programs, transferred to the turnovers units by the Office of Materials Management (URM).

4. A priority in supplying on behalf of operational programs which are not mentioned in items No 1-3, goes to the enterprises implementing production

(services) covered by those programs--based on statements given with the orders, and at the supplier's (i.e., the enterprise's or the authorized turnovers units) request after agreements have been presented which testify as to the scope of implementation of the tasks covered in the programs.

5. The list of additional articles under central import control is ratified. The list constitutes an appendix to the Decision.

6. The Minister of Materials Management, in agreement with other interested ministers, shall insure that the trade turnover of materials is procured for the materials mentioned in item No 5, by the appropriate units. The minister shall also determine the magnitude of essential imports for the year 1982.

7. Interministerial Team for Steering Imports shall be required to assign foreign exchange resources for import of articles listed in the appendix to Decision.

8. The ministers who, according to directives of the bill on state enterprises, perform the function of the founding organs in relation to turnover units mentioned in appendix No 8 of the resolution No 243 of the Council of Ministers of 30 November, 1981 concerning principles of functioning of state enterprises for the year 1982 (POLSKI MONITOR No 32 item No 287) shall make sure that guidelines concerning supplies of materials and technology, which were issued by the minister for materials management, are adhered to by subordinate turnovers units.

9. The Decision is in effect as of the day it has been issued.

Janusz Obodowski, Chairman
Economic Committee
Council of Ministers

List of Additional Articles Under Central Import Control:

1. Manganese ore
2. Chrome ore
3. Wolfram ore
4. Molybdenum ore
5. Calcinated magnesite
6. Kaolin
7. Mercury
8. Magnesium
9. Manganese
10. Cobalt and cobaltic powder
11. Antimony
12. Silicone
13. Limonite and rutile
14. Graphite electrodes
15. Ferroalloys
16. Cooling gases Freons

17. Oil products not covered by central import within the framework of the basic basic list.
18. Paraxylene
19. Technological soot
20. Components for production of sintered carbides
21. Sisal
22. Jute
23. Veneer wood
24. Rubber latex
25. Potassium chlorate
26. Calatonic glues
27. Steel cord, wires and cables for rubber industry
28. Components for paints and lacquers: pentaerythritol, glycerine, epoxide resins, polivinyl resins, and chlorinated rubber resins
29. Components for glues: resins of the type of "Arlesen," ethylene dichloride
30. Benezene

9959
CSO: 2600/741

REORGANIZATION OF MARITIME ECONOMY REPORTED

Warsaw ZYCIE WARSZAWY in Polish 22 Jun 82 pp 1, 2

[Text] A press conference in the Office of Maritime Economy was supposed to be devoted to this year's Sea Days, which were just taking place, and to the reform, but actually one topic predominated: the creation of joint-stock companies in the Polish merchant marine. This may be considered a revolution in the legal and organizational structure of the fleet.

In effect, even though we have not obtained a single new vessel, we have had three new shipping companies for several days. These are the Polish Shipping Company SA [Joint-Stock Company], headquartered in Szczeczin, the Polish Ship Company SA in Gdynia, and the Maritime Refrigerated Transport Service SA in Szcaeczin.

Even though they are so young, the new firms can by no means be considered Cinderellas. The Polish Shipping Company bought 99 vessels valued at 11.5 billion zlotys from the Polish Steamship Company [PZM], until now our largest shipping company. The Polish Ship Company purchased 155 vessels from the Polish Ocean Lines [PLO] valued at 12.4 billion zlotys. The Maritime Refrigerated Transport Company bought 9 vessels from Transocean valued at 2.7 billion zlotys.

As can be seen from this, the new companies have taken over most of the Polish shipping fleet. The old state enterprises, the PLO and PZM, strictly speaking retained only the vessels that were the property of other companies, bought on the basis of mortgage credit or leases, and that cannot yet change owners.

Three new ship operating companies have thus been created. All of the old ones still exist. Poland has not obtained a single new vessel. So why the reorganization?

This question was answered by the head of the Office of Maritime Economy, Minister Jerzy Korzonek, his deputy Ryszard Pospieszinski, PZM director Ryszard Karger, and PLO director Tadeusz Grembowicz.

Their statements indicated that the regulations defining the principles for the operation of state enterprises were too tight and binding for our fleet. They made it difficult for it to operate efficiently in the specific international market of maritime transport. According to Director R. Karger, the head of the PZM and at the same time the chairman of the board of the Polish Shipping Company, this new legal form for the enterprise, a form which is considerably better known in the world, will allow it to operate more effectively, and flexibly and freely, in frieght markets. It will also create chances for a possible future union with other ship operating enterprises.

In the opinion of Minister J. Korzonek, the fact of the creation of the companies also makes it possible to manage investment in the fleet on the basis of completely different principles. In order for it to exist, the fleet must be continually modernized. Today, however, the size of the necessary investments, and the associated financial risk, have grown tremendously. Just a few contracts, such as those concluded by the PLO in recent years in Spain and France, have amounted to a half million dollars. At present, the Polish ship operators would like to share this risk with someone, and thanks to the companies, they have the legal ability to do so.

The companies' stocks are in the hands of the founders for now. They are made out to the bearer and may be available to everyone. Any issue and sale of the stocks will depend on the investment policy of the company. There is a possibility that foreign or Polish emigre capital may be obtained by the companies, to the extent that this is needed.

The founders of the new ship operating firms believe that this form of ownership will create a broader and more stable basis for shipping activity. It will make it possible for the company to get the best clients and will make it easier to secure credits.

All of these changes, which are after all enormous, nevertheless affect the only legal sphere. The vessels have become the property of the companies, but their crews still work for the PZM and the PLO. Both of these state enterprises, in addition to their own units, which are now few in number, will operate all of the vessels of the new ship operators. On the other hand, only time will show whether this operation will actually provide the benefits expected by the shippers.

9909
CSO: 2600/723

SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw TRYBUNA LUDU in Polish 28 Jun 82 p 7

[Text] Announcement of Exchange Rates Table No 27/82, effective 28 June 1982, by Stanislaw Majewski, president, Polish National Bank, on 28 June 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments in Table No 6, 1982, dated 8 February 1982, remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,879.90 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]

Exchange Rates Table No 27/82

Country	Curr Symb		Currency	Foreign Exchange Purchase 3	Foreign Exchange Sales 5	Money Purchase 1	Money Sales 2	Average 6
Saudi Arabia	771	1	rial***	24.98	25.24	--	--	25.11
Australia	781	1	Austral.dollar	83.81	84.65	82.55	85.91	84.23
Austria	786	100	schillings	493.07	498.03	485.64	505.46	495.55
Belgium	791	100	francs	182.01	183.83	179.26	186.58	182.92
Denmark	792	1	kroner	10.06	10.16	9.91	10.31	10.11
Finland	780	1	markka	18.07	18.25	17.80	18.52	18.16
France	793	1	franc	12.55	12.67	12.36	12.86	12.61
Greece	724	100	drachmas	123.22	124.46	106.80	126.32	123.84
Spain	785	100	pesetas	77.03	77.81	75.87	78.97	77.42
Holland	794	1	florin	31.63	31.95	31.15	32.43	31.79
India	543	100	rupees***	899.23	908.27	--	--	903.75
Ireland	782	1	pound***	119.64	120.84	--	--	120.24
Japan	784	100	yen	33.64	33.98	33.13	34.49	33.81
Yugoslavia	718	100	dinars	170.71	172.43	147.96	175.00	171.57
Canada	788	1	Canad.dollar	66.10	66.76	65.10	67.76	66.43
Kuwait	770	1	dinar***	297.41	300.39	--	--	298.90
Lebanon	752	1	pound	16.17	16.33	15.92	16.58	16.25
Libya	651	1	dinar***	289.42	292.32	--	--	290.87
Luxembourg	790	100	francs	182.01	183.83	179.26	186.58	182.92
Norway	796	1	kroner	13.66	13.80	13.46	14.00	13.73
Portugal	779	100	escudos	102.22	103.24	88.60	104.78	102.73
FRG	795	1	mark	34.82	35.18	34.30	35.70	35.00
United States	787	1	dollar*	85.70	86.56	84.41	87.85	86.13
Switzerland	797	1	franc	40.81	41.23	40.20	41.84	41.02
Sweden	798	1	kroner	14.03	14.17	13.82	14.38	14.10
Turkey	627	100	pounds	53.23	53.77	46.14	54.57	53.50
Great Britain	789	1	pound**	149.04	150.54	146.79	152.79	149.79
Italy	799	100	lira	6.18	6.24	5.36	6.33	6.21

* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey

** Valid also in clearing accounts with the following countries: Nepal and Pakistan

*** The Polish National Bank does not purchase money in these currencies.

CSO: 2600/747

SPECIAL CURRENCY EXCHANGE RATE TABLE PUBLISHED

Currency Table Annulled

Warsaw TRYBUNA LUDU in Polish 29 Jun 82 p 5

[Text] The Polish National Bank announces that Special Currency Exchange Rate Table No 27/82 dated 28 June 1982 is annulled. The following table will appear on 1 July 1982. Until the new table becomes effective on 1 July 1982 foreign exchange rate table No 26/82 dated 21 June 1982 is binding.

New Currency Table Published

Warsaw TRYBUNA LUDU in Polish 1 Jul 82 p 7

[Text] Announcement of Exchange Rates Table No 27/82, effective 1 July 1982, by Stanislaw Nieckarz, for the president, Polish National Bank, on 1 July 1982.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,870.25 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]

Exchange Rate Table No 27/82

Foreign Currency Exchange Rate in Zlotys for Countries of the First Payments Area

Exchange Rate for Commercial Payments

Country	Curr Symb	Currency	Foreign Exchange		
			Purchase	Sale	Average
CEMA countries	101	1 transfer ruble	67.66	68.34	68.00
Albania	315	1 clearing ruble	67.66	68.34	68.00
People's Republic of Korea	319	1 clearing ruble	67.66	68.34	68.00
Laos	322	1 clearing ruble	67.66	68.34	68.00
Vietnam	320	1 clearing ruble	67.66	68.34	68.00

Country	Curr Symb	Currency	Foreign Exchange and Money Purchase	Sale	Average
Albania	215	100 lek	213.92	216.08	215.00
Bulgaria	202	100 leva	4,884.54	4,933.64	4,909.09
Czechoslovakia	203	100 koruna	429.84	434.16	432.00
People's Republic of Korea	219	100 won	1,243.75	1,256.25	1,250.00
Cuba	208	100 peso	3,227.02	3,259.46	3,243.24
People's Republic of Mongolia	204	100 tugriks	856.93	865.55	861.24
German Democratic Republic	205	100 marks	1,343.25	1,356.75	1,350.00
Romania	206	100 lei	431.56	435.90	433.73
Hungary	207	100 forints	291.42	294.34	292.88
Vietnam	210	100 dong	375.08	378.84	376.96
USSR	201	100 rubles	4,298.40	4,341.60	4,320.00

