

JPRS 72120

26 October 1978

TRANSLATIONS ON EASTERN EUROPE
ECONOMIC AND INDUSTRIAL AFFAIRS
No. 1805

EAST

EUROPE

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BIBLIOGRAPHIC DATA SHEET	1. Report No. JPRS 72120	2.	3. Recipient's Accession No.
4. Title and Subtitle TRANSLATIONS ON EASTERN EUROPE - ECONOMIC AND INDUSTRIAL AFFAIRS, No. 1805		5. Report Date 26 October 1978	
7. Author(s)		6.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201		8. Performing Organization Rept. No.	
12. Sponsoring Organization Name and Address As above		10. Project/Task/Work Unit No.	
		11. Contract/Grant No.	
		13. Type of Report & Period Covered	
		14.	
15. Supplementary Notes			
16. Abstracts The serial report contains articles on economic theory, organization, planning and management; major agreements on and development of trade within CEMA and outside the Bloc; articles on all aspects of the materials, services, machine, electronics, and precision equipment industries; and concepts and attainments in agriculture, forestry, and the food industry.			
17. Key Words and Document Analysis. 17a. Descriptors			
☒ International Affairs Economics ☒ Albania Technological ☐ Bulgaria ☒ Czechoslovakia ☒ East Germany ☒ Hungary ☒ Poland ☒ Romania ☒ Yugoslavia			
17b. Identifiers/Open-Ended Terms			
17c. COSATI Field/Group 5C, 13I			
18. Availability Statement Unlimited availability. Sold by NTIS Springfield, Va. 22151		19. Security Class (This Report) UNCLASSIFIED	21. No. of Pages 92
		20. Security Class (This Page) UNCLASSIFIED	22. Price A05

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INTERNATIONAL AFFAIRS

BRIEFS

SOVIET MINISTER VISITS CZECHOSLOVAKIA--In Prague on 18 September, Jaroslav Prokopec, Czech minister of health, welcomed Afanasiy Melnichenko, USSR minister of medical industry, and his entourage. They have come for a week's visit to intensify the mutual cooperation in production of medical supplies. [Text] [Prague RUDE PRAVO in Czech 19 Sep 78 p 2 AU]

CPCZ DELEGATION IN SFRY--A CPCZ study delegation, led by J. Kas, deputy chief of the CPCZ Central Committee department of propaganda and agitation, has arrived in Belgrade at the invitation of the LCY Central Committee Presidium. On 10 October the delegation had talks with Zagar Primoz, deputy chief of the LCY Central Committee's department of political propaganda and information, and paid a visit to the editorial office of the party daily BORBA. [Text] [Prague RUDE PRAVO in Czech 12 Oct 78 p 7 AU]

CSO: 2400

ALBANIA

BRIEFS

DUTCH TRADE MISSION--The Hague, 27 Sep--A Dutch economic mission will visit Albania from 1-6 October to promote exports and imports of goods and services, it was announced here today. The mission will be headed by Mr R. F. Zijlstra, a director of the Netherlands Council for Trade Promotion. Dutch-Albanian trade has been on modest scale so far. In 1977 Holland exported hides, oils, textiles and chemicals worth 14 million guilders to Albania. It bought a variety of products, including preserved vegetables, carpets and clothing worth 12.7 millions. The visit will be in return for two Albanian trade missions which have visited Holland. [Text] [The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 28 Sep 78 p 2]

CSO: 3120

CZECHOSLOVAKIA

BRIEFS

UPDATE ON SLOVAK AGRICULTURE--Winter will be here before we know it and there still remains much field work to be done. At the present, the most important task is to finish preparing the soil and plant winter crops as fast as possible. It is imperative to utilize every hour of sunshine. In the Nitra Okres, [West Slovakia] farmers have harvested silage corn and ploughed the fields for winter crops by 90 percent. At the moment they are concentrating on planting winter wheat and fertilizing with barn manure. From the planned area, winter wheat has been sown on almost half of it. The percentage of completed seeding could be higher were it not for the fact that in some agricultural enterprises the daily flowcharts are not being realized to the full extent. The largest hindrance is the shortage of qualified tractor operators and for this reason the machinery is not being fully utilized. The rate of autumn work is also being slowed down because of the lack of suitable, high-output technology. Barn manure has been ploughed in on almost two-thirds of the planned area. The delivery of 100,000 tons of the manure for the entire okres is to be accomplished by the Agrochemical enterprise; so far, it delivered 68,500 tons. The task should be accomplished by the middle of November. The Levice Okres [West Slovakia] is also working at full speed and has only 1,400 ha left to plough. Soon it will reach 50 percent in seeding winter wheat. From the planned 20,000 ha they have so far ploughed in barn manure on 13,000 ha. In the East Slovakia Kraj, the potato harvest is in its second half. Around 60 percent of the entire area has been gathered. Day by day they are narrowing the gap in the delayed fieldwork, which, compared with last year, represents more than 16 percent. After urgent reminders about better utilization of potatoe combines, the situation has improved and there are more than 220 machines in the fields now. A complicated situation exists in the Presov Okres where particularly in the northern parts combine gathering is almost impossible. Here, brigade workers will have to gather the potatoes manually. Sugar beet harvest is continuing at a good rate, according to a flowchart worked out by the Trebisov sugar refinery in cooperation with the Okres Agricultural Administration and agricultural enterprises. However, attention is more and more urgently being concentrated on the preparation of soil and winter seeding. [Text] [Bratislava ROLNICKE NOVINY in Slovak 11 Oct 78 pp 1, 2]

SLOVAK FIELDWORK SITUATION--In Slovakia, Cooperative and State farms have so far lifted 80 percent of potatoes and harvested 90 percent of silage corn. However, a very serious problem exists in the lag of winter crop planting. In the West Slovakia Kraj, in the Trnava Okres there are problems with dry weather which makes preparation of soil for winter seeding difficult. Of the planned 22,000 ha, farmers have planted 60 percent of the area with winter wheat. Grain corn, which is grown on 9,745 ha has so far been harvested from 2,000 ha and sugar beets from 40 percent of the area. Some 14 drying installations are operating nonstop and so far, 4,200 tons of grain corn has been dried. Central Slovakia farmers are concentrating on finishing the potato harvest. Still one quarter of the total 16,000 ha remains to be done. In the southern okreses they are also working on harvesting grain corn which, due to weather vagaries, is considerably late in ripening. Sugar beet fields are also very busy. In the East Slovakia Kraj, they planted more than 20,000 ha of grain corn this year. A biological inspection at the beginning of September showed that expectations will have to be lowered and consequently about 10,000 ha have been reclassified for silage corn. However, the last few weeks have been kind to corn and 6 okreses in the kraj have reclassified corn back to grain. Although the yield will not be as good as expected in some instances, they will start harvesting by next week. [Text] [Bratislava ROLNICKE NOVINY in Slovak 14 Oct 78 pp 1, 2]

NEW LARGE-VOLUME FOOD WAREHOUSE--Workers of the Ostrava Construction Works are completing a large-volume foodstuff warehouse in Prague-Ruzyne. The warehouse, which takes up more than 21,000 sq meters and whose storage area comprises almost 18,500 sq meters will serve the Potraviny [Food] enterprise. [Text] [Bratislava ROLNICKE NOVINY in Slovak 11 Oct 78 p 3]

FRUIT, VEGETABLE CONSUMPTION IN PRAGUE--During the last 9 months, 73 freight cars of vegetables and 156 freight cars of southern fruit more than last year were sold in Prague. The Prague population also consumed more potatoes than last year; however there was early fruit shortage of 11 freight cars because of bad harvest. The Zelenina [Vegetables] Prague enterprise announced that this year there will be plenty of all varieties of autumn vegetables, including carrots, celery, parsley, onions, garlic, cabbage and white cabbage. At the moment, cauliflower is most plentiful and is being sold at temporarily lowered prices. It is anticipated that 35 freight cars of tomatoes, 10 freight cars of paprika, 40 freight cars of bananas and 20 freight cars each of oranges and grapefruits will be available from import. At the present time, apples, grapes and pears are being sold in quantities that should fully satisfy demand. Lemons are also plentiful; however, there is a shortage of Italian prunes. As opposed to 1976, consumption of fruit and vegetables in Prague last year increased by almost 17 percent, fruit from milder climates by almost a quarter and southern fruit by less than 7 percent. It is gratifying to watch continuation of the upward trend this year as well. Everyone should take advantage of the availability of vegetables and fruit and include them in their diet. [Text] [Prague RUDE PRAVO in Czech 10 Oct 78 p 2]

NEW TRENDS, EQUIPMENT FOR DATA PROCESSING DESCRIBED

East Berlin MILITAERTECHNIK in German No 5, 1978 signed to press 7 Jul 78
pp 262-264

[Article by Lt Col B. Kurt, engineer, and Maj H.-J. Weinert, engineer: "Effective Application of EDP Through Rationalization of Data Acquisition"]

[Text] In the directive of the Ninth Party Congress of the Socialist Unity Party on the subject of the 5-year plan for the development of the economy of the GDR in the years 1976-1980 the importance of data processing technique was emphasized insofar as it relates to the further rationalization and intensification of processes of production, management and planning and measures were agreed upon for the further development of systems documentation and equipment. The extensive use of electronic data processing (EDP) makes it possible to save worktime, work forces and jobs in addition to reducing the time required for routine work besides making it possible to use the time for creative activities. But this presupposes that the users make a transition to new forms of organization, information acquisition and pre-processing. This total "data acquisition" complex has an essential effect upon the full utilization of the electronic computers employed.

The ratio of the time required for data acquisition to that required for data processing by computer amounts to about 16:1. Hence computers can be fully utilized only if the data required for carrying out information processing and calculating tasks is made available promptly and correctly.

Data acquisition is the bottleneck in the employment of computers and annually the amount of data requiring evaluation increases by from 15 to 20 percent. This discrepancy must therefore be diminished or eliminated by measures of rationalization such as

- a. the introduction of new forms of organization: "auxiliary" data acquisition and the acquisition of data at its place of origin without the employment of special work forces;
- b. provision of equipment requiring less expenditure of work forces for data acquisition and permitting faster acquisition.

1. The Status and Development Tendencies of Data Acquisition

1.1. Organization Forms of Data Acquisition

The principal form of organization at the present time is central data acquisition. Its characteristic feature is the delivery of forms filled out by the users to central data acquisition offices.

The constant number of work forces available for data acquisition and the constant level of technology available eliminate any prospect of increased efficiency, that is, no further tasks can be taken over. Therefore it is necessary to make data acquisition more effective through equipment development, but also especially through improved forms of organization.

Such an improved form of organization already being used to a limited extent is decentralized data acquisition. In this system the data are acquired by the user. Experienced work forces employ organizational accounting and bookkeeping computers for the solution of specialized problems, with the data being at the same time stored in data banks for further processing on computers. This form of data acquisition is called "auxiliary" data acquisition. Its users will in future attach more importance to it because only in this way can the data acquisition bottleneck be dealt with, thus making it possible for the users to complete further projects. The following advantages justify an accelerated transition to this form of organization:

- a. the security of the acquired data is enhanced because of the specialized knowledge possessed by the work forces;
- b. a second acquisition process, that is, transfer of the data from the primary document to data banks, becomes unnecessary;
- c. possible modes of programming and existing storage technology in the equipment make it possible to partially automate the process of task performance;
- d. the use of manual methods of data acquisition is reduced by employing already available data banks (multiple use of the once acquired data) as input data banks in carrying out tasks on the available equipment.

By the use of "auxiliary" data acquisition there can be a saving of time, work forces and material (especially paper) in the total data acquisition complex.

A new decentralized form of data acquisition is the acquisition of data at its place of origin without the employment of special work forces. In this form of organization the computers accept the data directly from automatic inputs or from manually operated special input equipment (subscriber points) directly from the place of origin of the data. With the aid of this form of organization time, work forces and material are saved since it is no longer necessary to fill out a primary document.

To achieve this form of organization on the equipment side use is made, for example, of the semiautomatic data acquisition system daro 1600. In conjunction with various computers this equipment will be employed especially wherever data are to be acquired at decentralized locations with subsequent central processing and in certain cases with data being again immediately returned to the decentralized locations [1].

Existing partial results of tests which have been conducted show that employment [of such equipment?] in this data-intensive domain is both possible and necessary. The existing work forces in the storage sites will carry out data acquisition in its "auxiliary" form.

In the following paragraphs two new data acquisition devices are described which require less expenditure of work forces and permit faster acquisition.

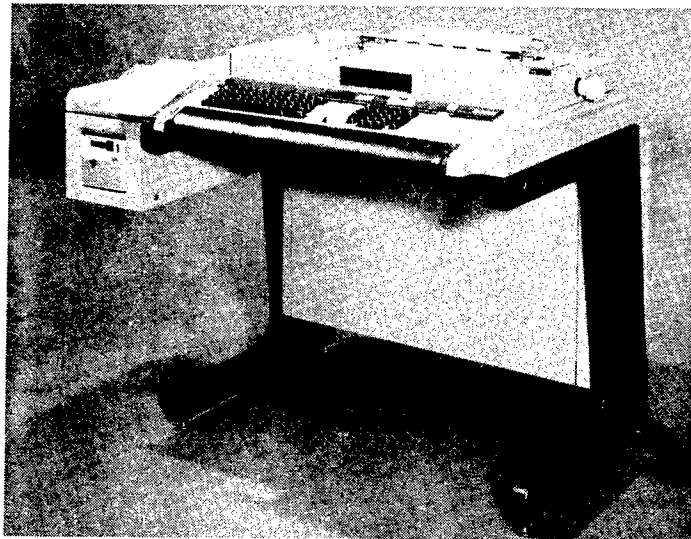


Figure 1. Data acquisition device daro 1372.