Exchange Rates Table No 27/82

Country	Curr Symb	Currency	Foreign Exchange Purchase	Foreign Exchange Sales	Money Purchase	Money Sales	Average
Saudi Arabia	771	1 rial***	24.95	25.21	--	--	25.08
Australia	781	1 Austral. dollar	87.68	88.56	86.36	89.88	88.12
Austria	786	100 schillings	494.11	499.07	486.66	506.52	496.59
Belgium	791	100 francs	182.48	184.32	179.73	187.07	183.40
Denmark	792	1 kroner	10.07	10.17	9.92	10.32	10.12
Finland	780	1 markka	18.11	18.29	17.84	18.56	18.20
France	793	1 franc	12.54	12.66	12.35	12.85	12.60
Greece	724	100 drachmas	122.76	124.00	106.40	125.85	123.38
Spain	785	100 pesetas	77.11	77.89	75.95	79.05	77.50
Holland	794	1 florin	31.58	31.90	31.11	32.37	31.74
India	543	100 rupees***	897.57	906.59	--	--	902.08
Ireland	782	1 pound***	121.60	122.82	--	--	122.21
Japan	784	100 yen	33.77	34.11	33.26	34.62	33.94
Yugoslavia	718	100 dinars	171.26	172.98	148.44	175.56	172.12
Canada	788	1 Canad. dollar	66.89	67.57	65.89	68.57	67.23
Kuwait	770	1 dinar***	297.57	300.57	--	--	299.07
Lebanon	752	1 pound	17.35	17.53	17.09	17.79	17.44
Libya	651	1 dinar***	289.19	292.09	--	--	290.64
Luxembourg	790	100 francs	182.48	184.32	179.73	187.07	183.40
Norway	796	1 kroner	13.66	13.80	13.46	14.00	13.73
Portugal	779	100 escudos	103.23	104.27	89.47	105.83	103.75
FRG	795	1 mark	34.81	35.15	34.28	35.68	34.98
United States	787	1 dollar*	85.63	86.49	84.34	87.78	86.06
Switzerland	797	1 franc	40.94	41.36	40.33	41.97	41.15
Sweden	798	1 kroner	14.04	14.18	13.83	14.39	14.11
Turkey	627	100 pounds	55.24	55.80	47.88	56.63	55.52
Great Britain	789	1 pound**	148.61	150.11	146.37	152.35	149.36
Italy	799	100 lira	6.17	6.23	5.35	6.32	6.20

[footnotes on following page]

[footnotes for table]

* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey

** Valid also in clearing accounts with the following countries: Nepal and Pakistan

*** The Polish National Bank does not purchase money in these currencies.

CSO: 2600/769

DECREE SETS UP MARINE DRILLING ENTERPRISE

Bucharest BULETINUL OFICIAL in Romanian Part I No 47, 17 May 82 pp 2-3

/Decree No 194 of the State Council on Organization of the Enterprise for Drilling and Operating Marine Oil Wells, Under the Ministry of Petroleum/

/Text/ The State Council of the Socialist Republic of Romania hereby decrees:

Article 1. As of 1 May 1982 the Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells is founded with headquarters in Constanta municipality, under the Ministry of Petroleum, for purposes of drilling oil wells, marine and on the continent in the coastal area, for geologic research and exploitation, geotechnical projects, appraising strata, extracting crude oil and gases through marine platforms, transporting hydrocarbons and materials for the activity in seagoing ships and conduits, installing the platforms, pertinent constructions, and rendering services in connection with those activities.

The enterprise is founded by arrangement with the Marine Drilling Group in the Enterprise for Drilling and Special Geologic Projects under the Ministry of Geology.

Article 2. The Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells operates on the principle of economic-financial self-administration, with juristic personality, it is organized according to the legal standards for organization and management of state socialist units and the uniform structural standards approved for geologic units and the extractive industry by Decree No 162 of 1973 Setting Uniform Structural Standards for the Economic Units, and it conforms to the special degree of organization and sector group II.

Article 3. The Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells has the organizational structure specified in Annex No 1*.

Article 4. The assets and liabilities according to the balance concluded as of 31 December 1981, together with the economic and financial plan indicators and the concluded contracts pertinent to the Marine Drilling Group, are transferred

*The annexes are sent to the institutions concerned.

from the Enterprise for Drilling and Special Geologic Projects to the Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells.

Personnel transferred from the Enterprise for Drilling and Special Geologic Projects to the Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells are considered transferred in the interest of the service.

Article 5. Personnel on the marine extraction platforms and those implementing special projects at sea essential to extraction and transportation of crude oil and gases benefit by the provisions of Decree No 388 of 1976 on the working conditions, salary level, and certain benefits for personnel working on marine drilling platforms and seagoing ships with which geologic, geophysical and geotechnical prospecting projects are implemented, as well as other special projects or activities essential to marine drilling.

The 50 percent increase in salary benefits specified by Article 3 of Decree No 388 of 1976 is computed for the regular salaries paid according to the regulations in force for the respective activities on land.

Article 6. Article 2 (2) Paragraph d of Decree No 215 of 1977 on hiring working personnel in work groups I, II or II is hereby supplemented with "personnel on the marine extraction platforms" and with "personnel implementing special projects at sea essential to extraction and transportation of crude oil and gases."

Article 7. Annex No XIV/12 on Higher Regular Salaries for Difficult Working Conditions and Annex No XIV/14 on Progress of Worksite to Decree No 380 of 1981 are hereby supplemented with the Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells. The benefits specified in the decree will also apply to personnel on the marine extraction platforms and personnel implementing special projects essential to extraction and transportation of crude oil and gases.

Article 8. For 1982 the number of persons who will benefit by higher regular salaries for difficult working conditions, worksite progress and work groups I and II in operations performed in new petroleum units or those being developed for the Ministry of Petroleum is hereby supplemented with 500 persons.

Article 9. Supply of the Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells with one passenger car for transporting persons, two emergency passenger cars and two minibuses is hereby approved. The supplement is in accordance with the annexes to Decree No 277 of 1979 on Measures to Rationalize Fuel Consumption and Conserve the the Motor Vehicle Park and Decree No 377 of 1979 on Measures to Concentrate the Motor Vehicle Park for Local or Internal Use in the Socialist Units' Inventories.

Article 10. The State Planning Committee and the Ministry of Finance will modify the indicators of the Uniform National Plan for Socioeconomic Development, as well as the volume and structure of the State Budget for 1982, according to Annexes Nos 2-4*.

*The annexes are sent to the institutions concerned.

Article 11. The Ministry of National Defense will provide transportation of persons, parts and materials by helicopters within the flight hours set by an agreement concluded between the Ministry of National Defense and the Ministry of Petroleum.

Article 12. The provisions of Decree No 367 of 1980 on Measures for Rational Use of Personnel in the Socialist Units, the application of which was prolonged by Decree No 345 of 1981, do not apply to the positions in the units from which working personnel essential to the Constanta Petromar Enterprise for Drilling and Operating Marine Oil Wells are transferred.

Article 13. Annex No 2 to Decision of the Council of Ministers No 367 of 1973 on Measures to Reorganize the Industrial Centrals, Their Assimilated Units and Some State Enterprises is hereby modified according to the provisions of the present decree.

Article 14. Annexes Nos 1-4 are integral parts of the present decree.

Nicolae Ceausescu
President of the Socialist Republic of Romania

Bucharest, 17 May 1982
No 194.

5186
CSO: 2700/305

EXPANDED USE OF TECHNOLOGY SOUGHT IN MINING SECTOR

Bucharest REVISTA ECONOMICA in Romanian No 24, 18 Jun 82 pp 5-7

/Article by Rodica Stefaniu, Ion Becleanu and Gheorghe Draghici: "The Efficiency of the Expansion of Advanced Technologies in Mining Operations"/

/Text/ The development of the economy in this 5-year period dictates as a prime necessity the growth of production at steady rates in the branches called upon to provide the necessary resources of raw materials and energy. To this end, our state is allocating monetary funds and is concentrating important technical, material and human resources that should put the production activity in the extractive sectors at the levels set.

While the previous 5-year period meant, for the extractive industry, the stage of experimentation with modern mining technology and of introduction of integrated, all-around mechanization in quarries, the problem of expanding and improving the technologies and equipment and of using them to a higher degree, with maximum economic efficiency and productivity, is now posed. The raising of the extractive activity in general and the mining activity in particular to a qualitatively higher level and the raising of the efficiency, in the context of economic and financial self-administration, require both the rigorous, well-substantiated correlation of the technical-material equipping with the production tasks and the use of it, of all the means available, with greater efficiency.

Moreover, the recent party and state documents have indicated that special attention is to be devoted to firmly applying the decisions regarding the fulfillment of the tasks involving the extraction of coal and the production of electric power on the basis of coal, with a view to meeting all the energy needs of the national economy. In this regard, it is necessary to act in such a way that the measures in the prograns drawn up with regard to designing, assimilating, delivering, putting into operation and using at as high parameters as possible the complex mining installations and equipment are carried out on schedule, with maximum economic and production efficiency.

A Necessary Correlation: Production-Technical Equipping

Beginning with the preceding 5-year period, the mining extractive sector has benefited from a broad program for equipping and mechanizing its units. Its main feature has consisted of the intensive modernization and mechanization of the production processes, for which purpose special programs for assimilating in the country more

than 140 assortment and prototype dimensions have been drawn up together with the ministries producing specific equipment and installations. Within this framework, much documentation for substantiating the assimilation of the main equipment, such as the mechanized support complexes for the extraction of thin, medium and thick layers of lignite and bituminous coal, has been prepared and advised thus far (see Table 1).

Table 1. The Equipping of the Mining Industry on the Basis of the Mechanization Program

Equipment		Achievements 1981	Provisions 1985
Complexes for mechanized support of faces in coal mines	No	183	300
Face combines for coal	No	268	350
Heading combines	No	270	400
High-capacity excavators for lignite quarries and ore, including:	No	67	250
Rotor excavators	No	29	65
Bucket excavators of more than 2.5 cubic meters	No	38	185

The mining output in 1985 will register very significant increases in comparison with 1980 (Table 2). In accordance with these dimensions of production, the plan of the Ministry of Mines for scientific research, technological development and introduction of technical progress in the 1981-1985 period provides tasks for expansion and application of new technologies and mechanization, which provide mainly for:

The growth of production and labor productivity (the extraction of coal from faces equipped with mechanized complexes for cutting and loading coal, the mechanized digging of mineworks, the extraction of nonferrous ore with high-productivity methods);

The reduction of the consumption of supplies, power and fuel (the hydrogravitational transportation of rock from the flotation processes to the settling ponds, the supporting of mineworks with substitutes for wood);

The raising of the degree of utilization of raw materials (the preparation of fire clay, the recovery of useful substances from mine dumps and settling ponds and from sludge from treatment plants);

The introduction of ores with a low content of useful minerals (copper-bearing banatite from Moldova Noua, copper-bearing andesite from Rosia Poieni and so on) into the economic circuit.