1.2. Alphanumeric Data Acquisition Station daro 1372

The device (Figure 1) is programmable via an input device for magnetic cards or via a magnetic tape cassette. A microprocessor controls the central unit. The data introduced by the operators can at any time be compared with the numeric display and corrected. A rapidly operating printer makes it possible to continuously check the sequence of operations. At the same time this yields a reliable record. The data output is on punched tape (5- to 8-track) for further processing or on a magnetic tape cassette. The magnetic tape must first be converted for processing on a computer. However, this converter is still in process of development.

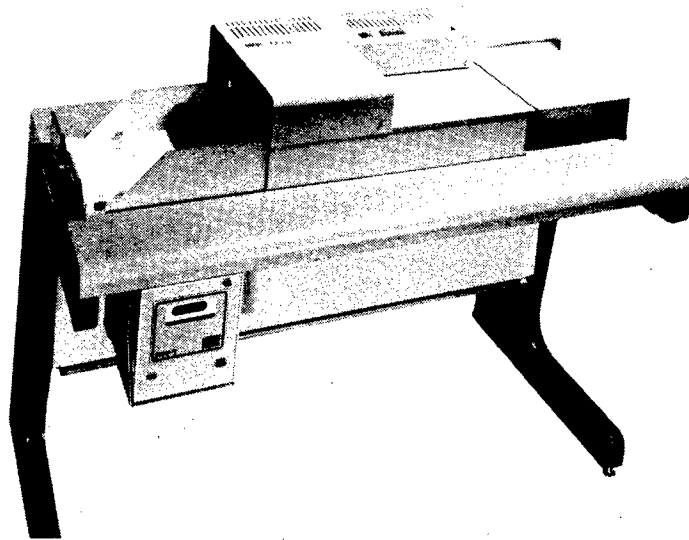


Figure 2. Card reader daro 1375.

1.3. Card Reader daro 1375

By means of the card reader (Figure 2) large masses of numerical data can be acquired. Using a lead pencil marks are placed on a formulary (original voucher) at indicated places. This original voucher is readable visually and by machine; it can be produced in the format A4, A5 and A6.

The output of card reader data is on a magnetic tape cassette and is transferred through a converter to an ESER-compatible magnetic tape. This converter will be available after 1979.

2. Special Problems of Data Acquisition in Military Facilities

2.1. Equipment for Data Acquisition

For the tasks of day-to-day operations it is possible to employ commercially available data acquisition equipment. For this purpose there are several forms of equipment available in the GDR:

- a. automatic booking equipment Ascota 071/100 LB/daro 1353;
- b. accounting machine Soemtron 385;
- c. organization equipment Optima 528/daro 1415; and
- d. data acquisition device Cellatron 8033/daro 1310.

What problems can be solved with these devices and how are the results further processed?

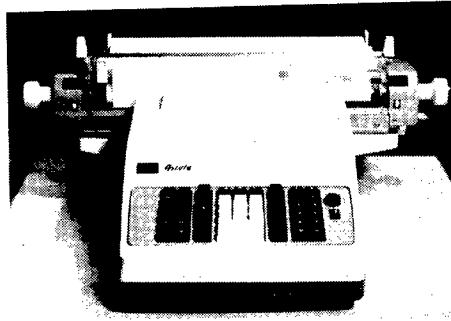


Bild 3 Buchungssautomat daro 1353

Figure 3. Automatic booking machine daro 1353.

The automatic booking equipment Ascota 071/100 LB and its successor daro 1353 (Figure 3) are employed inter alia in financial, inventory and capitalization accounting and can also be used for data acquisition in other areas. Day-by-day task performance is supported by programmable functions. The output of the results is via a printer and on a punched tape (5- to 8-track) for further processing on computers.

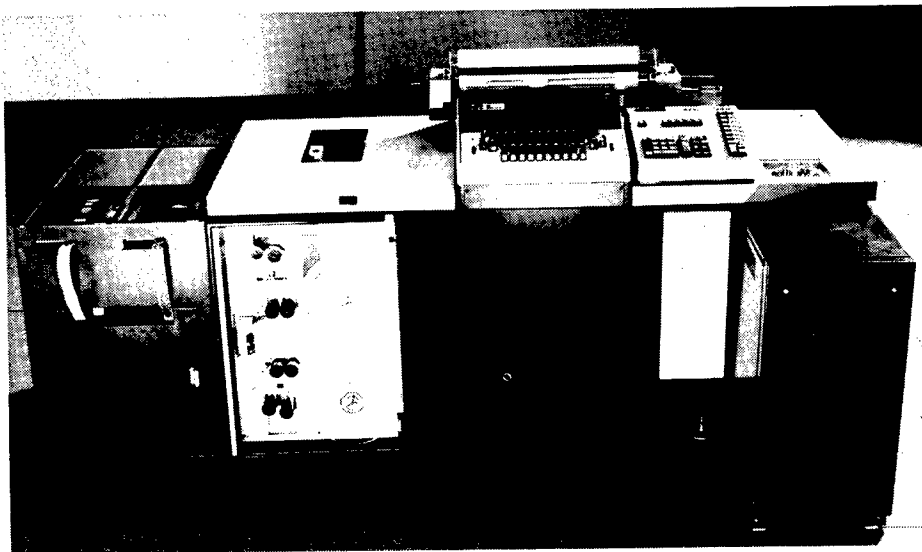


Figure 4. Soemtron 385 accounting equipment.

The Soemtron 385 accounting machine (Figure 4) is used as an organization, booking, accounting and invoicing machine for the solution of complicated tasks in stockpile maintenance, planning and accounting in various areas of insurance, wage and income and cost accounting as well as for producing procurement and inventory surveys. It can at the same time be used for the acquisition of alphanumeric data. Since the program cassettes can be used interchangeably many programs can be processed. Data requiring processing can be introduced not only via a keyboard but also through punched tape (multiple use of once acquired data). The output is both via printout and via a punched tape (5- to 8-track) for further computer processing.



Figure 5. Organization equipment daro 1415.

The organization equipment Optima 528 and its successor model daro 1415 (Figure 5) are employed for invoicing, producing and filling out complicated forms, the repeated writing out of large quantities of relatively constant information, including amongst others documentation and information for filing, inventory maintenance, contract and commitment control as well as for correspondence. With this device at the same time it is possible to acquire alphanumeric data for further computer processing.

The lettering of complicated forms is automatically controlled by a program cassette or by a controlling punched tape. The output is via printout and can at the same time be stored on punched tape (text storage) for repeated printout or for correction (changes and extensions) of the information as well as being stored on a punched tape (8-track) for computer processing.

The Cellatron 8033 data acquisition device and its successor model daro 1310 (Figure 6) are employed for the primary acquisition of alphanumeric data in the form of tables, forms and vouchers with punched tape being prepared simultaneously for processing on computers. In addition these devices can be used for writing electronic computer programs and programs for numerically controlled tool machines.

The tape punch can be turned on and off via a control bar on the typewriter. This makes it possible to select specific columns of a form for simultaneous recording on punched tape. The punched tapes produced (5- to 8-track) can also be read into and processed on accounting and organization equipment.

The successor models have a higher level of operating convenience and can also in part carry out functions ranging beyond the tasks which it was previously possible to deal with. Because of their improved technical parameters they contribute to the rationalization of data acquisition.

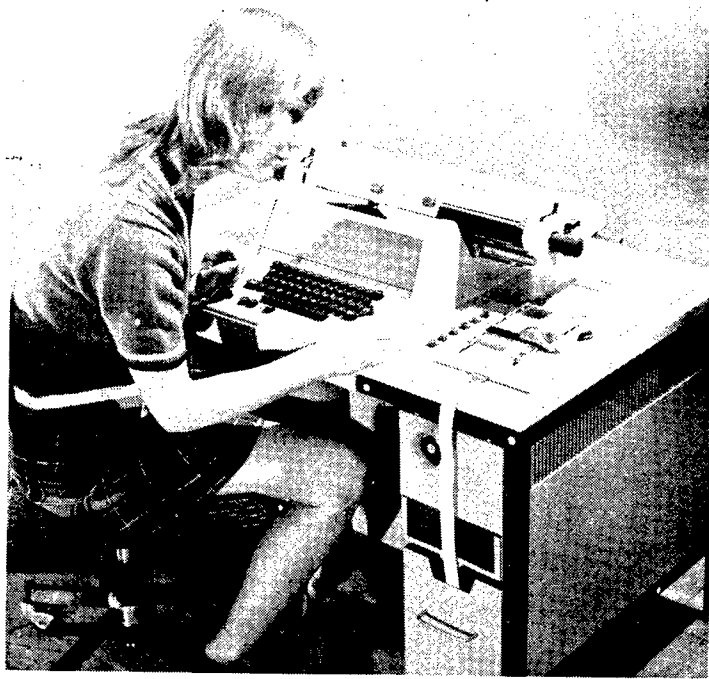


Figure 6. Data acquisition device daro 1310.

2.2. On the Organization of Data Acquisition

Improved performance in data acquisition can be achieved through new forms of organization. The central data acquisition capacity corresponding to the equipment and staff being employed is for the most part being fully utilized by the projects currently requiring processing. But to a small extent some users are already acquiring in their own area the data needed in working up their projects.

The continuous expansion of the areas of application of electronic data processing imposes higher demands on data acquisition for with each newly arriving project there arises a need for data acquisition capacity. In order to cope with these demands the effectiveness of the data acquisition must be enhanced through complex measures in the engineering and organizational domain.

2.3. Rationalization of Data Acquisition Enhances Its Effectiveness

The rationalization of data acquisition is the only accessible path toward an enhancement of the effectiveness of data acquisition. The number of persons employed for data acquisition can be increased only within limits. Therefore it is necessary to better exploit the available equipment by means of improved organization.

Higher effectiveness of data acquisition is achieved by meeting the following demands:

- a. minimization of the expenditure of work force;
- b. minimization of data movement;
- c. prompt ["time-optimal"] and correct preparation of data;
- d. continuous data acquisition; and
- e. low costs (at present up to two-thirds of the cost of data processing is attributable to data acquisition alone).

How can these requirements be met?

Minimization of personnel use is attainable by "auxiliary" data acquisition. All those devices briefly described under item 2.1 are usable for this organizational form of data acquisition. Colleagues responsible for invoicing, booking and accounting can in a short time learn to operate and program these devices and are then in a position to more rapidly collect the information and data requiring evaluation for a particular task in the form of tables, forms and vouchers. At the same time in consequence of the technical capabilities of these devices data output on punched tape is possible which at any time can be employed for further evaluation on a computer or for the input of data in other areas--instead of the time-consuming input by means of an operator at a keyboard. Thus no additional work force is required for data acquisition since the data are being acquired by the "auxiliary" process.

The minimization of data movement can be achieved by a one-time primary acquisition of data followed by the multiple use of such data. The traditional mode of data acquisition--filling out of a primary form by the user, punching of machine-readable data banks in data acquisition offices or in computer facilities, requires much time. Mistakes, changes or supplements necessitate repeated transfer and return, that is, the data movement can become extensive.

One-time initial acquisition of data through a colleague of the user in the primary processing process makes it possible to reduce the traditional form of data acquisition to the work of punching out the data onto machine-readable data carriers. The data carrier thus produced can subsequently be employed in multiple processing of these data or in making changes or supplements. Repeated data acquisition is not necessary.

At the same time in this way support can be given to prompt and correct preparation of data.

Frequently computers are unable to complete the processing of projects on schedule because the data were not promptly supplied or was erroneous when it was supplied. If data acquisition is carried out by specialized colleagues of the user then schedules can be more successfully met and the probability of error reduced.

Of importance for rational data acquisition is continuous acquisition. By this means peak loads for the staff engaged in data acquisition are reduced and it thus becomes possible to employ such staff continuously. In addition the available equipment can be better utilized and the quality of data acquisition enhanced.

Meeting these requirements will also reduce the cost of data acquisition. Even in the phase of problem formulation while setting up a project designed to solve informational or computational problems the user must make clear and realizable decisions regarding the organization, acquisition and preprocessing of information as well as with regard to data storage and data exchange.

Previous forms of organization of the manual processing of information cannot be carried over to machine processing. The condition of strain in which our available data processing capacity now finds itself and the new technology which has already begun to come into use require that all users make the transition to new forms of organization. There is also a need for the users to review the contemporary relevance of projects which are currently pending.

8008

CSO: 2300

HUNGARY

TECHNICAL DEVELOPMENT OF TRANSPORT FACILITIES OUTLINED

Budapest KOZLEKEDESI KOZLONY in Hungarian No. 34, 20 Aug 78 pp 604-609

[Lecture by Gyorgy Onozo chief Main Technical Department, Ministry of Transportation and Postal Affairs: "Technical Development in Transportation" delivered at the Summer University of Shippers in Kecskemet on 14 July 1978]

[Text] Main Trends and Aims in the Development of Transportation

The technical system of transportation is the most expensive part of the infrastructure, its technical standard has a long-range influence on the development of settlement systems, as well as on the production, distribution and consumption systems.

Currently transportation controls about one-quarter of the fixed assets of the national economy. Transportation structures and equipment have a useful lifespan of several decades and many years are needed for their construction. This explains why its technical development requires long-range planning and the material resources must be made available in a proportionate and concentrated manner.

In Hungary the technical standard of transportation is generally lower than desirable (in certain areas our backwardness is estimated to be about 15-to-20 years).

This backwardness is relatively small if compared to our national income and standard of living, and shows up mostly in the technical level, in the quality of output and in the lack of unit and reserve capacity in certain branches (especially the railroads).

In the last decade the technical development transportation in Hungary--primarily due to the gradual implementation of the aims of the 1968 transportation policy directives--greatly contributed to the solution of international and domestic transportation tasks. The simultaneous application of both the new and the old technologies, however, has created increasing tension and caused a number of problems.

We must proceed from the following natural endowments in selecting the directions of the technical development of transportation in Hungary:

--Our country is landlocked, thus, surface transportation will remain the main means of passenger and freight transportation;

--The main direction of freight transportation is East-West; our existing waterways are not following this direction but the currently ongoing and planned canal-constructions steadily improve the outlook of river shipping and this outlook should be better exploited in the future;

--Our country's central geographic location enables us to handle an increasing volume of transit traffic; the share of international traffic (exports, imports) in the performance of our transportation industry is substantial and still continues to increase due to our open economy and our expanding international cooperation;

--Budapest is the center of our centric railroad and highway systems and it is considerably greater than any other town in Hungary;

--Our highway density equals the European average, our rail density is above average; most of the passenger and freight traffic runs over a smaller part of the network, thus, it is concentrated and a further increase in concentration can be expected.

--Travel and transportation distances are relatively short due to the small area of land;

--Within the transportation branches the development of motorization may be influenced by political and economic factors; pipeline transportation is developing in a dynamic manner; there are further possibilities in the use of domestic waterways, in aviation by developing the airport; nevertheless, the railroads will remain the backbone of the transportation industry. Proper planning of the long-range division of tasks influences radically the technical development of the individual branches of transportation, the determination of individual capacities and beyond that the efficient cooperation of the entire transportation system, the relative proportions of branch developments and the factor of concentration of the material means.

Based on the foregoing, the following tasks may be foreseen in the technical development of the Hungarian transportation industry in the next two decades:

--Counting on increasing transportation (communications) needs, capacity reserves must be provided to eliminate shortages, particularly to eliminate major bottlenecks, by the more efficient use of modern management, information- and data-processing methods;

--The speeding up of freight and passenger transportation should be achieved primarily by reducing idle-times, by reducing or by improving the low-level handling operations, and, to a smaller degree, by increased the technical (base) speed;

--The main network routes (trunk lines) that handle most of the traffic, including those in Budapest, should be rebuilt to meet international engineering parametric requirements--to achieve a harmony of standards among transportation centers and over interconnecting lines--the systems handling medium and small traffic but large volumes should be renovated and maintained by using parameters involving the possibility of large-scale, low-cost and simple but safe and acceptable applications from the point of view of transportation;

--Vehicle load and volumetric capacities, or axle load and load-bearing capacity of the roadways should be coordinated;

--Vehicle stock should be developed in a manner to reduce the number of types and the principle of "vehicle interrelationship" should be applied; energy and environmental factors should be taken increasingly into consideration in the engineering parameters of vehicles;

--Freight handling should be modernized by mechanical loading/unloading, by containerization and by other unit-handling methods, by developing transportation procedures which are coordinated within the national economy, by increasing special shuttle-train service (it is expedient to develop containerization especially with 5-to-40-ton containers but taking into consideration the receiving, loading and handling capacity of the shippers and carriers);

--Heavy physical work and the possibility of human errors must be reduced in the field of transportation; automation should gradually replace human work; the standard of management and operation within the transportation industry should be raised by using modern information systems and computers;

--The up-to-date structure of the transportation system should be achieved primarily by a more advanced cooperation between the railroads and the highway transportation industry, for this purpose the technical development of these two branches must be coordinated at meeting points, at the district railroad terminals;

--Standard designs should be used more extensively during the construction of transportation facilities, especially buildings; latest technological developments should be implemented during the construction of transportation facilities and during the designing process of engineering objects to substantially reduce construction time; the system of investment activity should be shaped accordingly;

--In conventional transportation the application of the latest scientific and technological achievements must be speeded up.

The following should be taken into consideration in the development of the individual transportation industry branches:

In the coming 15 to 20 years there is no need for a substantial change in the structure of the railroad communication network. However, the building

of a bypass railroad line south of Budapest is a long-range task. It is necessary to coordinate the order of priority for the modernization of the railroad stations and terminals in Budapest and in the major provincial railroad junctures also taking into consideration ways to increase the transit capacity of the lines involved. When the program is completed by 1980 to close down low-volume lines, further closings and diversions should be judged individually following economic and political scrutiny and only after the necessary prerequisites had been provided in time. In the long-range plan period, beginning with the 1980's, plans must be drawn up, in cooperation with the owner-enterprises, to improve the technical and operational standards of the industrial tracks.

On the basis of a thorough examination of the approximately 3,000 kilometers of trunk lines, to meet domestic demands on some selected sections, a speed of 120 to 140 kmh, and a speed of at least 160 kmh on some of the international trunk lines should be attained. For this purpose, realignment of the lines must be improved during roadbed and superstructure reconstructions, and heavier rails (54 kg, 60 kg) will be needed; up-to-date rail ties must be used extensively and continuous rails should be used everywhere.

In addition to increasing the speed, travel and freight transportation times may be greatly reduced (with little investment) by proper organization; by running (nonstop) direct trains, by increasing train frequency and by expanding the system of shuttle trains. Increased safety and higher speed on the trunk lines should be attained by using automatic electric block systems as well as ramps and centralized traffic control. So-called single traffic control centers and automatic terminals and yards should be used to modernize yard switching equipment. The modernization of traction and switching will be completed in 15 years. It is expedient to make decisions now about the long-range program of electrification and about the priority of lines.

Proper organizational and technical development methods must be used to solve the raising of the standard of suburban railroad service in the capital's agglomeration.

In highway transportation, the number of vehicles will continue to increase at a fast pace and there is going to be a further change in the structure of highway transportation. The number of passenger cars will increase at a much greater rate than that of buses and trucks.

We should also expect an increase in the number of foreign vehicles--primarily in transit traffic and tourism.

The average engine size of motor vehicles will be about 1,200 to 1,300 cubic centimeters. Specialization of the truck stock will expand and there will be an increase in the proportions of automotive, heavy duty, self-propelled transporter-loader (construction industry, agriculture, etc) vehicles. These factors demand the coordinated development of the highway/road network, of operating and maintenance standards, and the expansion of the service industry and spare parts supply.

Increased traffic and heavy vehicles will require the continued regulation of axle loads so that they be in harmony with the load-bearing capacity of the roads. Current reinforcement requirements on about 15,000 kilometers of our road network limit axle load to 10 tons. The basic program of highway transportation development includes the modernization, reinforcement and widening of the highway network. Implementation of the already prepared superhighway and highway construction program is necessitated by the increase in domestic long distance and tourist traffic, and by our integration into the European highway network. The construction of a beltway around the capital creating connections between incoming superhighways and highways is of great importance to reduce traffic congestion in the city. Territorial as well as settlement development demand the drafting and the gradual implementation of a long-range coordinated program--similarly to the program of high-speed roads--to build interconnecting roads as well as roads linking the various settlements, and of council-controlled roads outside inhabited areas, and of agricultural and forestry service roads.

In order to provide greater safety on the highways, the 1,800 or so level rail crossings should be equipped with safety devices and the crossings on heavily traveled roads (a minimum of 25 to 30 in 5-year periods) should be elevated.

Implementation of the road construction programs demands the expansion of the capacity of the road-bridge building industry, the stepping up of pre-fabrication, of new technologies and mechanization.

Beginning with the new plan period, it will be necessary to install automatic traffic signal control systems on the major arteries of the national road network where the danger of accidents is great. Thereafter, it will be necessary to install automatic traffic control on high-speed roads. The imposition of speed limits will still be necessary to increase highway safety.

Measures that have already been taken to develop the national bus and truck stock structure must be kept in force. Aspects of efficiency, energy and environmental protection will increasingly require the development of proper operating and maintenance methods.

It will still be necessary to devise and execute a national program for the coordinated development and modernization of the vehicle stocks of public transportation enterprises involved in scheduled mass transportation.

In navigation, the putting into operation of the Danube-Main-Rhine-Canal will substantially stimulate the growth of our river freight traffic.

The currently ongoing canalization projects on the country's waterways (the Tisza and its tributaries, the Danube and the Drava River) will greatly improve shipping conditions. Suitable programs have been developed to increase freight transportation on the rivers. In the first phase of their execution the construction and expansion of existing public and industrial

port facilities must be solved. The continued expansion of tonnage capacity and increasing modern self-propelled and tugboat shipping is included in the aims of ship stock expansion. Trade-policy decisions will continue to influence the expansion and development of the deep sea ship stock.

In aviation, the key is the modernization and expansion of Ferihegy Airport, which is now in progress, to meet international air-traffic requirements. The program, executed in three stages, includes the modernization of its technical, safety and passenger facilities, its link with the center of the city and the setting up of a terminal in the center of the city. The task of our aviation industry is to handle medium-range international passenger flights and our airplane park should be adjusted accordingly. The growing number of supersonic and intercontinental flights--as far as can be seen--will not affect our country directly, nevertheless, we will have to provide flight connections to the European airports that are able to handle such planes.

Pipeline Transportation

The share of pipeline transportation will increase from the current 8.5 percent to 20 percent by the turn of the century.

In the long-run, the transportation of hydrocarbons can only be solved through the use of pipelines.

Petroleum products, fuels and low-viscosity fuels move almost exclusively in pipelines to distribution points.

Fifty to 60 percent of the imported petroleum may come from the Soviet Union (25 to 30 million Mp/year), or from the Adriatic Sea--40 to 50 percent--(25 to 20 million Mp [expansion unknown]/year).

According to estimates, the pipelines will handle about 12 million tkm domestic and 5 billion tkm petroleum in transit by the year 2000.

The annual volume of petroleum products shipped through the pipelines is estimated at billion tkm [kilometer tons].

Natural gas imports are expected to be about 30 billion cubic meters per year, half of which would come from the Soviet Union and the other half from the Adriatic Sea. In addition to domestic needs, we can expect the transit of about 10 billion cubic meters of natural gas a year, most of which would be going from the Soviet Union to Yugoslavia and souther Austria.

Pipeline Transportation of Other Materials

The traditional piping of drinking water to settlements will further increase and there will also be a need to use pipes to link up the individual water supply systems. The transportation of originally solid materials through pipelines, waterways or in the air, by air stream, will develop in the coming decades but not to the extent that it will affect the performance of the other basic transportation branches.

By the year 2000, the length of single-purpose pipelines built to transport solid materials will be less than 200 km.

In Hungary, pipeline transportation will be the branch of the transportation industry whose technical and technological development will be the closest to the world standard. The application of the most modern equipment and technologies will be made possible by the relatively late construction deadlines and by the great performance.

Development of the Industrial and Construction Industrial Infrastructure of Transportation

Industrial development at home and in the CEMA countries provides the industrial basis for most of the development of the transportation industry. Most of the traction vehicles of the railroads, and all the bus needs would come from domestic industry. In the long-range, the domestic production of trolley-buses may come about if CEMA and other export possibilities are also considered. Railroad car, truck, airplane and aviation control equipment needs should be met from CEMA countries. Ship needs are to be met jointly by the domestic industry and by the industries of the socialist countries so that units for inland waterway transportation will be provided partly by the domestic shipbuilding industry and partly by the maintenance shops of the domestic shipping enterprises. Maritime navigation units would be provided exclusively from socialist import. Container needs are to be met almost completely through domestic imports, most of the lifting-transporting facilities for containers and unit-loads would come from socialist countries, but a considerable share of these facilities must also come from capitalist imports.

The domestic supply of railway tracks, rolling stock, the most important construction materials requires the adequate development of the affected branches of industry.

In municipal transportation, socialist imports of equipment for subway trains and of trams will remain a steady trend even for long-range planning.

Rapid-transit motor-train needs can be met partly from socialist imports and partly from domestic production. The large-scale development of automated transportation, safety equipment, telecommunication, computer systems requires the continued development of domestic industry and the exploitation of import possibilities.

Environmental protection, power management and increased output, as well as safe-operating requirements, the development of type groups according to efficiency will continue to require the meeting of transportation needs partly through domestic production and partly through industrial-trade cooperation within CEMA. In addition to meeting the transportation industry's vehicle and machinery needs, the supply of spare parts and the development of service facilities will have considerable importance.

Basic material (stone, gravel, bitumen, etc) requirements for the construction of the national highway network and railroad lines will grow considerably

and it will necessitate the continued dynamic development of the domestic construction industry. The use of large-scale industrial production methods and stepped up mechanization are needed in the transportation construction industry for increased construction capacity and for the expansion of technologies. Prefabrication must be further increased and assembling activity expanded within the transportation construction industry.

No domestic industrial base has developed for the transportation construction industry. Because of the increased volume of construction projects it is necessary to develop, as much as possible, the domestic production of construction machinery and to speed up wide-ranging socialist integration. In order to provide all the needs of transportation in time, import activity and the domestic supply distribution system must be further developed.

Power Management Tasks in Technical Development and Transport Organization

Transportation and telecommunications are important energy consumers within the national economy. Their power requirement is considerable and it is steadily increasing. The importance of material and energy conservation demands proper economy in power consumption at all levels and in all areas, as well as the working out of proper users' guidelines.

Energy efficient assignment of transportation tasks, methods of transportation and fuels are a must. Highly efficient transportation, handling and office equipment must be used. In developing the network systems and traffic control which influence transportation energy consumption must be kept in mind.

Faultless mechanical condition, transportation management and operation methods which reduce specific energy consumption, computed regulation of specific power consumption should be guaranteed in operation.

Modernization of railway traction--with the complete elimination of steam traction--will reach an important stage in the next 5 to 6 years. The proper selection of the trend in modernization requires transportation-policy decisions whose effects will determine the economic character of railway transportation and the proportion of fuel resource usage.

Increased traffic density guarantees a faster return of investment in electric operation requiring greater input of means but which is also able to provide greater performance, and which, therefore, encourages the development of electrification.

Because of the energy crisis in the capitalist world, investment in electrification was stepped up. It stressed the expansion of electrification in our country. The greater role of the railroads grows parallel with the growth of electric traction.