As a result of the decision of the plenum of the RCP Central Committee in March of this year, scientific research and technological development are called upon to contribute on a priority basis to the introduction of new technologies and the improvement of existing ones in the next period. In this regard, the following are in view: the utilization of bituminous shale from Anina and of the reserves of bituminous coal tied up in the protective pillars in the Valea Jiului basin; the improvement of the technologies for extracting thick layers of lignite and bituminous coal and the finalization of those for thin and very thin layers; the solving of the problems connected with putting mineworks across poorly braced rock and across water-bearing sand formations; the spurring of the research on the application of underground

gasification of lignite with a view to utilizing reserves located in difficult operating conditions.

Table 2. The Development of the Mining Output in the 1981-1985 Period

(in percent; 1980 = 100)

Structure of Production	Achievements 1981	Provisions 1982	Provisions 1985
Total coal, including:	104.6	128.2	241.6
Bituminous coal	101.5	115.8	155.0
Lignite, including:	103.1	132.5	271.3
Underground	88.7	112.1	217.8
In quarries	122.1	157.6	341.7
Nonferrous ore	103.3	161.6	264.7
Iron and manganese ores	98.8	120.4	152.2
Nonmetallic substances	98.3	104.4	122.8

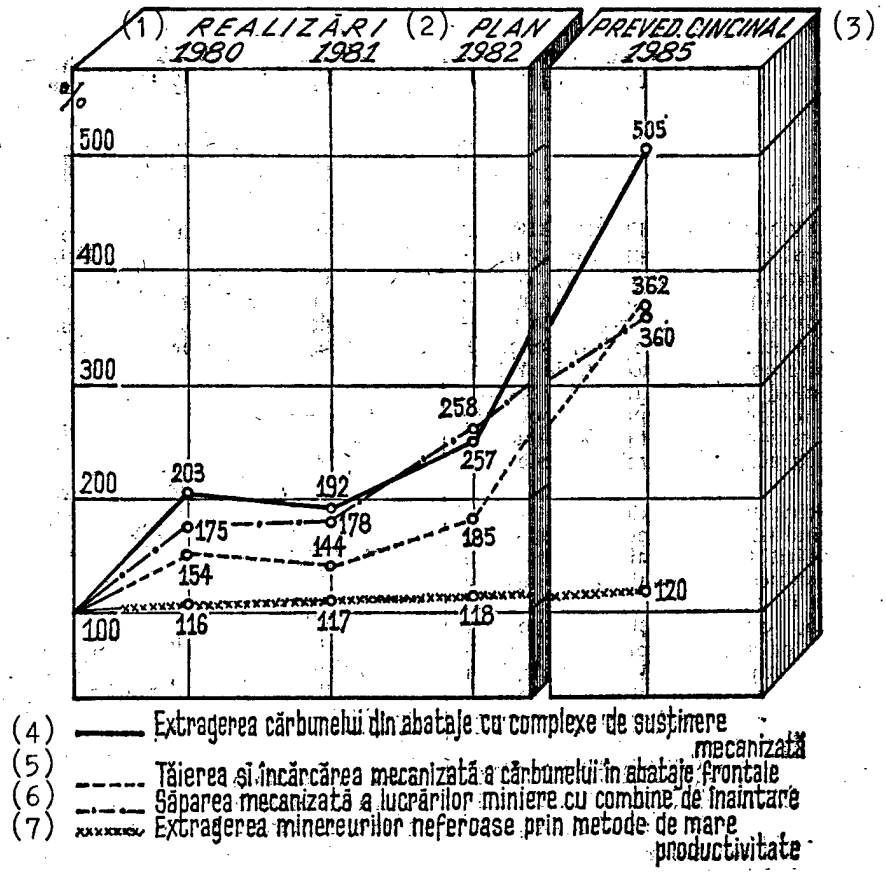
The special financial and material efforts directed toward equipping the mining enterprises as suitably as possible with modern equipment and installations with a higher degree of complexity and productivity have as an ultimate object the growth of the production of coal and ore to the levels stipulated in the updated state plans and the recovery of the shortfalls registered in the preceding period.

The evolution of indicators concerning the introduction of technical progress during the current 5-year period, under these conditions, and the predicted production levels, as compared with the achievements in the 1976-1980 5-year period, are significant (see the graph). One notes in particular the expansion of the cutting and support in coal faces with mechanized complexes (a rise of 505 percent in comparison with 1976, which remains a reference year in this regard) and the expansion of the technologies for digging with heading combines in coal and rock (a rise of 360 percent in comparison with the base year).

It is understandable that the marked growth of the extraction of coal, metal-bearing ore and nonmetallic substances--under the conditions of the multiplication of the difficulties of working the deposits and the requirement of continually reducing the labor consumption, that is, the raising of productivity--has made it absolutely necessary to outfit the mining units with suitable implements and equipment, adapted to the approved investment documentation. Consequently, the assimilation of equipment with higher performances by the Romanian machine-building industry and the supplying of it have become a continual process, in which one notes some equipment achieved at the level of current technology. Clearly, between the output set for each year of the period to which we are referring, and for the whole of the current 5-year period, and the technical equipping expected to be done there is a correlation, a rhythmicity, that must be respected and put into practice, in such a way as to not cause any delay in supplying and operating the mechanized means and, consequently, to not disturb the production of coal and ore extracted underground or on the surface.

Requirements and Reserves for Increasing the Performances

The achievements obtained thus far in the improvement of technologies and the expansion of mechanization constitute an important step forward, but the tasks for development of production, especially in the coal sector, are influenced both by the number and by the quality and performances of the implements and equipment in the inventory of the mining units, equipment that is made mainly by the plants of the MICM /Ministry of the Machine Building Industry/ and the MIMUEE /Ministry of the Machine Tool, Electrical Engineering and Electronics Industry/. The provisions of the equipping and mechanization program are being fulfilled in a satisfactory way.



Graph: The Evolution of Indicators Concerning the Introduction of Technical Progress That Provides for the Growth of Production and Labor Productivity in the Mining Industry (1976 = 100)

Key:
1. Achievements
2. Plan
3. 5-year provisions
4. Extraction of coal from faces with mechanized support complexes
5. Mechanized cutting and loading of coal in normal faces
6. Mechanized digging of mineworks with heading combines
7. Extraction of nonferrous ore with high-productivity methods

Thus, just in the first quarter of 1982, the mining units received over 11,000 tons of equipment, of which the major percentage went to the coal combines in Valea Jiului, Rovinari, Motru and Ploiesti. Among the main, basic equipment for coal production it is possible to mention: mechanized support complexes--including face combines, enclosed heavy conveyors, high-pressure assemblies, rubber-belt conveyors for underground and quarries--made by the plants in Petrosani and Filipestii de Padure and "Unio" in Satu Mare, and bucket-rotor excavators and dumping machines, whose general supplier is the Ploiesti CIUPM /Industrial Central for Petroleum and Mining Equipment/.

Nevertheless, one notes lags caused by some deficiences--manifested both by customers and by suppliers--that reduce the production capacities, especially in coal extraction. It is a question of:

The finalization and advising, sometimes with delays, of the investment documentation by the design institutes, the mining combines and the specialized bodies in the ministry, it not being possible, for this reason, to issue the orders to the suppliers in due time. Such situations have contributed to a slow rate in the achievement of prototypes and in the preparation for and achievement of manufacture. This explains the delay in the delivery of technological equipment such as the mills for balls with a diameter of 5,200 mm, the installations for boring raising shafts in coal, the model 2T-3000 hoisting engines and others;

The failure to completely deliver the quantities of equipment contracted for, such as, for example, mechanized support complexes, fans for local ventilation, pumps for removal of mine water, by the specialized units of the MICM ("Unio" in Satu Mare, the Vaslui IVIV /Fans and Ventilation Installations Enterprise/ and "Aversa" in Bucharest), or subassemblies and components of complex equipment, such as bucket-rotor excavators, dumping machines and high-capacity conveyors for lignite quarries (for which the Ploiesti CIUPM is the general supplier).

Let us mention in this context that a failure or a delay in delivering a rotor excavator, for example, causes in just a single hour a shortfall of 600-700 tons of removed covering or lignite.

To these things are added the late achievement of the collaboration between the mining-equipment-building units belonging to the MICM or to other ministries (the MIM /Ministry of the Metallurgical Industry/ and the MIU /Ministry of Light Industry/) with regard to the achievement of supplies (gaskets, high-pressure hoses and so on) and components (drill rods, special shapes of alloy steel and so on) and, last but not least, the unsatisfactory supplying of test stands and specialized laboratories for the testing and certification of all mining equipment, taking into account the stresses to which it is subjected and the special transportation and working conditions specific to the underground.

The failure or low strength of a tiny rubber gasket (which costs only a few lei) can make it impossible to operate a piece of equipment which is worth tens of millions and which must achieve daily an output valued at several million lei.

In order to avoid such shortcomings, conferences between customers and suppliers were organized at the CM /mining combine/ in Valea Jiului (in February) and at the Rovinari CM (in March of this year), an occasion on which the construction

deficiencies of some equipment furnished and the influences that they have on the activity of the customers and especially on production were discussed on the spot. Corrective solutions for the products furnished and a number of measures that should help to improve the equipping of the mining units in the future were also established at these meetings. In the main, they involve:

The generalization of the action of equipping the production units with test stands for the equipment that they make;

The organization of specialized sections for subassemblies and components of a high technical complexity, such as the elements and hydraulic power and control equipment for mining equipment, the expansion of the network of "service" stations to all the mining basins and others. In the case of the transfer of the production of equipment from one enterprise to another, it is necessary to require the units initially building these products to make them at the guaranteed parameters until the unit that takes over manufacture succeeds in achieving them at least at the quantitative level and especially the qualitative level obtained by the unit from which it took over production.

Among the many measures that must be concretized in combined actions and efforts capable of bringing about the complete fulfillment of the provisions of the program for assimilation of modern equipment and for implementation of high-productivity technologies in the mining industry, we mention:

1. The speedup of the rate of assimilation of the machines, equipment and installations needed for mechanizing the minework and of introduction of them into operation, by testing and experimenting with the prototypes made and approving them by the middle of this year and by making the improved prototypes, organizing the experiments and approving them by the end of the same year;

2. The continual improvement of the technical performances of the mining machines, equipment and installations and of their quality and reliability, for which the following are necessary: the further organization of periodic work conferences with the equipment designers, suppliers and customers regarding the deficiencies noted, including the stoppages due to maintaining and operating it under the specific working conditions; actions for knowledge of the behavior of the equipment in operation, for documentation in the field of the innovations appearing and for establishment of the measures needed for improving the respective equipment.