In Hungary, steam traction will end in the Fifth and Sixth Five-Year Plan periods during which first steam locomotives, then obsolete diesel and electric locomotives will be eliminated in accordance with the pace of

electrification so that the number of diesel locomotives purchased for the purpose of modernizing traction does not slow down the optimal pace of electrification. The results of a recent analysis indicated that electric traction is more advantageous on an additional 1,400 km of MAV lines than diesel traction (at present the total length of electrified railroad lines is 1,200 km)

According to the long-range program of electrification--calling for the electrification of 350 to 400 kilometers of lines in 5 year periods until 1995--the total of electrified lines will be about 2,600 kilometers. This will guarantee a unified, economical and modern traction system for about 3,000 km of trunk lines in accordance with the long-range energy usage structure of the national economy.

It is an important long-range task of highway transportation to influence the trend of transportation needs.

Efforts must be made to reduce transportation needs and optimal transportation conditions must be provided. The most economical modes of transportation--providing favorable energy usage--must be determined through a complex study of the transportation tasks involved and proper incentives should be applied for their use. In these studies, total energy needs must be taken into consideration, including the energy usage of service facilities and of the elements of the transportation chain.

Urban mass transit development is necessary because of the more favorable specific energy usage versus performance. This type of transportation must be made more attractive by increasing its accessibility, speed, and cultural standard. It is necessary to use new forms of mass transportation, e.g., cabs running on fixed routes, car pools, etc, in order to reduce private passenger car traffic in the cities.

The share of fixed-line electric vehicles should be increased in urban mass transportation also because of environmental considerations. The study of vehicles driven electrically or by mixed power sources should be undertaken in order to see their long-range applicability taking into consideration engineering possibilities and their infrastructural effects. In the long-range, the possible use of vehicles running on various kinds of special fuels should also be considered.

Efforts must be made to use more efficient vehicles. In all transportation fields, efforts must be made to use vehicles of the highest capacity which may be operated with greater efficiency by using transportation organization, mechanization of loading/unloading, and by using trailers, etc. In the operation of private cars where the utilization ratio is small, it is desirable to increase the share of small and 4-stroke engines. This is also supported by environmental considerations. Efforts must be made--within the framework of CEMA cooperation--to increase the share of more efficient diesel vehicles in freight transportation.

It is necessary to have systematic maintenance and maintenance practice in the entire country to guarantee impeccable mechanical conditions. The necessary maintenance capacity must be guaranteed in all vehicle sectors.

It is necessary to reconstruct maintenance capacity because of the limited character of manpower. It is necessary to solve the problem of high-standard maintenance on a large scale. Technologies of consumption control, repair and adjustment must be centrally solved and made available.

In order to reduce specific energy consumption the great reserves hidden in proper management must be fully utilized. Organizing of routes on the enterprise level must be general and the limitations of ownership in setting up trips must be removed through central action. Establishing of methods of trip organization should be helped by providing central guiding material.

Driver training should include the teaching of energy-efficient motor vehicle operation.

Norm discipline must be strengthened in highway traffic.

Summing up the foregoing and taking into consideration the requirements the following development priorities must be assured in the 6th Five-Year Plan period:

--Speeding up the development of railroad lines and junctions, conditions for the modernization must be assured so that at least 350 km of lines be modernized every year; special attention must be paid to Budapest, the development of the transfer district of Zahony must be particularly emphasized; quality and traffic-safety considerations must be fully met during the modernization of passenger terminals by providing elevated and wide platforms, underpasses and roofs over the platforms;

--Speeding up of railroad electrification and to achieve it, the electrification of about 350 to 400 km of lines should be completed in the Sixth Five-Year Plan period;

--Accelerated elimination of dangerous level-crossings of highways and railroad tracks; development of the (national and council-controlled) highway networks by coordinating the rate of motorization and the availability of material means; reduction of serious bottlenecks in urban traffic;

--Continued development of transportation methods on the basis of national coordination and unified chain of transportation, modernization of mechanization of loading/unloading at the junction points of several modes of transportation;

--Development of the Budapest-Ferihegy airport for traffic safety and increased volume of traffic;

--Priority of mass transportation in urban traffic by developing both traffic management means, primarily in the capital and in the other large cities; and the solution of parking problems particularly in the hearts of the cities.

The Role and Results of Scientific Research in the Technical Development of Transportation

About 1,300 people--including 400 scientific researchers--work in our three research institutions (VATUKI [Railway Scientific Research Institute], KKTKI [Scientific Research Institute for Highway Transportation] POKI [Postal Experiment Institute]) and seven enterprise research facilities.

In the current five-year plan period, 2 billion forints are earmarked for research and development (R & D) purposes of which 57 percent is provided from enterprise and the rest from central funds.

Transportation and telecommunications development is also assisted by research projects in the other economic branches (industry, machine industry, construction industry, etc) and this is of great importance.

The research and development possibilities in the transportation and telecommunications branches are not less than in the other branches. Both manpower and expenditures are sufficient to perform research emanating from the expectations of the national economy and of science policy aims.

It can be seen that in recent years the principles of selectivity and concentration have prevailed.

In the coordination process, trusts and large enterprises involved in the application of research results must be given a substantially greater role in order to increase the efficiency of research and application activity.

The following list gives the most important research and subsequent technical development results in connection with the railroads, highway and urban transportation as well as telecommunications and road construction:

Railroad Transportation

Hungarian equipment was developed in connection with the ballast density testing that substitutes the subballast and ballast edge compactor machines coming from capitalist import.

Thus, instead of the import machinery costing 5.7 million forints, domestic machinery may be purchased for 2.3 million forints.

To increase infrastructure, load-capacity parameters for the use of plastic textile materials were worked out and savings of more than 5 million forints achieved so far by using plastic fabric in the tests.

Travel safety research resulted in a 16-percent increase in the hauling capacity of the V43 series locomotives.

With the introduction of principles of operation and train-running methods developed to reduce the energy consumption of diesel and electric locomotives

energy worth 10 to 20 million forints, brake shoes and wheel rim materials worth 4 to 5 million forints can be saved annually.

On the basis of extensive research, recommendations were worked out for the modernization of the railroad vehicle maintenance system, for engine diagnosis without disassembling and for a procedure that reduces by 50 percent the run-in time of engines. Due to this research, the capacity of railroad rolling stock can be generally increased, thus yielding savings amounting to millions and the pollution by railroads may be reduced.

Several information systems and subsystems were worked out for the introduction of cybernetics in railroad operations, e.g., for keeping records of breakdowns in traction equipment, for forecasting scheduled repairs and for the mechanization of dispatching.

On these bases, well-founded decisions can be made at the proper levels to make operation safer.

Methods and equipment for machine testing of locking frames were worked out (in cooperation with the Technical University of Budapest) and they were first used at the Szolnok railway station. Thereby working time was reduced by 25 percent, in the given case by 5,000 working hours, and the possibility of human error was eliminated.

Highways Transportation

In order to increase highway safety, the accidents were investigated for road, vehicles and human factors. The overall lowering of the speed limit was based on scientific research--even before the introduction of the new KRESZ [Traffic Regulations for Public Thoroughfares]--and it favorably influenced the trends in accident statistics. Up-to-date testing equipment was developed for the tribologic studies of road surfaces; the computer used with this equipment provides fast evaluation and the sections to be repaired have already been pinpointed on several important roads.

The requirements for the engineering parameters of commercial vehicles (buses and trucks) were worked out and standard testing methods were determined and introduced for the various vehicles. Cybernetic methods were used to design the car service network and model plans for small service stations prepared for use in the country. Research relating to the engineering requirements of service and garage equipment will be utilized in CEMA-level production specialization agreements.

Measuring procedures, instruments, adjustment methods and diagnostic equipment were developed to reduce air pollution caused by motor vehicles. They make possible the determination and reduction of exhaust fumes. A standard was worked out for exhaust testing. Due to the application of research results, the number of cars rejected during official inspections because of excessive exhaust fell by 15 percent and some conservation of fuel was also accomplished.

Engineering and traffic organization research for the purpose of energy management in highway transportation led to a 5 to 6 percent reduction of fuel norms. Consequently, 40,000 tons of fuels were saved in 1976 as compared to 1975.

Urban Transportation

A guide regulating the process of traffic-development planning was prepared to modernize the design procedures for urban transportation development plans.

A reference aid containing a collection of traffic-survey methods and traffic-pattern models was published in connection with urban traffic forecasting. It allows the use of identical methods for traffic forecasting, the keeping of designing time and cost standards, the preparation of a variety of designs and their optimalization.

In designated cities, traffic censuses were taken and the data processed. This provided the basis of urban road network development plans. The study of urban traffic habits, the investigation of continuous traffic flow on urban roads--together with the study of urban traffic-engineering problems--provide useful methodical assistance for the drafting of urban traffic-development plans.

Rationality tests performed after traffic-engineering studies provided basis for decisions about mass-transportation solutions on some important roads (e.g., Hungaria Blvd). Practical results may be expected from the research relating to mass-transit management and traffic control, as well as from research into the optimalization of mass-transit networks.

The traffic census in Budapest was based on interviews and its results are already available. They will be carried out during the implementation of the capital's traffic development plan. The theoretical bases and needs of central traffic control in Budapest were worked out and the possibilities of computerized traffic-light control examined. Application of such control is expected in the traffic-control center now in the process of realization. This center already handles the central dispatching service of the subway.

Road Construction

As a result of research dealing with the use of industrial byproducts for road construction, four subgrade test sections were built of lime-bonded granulated blast-furnace cinder and several temporary technical directives were issued.

The use of industrial byproducts in road construction reduces the cost of their disposal and moderates bitumen, cement, rubble and gravel needs in road construction and is also important from the point of view of the environment.

As a result of research into the use of rough-sand asphalt, and after testing, beginning in 1974, this type of pavement was used gradually on

highways M1, M3 and M7. The respective technical directives will also be issued. The new type of pavement increases skid resistance and thus traffic safety; the danger of accidents diminishes.

A traffic census of a cross-sectional nature was taken on the national highways to provide a basis for the development plans of the road network. Automatic counters were also used in the census. This research and the previously undertaken destination survey provided the foundations for the overall national road-development plan.

After research, several standards were issued for the testing of road-building materials (laboratory tests for soil stabilization, tests for soil compactness, etc). A new method was worked out and is applied to measure the load capacity of roads.

Porous road concrete technology was worked out, among others, in connection with the development of asphalt and concrete road structural technologies, and it was introduced on highway M7 and the construction technology of deep asphalt layers was developed and used on highway No. 4. Test sections with various roughened wear layers were built on highway No 5.

The results of research relating to welded steel bridge structures are included in the highway bridge regulations. The testing method of stressed bolted joints was expanded and precision registration of creep at the side of test specimens introduced. Joints of prefabricated elements could be simplified after studying the behavior of joints during static and fatigue stresses of prefabricated concrete bridge structures. They are included in the engineering regulations.

Environmental Protection

The exhaust limit for diesel vehicles was worked out and put in effect in the new KRESZ.

As a result of research, an exhaust-testing instrument suitable for plant and highway traffic control was developed and produced in the country.

The booklet titled: "Exhaust Measurement of Diesel Engines and Diesel Engine Vehicles. Requirements. Testing Methods" was published.

A gas-analyzing laboratory meeting the first EEC [Economic Commission for Europe] requirements was completed and put into operation.

A mobile instrument complex was built for test-pad evaluation of gasoline and diesel engines.

Adjustment procedure was worked out to reduce exhaust emission to the required level.

A proposal was submitted to build the most efficient dust precipitator into the asphalt mixer.

Research into the lowering of the noise level of the M-62 type diesel locomotive led the Soviet exporter to deliver the locomotives with silencers and the already operating locomotives were subsequently equipped with silencers.

Research into the cleaning and treatment of oily waste waters of railroad traction facilities led to the solution of local waste-water treatment problems at several installations.

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HUNGARY

IMPROVEMENT OF TOURIST FACILITIES URGED

Budapest FIGYELO in Hungarian No 37, 13 Sep 78 pp 1, 2

[Article by Zsuzsa Gal: "The Drawbacks of Recordbreaking"]

[Text] "Campsite For Rent"--this surprisingly novel invitation could be seen on the gate of quite a few summer cottages on Lake Balaton this summer, sometimes written in several languages. And to prove that the supply satisfies a real demand, some gardens were packed with rows of big and small tents while cars from many countries and regions lined the streets.

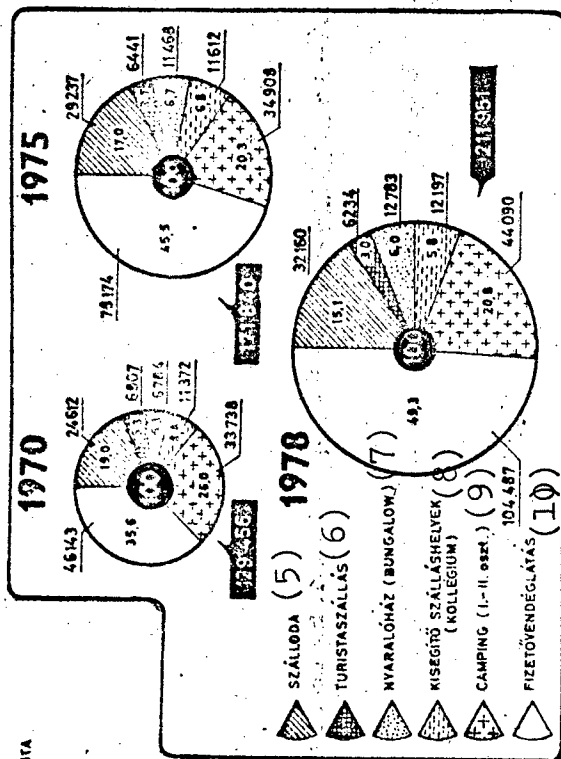
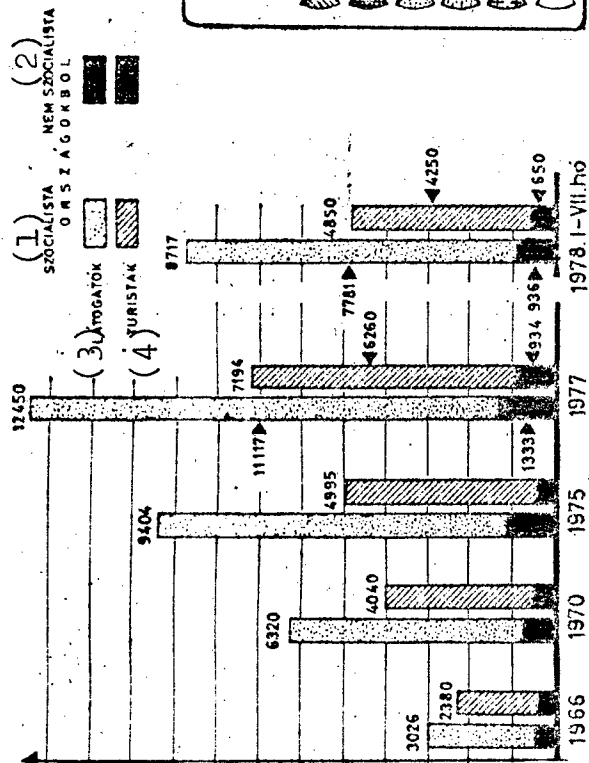
Thus, owners of summer cottages at Lake Balaton rented out open space by the square foot this year in addition to renting their rooms, which in itself gives an idea of the dubious records of our 1978 tourist traffic. Even without statistics it demonstrates that our capacity to receive tourists is far below existing demand. At the same time it provides some explanation, together with other factors, as to why currency earnings of the state did not grow in proportion to the number of visitors; it also serves as a warning that tourism contributes to widening income differences among various groups of the domestic population.

All Sold Out

To the superficial observer it might seem as if this year brought some kind of an explosion of our active tourism but this is not what the numbers indicate. According to the preliminary report the number of foreign tourists during the first 7 months of 1978 increased by 29 percent relative to the same period last year. However, when we look at the reports of the OIT [National Council on Tourism] for last year we are in for a surprise: the increase in the number of tourists during the first 7 months of 1977 relative to the January-July period in 1976 was greater, not smaller, reaching 15 percent. It is true that the time spent here by tourists, i.e., the number of visitor-nights increased by 34 percent this year, compared to 21 percent last year. The sense of an explosion is in fact due to the combined strong growth of 2 successive years, i.e., the fact that this year's increase accumulated on top of a similarly strong increase last year.

Trends in the number of visitors and tourists in Hungary (thousands)

Commercial lodging capacity (number of beds) and its distribution (percentage) on 31 July



Key: (1) From Socialist countries (2) From non-socialist countries (3) Visitors (4) Tourists

(5) Hotel (6) Tourist hostel (7) Cottage (bungalow) (8) Auxiliary lodging (dormitories) (9) Camping (1st and 2nd class) (10) Guest rooms

In addition, several new hotels were completed last year and a series of hotels were built during previous years. There was not a single hotel completed in 1978 which could be considered in terms of foreign tourism. Other investments serving tourism have also slowed down, e.g., the development of the network of shops and restaurants at Lake Balaton.

To return to the phenomena mentioned in the introduction: the contrast between the sharp increase of visitors and the slowdown of investments (which, as we shall see later, is probably only temporary) is softened by the private sector. Those who rent out their rooms and gardens naturally provide other services to their guests and, as a result, the tourists can somehow obtain those services, but part of the income from tourism is not centralized by the state and therefore it cannot be spent on needed imports for the national economy.

Those who rent out their apartments and summer cottages through tourist offices and travel agencies are contributing to state income. But they are in the minority. According to the testimony of the statistics, foreign tourists spend 60-65 percent of the nights in our country at "location unknown." Which means that they spend the night not in commercial accommodations (including organized and official guest rooms in private apartments) but in the homes of relatives, acquaintances or possibly strangers.

If we add that this is not simply a matter of the tourists' intentions but is also caused by high utilization and overcrowding of hotels, campsites and rooms for rent, then it becomes obvious that vigorous prosecution of so-called illegal room rentals would be a mistake. We must accept that this activity by the population replaces investments, and we must try to make it more organized.

Desolate Campsites Along the Road

It is quite clear that commercial accommodations (the country has a total of 200,000 beds, half of which are provided by official guest rooms) combined with those who rent out their rooms, beds and gardens were still unable to put up all of the guests. It is clear because at Lake Balaton as well as in the Dunakanyar and the vicinity of the capital there was a proliferation of desolate campsites exceeding anything seen in previous years. This phenomenon came close to presenting a danger of epidemics and it deprived the country of additional income. Although local tourist authorities were quick to set up so-called emergency campsites (in most cases a beach area was fenced off and supplied with guards and lighting so that camping and personal hygiene became possible), but even those did not have enough space for everybody.

(In order to avoid having to set up emergency campsites with similar haste next year, work was started on a study to explore the possibilities of creating 14 campsites at Lake Balaton. The investment program will be ready by the end of October).

However, we possess reserve capacities which we have been unable to fully utilize for many years. They are the dormitories of schools, colleges and universities with a combined capacity of 40,000 guests, i.e., 20 percent of beds available commercially. According to the experts, only about 20,000 beds out of the 40,000 are suitable for purposes of tourism, but even among these, thousands are empty at the same time tourists can find no accommodations and are forced to spend the night in the parks.

Should we blame those responsible for developing our tourist capacity for the situation this year? Considering the medium range plan for the national economy, we probably should not: preliminary calculations foresaw the arrival of 12.5 million foreigners by 1980, which is exactly the number of visitors that have crossed our frontiers last year. (The total for this year will probably exceed 16 million). If the question is considered from the standpoint of available money and construction capacity then there is even less justification for disapproval. (It makes you think, however, when the state and state enterprises lack money, resources and building capacity to build hotels while citizens of that state, or rather some citizens can afford and have the money, opportunity and construction capacity to build even multi-story villas.) The interests of enterprises did not particularly work in favor of hotel construction, at least not on the shore of Lake Balaton: seasonal hotels give a slow return on investment because of the short summer season.

Turnover and Income

It is also difficult to decide one of the basic questions of development projects, i.e., how economic is our active tourism. This is a difficult economic nut to crack not only because tourism is connected with many areas from transportation to management of water resources, but also because our complicated taxation and subsidy system makes it exceedingly difficult to figure out the real value of resources allocated. In other words, there is no suitable formula to calculate the profitability of tourism.

Despite that, there is no doubt that our capacity for tourist accommodation must be increased. This is dictated by our policy of openness and our goal of providing an opportunity for anyone interested in learning about Hungary. In addition, we are forced to develop by the sharp increase in the number of visitors, despite the fact that on a European scale we are about average with respect to tourist attractions. This rate has recently exceeded European and world averages by a substantial margin according to data from the World Tourism Organization (WTO):

Number of foreign tourists (million persons)

	1966	1977	Index (1977/66)
Total in all countries	130.6	238.2	182
Of this, in Europe	97.4	169.0	174
Of this, in Hungary	2.4	7.2	300

However, tourists visiting our country spend substantially less than those visiting other countries in Europe. The average daily expenses of tourists visiting Hungary were only \$15.5, while, according to 1974 data, daily tourist spending was \$31 in Austria, \$43 in Greece, \$46 in Holland, \$30 in Italy, \$41 in Switzerland and \$24 in Yugoslavia.

The latest data indicate that the situation in this regard is deteriorating rather than improving, and the growth of our income from tourism is not keeping pace with the growth in the number of tourists. During the first 7 months of 1978 receipts from tourism increased only 21 percent, in contrast to a 29-percent increase in the number of tourists and a 12-percent rise in border crossings.

At the same time, according to research by the Domestic Trade Research Institute, tourism produces dollars at a cost less than any other branch of the national economy, the average cost being 30 forints. The productivity level of our hotels is no worse than in other countries, and there are no productivity differences such as those in the area of machine industry. In addition, the mere fact that we are obtaining currency which can be used to buy technical equipment without having to supply goods in return is undoubtedly advantageous. According to raw calculations, tourism from friendly nations is no worse a deal than exporting goods to the same countries. Thus, despite any uncertainty, it is certain that the "export" of tourist services is more profitable from a currency production standpoint than the export of goods in general.

Thus, the question is not whether the tourist capacity of the country should be developed, but rather, in what areas, with what types of investments, on what level?

Development in Budapest and in the Provinces

Insofar as territorial distribution is concerned, the demand is concentrated in Budapest and the shores of Lake Balaton. However, while hotels are full almost the entire year, the season at Lake Balaton is short, as everyone knows. Thus, while the investment costs of a Budapest hotel are recovered in 8 to 9 years on the average, the Ministry of Domestic Trade estimates, in the light of the present distortion-free economic regulations, that it takes 25 to 35 years to recover investment costs of a season hotel at Lake Balaton. On the lakeshore there is a need to institute pre-season and post-season prices and price reductions and even with these hotel rooms with two beds and a bathroom stay empty in May and September, sometimes at prices as low as 120 forints. In Budapest it is possible to keep all hotel rooms filled at the full price for 8 to 10 months per year.

Since the limitations on our investment capability are well known, the capital should be given preference; at Lake Balaton it seems reasonable to build only simpler hotels, campgrounds and bungalow complexes, in addition to health resorts. This is supported by the financial ability of our guests.

Several areas of the country featuring mineral waters or other tourist attractions, especially in Western Hungary also deserve development. This year there have been substantial numbers of Austrian guests here, and next year the possibility of entry with no visa requirements will almost certainly increase the attraction of the regions near the Austrian border.

Hotel construction plans are at this point rather tentative. There has been no decision as yet on the use of \$300 million credit line available to us within the framework of Hungarian-Austrian economic cooperation; since the loan is intended to serve tourism, we can expect a significant acceleration of investments.

Aside from that, there are two hotels being built in the country at the present time: the Arpad in Tatabanya and the Thermal on Margitsziget. According to plans, the Expo will open in Budapest during 1980 and the Stadion, also in Budapest, will open in 1981. Two large hotels with a total of 1,300 to 1,500 beds to be built on the Pest bank of the Danube are in the preparatory planning stage.

A so-called accelerated development program for the expansion of the network of restaurants and shops at Lake Balaton has been worked out in the Ministry of Domestic Trade. In 2 years they propose to construct 20 to 25 food stores and self-service restaurants on the south and north shores of the lake using light structural elements. In view of the fact that the average floor space of these establishments is only 120 to 180 square meters this program can merely provide quick relief which may improve the supply of tourists without solving the problem.

It would be mistaken, however, to limit the development of tourist capacity to the construction of restaurants and stores. The fact that one-third to one-half of foreigners visiting Hungary as tourists spent the same amount as those visiting Western or Southern Europe is due, among other factors, to the lack of opportunity to spend money on anything other than lodging and food. To mention the simplest examples, there are just two or three locations at Lake Balaton where sailboats may be rented, there is not much opportunity to play tennis, and even in the biggest hotels the bulletin boards seldom feature program proposals. Swimming pools at hotels are lacking and there is a shortage of game halls where the guests are entertained by slot machines.

The Spirit of Tourists

We have to provide more and better service. At present many visitors are deterred or at least discouraged from another visit by the discourteousness, inexperience or, possibly, the profiteering and mercenary attitude shown by service personnel. People who are cheated by the headwaiter, are served in a leisurely manner by an employee of Intourist, insulted by the hotel desk clerk, rebuked by the store clerk and sent to a previously filled room by the clerk at the guest room rental office, are unlikely to spread favorable

information about us upon their return home. Word-of-mouth propaganda is at least as effective as expensive official tourist propaganda.

By the way, the latter could also stand some improvement. Our brochures intended for foreign distribution often contain incorrect or imprecise information, do not present features which may attract potential visitors, and sometimes do not even reach the addressee and become obsolete hidden in an office drawer. We also have problems with regard to traffic information. Road signs are scanty and difficult to follow, and visitors arriving in Budapest cannot obtain a city map (because there is no such map) showing one-way streets. We must be aware of the fact that such trifles, seemingly insignificant in themselves, may have a strong influence on the disposition of tourists.

The occasional bad impressions may possibly turn out to be useful in a certain sense, at least for the moment. Already in the introduction we said that the tourist records achieved this year were of dubious value; it is an open question whether any useful purpose is served by receiving more visitors than we can serve. From this standpoint we might also say it does not matter if the number of visitors does not increase any further next year. However, low quality or deficient service leads to a negative screening effect: we deter the more demanding visitors who are willing to spend more and arrive for their vacation, instead of those who perhaps came only to buy cheaply in our country.

The Two Sides of the Movement of Goods.

The latter phenomenon (i.e., the "tourist export" of subsidized goods and services) worries many people especially since the end of compulsory currency exchange. In the fall following the first such tourist season we can state that purchases by tourists did not cause shortages.

The effect of tourism-related movement of goods on the economic benefits of tourism is a different question. Jozsef Berenyi wrote a remarkable article on this subject in the 1978 issue of the KERESKEDELMI SZEMLE. He starts from the fact that 12.5 million foreigners visited Hungary in 1977, which implies 25 million frontier crossings. "Each time foreigners had the opportunity to import or export goods," says the author. "If we assume an average of 1,000 forints worth of goods for frontier crossing then this implies the movement of goods valued at 20 to 25 billion forints in a year. This movement of goods calculated on the basis of a conservative estimate is quite significant, amounting to 4 to 5 percent of the national income and 42 to 53 percent of the import of consumer articles calculated at current prices."

Afterwards he states that tourism-related movement of goods is unfavorable to Hungary with regard to those countries where there is a shortage of goods compared to Hungary, and also ones where the price of articles subsidized here is relatively high.

Of course, tourism-related movement of goods is going in both directions: the tourist pays for goods and services in one way or another, with money, goods or similar services in his own country. The latter is called exchange vacation when carried out in an organized form between institutions or enterprises. When private parties invite one another for mutual visits then we are in fact saving currency on travel abroad by Hungarian citizens. The situation is analogous when goods (or, if you prefer, presents) are exchanged between private parties and in cases where foreigners use goods to pay for services (lodging and food): in the final analysis, the consumption base of the population will increase.