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CSO: 2700/301

BASIC PROBLEMS FACED IN CROP PRODUCTION EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 24, 18 Jun 82 pp 12-13, 19

/Article by Dr Docent Cristian Hera, director of the Fundulea Research Institute for Grains and Technical Crops, and Dr L. Ghinea, principal scientific researcher: "Some Current Problems of the Production of Grains and Technical Crops"/

/Text/ In the present stage of economic and social development of the country, the new agrarian revolution, a concept capable of offering viable solutions under the conditions of the many changes occurring in the world during the past decade, constitutes an essential component.

Separating the essential aspects from the multitude of aspects that confront the economy, Comrade Nicolae Ceausescu said at the Second Congress of Working People in Agriculture: "We must put first and foremost the growth of the production of raw materials and energy sources and the strong development of agriculture--these two sectors having the decisive role in the general development of agriculture, in the providing of the multilateral progress of the whole society," thus putting the energy problem and the food problem on the same plane. Indeed, these two problems are closely connected in several respects, of which we mention two important ones: the strict dependence of the production of grains and technical crops on the consumption of energy (in the form of liquid fuel, chemical fertilizer and pesticide, all obtained with high consumptions of energy-bearing materials) and the fact that agriculture is the economic activity not exclusively energy consuming but also energy producing, especially energy in its most noble form, food, then byproducts (straw, stalks and so on) usable (through biological fermentation, chemicalization or directly) in the generation of energy. Due to this aspect, the energy balance prescribes the most efficient utilization of fuel in agriculture. Moreover, Romania's position is not unusual from this viewpoint, with choices of the same kind being made both in the other socialist countries and in developed capitalist countries.

On the same occasion, Comrade Nicolae Ceausescu said that a not wholly suitable ratio between the development of industry and agriculture has hindered the development of vegetable and animal production, it not managing to keep pace with the requirements of the population, the needs of industry and the needs for exportation.

A comparative analysis of the development of Romanian agriculture in the past three decades and in the interwar period shows that one characteristic of the interwar period was the unchanging level of the agricultural outputs, the decisive influence of the climatic factors and an extremely slow incorporation of technical progress, with,

in contrast, the production of grains and technical crops in Romania growing continually after 1950. The investments made by the state in agriculture were allocated in four main directions: mechanization, chemicalization, land improvements, and investments in scientific research.

Thus, through the efforts of the state and the agricultural cooperatives, it has happened that 2.3 million hectares have been irrigated, drainage work has been done on 1.1 million hectares and operations for control of soil erosion have been done on 800,000 hectares, which has reduced considerably the impact of the climatic conditions, opening the way for the introduction of scientific plant-growing technologies.

Nevertheless, it is clear that the agricultural output in Romania (and everywhere in the world) after 1950 is due especially to chemicalization. This fact was underscored very clearly by the great geneticist and plant breeder Norman Borlaug (a Nobel laureate): "There is no magic seed. The seed is only a premise for obtaining the yield. In order to utilize it, the seed must be planted, fertilized, cleared of weeds and pests.... Without protecting ourselves from mother nature, we would obtain per unit of area a third or a half of what we can obtain by using a balanced series of modern technologies." In fact, the natural production potential of the soil in our country, even the most fertile soil, is about 2,000 kg of wheat per hectare (similar data have also been obtained in other countries of the world), which is far below the planned yields. It is judged that fertilizer alone has raised the agricultural output in Romania by over 40 percent, with chemical control of diseases, pests and weeds also making a significant contribution, especially after 1970.

Statistical data coming from the whole world show graphically that the agricultural output obtained is directly dependent on the quantity of fertilizer used (Table 1), with Romania being (in terms of efficiency in the utilization of fertilizer) slightly above the world average. Over the years, the agricultural output in Romania has grown along with the quantity of fertilizer administered:

1950: 6,000 tons of fertilizer, 5,149,000 tons of grain produced;

1960: 74,500 tons of fertilizer, 9,826,000 tons of grain produced;

1970: 594,300 tons of fertilizer, 10,631,000 tons of grain produced;

1980: 1,113,500 tons of fertilizer, 20,200,000 tons of grain produced.

There is no longer any doubt now about the relationship between fertilizer and agricultural output, it being demonstrated fully both with scientific arguments and through the example of the countries with developed agriculture. At the same time, it is clear that agriculture of a traditional type weakens the soil, while rational, balanced fertilization continually raises its fertility potential. Nevertheless, some shortcomings that persist in this field cannot be overlooked. One of them consists of the very big gap between the production potential of the varieties and hybrids that is achieved with the help of an optimum cultivation technology, a potential illustrated not only by what is obtained in the experimental plots but also by the achievements of the many units in our socialist agriculture. In its turn, scientific research has been capable of furnishing new varieties and hybrids. Today, 75 percent of the area planted with wheat in the country is achieved on the basis of Romanian varieties, about 90 percent of the area planted with corn uses Romanian

hybrids, 100 percent of the area planted with sunflowers and barley and so on. The production of grains and technical crops in Romania is achieved completely with the help of the original technologies devised by the Fundulea ICCPT /Research Institute for Grains and Technical Crops/ and the specialized experimental stations, with the technologies incorporating in many cases suggestions coming from production.

Table: The Relationship Between the Quantity of Fertilizer Used and the Grain Output Obtained in Different Areas of the World (according to Peterburgskii, 1981)

Geographical Zone	Dose of Fertilizer (kg of active substance per hectare)	Grain Output* (kg per hectare)
Africa	12.8	969
Australia	23.5	1,335
South America	31.3	1,629
Asia	34.6	1,746
World average	63.6	1,975
People's Republic of China	59.0	2,077
Socialist Republic of Romania**	121.7	3,000
Central America	86.4	3,069
Europe	204.5	3,110
GDR	352.9	3,223
France	269.1	3,443
United States	106.5	3,529
FRG	423.1	3,628
Japan	430.5	5,282

* Achieved in 1976.

**The output achieved in 1979, for wheat, corn and barley--"Anuarul Statistic al R.S. Romania" /The Statistical Yearbook of the Socialist Republic of Romania/, 1980.

As a result of the state's financial efforts devoted to the four production factors (the investments rose from 600-700 million lei in 1950 to 20 billion in 1977), the country's average grain output has risen relatively constantly, by 63 kg per hectare per year on the average--that is, at exactly the same rate as in a country with very intensive agriculture, England (the difference is given by the initial level: England started from 3,500 kg per hectare and reached 5,000 kg per hectare and Romania started from 1,000 kg per hectare and reached 2,500 kg per hectare in 1975).

An analysis of the increase obtained shows that, in this period, 67 percent of the output was due to the new varieties and technologies introduced, with the weather influencing the agricultural output to a degree of only 33 percent. In the Baraganul zone, due to the low level from which it started and the favorable natural conditions, the biggest production increase in the country was registered: 90 kg per hectare per year on the average. In the counties of Calarasi and Ialomita, the production increase was 120 kg per hectare per year--that is, from 500 kg per hectare on the average in 1955 to over 3,500 kg per hectare in 1975. In this zone, science's contribution in varieties and technologies was the biggest in Romania (81 percent), which indicates the special capacity of this part of the country to assimilate the new in agricultural science. In corn production, the average increase during the 1965-1975 period was 140 kg per hectare, under the favorable circumstances generated by the ninth party congress, through the generalization of the corn hybrids (also created by our institute) in production, with 71 percent of the increase being due to

the new hybrids and modern technology. In the counties of Calarasi and Ialomita, the corn output, which was 1,600 kg per hectare in 1961, reached 5,600 kg per hectare in 1975.

For sunflowers, the systematic growth of production also began in 1965, within the framework of the same orientation and after the Fundulea ICCPT introduced in Romania, before all the other countries in the world, new hybrids and technologies for this crop. The national average for sunflowers rose from below 1,000 kg per hectare in 1965 to nearly 1,400 kg per hectare in 1975, with 76 percent of the increase being due to the new hybrids and to technology. The biggest growth in the country was also registered in the counties of Calarasi and Ialomita: from below 700 kg per hectare in 1958 to nearly 2,000 kg per hectare in 1978.

The barley output, which stayed at an average of about 1,100 kg per hectare in interwar Romania, rose slowly, doubling in the 1955-1970 period. A jump was registered after the introduction of the Miraj variety into production. The output for other species of grains and technical crops registered a similar increase.

Reality demonstrates that the biological material used in our agriculture has qualities equal to that utilized in the countries with much higher outputs per unit of area, but while in Holland, for example, 90 percent of the production potential of the wheat varieties is obtained on a national average, less than 50 percent is obtained in Romania. This finding demonstrates the great possibilities of increasing the agricultural output in our country. However, the utilization of them presupposes an improvement in the style of work on all levels, from the workers and farm machinery operators to the decisionmaking and planning bodies.

At the close of the proceedings of the RCP plenum on 1-2 June, the secretary general of the party, Comrade Nicolae Ceausescu, judged the difficulty of the work in agriculture, saying that, under some circumstances, it can be regarded as being greater than in electronics. Agriculture's greater difficulties are connected not only with the impossibility of controlling all the parameters (as in industry) but also with its complex character due to the fact that it represents a biological process. In connection with this, the great Romanian agronomist Gh. Ionescu-Sisesti observed shrewdly: "Equal cooperation of all the factors is required...for achieving the greatest success in agriculture,...the profitability depends on the most unfavorable factor." Practical reality demonstrates that precisely this is the cause that limits the agricultural output. We now possess valuable technologies, capable of meeting any requirements, but they are not always applied completely, with the blame not going to poor organization in all cases but to a gap between necessities and possibilities. The impossibility of doing the tilling of the soil at the proper time, a slight delay in sowing beyond the optimum period, the failure to achieve the recommended densities, the lack of a small quantity of fertilizer (or the proper assortment of it) and delays in treatment with insecticide or herbicide are all so many factors that limit the output obtained. The overcoming of these difficulties requires a realistic judgment of the possibilities and, on the basis of them, the establishment of the technologies adapted to the conditions. Thus, research can furnish solutions for reducing the consumption of liquid fuel, for example, it is possible to find solutions depending on what is available in this field, but if it is lacking precisely in autumn, when the soil must be tilled, a decline in production will be inevitable, just as the consumption of diesel oil will inevitably rise in the case of tilling the soil in winter or spring in high humidity, not to mention soil

deterioration (which is probably the worst thing, due to its long-lasting character). This is a reality that cannot be denied if we want to avoid situations like those that Ionescu-Sisesti criticized in the past. "The programs evaluated at every moment are like magic wands that give people an illusion behind which no reality is concealed.... A law is a work plan...for society. But it is not the work itself."

Realistic planning in our times must avoid excessive centralism, replacing more and more the administrative factors with the economic ones, encouraging the initiative and spirit of responsibility of those who work on farms. The new measures concerning the development of zootechny through a sound conception regarding the feeding of animals are creating premises for eliminating the paradoxical situation in which the agricultural system suited to the flat zones was extended to the hilly and submontane zones, with totally unsatisfactory yields and with serious effects on the soil. However, they must be applied as they were conceived, without exaggerations that would lead to the attempt to transform land with big slopes, subject to erosion, into sown meadows.