The article quoted earlier notes: "The chief drawback of the tourism-related movement of goods is that it adds uncertainty to plans relating to the supply of goods and the distribution of income; on the positive side, it provides a spontaneous correction of supply bottlenecks and improves the income situation of the population. Whether the result of positive and negative factors will be positive or negative will depend on volume and on the competence of economic direction and influence."

In any case, the principal characteristics of tourism may be influenced much more simply (albeit, possibly at a greater cost) than those of the movement of goods. The necessity of influencing those is demonstrated by the fact that at present only 35 to 40 percent of tourists can utilize commercially available lodging and the percentage of those using the meager services of the socialist sector is unlikely to be higher. As a natural consequence of this, the currency earnings of the state can increase only very slowly.

The interests of the national economy demand that tourism be centrally organized through state channels and thereby become more profitable. However, this goal can be approached only by accelerating investments serving tourism, widening the scale of available services and improving their quality.

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CSO: 2500

HUNGARY

PLANS, PROJECTS, ACHIEVEMENTS OF ALUMINUM INDUSTRY HIGHLIGHTED

Budapest FIGYELO in Hungarian 23 Aug 78 p 5

[Article by Istvan Fodor: "From Bauxite To Finished Merchandise"]

[Text] In recent decades the aluminum industry was one of the fastest developing industrial branches. According to data which show the development of world-wide production, its growth averaged one and a half times to twice that of the rate of industrial growth. The central development program which serves the domestic aluminum industry's coordinated growth, was approved in 1970. However, significant changes have taken place already during the time period of the Fourth Five-Year Plan. Due to the lack of investment resources, primarily those developments were omitted which would have increased the extent of processing and the amount of export.

New Situation

The world economic conditions have also undergone fundamental changes, the market situations of aluminum industry products have sharply improved. While the world market prices of the most basic materials fluctuated widely and fell off significantly in recent years (examples: copper, steel), the price of aluminum decreased only temporarily even in the recession period, but in recent times it has again greatly increased. Thus, sales of aluminum industrial raw materials and semifinished products to capitalist countries have produced significant advantages for the people's economy also, even though in the meanwhile costs have also gone up sharply.

	Export Prices		Index 1977/1972
	\$ / ton		
	1972	1977	
Alumina	75	136	181
Aluminum	400	981	245
Semifinished Goods	558	1,425	255

Ruble prices and costs--according to CEMA's 5-year price basis--follow the lasting tendency, though with some delay.

Because of the changed conditions, the central development program was modified, and supplemented. In 1976 the Council of Ministers approved those improvements of the aluminum industry's new central development program which deal with the time period between 1976 and 1980, and accepted the goals for after 1980 as basis for long-range planning. The main production projections of the program's so-called basic form--the goal of which is to build 100,000 tons of aluminum smelting capacity and to reconstruct the existing smelters during the time period of the Sixth Five-Year Plan--, are:

	1980	1985	1990
	(in 1,000 tons)		
Bauxite	3,050	3,305	3,305
Alumina	790	900	900
Aluminum	72*	140*	205*
Semifinished goods	166	240	273

* Additional 182,000 tons annually through the agreements

Based on the resolution, research directed at further increasing the aluminum resources must be continued, as must be the development of the optimum structure of domestic bauxite production, alumina production, aluminum metallurgy and production of semifinished goods, taking into consideration also the possibilities of improving the international cooperation.

The situation, the development of technological-economic, production and sales circumstances of the aluminum industry vertical's branches can be summarized in the following:

--In the time period of the Fourth Five-Year Plan, the bauxite reserves did not decrease, due to the results of geological research projects. During the time period of the Fifth Five-Year Plan, the performance of geological research drillings will double. The changes in world economy have further significantly increased the value of Hungarian mineral wealth and the amount which can be economically processed. Currently discovered and expected inventory will cover the demand for about 40 to 44 years; we possess bauxite reserves which are significant even by European standards.

--Our production of alumina grew at a rapid rate (in harmony with the international agreements), and the technology of production meets world-wide standards. We have also begun to export know-how and factories, and today this constitutes a reference point in further international negotiations.

--Aluminum metallurgy did not develop (also in accordance with the international agreements). Our smelters, built 25 to 40 years ago, have become worn out, are obsolete both from the health protection and labor protection

viewpoints, their reconstruction is unavoidable. With the increase of metal import obtained from the Hungarian-Soviet alumina-aluminum agreement, the per capita domestic aluminum consumption has reached the level of advanced countries (13 kg). But the qualitative level of consumption is lagging behind that of the leaders. In 1980, we will recover only 45 percent of the recoverable aluminum content of the bauxite which will then be produced. The international agreements amount to 32 percent of this, and domestic production to 13 percent.

--The aluminum industry's products can be profitably sold on various markets, in large volume. The ratio of aluminum raw material to semifinished goods in our export to capitalist countries has for years been about 5 percent, but in 1977 this was 7 percent approximately. The proper product structure of semifinished goods will be developed only for the second half of the Sixth Five-Year Plan's time period. The semifinished goods satisfy primarily the domestic requirements. Exportable consumer goods have also not been developed in the production of finished products.

--Significant shortage of metals must be expected (unless the resources increase) during the time period of the Sixth and Seventh Five-Year Plans. As a consequence of this, we would lose significant export values to the capitalist countries, and what is even more, we might even need to rely on significant imports from the capitalist countries.

Strategically, escalation of verticality [i.e., vertical integration] and increase in the processing levels are important tasks of the Hungarian aluminum industry's long range development. The realization of selectivity and of the efficiency requirements necessitates that the ratio of processed goods be increased at as high a rate as possible, naturally taking into consideration also the investment requirements and profitability of the developments. The following will illustrate that today 55 to 70 percent of the reserves are still unexploited in the vertical lines of partial integration following the alumina [stage]:

Production value which can be created by further pro- cessing of bauxite	In the time periods of the	
	Sixth	Seventh
	Five-Year Plan	Five-Year Plan
	(in billion dollars, on prognosticated prices)	
in alumina	1.0	1.6
in aluminum	3.9	5.4
in semifinished goods	6.8	9.7
in foil and castings	9.6	13.5
in finished products	13.7	18.9

Demand and Tasks

The developments projected in the central development program will by 1990 insure 80 percent utilization in alumina, 55 percent in aluminum (including the agreements and the new smelter), and about 45-52 percent in semifinished products, castings and foils and in finished products, of the above opportunities.

Beginning with 1981, alumina production will essentially reach the 900,000-ton annual level projected in the program. Without building new factories but by intensifying the existing alumina plants, the opportunity will open up to obtain additional capacity, which will

--make it economically possible to use the large quantity but poor quality bauxites;

--by dissolving the narrow technological cross-sections [i.e., bottlenecks], improve the overall efficiency of the production phase [there is no need for additional manpower, investment is minimal compared to the yield).

The production increment during the time periods of the Sixth and Seventh Five-Year Plans will be about 750,000 tons of alumina, the value of which can be estimated at about \$200 million. The aluminum content of this which can be extracted is about 400,000 tons, which may form the foundations for further increasing [our] metal resources and for higher degree of processing.

An important part and a prerequisite for creating a higher level of production in improving the structure of the aluminum industry during the time period of the Sixth Five-Year Plan is the prompt elimination of the bottlenecks in aluminum production.

It makes expansion of the aluminum metal resources particularly urgent that by carrying out the Hungarian-Soviet agreement currently in effect, the metal resources which have been thus far expanding steadily by the average annual rate of 10,000 to 15,000 tons, will reach their maximum in 1980. Its volume will no longer increase between 1980 and 1985, and the Hungarian-Polish aluminum agreement runs only through 1980.

The long-range growth of domestic aluminum consumption is dynamic, and it will increase from the present 140,000 tons to over 300,000 tons by 1990. In contrast with this, our primary metal resources will be unchanged from 1980 on--assuming the present conditions--about 250,000 tons annually.

Three Possibilities

The possible ways of expanding our metal resources and higher degree of utilization of our mineral inventories are:

--to accomplish as soon as possible, the 100,000-ton capacity domestic aluminum smelter and the necessary reconstructions projected in the central development program;

--Besides renewing the Hungarian-Soviet smelter agreement, it should be expanded.

--The expansion of the Soviet agreement together with the projected improvement of domestic capacity.

The following [reasons], besides the structure policy viewpoints, justify domestic expansion of the aluminum producing capacity:

--within a short time, it will create the foundations for a lasting, economical and secure metal source, which is the basis of the development of further processing;

--a precondition for more significant metal production without interruption is the inevitable reconstruction of the three operating smelters;

--it makes possible the further broadening of know-how export and of general contracting factories for export;

--it makes possible for the people's democracy to make use of significant external resources in an advantageous manner, and to pay these back.

The central development program projects the commencement of the smelter investment for 1981, thus the plant would produce its first metal in 1984. But this, while terminating imports from the capitalist countries, would still not make it possible to avoid the decline of exports earlier in the time period of the Sixth Five-Year Plan. Building up capacity earlier would provide the means to avoid this.

The investment could also be accomplished in such a way that it would contribute to the improvement of the people's economy's foreign trade balance. Several foreign firms and banks have shown willingness to extend long-term loans for this goal, which could be paid back by various aluminum products.

The projected domestic increase of aluminum production capacity together with the expansion of the Hungarian-Soviet aluminum agreement would make it possible to create a favorable structure for the aluminum industry. This development would create the favorable basis for further processing of the alumina sold, to use it efficiently, to fulfill the metal requirements of a more distant time period, for the selective development of the production of semi-finished and finished products and for the dynamic expansion of the dollar-accounting export.

Alumina supply is also available for the realization of domestic smelter development and for the expansion of the agreement together. Taking the proposed intensifications into consideration, our alumina production provides coverage for a total of about 520,000 tons of metal production annually. Significant additional alumina can also be obtained from the developing countries as payment for factories we export.

Several years ago our aluminum industry became involved in opening up and processing the Yugoslav bauxite inventory, by delivering know-how and exporting factories in the value of about \$50 million. Similarly, it also participates in developing the mining and alumina production industries of developing countries which have about one-half of the world's bauxite inventory. We know well [the location of] the bauxite deposits, their regional distribution and the development methods. Based on the experiences of alumina plants built abroad (in India, Romania, Yugoslavia), advanced negotiation is currently in progress with the aluminum industries of Jamaica, Greece and India, for cooperative construction of alumina plants.

In the future it will be an important task to seek out such foreign partners who would also contribute financial resources to build up production of products of advanced degrees of processing based on the most modern technologies, and at the same time would also assure long-range export markets. Several partners have indicated willingness not only for cooperation in metallurgy, but also for building up capacities for semifinished and finished goods, and also for the sale of products. The Hungarian Aluminum Industry Trust and the authorized foreign trade enterprises have recently made significant cooperative agreements with the U.S. firm, Advanced Pressure Castings. According to the contract, the opportunity is open for the production of 2,700 tons of high value, high pressure finished aluminum castings annually. The American partner has agreed to provide the technology for this, and to accept the products for 10 years. This undertaking will result in exports of about \$9 million annually. All this shows that the opportunities hidden in international cooperation can be exploited efficiently for the purpose of selective development, in technological, economic and also even in financial areas.

8584

CSO: 2500

HUNGARY

POSSIBILITIES OF INCREASING FOOD INDUSTRY EXPORTS EXPLORED

Budapest FIGYELO in Hungarian 23 Aug 78 p 11

[Article by Dr Istvan Katona: "Development Possibilities to Expand Exports"]

[Text] Additional loan possibilities have opened up to provide incentives for making investments to serve the expansion of the stock of export goods. However, it is true that the loan possibilities and preferences to provide export incentives can be made use of only under conditions which are significantly more strict than usual. When extending credit, besides examining rapid repayment from the net foreign currency it would produce, the maximal resources of the enterprise, and favorable profit ratio are considered and of primary consideration, if possible, are that the investments should still contribute in the current five-year plan to the improvement of the payment balance and should insure further expansion of the export merchandise stock for the time period of the Sixth Five-Year Plan.

Six Months Behind Schedule

One-third of the 45 billion forint credit budget was assigned to foodstuffs production. The development and investment costs distribute roughly equally between agriculture--including forestry--and the food industry, but agriculture only received 40 percent of the loans.

The ratio of credit extended for the improvement of the export merchandise stocks is also significantly lower in agriculture than that of the people's economy's average. But the producer cooperatives and the state farms strive to obtain the not insignificant advantages accompanying the export development loans even at the cost of placing greater burdens upon their own development resources.

The general experience in foodstuff production is that the foreign currency production index and its profit in ratio to investments of the developments financed at the expense of convertible credit contingencies is better than average. This is particularly so in agriculture, where the foreign currency production index of developments which expand the export merchandise stock--with not too large a deviation--is 22 to 26 Ft [forints] per dollar,

investment-proportional profit is 15-16 percent. These represent 30 to 35 percent better foreign currency output than the average, and about 10 higher investment-proportional profits. The foreign currency production index is also better in the food industry, and the investment-proportional profit is the same as the sector's average. Development of the indices proves that earlier expectation to be correct that the loans which are accompanied by significant advantages, together with strict conditions, do urge changes in the product structure and improvements in exporting ability.

\$100 Million Surplus

Most of the export improving investments in agriculture are smaller in volume, are carried out rapidly and will result in additional merchandise base still during the current 5-year plan. The bank extended loans in plant growing for the most part for machinery purchases and for the construction of some storage facilities, while in raising animals--apart from one or two new operations-- [the bank] extended loans for reconstructive developments, for expanding the export merchandise base and to improve exports. It is also characteristic that the share of construction in the investments is minimal. Last year, the loan contracts required completion of 296 investment projects in the producer cooperatives and state farms. Completion of only 15 of these investments dragged out over into 1978. Of the late investments, the bank provided loans for the purchase of machinery in five of them. In 10 cases, for developments which included significant ratios of construction (storage facilities, buildings for raising animals). Average lateness does not exceed 6 months. But in the food industry, within the material-technological composition the ratio of construction is not lower than the industrial average, and the lateness in completing the job is also more frequent.

The export-improving investments carried out within the framework of the plant growing systems have proven to be more efficient investments in accordance with the people's economy's needs than the ones accomplished from the sector's own resources. The financial opportunities provided by construction financed by loans fulfill significant roles in increasing corn and wheat yields.

There have been more problems in the investments of tree farms and specialized agricultural enterprises, where in some cases, full completion of the investment was as much as 2 years behind schedule. Even though the investing parties try to minimize the lateness of the additional export merchandise base with other products or by extra production in the existing plants, in justified cases the sanctions and financial consequences specified in the loan contracts cannot be dispensed with.

In the food industry, where construction ratio is relatively high, and where often optimum conditions were taken into consideration in the preparation of investments, late completions are more frequent.

In this respect, it may serve as a solution if the investors built up close relationships--even ones built upon joint interests--with the foreign trade

enterprises, in the interest of having the machinery and technologies purchased from abroad arrive on time.

In food production, in spite of the greater or lesser delays occurring in the investment processes, the enterprises and cooperatives are for the most part able to fulfill the obligations they have accepted. Production capacities created with the aid of loans for the expansion of the export merchandise base produced about \$45 million worth of excess export merchandise base in 1976, and around \$100 million in 1977. The value of the added export merchandise base expected for 1978 will be close to \$200 million. In agriculture and in the food industry together, the gross added export (import savings) expected from these investments was completed in 90 percent on the average in the years of 1976 through 1978. The developments accomplished in state-operated and in cooperative agriculture (we are speaking of more than 700 development projects) provided more merchandise basis in every year than what they had promised in the loan contracts.

Overfulfillment and Falling Short

The 40 development projects investigated in the food industry, the loans for which were partially or wholly made at the cost of the convertible loan contingencies, achieved less added export (or import savings) than they pledged in the loan contracts. The deficiency--due mainly to the world market price changes--occurred mostly at the dairy industry's import saving investments. Of the 10 investments made in the meat industry, 6 have export obligations by 1978. The general experience is that these developments fit well into the improving business opportunities. About 15-20 percent more additional export was realized than pledged during the three years. Results of the developments in the alcohol industry are similarly favorable.

The natural results of development projects in agriculture must also be mentioned. Partly because those who requested loans here, pledge for the most part not additional export, but production of additional export merchandise base in the loan contracts; partly because the supply which is expected to continue to grow by 1980, will have to be accepted by the related food industry for processing, and possibly additional foreign market opportunities will also have to be sought.

Realization of Loan Contracts Made for Additional Export Merchandise Base (in tons)

	in 1976		in 1977	
	According to contract	Actual	According to contract	Actual
Corn	59,155	69,934	69,175	198,595
Wheat	68,686	122,057	146,053	287,182
Sunflower	2,754	3,749	13,446	21,941
Soya	1,138	1,109	1,994	2,875
Pork	---	---	918	1,399
Poultry	365	269	1,004	829

But in summary, besides the good results the problems must also be mentioned. Often, in many cases we find cases of falling short which can be traced back to objective reasons (for example, hail damage, flood, ground water, etc.) which decrease the results, and the exporting ability along with it.

Last year, for example, 270 state farms and producer cooperatives had contract obligations for corn production. Actual fulfillment exceeds the plan by about 30,000 tons. But within this, half of the farms did not reach the pledged increment, and what is even more, 60 operations did not fulfill it at all. The shortage at these is about 50,000 tons. For wheat, 300 farms achieved 287,000 tons instead of the 146,000 tons pledged. The number of overfulfillers is 100; that of the ones falling short is 60. (Total shortage is 22,000 tons.)

In 1977, a total of 548 agricultural operations had obligations to produce additional merchandise base, and of these, there were shortages in one or more products at 180 operations. In the future more attention will have to be paid already when the loan is decided upon, and also during the process of implementing it, that the number of "non-fulfillers," and through this, the number of those who diminish the total results of the invested loan means, be decreased.

Uncertainty Factors

Experiences of the first 2 years of the Fifth 5-Year Plan show that expansion of the convertible export merchandise base has worked out well overall in the production of foodstuffs, and fulfilled the moderate advance expectations even though the experience was not favorable in each case. This opportunity contributed to a great extent that even such development ideas of greater or lesser impact could be placed on the agenda which could be carried out in short order and produced additional export goods base already in the current 5-year plan. Such were for example the better mechanization of plant growing, developments related to the production of flowers, honey, mutton and rabbit meat, but developments of reconstructive character in the hog raising operations, or for example the investments carried out in the alcohol and meat industries can also be listed here.

A general problem is that implementation of the developments is behind schedule particularly where the ratio of construction is high, but also even in many cases in the purchase of simple machinery. In such cases the bank is placed in a difficult situation when it requests an accounting of the loan conditions. The slowness of construction, lack of punctuality in the arrival of imports are today so broadly "known" uncertainty factors that those have to accept the risk for these who make use of the loans.

The so-called compensation must also be mentioned. It happens frequently that the operations do not fulfill their sales obligations to certain products specified in the loan contract, and wish to substitute other products for it. Keeping in mind the question of the people's economy's balance also, it would not be correct to deviate from the basic principle that the additional export goods base must be produced and sold in that product for the expansion of which the loan was taken out. It is a different question that the bank may

choose not to apply the possible sanctions in the case of unavoidable obstacles, but this cannot be such an opportunity for the operation which is enjoying the advantages of a preferential loan that they may realize their class interests contrary to the interests of the people's economy, without consequences. That is, presumably in the majority of cases the overfulfillment with other merchandise would have been realized anyway, independently of the extension of the loan in question.

What Is Needed To Make the Decision?

World market prices of agricultural and food industrial products fluctuate widely. Since the farms do not export directly, the world market's effects can only either be felt in a very dulled-down way in agriculture, or not at all. Because of this, interest in export is also quite lax. There are numerous examples when--because of the interests of the people's economy, due to domestic demand--the export of some products if temporarily halted, or decreased. In such cases the plants which have accepted obligations in the loan contract are unable to fulfill their obligations. It appears that for agricultural products--aside from one or two exceptions--the bank's supervisory and sanctioning role can extend only over demanding accountings of the producing and sales increments, but not over actual export.

The situation is different for processed products. The main question here actually is, who should accept the risk of losses resulting from world market price changes, or, respectively, where should the possible price profits precipitate. In our opinion, due to the preferred character of the export-urging loan construction, the risks belong to whoever takes out the loan. An enterprise or trust which decides on a large volume food industry development, must have that much market information that based on it they can make such development decisions which also makes it possible to bear the possible negative consequences. Of course, good cooperation with the foreign trade enterprises, joint interests in the expectable risks and results are also necessary for this.

There still are several opportunities in agriculture and in the food industry for development projects to increase the export merchandise base, which can be carried out rapidly, will produce additional merchandise base still in the current 5-year plan, and can be paid back from the net foreign currency brought in within 3 years. The bank will accept such loan requests in 1979 and in 1980 also. The growth of the people's economy, and the constant expansion of foreign trade relationships also exert an influence in the direction that the enterprises and cooperatives should seek additional opportunities and that they should already take the initiatives now to prepare for their investments which they intend to realize in this or in the next plan period.

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CSO: 2500

POLAND

OLSZOWSKI COMMENTS ON SOCIOECONOMIC POLICY

Warsaw GOSPODARKA PLANOWA in Polish No 7-8 Jul-Aug 78 pp 349-353

[Article by Stefan Olszowski: "On Consistent Implementation of Social and Economic Policy"]

[Text] Matters pertaining to functioning of the economy occupy the focus of attention of the party and the toilers.* Clear confirmation of this is the high status of problems connected with improving management in the resolutions of the Sixth and Seventh congresses, in the proceedings of the Second National Party Conference, and in speeches by Central Committee First Secretary Comrade Edward Gierek. On 25 April of this year the Politburo and Government Presidium evaluated the current stage of adoption of a modified economic-financial system. The evaluation was based on an analysis elaborated by the Party-Government Commission, government agencies and departments of the Central Committee. Materials prepared by the Polish Economic Society were also utilized.

For 8 years now we have been implementing the socioeconomic policy spelled out at the Sixth Congress and further developed at the Seventh Congress. At the Second National Party Conference we presented a synthesis of progress to date. We are acquainted with facts and figures which depict the progress and achievements made during the first seven years of this decade.

As a result of consistent implementation of the strategy spelled out at the Sixth and Seventh congresses, our country has reached a new and higher level of social and economic development. Our nation's assets have become substantially increased and renovated. Living and working conditions in our society have rapidly improved. In all of Poland there is not a single individual, family, place of employment, town or region which has not shared in the fruits of achieved socioeconomic progress. Many factors were involved in

* This article is an abbreviated version of a speech delivered by PZPR Central Committee Secretary Stefan Olszowski, member of the Politburo, at a plenary session of the Supreme Council and Main Administration of the Polish Economic Society on 27 May 1978.

this progress. Of primary importance, however, was the party's correct socio-political strategy, corresponding to the needs and capabilities of the people, as well as its mobilizing and organizing ability.

The historic importance of the resolutions of the Sixth Congress can be adequately appreciated only when we take into consideration the unusual complexity of initial conditions at the beginning of this decade. Parenthetically speaking, we still today feel the results of those conditions.

The conceptual achievements of the new socioeconomic policy affect all areas. Of fundamental importance was adoption of the principle of priority of social goals. The change in the mode of thinking and action was also reflected in approach to problems of agriculture, capital investment, foreign trade, and the system of functioning of the economy.

Implementing the policy of the Sixth and Seventh congresses, we accelerated this country's development and achieved considerable success in all areas.

A unique cost of the incredibly dynamic development of the economy was the appearance and increase of stresses and bottlenecks in some areas. A definitely disadvantageous system of objective factors was added to the difficulties resulting from these stresses and bottlenecks. We are referring in particular to the slowing of growth -- and even retrogression -- in farm production, due to adverse weather as well as unfavorable development in Western markets.

Certain phenomena in the capital investment process also were a factor which additionally contributed to increasing stresses in that situation. They found expression in excessive scattering of the capital investment front and, as a result, in an increase in freezing and commitment of capital funds. Attempts to counter these negative trends were not sufficiently effective. As a rule the pressure of capital investment needs proved stronger than the mechanisms which were to counter excessive broadening of the capital spending program.

Adverse performance in agriculture, difficulties in the area of foreign trade, the situation which formed in the area of capital investment, as well as the continuing dynamic growth of personal income, caused partly by weakening of income-pay discipline -- all these factors substantially promoted an increase in market stresses. Thus in addition to considerable achievements, there occurred at the end of the last five-year plan difficulties and stresses in different areas of the economy. This was the diagnosis of the situation at the threshold of the second half of the 1970's on the eve of the Seventh Congress. Formulating a program for the period 1976-1980, new trends in the structure of factors, both internal and external, influencing this country's subsequent social and economic development, were also taken into account.

The Seventh Party Congress, expressing the will to continue the policy initiated in 1971, took the position of continuity of the strategy of the Sixth Congress, continuity not interpreted in a dogmatic but rather innovative manner, taking into account the changeableness of development conditions. Continuity of strategy is preserving priority of social goals and at the same time variability of concrete solutions in the economic area applied to new needs and capabilities. This interpretation of continuity of the strategy of the 1970's was confirmed in the resolutions of the Seventh Congress, which were subsequently concretized at the Fifth Central Committee Plenum.

At the Ninth Central Committee Plenum, in September of last year, we made a thorough party assessment of the conformity between the course of economic processes and the resolutions of the Seventh Congress and Fifth Plenum. Appropriate guidelines were also specified for current socioeconomic policy, as well as tasks for the government and all political and administrative agencies, "ensuring" achievement of the social goals contained in the five-year plan. The assessments and proposals formulated at the Ninth Central Committee Plenum were fully ratified by the Second National Party Conference.

Taking into consideration performance in 1976-1977, changed conditions of economic management, and guided by concern to ensure meeting the targets of the current five-year plan, the following priorities are incorporated in the 1978 plan:

first -- strengthening of market equilibrium by maintaining highly-dynamic production and market deliveries, with simultaneous disciplining of the economy by payroll fund and other revenues;

second -- consistent implementation of the program of providing an adequate supply of food to the people, primarily on the basis of further modernization and activation of agriculture;

third -- reduction, in comparison with 1977, of the deficit balance in foreign trade, by increasing exports more rapidly than imports;

fourth -- acceleration of the housing construction growth rate;

fifth -- further concentration of outlays on projects to be completed this year and next year;

sixth, and last -- increased efforts in the area of improving efficiency of management, particularly in the area of utilization of raw materials, fuels and energy.

In light of the results achieved in the first months of this year, the situation in the economy is fairly complicated, while the above-listed priority tasks are being performed in a differentiated manner.

Progress in meeting plan-specified targets is the object of regular assessment by the Politburo. Specified targets are being successfully met in many important areas. We are aware of occurring stresses and difficulties. We are endeavoring to resolve them without delay. Actions have been undertaken toward this end both at the administrative-economic level and at the party level.

Analysis of the causes of current stresses and difficulties, from the very nature of things, engenders reflections. We have not yet succeeded in satisfactorily applying instruments of economic management to the present complex conditions, in spite of the fact that the quality of functioning of the nation's economy occupies an important place in the activities of party, government and economic organizations.

As regards current problems connected with appraisal of the state of functioning of the modified economic-financial system, we must confess -- considering the relatively short period of time which has passed since the process of adoption began -- that in practice there have occurred certain rather important deviations both at the ministry-association level and in the association-enterprise system. They are manifested first and foremost:

- in application of an excessively elaborated range of administrative directives and so-called informational indices;

- in an absence of stability of standards and parameters;

- in suspension of functioning on the part of certain elements of the system;

- in creation of insurance reserves and limitation of the motivational force of system solutions;

- in application of evaluation criteria based on gross indices.