Remaining in the sphere of the realities of today, it is not possible to ignore some difficulties encountered in fertilization--that is, the scarcity of raw material for phosphate fertilizer (the world reserves are sufficient for at most 60 years) and the very high energy consumption with which nitrogenous fertilizer is obtained, concretized in a higher and higher price for these fertilizing substances on a world level (161-389 percent). Nevertheless, the energy cost of nitrogenous fertilizer must not make us forget that it is a strongly antientropic measure. On the basis of the results obtained at the Fundulea ICCPT, it has been demonstrated that a gain of 1.9 units of energy for beans, 4.8 units for sugar beets, 5.5 units for corn and 5.6-8.0 units for wheat is obtained for each unit of energy consumed by fertilizer.

It is true that in Romania the increases that are obtained through fertilization are still very profitable (1-2 tons of grain per hectare through nitrogen, with an investment of 430 lei, and 300-600 kg per hectare through phosphorus, with an investment of 300 lei), but we cannot help noticing that in some countries in western Europe things go as follows: a production increase of 562.5 kg of grain per hectare is obtained with moderate fertilization ($N_{100}P_{50}K_{50}$), and the cost of the fertilizer represents the value of 560 kg of grain. It is clear that this is at the limit of profitability and that the fertilizer must be used under conditions that would provide for its maximum efficiency. Using very advanced methodological material, including isotopic methods, Romanian scientific research has established ways and methods of increasing the efficiency of fertilizer use. Along this line, it is necessary to turn to the generalization of the localized application of fertilizers in rotation, along with the sowing for hoed crops (a measure that also saves the liquid fuel needed for a pass with the tractor), and to the fractional application of nitrogenous fertilizer.

Under the conditions in which phosphate rock is becoming rarer and rarer and more and most costly, it is necessary to rediscuss the delivery of it as such to agriculture, instead of being transformed into superphosphates, a form in which the utilization coefficient is much higher. It must be said that science does not have at present a solution for a substitute for phosphorus in agriculture, which is causing, with every passing day, the lack of this element to become more acute and the cost of fertilizing a hectare to become higher and higher. It is thus necessary to use with maximum responsibility the reserve of phosphorus that we possess, and the lack of sulfur does

not seem to be a decisive argument in this regard. The application of solutions for desulfurization of fuel would have extremely favorable effects on the population's health, the agricultural output and the resistance of metals to corrosion and would probably eliminate the need to import sulfur (as has happened in the United States).

Another factor capable of leading to the utilization of fertilizer with maximum efficiency consists of specifying and following rational crop rotations, in which leguminous plants (which do not consume fertilizers with nitrogen but, on the contrary, add this element to the soil) would have the proper percentage. Finally, the use of organic fertilizer in fertilization must be taken into account. The utilization of all vegetable, animal, urban and industrial refuse in agriculture would have as an effect:

The removal of this very polluting garbage from the environment;

The conservation of the soil's fertility potential;

The complete resolution of fertilization with potassium and trace elements (with some exceptions in the case of zinc);

The production of 300,000 tons of biogas per year (in the case of anaerobic composting);

A direct contribution of 45 kg of nitrogen per hectare and 15 kg of phosphorus per hectare, with prospects of rising to 75 kg of nitrogen per hectare and 20 kg of phosphorus per hectare in 1985, there being added to this another 20 kg of nitrogen per hectare resulting from the intensification of the fixation of this element by bacteria.

In recent years, some steps have been taken in order to go from purely mineral fertilization to the higher phase of organomineral fertilization, capable of bigger outputs with a reduced energy consumption under the conditions of increasing the fertility of the soil. However, it must be said that these measures are totally insufficient because the quantities of fuel needed for transporting this fertilizer are not even planned. In order to generalize the method, it is necessary to design and produce equipment both for composting and for administration of composted or fresh organic fertilizer to the field, and a suitable organizational effort is required.

Consequently, modern agriculture utilizes important resources and consumes big quantities of energy. This finding imposes significant responsibilities on those who work in this branch, along the line of utilizing all the existing possibilities with maximum efficiency. In this regard, the reduction of the losses in harvesting, transportation and storage plays an important role in increasing the outputs of grains and technical crops. An FAO statistic indicates that in the developing countries they amount to 30 percent of the harvest obtained--that is, of a vegetable output already achieved, for which human efforts, fuel and fertilizer were expended and a part of the natural fertility of the soil was lost, a part that can be recovered with much difficulty and after much time. Of course, the complete elimination of these losses--the most irrational ones in the whole process of food production--presupposes the solving of a number of problems (a suitable amount of equipment, access roads and drying and storage installations), but a substantial reduction of them can also be obtained through organizational steps taken on a local level. Thus, just the

suitable adjustment of the combines in the harvesting of spiked cereals avoids losses of about 500 kg per hectare, which means a gain of 1 million tons of wheat and 400,000 tons of barley in silos in the case of the area of 2 million hectares planted with wheat and 800,000 hectares planted with barley in Romania. Perfect sealing of the means of grain transportation also avoids losses of about 200 kg, with all of these things requiring only investments of responsibility.

For the success of the new agrarian revolution in our country, it is necessary for a reasonable percentage of the country's active population to work in agriculture, a percentage dimensioned in such a way as to provide maximum productivity both in agriculture and in industry. As Comrade Nicolae Ceausescu pointed out at the recent plenum of the RCP Central Committee, the degree of education and instruction of those who work in agriculture will have to be very high. For stabilizing the work force in agriculture (at present, the great majority of the graduates of the agricultural secondary schools go to work in other sectors), it is not possible to appeal to administrative measures. The material incentive is one of the extremely important economic factors in this regard. To this end, the steps taken recently by the party and state leadership to equalize the incomes in agriculture and industry come to eliminate an anachronistic situation generating contradictions materialized in economic difficulties. In fact, an attendant who takes care of 25,000 chickens or 10,000 pigs achieves a labor productivity higher than that in industry on the average, and a lower salary is no longer justified.

The stabilization of the work force in agriculture through economic measures must also take into account the raising of the general degree of civilization of the Romanian village, through the redimensioning of the services through urbanization, through the raising of the cultural level.

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CSO: 2700/301

KIRO GLIGOROV INTERVIEWED ON ECONOMIC SITUATION

Zagreb VJESNIK in Serbo-Croatian 21 Jun 82 p 3

[Interview with Kiro Gligorov, member of the LCY Central Committee, by newsmen and editors of Vjesnik's newspapers: "Let Us Disarm Economic Power in Places Where It Does Not Belong"]

[Text] The drafting of the long-range economic stabilization program and the actions which are to follow from that program were the topic of an interview with Kiro Gligorov, member of the LCY Central Committee, with newsmen and editors of Vjesnik's newspapers. We present excerpts from a long and very interesting conversation.

"It is my belief that the seriousness of the economic situation has not as yet been sufficiently expressed and accepted in the political sphere. After all, were that the case, the resolves concerning the need for immediate action would probably have been still more urgent. Why is that the case?" Kiro Gligorov asked.

Two Reasons for Slowness

"I think that there are two basic reasons for this: one lies in the outdated conception that--in view of our entire development to date and the success and results we have achieved--the entire economic situation does not have the weight which it does have and that we will make our way out of it with relative ease. That assessment is, of course, changing already with what reality itself is producing, especially what has turned out to be the case in connection with the country's liquidity, which is sobering people up even more than good analyses and warnings.

"The second cause, it seems to me, lies in our mechanism, which makes it possible--of course, even that has its limits--by adapting personal incomes to the cost of living to absorb in large part what would otherwise be manifested as an urgent problem. A problem that would be imposed with all its weight and would demand a solution.

"I would like to emphasize: the sooner and faster the awareness of the complexity and severity of our economic situation penetrates to the core, the faster and more successfully that situation will be resolved.

"Another impression of mine is that it will not be a simple matter at all to get out of the situation. It is not primarily a problem of how to devise a good economic program. Such a program is, of course, one of the prerequisites for getting out of the situation. Such a program can by no means be drafted in a month just so that we can adopt political decisions. For the sake of that program we have gathered together about 300 scientists and specialists who live in our reality by virtue of their entire activity.

"We drafted the Basic Premises as a document that ensures a certain ideological unity on the most important issues of the present day viewed from the standpoint of the problems which are now present in our development and in the years ahead of us. That is not a document which sheds light on how to develop socialist self-management in general, but rather on how it can develop in the present stage, in the years to come, on how to solve the problems we are confronted with and with which we must now live. Whether we are talking about international economic relations or those accumulated problems of our own. On the basis of that document we want to go and are going to seek solutions from one segment of relations to another.

"I believe that before the LCY Congress or immediately thereafter we will manage to complete the work on the document concerning employment and creation of new jobs, on elements of the policy and system of foreign economic relations, on the technological strategy of Yugoslavia's development, and a long-range stabilization program in housing and municipal services and utilities. We are close to the end of the job with the program for agriculture. From the standpoint of the work in the commission, then, it remains for us to do the rest of the job and present the concluding considerations by September or October. At the end the entire document on the long-range economic stabilization program would be published. In the meantime publication of the individual documents is promoting a broad discussion. The Federal Executive Council has resolved to propose to the Assembly that these documents, wherever necessary, should also serve as the basis for revision of the medium-term plan."

The Situation Should Be Completely Faced

[Question] The Congress of the League of Communists is a week from now. We have been talking about a long-range program which was supposed to be the content of debate in the congress. However, it has not yet been entirely completed. Which means that the debates will continue even after the congress, though probably it would be best for positions to be polished at the congress and to build a platform for action?

[Answer] We were late precisely because assessment of the economic situation took a long time. If you recall, it is less than 2 years ago that the prevailing opinion was that the economic situation was good and doubt was cast on those who painted it in black and white. It was a question, however, of specific analyses of the situation and of our contradictions. I am not sure that if there had not been the external illiquidity that the present agreement to assess the economic situation would have been reached. There are various illusions about our crossing the river very easily and simply.

The change in behavior that lies ahead of us cannot be accomplished unless we thoroughly examine all the consequences so that we can first win the ideological battle. Then everything that needs to be done has to be precisely stated to the point where everyone knows what he should do and how to play his part in the general battle.

It was awareness of that need that led to the idea of postponing the congress. However, the judgment prevailed that--since the congress had already been scheduled--the maximum should be done before it began. We drafted the Basic Premises, but I do not have the impression that enough has been done so that people see the consequences of the present situation. It is also true that--by comparison with certain other communities in the world--we do not have problems in the working class such as they have. However, in making a political assessment it is not enough to evaluate the present situation, but one must offer judgments about the situation toward which we are moving, which we will enter, if, of course, we do not undertake timely action. It was concluded that a resolution would be proposed to the congress which would support the Basic Premises and outline the directions of action. Yet in and of itself this would not be enough.

What has slipped by can be made up through strong party action after the congress, from which, when the entire job on the long-range program is completed, we would undertake a broad offensive action on the basis of that program.

[Question] What is the basis of your--as you put it--impression that it will not be simple to get out of the present economic situation even with the best program?

[Answer] The changes which the program requires with respect to the present situation, and this follows from the Basic Premises, are truly profound ones. They cut so deep that no one, literally no one, can remain in his present position. Whether we are talking about an individual or an organization of associated labor. These are not changes as to the commitments of the LCY, but changes as to the gap between those commitments and reality. It is a question, then, of changes as to present practice.

And the scale and character of the changes are such that they cannot be simple ones. Which is why we said that we could not be satisfied with an economistic program, but that it must treat with full equality the social sphere as a whole, with all the consequences in that area. I feel that the LC [League of Communists] will be going through a great test in the ideological battle both in the LC and in society as a whole for the ideological concept of the long-range economic stabilization program on which the actual actions will be based.

Economic Laws

The changes ahead of us cannot be carried out by people who are not convinced that they are justified or who have a different concept of socialism's development, that is, who interpret differently our strategic commitments. For example, I am not at all sure--in spite of the fact that we set all this down thoroughly in the Basic Premises--that the importance of economic laws and of

the market under the conditions of socialist self-management is a generally accepted belief, without extremes in both directions, and that in the sense of drawing all the indispensable consequences from that viewpoint. It is one thing for them to be merely mentioned, for it to be understood that they are operative, and something else to draw the consequences from that; for example, that some of our organizations should be liquidated when it is found that there is no justification or logic for their existence in the light of economic criteria. Or for other consequences to be drawn from the good or poor business performance of an OUR [organization of associated labor].

That, then, is what it is about. After all, economic laws are operative whether we want to acknowledge this or not. They are not an abstraction, but are expressed in terms of the factors of production. We have behaved as though society had resources in abundance, as though they could be dispensed carelessly, instead of treating this as the most serious type of dinar, a dinar which must be examined from every angle before being used. And that it could be used only when all the evidence has been presented that its use will bring results, will make it possible to open new jobs, will contribute to further development....

It is also a question of whether we can treat labor as we do--do we respect economic laws? We have low personal incomes, but high gross incomes. But it is the gross incomes that become part of production costs, thereby influencing the price of the product.

Is it the case, regardless of the attitude toward social capital I have mentioned, that we have concentrated on building gigantic organizations and in the process of industrialization altogether neglected a law in the development of industrial societies--and that is those numerous small and medium-sized organizations which serve those large ones more efficiently? They have great adaptability to changes on both the domestic and the international markets. At the same time they expand space for hiring to a much greater extent than the large organizations, and the jobs created are the right ones.

Every one of our opstinas seems to have had the idea that it should solve all its problems with a single blow. But actually they can be solved only by numerous and coordinated moves. At the same time, along with everything else, they have continued to be weighed down with dogmatism toward private initiative, self-employment combined with social and other mutual relations. By throwing the entire responsibility on society to resolve the question of jobs and a place to live, and all of this together done only with the resources of society, an enormous energy in both the working class and in the people has actually been left underestimated, and we have not utilized the opportunity to do and achieve more than we have achieved. We have neglected the service sector, certain advantages which the country has in the area of tourism, transportation, both land and sea, as though progress existed only in large-scale industry.

Wrong Turns in Agriculture

[Question] The thesis that the pronounced orientation of agricultural organizations toward supply rather than the fight for income has been a brake on agricultural production met with disbelief.

[Answer] Our agriculture is not yet a normal sector of the economy. It is treated as a supply sector. And we have large-scale production organizations in Slavonia, and then the PKB [Beograd Agricultural Combine] such as rarely exist in the advanced countries, if there are any at all. They are bound up with the supply of particular cities, but as a function of supply, not of income. And this in spite of the fact that they should have gone where it was most profitable to them. That would have been an impetus to development of their production even where it does not exist today. The development of production over a broader area would have led to larger income in agriculture as a whole, and at the same time would have brought down prices. All of that in a situation of better supply. The PKB was criticized at one time because of exporting milk to Greece, when it should have been paid compliments and given incentives. The "supply-oriented" treatment of agriculture--and, incidentally, of every other production operation as well--does not eliminate shortage, but accentuates it.

In the context of the logic of economic laws there is no space for autarkic national economies either. Since, to put it simply, economic laws do not tolerate exclusiveness, autarky.

[Question] At times the conclusion of self-management accords and agreements comes into conflict with economic laws. How objective and realistic is that?

[Answer] Self-management accords and social compacts are extremely important and significant democratic institutions indispensable to socialist self-management. After all, we do have independent collectives, we do have commodity production, and that means that we also have a need to instill in mutual relations elements of the conscious approach, rather than to leave ourselves to haphazard elements. However, this institution, which is so necessary and important, is oversimplified beyond all reason. After all, it is as though we are sitting at a table and we can agree about everything like men of goodwill. In the economy, however, that has no point. Nor does it have a point even in politics. And the reason for all that is a "small matter," that we can agree only within the limits of the income available. When this is neglected, agreements and accords are turned into verbalistic resolves. We can agree without discussion that we need refineries that have an output of 35 million tons. However, since possibilities do not allow it, consumption and refining take up only half of that output. Yet their entire capacity has to be paid for. Given the pattern of our behavior, the refineries are no exception at all.

Unrealistic social plans--the highest level of social compact--which are sometimes easier and sometimes not so easy to achieve, but which are not fulfilled, also follow from the arbitrary conception of the conclusion of agreements and accords. After all, both plans and the conclusion of agreements and accords

have to be based on material capabilities. Only on that basis can we build a conscious policy.

Our party, which indicated the objective existence and operation of the law of value, also deserves credit for the break with the Stalinist conception. The place of the law of value has also been set forth in our LCY Program, which states that it is not a hindrance, but a condition of successful development. this is a true break with Stalinism and the dogmatic rule over our social forces and accumulation.

What Has Brought About the Shortages?

[Question] And the consequences of the errors concerning economic laws?

[Answer] First in Budapest, and later in English as well, a book called "The Economy of Scarcity" was published in which the author, proceeding from mechanism to mechanism in his analysis of socialist administration based on state ownership, proves that scarcity is inevitable in those economies. It is not a problem of growth--the explanation often given--but the pattern which follows from the concept of administrative control of the economy.

After all, an economy of that kind in any highly organized and advanced country does not afford the possibility, regardless of the measures and technical aids, of solving the problems or of making decisions which arise at thousands and thousands of points in the process of reproduction. Thus interruptions inevitably occur in that process, with all their consequences.

Of course, the question arises of why the phenomenon of shortages has also occurred in our country, even though the disposition of income in our case has after all been decentralized. Even if the workers have not taken command of that income, a comparison still cannot be made with any of those countries and the situation in their economies, and yet the shortages have occurred.

Here again we are dealing with the error that the issue of investments should be resolved first and personal consumption only at the end. Now that we have problems with the balance of payments, it was felt that we should first cut back on personal consumption, since it could wait a bit. People would understand that we first have to guarantee reproduction and investment projects. The domestic market, with the everyday needs of millions of people, was treated as though it were the remainder of the problem. Which is to turn the problem on its head. That is one of the reasons why inflation has assumed such proportions. The error of supposing the people can do without coffee, detergents, that they can wait, is a very expensive one, and the price is high.

Not to mention that every such product costs the country three times as much when it must be imported. Instead of obtaining it more optimally, which would indirectly have guaranteed that prices on the domestic market increase more slowly, which in turn would have diminished the pressure on production costs, and that in turn would have reduced the pressure on costs of future investments--but not vice versa. In a situation when people's needs have been met,

in a situation like ours when the workers have income, they can reduce their real income for a year or two. But when they see that little is changing in the economy and that investment projects and government spending have been little affected, they, being self-managers, boost their incomes--which is the case this year in excess of the growth of output and the rise of labor productivity.

Things, then, have to be reversed from the way they are now. We have to stabilize the satisfaction of basic needs, of the everyday needs of the working people, which determine the market.

After putting order in the market for the most essential needs of all strata of society, then and only then can we begin to set other economic flows to rights.

Redistribution of Power

[Question] Will this depend on good political will? What does redistribution of political power actually mean?

[Answer] The redistribution of political power must first be economically delineated. As set forth by the Third Congress of Self-Managers, this means that no one outside an OUR is to dispose of the surplus value of labor. This is the principal power of all political structures. When the material strength of the workers and associated labor are restricted, their political power is also restricted.

Another important point is that the delegate system cannot take on life otherwise. The conclusion of agreements and economic interests becomes possible only if OUR's have economically founded positions and emerge with those interests of theirs through the delegate system. If they are limited by the state and its economic power, then they must also concur in government measures.

I see the redistribution of economic power to the advantage of the workers in OUR's as in fact the beginning of the thing, the basis of democratization. The subsequent redistribution ought to be among people. And that should take place through a differentiation on the basis of performance, from one collective to another. Differentiation among people might even be greater--but on the basis of the results of work and business operation. Of course, society will still have the obligation to combat differences which are not socially acceptable.

A Program of Restrictiveness

[Question] The anti-inflation program is in particular arousing occasional reactions which are based on what is referred to as its restrictiveness and in fact all the way to an admixture of "Reaganism" in it.

[Answer] The reactions, of course, do vary. The same terms are not always used--sometimes it is Reaganism or the spirit of Milton Friedman, or objections are made concerning restrictiveness--but regardless of the terminology

involved, things need to be examined with the greatest seriousness so that at the very least we can at least clarify the disagreements. It would be a great error if we are not completely clear.

If the program and its measures are evaluated by comparison with the present situation, when purchasing power has to be reduced to the income earned, and that is the program's aim, then this is a very restrictive program, and I believe there is no need for me to go into explanations.

However, when the stabilization program is based on the need for the real social product to grow at a rate of 2 to 3 percent, that only real social income can and may be disposed of, that we must return to the normal treatment of the economy such as the treatment we have committed ourselves to in our document, that the economy is not to borrow what it cannot pay back, then this is not a restrictive policy, but a policy which we should have been pursuing so as not to get into the present situation.

Inflation and Interest Rates

The program also postulates that the setting of prices should respect the principal criteria of world crisis, subordinating to that approach all sources of cost in the OOUR [basic organization of associated labor] within the economy and outside it. These are demands of a high order and not easy to achieve, but this course can be achieved gradually.

We have not, like Reagan, taken the viewpoint that interest rates must be higher than the rate of inflation. Rather, we have said that we should first of all reduce inflation and gradually arrive at realistic interest rates when inflation has been brought under control. What we meant was that interest rates cannot be played with as one likes, outside the world of real relations and conditions. This is also important to the pooling of labor and capital, since participation in the results of a joint investment must act as an incentive. It is here that one should seek the answer to why there has been no pooling.

If we do not shut the valves for unrestrained inflation, we will not achieve anything. And it must be combated not only with good monetary policy, but also through a mosaic of measures which will tend to lower production costs, raise productivity and improve other aspects of economic performance.

Knowing the Real Situation

[Question] This overall stabilization program, then, signifies a battle against dogmatism on all fronts?

[Answer] Yes, it does, unquestionably. I have pointed out some of the dogmas. The main question is to know the real situation in self-management and the contradictions within self-management and create conditions in good time for further development of self-management and for resolution of the contradictions.

If we disarm economic power in the places where it does not belong, then we have undertaken very serious measures against technocracy and statism. Measures which are not verbal, but which have an impact on the course of things. We can rant on against statism as long as we like, but we can get rid of it only if it is left without economic power.

When we speak of nationalism, if everyone must live from his own income, then in the individual republics and provinces they will be able to see their true situation, and then we will see what is truly nationalistic and what is not. After all, once it is understood that we must live on our own income, then each must look to his own resources, and only then can one count on solidarity. And not the other way about--first solidarity, and as to our own resources we will see only afterwards what we will do and how we will do it. We have to fight "isms" and show where they are located on the basis of a real analysis of the situation in our production relation. That is how we will get rid of them fastest.

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CSO: 2800/422

FOREIGN EXCHANGE EARNINGS IN MARITIME SHIPPING, 1976-1980

Belgrade TRANSPORT in Serbo-Croatian No 2-3, Feb-Mar 82 pp 29-32

[Article by Jovo Ivovic, MA]

[Text] Yugoslav maritime shipping is oriented chiefly toward export of services in transporting goods, as seen from the fleet's structure according to purpose at the end of 1981:

	(1) Broj brodova	(2) BRT (000)	(3) DWT (000)	(4) Struktura po BRT (%)
Ukupno brodarstvo (5)	333	2.468	3.827	100,0
a) u međunarodnom (6) saobraćaju	269	2.443	3.812	99,0
1. robnom (7)	260	2.415	3.810	98,0
2. putničkom (8)	9	28	2	1,0
b) u unutrašnjem (9) saobraćaju:	64	25	15	1,0
1. robnom (10)	20	9	15	0,4
2. putničkom (11)	44	16	—	0,6

Key:

1. Number of ships*
2. Gross registered tonnage
3. DWT
4. Percentage of gross registered tonnage
5. Total maritime fleet
6. a) in international shipping
7. 1. cargo
8. 2. passenger
9. b) in domestic shipping
10. 1. cargo
11. 2. passenger

As the table shows, 98 percent of the total maritime shipping capacity is used for international cargo transport, both in shipping domestic export goods and in imports, as well as in shipping foreign transit cargo through Yugoslav ports and transporting foreign goods between ports of third countries. For

*Ships over 100 GRT that belong to basic organizations of associated labor of the Shippers Association, which includes 99.7 percent of all Yugoslav ships by GRT.

this reason, maritime shipping has traditionally produced a surplus of foreign exchange, which represents a significant contribution to the country's balance of payments, since by its net foreign exchange income, shipping at times covers half the country's balance of payments deficit.

In the past intermediate plan, the volume of maritime cargo had the following pattern:

	(1) 1976. Tona (000)	%	(1) 1977. Tona (000)	%	(1) 1978. Tona (000)	%	(1) 1979. Tona (000)	%	(1) 1980. Tona (000)	%
Ukupno (2)	19.666	100,0	20.132	100,0	22.044	100,0	23.098	100,0	24.623	100,0
— razvoz (3)	2.384	12,1	2.164	10,7	2.617	11,9	2.770	12,0	2.812	11,4
— međunarodni (4) transport	17.282	87,9	17.968	89,2	19.427	88,1	20.328	88,0	21.811	88,6
od toga: (5)										
1. izvoz (6)	1.193	6,1	1.436	7,1	1.286	5,8	1.064	4,6	1.130	4,6
2. uvoz (7)	3.598	18,3	3.960	19,7	3.837	17,4	4.362	18,9	5.241	21,3
3. tranzit (8)	768	3,9	658	3,3	580	2,6	715	3,1	891	3,6
4. među stra- (9) nim lukama	11.723	59,6	11.914	59,1	13.724	62,3	14.187	61,4	14.549	59,1

Key:

1. Tons
2. Total
3. Expediting
4. International transport
5. Of that:
6. 1. Exports
7. 2. Imports
8. 3. Transit
9. 4. Between foreign ports

Maritime shipping collects foreign exchange for its shipping services between foreign ports of third countries, while for handling transit cargo that is transshipped through Yugoslav ports it collects foreign exchange or clearing payment credits (for Czechoslovakia, the USSR, the GDR and Albania), depending on payment agreements with individual countries.

Tariffs, however, for goods shipped in Yugoslav national trade (both imports and exports) on the orders of domestic persons are paid for in dinars, which have foreign exchange treatment according to article 127 of the Law on Foreign Exchange Transactions and Credit Relations with Foreign Countries, and on the basis of the Decision on conditions under which dinars earned through providing services to Yugoslav citizens in international cargo and passenger commerce are calculated as foreign exchange income every year. In exceptions, when shipment of such goods is executed at the request of a foreign buyer or seller, the fees are to be paid in foreign exchange or clearing currency, depending on the payment agreement with the country involved.

The structure of foreign exchange income of maritime shipping for the period of 1976-1980 followed the pattern below (in million dollars):

	1976.		1977.		1978.		1979.		1980.	
Ukupno (1)	449,0	100,0	484,1	100,0	554,8	100,0	658,3	100,0	938,7	100,0
od toga: (2)										
1. konvertibila (3)	301,1	67,1	324,3	67,0	392,2	70,7	435,2	66,1	600,4	64,0
2. dinari (čl. (4) 127. ZDP)	133,5	29,7	149,0	30,8	151,3	27,3	209,0	31,8	303,4	32,3
3. kliring (5)	14,4	3,2	10,8	2,2						
Učešće (2 + 3) u konvertibili (6)	49,1%		49,3%		11,3 41,5%	2,0	14,1 51,3%	2,1	34,9 56,3%	3,7

Key:

1. Total
2. Of that:
3. 1. Foreign Exchange
4. 2. Dinars (Article 127, Law on Dinar Transactions)
5. 3. Clearing funds
6. Share (2 + 3) in foreign exchange

In recent times shipping has increased its share of cargo for national commerce, for in the past 3 years that category has increased by 11 percent, and in the first 11 months of 1981 it rose by 22.1 percent compared to the same period of the previous year.

The share of dinar tariffs of foreign exchange origin, including clearing credits, in the total foreign exchange income is markedly larger than the physical volume of that shipping because exports, imports and transit shipments of that cargo are done largely in line transport, and the goods are transported between the most distant ports. Also, that cargo is made up of highly processed products especially for export, while transport of foreign cargo is generally done over short distances, and a more significant share of that cargo consists of less valuable freight, for which lower tariffs are paid for shipping.

Maritime shipping pays in foreign exchange for its operating expenses in foreign areas, in accordance with the Decision on Operating Expenses of Organizations of Associated Labor for Providing Services in International Cargo and Passenger Transport (SLUZBENI LIST SFRJ, No 32/77). These expenses include fuel, port and canal taxes, pilot fees, port towing, transshipment costs, foreign exchange supplements for crews, supply of essential materials and provisions for crews, etc. They also include principle and interest payments for ships acquired abroad. Excluded are certain costs in ports of countries with which Yugoslavia has established clearing credits for payment (the USSR, GDR and Albania), when the ship is transporting goods for Yugoslav national trade with those countries (exports and imports).

The structure of foreign exchange operating expenses for shipping as a whole in convertible currencies, paid to foreign countries in the period 1976-1980, amounted to the following (in millions of dollars):

	1976.	1977.	1978.	1979.	1980.
Ukupni devizni konvertibilni odliv prema inostranstvu (1)	293,4	349,4	405,2	445,9	624,8
od toga: (2)					
1. troškovi eksploatacije (3)	250,0	285,6	327,3	373,7	535,7
2. anuiteti (4)	43,4	63,9	77,9	72,2	80,3
Učešće u konvertibilnom deviznom prilivu (5)	97,4%	107,7%	103,3%	102,5%	104, %
Razlika između konvertibilnog deviznog priliva i (6) odliva (mil. dol.)	+ 7,7	— 25,1	— 13,0	— 10,7	— 24,4

Key:

1. Total convertible foreign exchange cost abroad
2. Of that:
3. 1. Exploitation costs
4. 2. Principle and interest
5. Share of convertible foreign exchange income
6. Difference between convertible foreign exchange income and costs

The structure of foreign exchange income depended on the degree to which shipping was included in domestic shipments (exports and imports), including chiefly transit cargo. In the past few years, convertible foreign exchange (earned chiefly by shipping foreign cargo between foreign countries) has been insufficient to pay operating costs abroad, including principle and interest for foreign credits used to purchase imported ships. Maritime shipping covered the difference by buying foreign exchange in money markets using dinars earned abroad that had been paid by domestic users of transport, on the basis of articles 78 and 127 of the Law on Foreign Exchange Operations. However, because of the closing of the foreign exchange market since February 1980, transportation as a whole and maritime shipping as well has not been able to convert dinars earned as tariffs for transporting cargo in international transport into effective foreign exchange funds for paying foreign exchange obligations abroad.

The foreign exchange shortage is becoming worse, because in the republics certain limits on utilizing foreign exchange income are in effect. Besides that, maritime shipping, as a traditional active foreign exchange earner, is being expected to pool its foreign exchange in the country for certain purposes (such as paying for imported basic materials for domestic shipbuilding, supplying certain goods, etc.).

Because of this involvement in domestic transport, maritime shipping has been brought into a markedly more difficult economic position than if it had operated mainly or exclusively in world markets, without stopping at Yugoslav ports. Many shippers, however, particularly line shippers, have built their fleets for the needs of national commerce. They are not in a position to switch to other maritime markets, in order to ship foreign cargo between ports of third countries. Their capacities are traditionally and technologically tied to trade of national goods. Besides that, most maritime countries reserve line transport primarily for their own flags, so that very little remains for foreign line shippers.

Any prospective exclusion of Yugoslav shipping from Yugoslav imports and exports would provoke certain negative effects on the country's balance of payments, for it would lead to increased foreign exchange expenditures for hiring foreign fleets, with increased dependence on foreign flags, weak economic ties with overseas lands, i.e., developing countries, hampered marketing of goods and reduced exports of goods. Exclusion of our shipping would contradict the basic determination of the need for greater participation of domestic shippers in Yugoslav goods commerce, which was stressed in the Resolution for 1982 (point 9, b).

For a certain time after the closing of the foreign exchange market, lasting about 10-15 months, shipping succeeded by using its own effective foreign exchange funds and short-term indebtedness to balance the foreign exchange obligations incurred in transporting Yugoslav goods for export and import, while at the same time it postponed payment of many accounts due abroad, utilizing its commercial reputation, because never before had it suffered a foreign exchange shortage. For a long time, the shipping industry lived with the conviction that the foreign exchange market would reopen. Then it finally perceived that until it provided for the necessary conditions for its own operations, i.e., until it acquired certain foreign exchange surpluses from exporting goods and services, transportation would not be able to continue in the former way to provide foreign exchange funds for paying foreign exchange operating expenses incurred in shipping Yugoslav goods in international transport. The only thing remaining for the shipping industry was to use self-management negotiations to find a solution that would provide the needed foreign exchange. There were, however, very serious difficulties in doing that:

Users of transportation were not ready to enter such negotiations, for a number of reasons. In exporting, their income of foreign exchange is reduced by the amount of transportation services on foreign routes if the provision on dinars of foreign origin is not executed. In importing, they must provide for foreign exchange through the proper interest community for economic relations with foreign countries, and in this they rarely succeed, for self-management interest communities did not plan for such funds in time, for paying transportation fees when cargo is shipped on Yugoslav vessels.

It is very difficult to conceive of the enormous number of users, most of whom have rather small quantities of goods and who only on occasion are involved in trade with foreign countries.

The long procedure for approving an agreement, its documentation at the proper self-management interest community based on the shipping client's seat of operations, and approval by appropriate self-management agencies and other administrative offices, are things that the modern transportation organization cannot support. The very procedure for negotiations, or making a shipping contract, increases expenses markedly, because it causes certain costs such as increased business travel, increased post, telephone and telegraph expenses, and the like.

Given the occasional participation of numerous users, this self-management negotiation process frequently has no long-term continuity.

With large users of the services of maritime transport in exporting goods, there are realistic conditions for implementing lasting forms of cooperation in the context of article 67 of the Law on Foreign Exchange Operations. Such users, however, are very few. In such cases, the foreign exchange earned by joint marketing of goods and services in foreign markets accrues to the subject who participated in its earning, in proportion to his contribution to those earnings. This participation by shippers is very easy to confirm, for the amount of maritime fees for transportation from Yugoslav ports represents the contribution of shippers to that joint earning of foreign exchange income. In accord with the Regulations on Forms for Registering Agreements on Foreign Trade Commerce and the Manner for Completing Such Forms (SLUZBENI LIST SFRJ No 1/78), this fact is also confirmed under point 7 ("Costs for Shipments in Foreign Convertible Currency From the Yugoslav Border"), reports of exports that include costs for transporting goods from the Yugoslav border to the delivery point, if parity abroad has been contracted, are not otherwise completed. The invoice value of the goods is always their value FOB the Yugoslav border or port, i.e., it is the same as the domestic selling price.

Total foreign exchange income for marketing goods and services that enters the exporter's foreign exchange account at the commercial bank, according to article 3 of the decision on dinars of foreign exchange origin, must be reduced by the amount of services paid for in transporting the exported goods. This presupposes the lack of a self-management agreement between participants in joint foreign exchange earnings. Therefore, with literal execution of this regulation, part of the foreign exchange income for the amount of maritime tariffs for transportation to the foreign delivery point, which are paid by the foreign purchaser through buy-and-sell agreements with a Yugoslav seller of goods, cannot by any means remain with the exporter. The question arises as to how automation should provide that, in such a simple way, the amount of maritime fee for transporting goods from the Yugoslav port should be transferred to the shipper without concluding a formal self-management agreement. An agreement on such a transfer of foreign exchange could not be concluded, because it would be in violation of article 77 of the Law on Foreign Exchange Transactions. It appears that the only remaining possibility is to conclude an agreement that would provide foreign exchange funds for shippers, which would otherwise be theirs, and which are essential in order for them to pay the indicated foreign expenses. Then the authorized bank for transactions abroad, in accord with the Decision on the Manner of Documenting Paid Commerce Abroad and Other Data in the Area of Foreign Exchange Operations and Periods for Delivering Reports and Data on Paid Commerce (SLUZBENI LIST SFRJ No 62/77), on the basis of the exporter's report ordering transfer of foreign exchange, (form 745), would include in the distribution the shipper as a final recipient of the amount of maritime shipping fees.

Providing foreign exchange funds for paying maritime fees in importing goods, because of the closing of the foreign exchange market and inadequate planning in the Self-Management Interest Communities for Economic Relations With Foreign Countries at the level of republics and provinces, has a number of specific features.

A self-management agreement approved on the basis of article 69 of the Law on Foreign Exchange Transactions should, within the framework of the indicated interest communities, establish among other things that there is a sufficient amount of foreign exchange funds to cover essential expenses that Yugoslav shippers must unavoidably incur on foreign routes. That amount could not be less than the effective foreign exchange expenses that a shipper must bear on a foreign route, taking particularly into account the use of ships for imported goods in free sailings, which originate in Yugoslav ports, because there is no possibility of transferring Yugoslav export goods (imports of crude oil, coal, grain and the like) on the same or approximate routes of maritime shipping.

Because, however, of this failure to plan necessary foreign exchange funds, effective negotiations between users of transportation services and shippers were made impossible, because in many republics and provinces such funds were not provided. It is indisputable that importers must anticipate the necessary foreign exchange funds for paying required foreign exchange expenses that our shippers have on foreign routes, which incidentally are markedly less than shipping fees for foreign shippers (by more than half). It is clear that simply purchasing goods does not complete the importing. A change in the parity of goods purchases or the use of foreign shippers not only is socioeconomically unjustified, but commercially unprofitable, because the Yugoslav shipper must only be provided with participation, and not with the entire shipping fee in foreign exchange, while purchases with CIF delivery and the like, or shipment by foreign vessel, presupposes full payment through the value of the goods or the shipping fee. In addition, use of foreign shippers is regulated in a special way in the indicated agreements of interest communities, so that the user of the shipping is not left with the possibility of using foreign vessels, if domestic ones are available.

Use of dinar funds to buy foreign exchange on the foreign exchange market within the framework of the planned volume in an interest community is tied to the use of a domestic shipper, which is in accord with the established policy for greater involvement of the Yugoslav fleet in domestic transport, as outlined in point 9b of the Resolution on Policy for Implementing the Yugoslav Social Plan for the Period 1981-1985, in 1982 (SLUZBENI LIST SFRJ, No 72/81).

Imports of energy raw materials (crude oil, coal for coking and derivatives) in 1982 are under special regulations. On the basis of point 3 of the Decision on the Joint Foreign Exchange Policy of Yugoslavia for 1982 (SLUZBENI LIST SFRJ No 72/81), a single necessary amount of foreign exchange is established for the import of those energy raw materials, to avoid disruptions such as occurred in this area in the previous period. The established limits for using convertible foreign exchange income in interest communities allow maritime shipping to set aside a certain sum of convertible foreign exchange, even though it buys its fuel chiefly abroad. For this reason, it is perfectly logical that it is essential that domestic capacities be engaged for such shipping, and that this unified mechanism should provide them with the essential foreign exchange funds for paying their expenses on foreign routes.

This year, imports of about 10 million tons of crude oil are anticipated (with 4.0 million from the USSR, 3.0 from Iraq, 1.5 from Libya, 1.0 from Iran, and .5, from Algeria). About a million tons of derivatives will also be imported. Foreign exchange funds are essential to cover shippers' expenses, which amount to about 1.5 percent of the value of the crude oil being imported.

Imports of coking coals amounting to 1.8 million tons will come from the United States in 1982 (besides 1.6 million tons from clearing area countries); these quantities will be transported by Yugoslav vessels. For this transport, 13 Yugoslav ships have been engaged, with a capacity of about 370,000 DWT, or about 10 percent of the Yugoslav fleet, or 43 percent of the specialized bulk cargo carriers. Because of the great distances from which these cargoes will be shipped, and the temporal length of the trips, largely with ships loaded in one direction only, the share of essential foreign exchange participation in the cost amounts to about 11 percent of the total value of the cargoes being shipped.

Imports of goods through federal offices require special approaches because of the position of those organizations in our system, as well as due to the fact that no adequate interest community exists via which the planning of foreign exchange funds could be planned in a timely way and a proper policy determined to provide the essential foreign exchange participation. It is illogical to approve a decision on importing goods through the indicated organizations without considering and finding foreign exchange funds in good time, frequently just for paying for fuel for Yugoslav vessels abroad. This is what happened in the last case when corn was imported in February, when the shippers' request amounted to only 6.5 percent of the value of the cargoes being imported from the Atlantic coast of North America.

It is similar with exports of goods. According to the cited Regulations for Submitting Applications for Foreign Trade Import Transactions, under point 7 ("Costs of Delivery in Convertible Currency to the Yugoslav Border") expenses for transporting goods from the delivery point abroad to the Yugoslav border are approved with the agreed parity of goods delivered abroad. This fact can serve very usefully for planning foreign exchange funds for paying expenses of shipping on foreign routes.

International passenger service is in a special position regarding provision for foreign exchange. Dinars of foreign origin that are earned for providing services in transporting foreigners (passenger tickets paid for in dinars from those ports) cannot also be converted to provide the essential foreign exchange funds for paying expenses on foreign routes of international lines, or for acquiring needed spare parts for vessels on domestic routes. In passenger travel, when individual foreigners are being carried, there is no subject for self-management negotiation. The possibility remains that, in accord with the Decision on Conditions under which Payments and Collections Abroad can be done in Convertible Foreign Currency (SLUZBENI LIST SFRJ No 61/77), point 3, a shipper who is engaged in providing passenger carriage may, if he is authorized to exchange money, collect for the services sold to foreigners in Yugoslavia directly in convertible foreign currency, without

special approval, and he may then deposit such money in his foreign exchange account.

The closing of the foreign exchange market has brought many serious problems to all international transport operations, but particularly to maritime shipping. Ever more frequently it happens that a shipper is unable to provide foreign exchange funds even for fuel, which leads to ships being held up in foreign ports, or the impossibility of their sailing. In this way the reputation acquired by our maritime shipping during decades, as a regular payer of its obligations around the world, is destroyed. Without a doubt, certain political consequences will result when it is heard that Yugoslav ships cannot sail from foreign ports because of non-payment of accounts; economic consequences can especially be anticipated, for foreign users of goods transport will avoid such insolvent partners.

This is the first time since the war that all maritime shippers have become insolvent in foreign exchange terms, with a trend toward constant deterioration of that insolvency, because the one-time reserves collected from shipping foreign goods are already exhausted. Therefore, only one solution remains. The jointly earned foreign exchange income from marketing of goods and transportation services must be left to the shippers in proportion to their contribution as an equal participant, or else all importers, regardless of the purposes for which they import goods, must provide the essential foreign exchange funds to shippers for paying their foreign exchange expenses on foreign routes.

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