One's attention is also drawn to the necessity of system simplifications as well as adjustment of some of its instruments.

At the same time there is a predominant conviction both among sociopolitical activists, economic officials and in the scientific community that the adopted direction of modification is correct and corresponds to the needs and conditions of our country's current phase of development.

As I stressed at the outset, the problem of a modified economic-financial system was evaluated by the Politburo and Government Presidium. At that meeting a thesis of continuation of the adopted policy of improving the planning and management system was formulated in a decisive and unequivocal manner. This is a reply to views sometimes expressed on the necessity of suspending all initiatives in the area of functioning of the economy until such time as the supply situation is improved and market stresses and other difficulties are eliminated. We believe that these are incorrect views,

proceeding from a lack of understanding of the goals and substance of the process of streamlining the economy. We proceed from the position that improved efficiency of economic management is essential precisely in order to overcome difficulties, eliminate stresses and achieve the highest goals under the given objective conditions. On the other hand, Polish experience as well as that of other socialist countries demonstrates that the key to improving efficiency is a central planning system and -- appropriately linked to it -- a modification-incentive system creating extensive opportunities for economic organizations and inclining them toward efficiency-improvement undertakings.

The Politburo and Government Presidium recommended that the Government Commission on Improving Planning, Management and the Operations of Large Economic Organizations undertake appropriate measures for the purpose of eliminating occurring weaknesses in the functioning of the modified system as well as stepping up preparations for expanding the new principles of the system in other areas of the economy.

At a meeting of the Politburo and Presidium of the Government attention was also drawn to matters of a more general nature, of fundamental importance for future work on reforms in the system of functioning of the economy. Comrade Edward Gierek emphasized the necessity of a comprehensive approach to the matter of systemic assistance of efficiency processes in the economy. It is a matter of parallel actions at three levels:

- at the level of improvement in the contents and methods of planning;
- at the level of improvement of economic-financial system solutions;
- at the level of direct production activities at production enterprises.

In the process of improving the quality of planning, main efforts should be focused on creating conditions for stabilizing the basic points of the five-year plan as the main instrument of implementation of long-range strategy. This will help strengthen the status of the plan and its discipline as well as creating a foundation for long-term standards provided in the principles of the Large Economic Organization system. Of great importance is intensification of work on problem programs, and particularly from the standpoint of guaranteeing their conformity with branch, ministry and regional programs. Horizontal planning should be developed as a method of bringing production into harmony with the needs of society under conditions of an economy of a high degree of complexity. There should occur integration of planning with the management system, particularly with the economic-financial principles of activities of economic organizations. We should note that the Planning Commission has recently taken a major step forward in this direction, through elaboration of planning instructions for 1979-1980, reducing the scope of planning information and applying its contents to demands proceeding from the modified economic-financial system. As regards improvement of functioning of the economic-financial system, a primary task is achievement of consistent observance of its principles in the practical activities of ministries, associations, and enterprises.

As we know, up to the present time the ministries operating according to the modified principles have been only formally performing appropriate computations and have been specifying standards and parameters of the Large Economic Organization type for economic organizations. At the same time, however, they have been applying to a no lesser -- and sometimes even greater -- extent instructions, limits, and so-called orientation indices. They continue to form the basis of performance calculations of economic organizations as well as assessment of their performance. This essentially complicates functioning of the mechanisms of the modified system.

It is consequently necessary to analyze the reasons for this state of affairs and to create conditions for correct performance of management functions by the ministries in conformity with the principles of the economic-financial system. Carrying out the instructions of the Politburo and Presidium of the Government, the Government Commission is performing appropriate work in this area.

In light of past experience it also seems necessary to consider the possibility of expanding the scope of financial undertakings from the WOG [Large Economic Organization] development fund. It is also necessary to make improvements and simplifications in financial instruments, as well as to instruct on systems principles.

We attach great importance to further improvement of such a fundamental system measuring stick as "surplus production." Growth in surplus production should exclusively reflect actual progress in the activities of economic organizations. This is an important and difficult task in view of the fact that the value of surplus product is still affected by many factors which have nothing in common with actual production growth or with actual reduction of costs. The inadequate quality of the surplus product measuring stick strongly affects system solutions. We must concentrate the analytical and conceptual efforts of economists, scientists and practical workers dealing with the economic-financial system of economic organizations on this problem and all problems related to it (for example, prices).

Work should be finalized on criteria for evaluating the activities of economic units aimed at providing incentive to meet quality and efficiency targets, as well as tasks connected with the principles of the economic-financial system. Their incorporation into production will constitute an important factor in strengthening the modified system of functioning of economic organizations.

As we can see, there is a large group of problems to be solved, problems which have cropped up in the process of adoption of the modified economic-financial principles.

The producing enterprise is the principal level which in the final analysis determines progress in efficiency. Solutions in the area of planning and the economic-financial system will bring anticipated results to the extent that they find appropriate response directly at the production level. Thus an

important task is to communicate the ideas of the system, and particularly its modification-incentive contents, "downward," to the enterprise, the production unit, and appropriate application of the principles of the system to the conditions of each work station, brigade and department. Development of "organic work" is necessary -- if we may use this term -- to regulate the system of production quotas, organization of production, wage principles, etc, for a suitable quota base at the enterprise constitutes a unique essential infrastructure for initiating and intensifying efficiency processes.

Also of great importance is development of a mass worker efficiency innovation and invention movement. A substantially higher level of personnel skills as well as modern production equipment create great possibilities in this area. The Central Committee Secretariat recently issued directives instructing management as well as sociopolitical organizations to create conditions providing incentive for worker initiative and making possible practical utilization of the results of efficiency innovation and invention activities.

Enhancement of the role of economic accountability and criteria of economical operation in the aggregate of activities of production enterprises requires stronger economic initiatives. The work performed by economic services should be focused to a greater degree than up to the present time on seeking ways to achieve the most efficient management of production factors, improvement of production, and particularly product quality. The Polish Economic Society initiative to expand the scope of the O. Lang competition to economic innovation at enterprises is a good one. We are encouraging the Main Administration of the Polish Economic Society and all the Society's components to publicize the idea of the competition -- the search for new economic solutions in economic units, to impart to it the character of a broad movement. This will be an important contribution by the Polish Economic Society toward implementation of the party-designated program calling for increasing the efficiency of our economy.

Working vigorously to achieve full accomplishment of current targets, we are at the same time building a program for the longer-term future. Work is continuing on actualization of targets for 1979 and 1980. Analysis and studies of the long-range national development plan for the period 1981-1985 have been initiated. What goals, tasks and problems will be formulated and in what manner will they be resolved in the period 1981-1985? The Eighth Party Congress will give an elaborate answer to these questions. The premises for this answer are already arising today, however, particularly that economic processes as a rule are of a long-term character and measures undertaken today will reflect on economic development in the 1980's.

Our economy has achieved a high level of development. The range of possible development alternatives is becoming increasingly broader. This brings an increase in the importance of socioeconomic calculation in decision-making. A thorough, comprehensive analysis of the trends and patterns characterizing our economy is needed. Otherwise we could easily make the mistake of voluntarism, costly to the country and alien to the principles of party policy

laid out at the Sixth and Seventh congresses. We need a productive and competent discussion of these problems. If I may be allowed, I should like to make a digression involving the role of discussion and debate in our socio-political affairs.

The post-December Party Leadership has advocated and continues to advocate productive debate and discussion of the affairs of Poland and its citizens. The Polish Economic Society is an exceptionally important forum, greatly appreciated by the party, for such debate, pertaining particularly to our country's social and economic problems. The majority of our economists have proven their ideological commitment, a high degree of competence as well as comprehension of and support for party policy. The evaluations and expert appraisals, suggestions and proposals elaborated by the Polish Economic Society are extremely helpful in formulating socioeconomic policy. This area of the Society's activities should be further developed and deepened. All of us are aware that debate and discussion of the achievements, difficulties and prospects of socioeconomic development is of a political character par excellence. It is therefore not surprising that the opponents of socialism would also like to invade the area encompassed by these problems. A position of feigned concern for improving socialism has long been utilized as a method against socialism. Under this guise they seek to remove from socialism its class content, attacking the socialist state and the principle of the party's leadership role. In our country as well, pretending concern for the development of socialism in Poland, and even with lip-service recognition of the party's leadership role, they are attacking the party as the directive force of the people and organizer of the building of socialism. The difficulties and problems, which were noted and evaluated much earlier by the Central Committee and government, particularly at the Fifth and Sixth plenums, are utilized by some persons as a pretext for a more or less camouflaged attack on the foundations of our system. It is characteristic that the opponents of socialism today employ the tactic of attacking not in a general but particular manner, attempting to cast doubts on the correctness of our policy in various areas of our nation's affairs. The essence of such a tactic is quite clear. The objective is to avoid the impression that socialism and its very essence are the target of attack. The opponents of socialism are acting in a manner calculated to confuse segments of our society and are employing a unique division of roles, but nevertheless subordinated to a single overall objective -- to weaken the party's leadership role and to strike a blow to the interests of the socialist state.

Antisocialist views demand a vigorous rebuff. We have been on many occasions in the past and will be in the future in clash with the political adversary. The strength of our ideology lies in the fact that in repulsing antisocialist concepts we are performing a productive evaluation of past progress, we are not closing our eyes to the difficulties occurring in this country's affairs, we are identifying the problems to be solved and we are solving them. Proceeding from the Marxist-Leninist character of our party is the aspiration to improve the functioning of societal mechanisms on the basis of an objective analysis of development needs and capabilities, in the interests of and in a close bond with the worker class and with the toiler masses. In these last 7 years we have demonstrated that this direction of

action and these principles are being consistently implemented in practical social activities.

Returning to the heart of our deliberations, I should like to draw attention to the fact that in debate and discussion of the future, taking into account prediction of economic phenomena and processes, both internal and external, we should adopt as a point of departure the demands and higher interests deriving from the needs and aspirations of the people. Increasingly fuller satisfaction of the material and spiritual needs of society continues to remain the higher goal of economic development. These are and will continue to be requirements of a new character, proceeding from the higher level of income and improvement in overall living conditions. They will demand certain reorientation in market production as well as in development of services.

In the opinion of the Central Committee Economic Section, problems of economic balance in all its aspects should be considered on a priority basis in deliberations on the proportions of the future five-year plan. We believe that strengthening of balance in foreign trade as well as improvement in the structure of material supply balances presently constitute a very important condition and factor in further economic progress. Achievement of permanent market equilibrium, however, in the structure of basic product mix groups is a task of the greatest societal importance.

In order to strengthen market equilibrium it is necessary to achieve substantial progress in development of agriculture. Increased supply of farm products constitutes, alongside boosting the market output of industry, a fundamental condition for economic equilibrium of the entire economy.

The pace of achievement of social goals will depend on effectiveness of breaking through barriers to growth and development as well as resolution of many key problems in the area of production factors.

The labor supply situation as well as the need for a further increase in the share of employment in the broadly-classified area of services will exert considerable influence on the overall conditions of economic development beyond 1980. Balancing of the effects of decrease in employment growth through changes in the structure of employment, improvement in the organization of labor and improvement in quality of labor will be of fundamental significance.

The method of solving raw materials and fuel-energy problems will be of great significance. There will clearly be a need for further development of the program of expanding utilization of chemicals in the nation's economy. There should also be considerable progress made in reducing the materials requirements of production. This demands intensification of structural changes in the economy by increasing the percentage share of branches with the most advantageous economic parameters from this standpoint. Essential at the same time is more economical utilization of raw materials and supplies, by adopting materials-saving manufacturing processes as well as by improvement in materials management.

Proper development of the economy in the future will demand considerable modernization and development of the technical infrastructure, particularly transportation and communications.

Selection of a suitable plan for stopping increase in air and water pollution as well as solving of general problems in the area of protection of the environment and waterways, and particularly river flow management, will be of great social and economic importance.

In the 1980's there should occur additional substantial increase in Poland's participation in international division of labor. Therefore we must comprehensively strengthen development of export-favoring branches which shape specialization within the Polish economy. Of great importance is expansion of economic cooperation with the Soviet Union, particularly in light of decisions reached during the meeting between Comrade Edward Gierek and Comrade Leonid Brezhnev. A meeting was held in Moscow in January of this year between the premiers of Poland and the Soviet Union to deal with the matter of execution of the decisions reached by both leaders of brother parties and nations. The protocol signed on the occasions of this meeting deals with a number of topics which are of importance for development of long-range economic and scientific-technical cooperation. Intensive work is presently in progress on detailing projects pertaining to many areas of the economy.

Further improvement in efficiency and quality in the overall process of economic management should be acknowledged as a task of universal importance. It is necessary comprehensively to deliberate the question of what technical policy, organizational and systems actions will best promote accomplishment of this task.

We are harnessing all the productive resources of the people to the job of accomplishing far-reaching social and economic tasks. We attach particular importance to further strengthening the role of science in development of this country as a direct productive force. This direction of effort is in conformity with the basic Marxist-Leninist principles of shaping societal development on a scientific foundation and supported by science -- a key factor stimulating technical-economic progress. At the initiative of Central Committee First Secretary Comrade Edward Gierek, at its June Plenary Session the Central Committee specified the areas of fullest utilization of science and scientific-technological progress in this country's socioeconomic development. The plenum specified the main areas and directions of research in which -- in conformity with the nation's higher interests -- the efforts of scientific establishments, research and development facilities as well as plant management and entire work forces should be concentrated. Analyses were made of difficulties occurring in scientific activities proper as well as in the mechanisms of utilizing scientific achievements in practical socioeconomic activities.

Important tasks particularly in the area of streamlining organization, planning and management of economic activities and in the process of

perfecting and adopting economic accountability face economists, both representatives of economic science and representatives of practical economic activities.

We believe that the Polish Economic Society and the Chief Technical Organization perform exceptionally important functions of promoting the development of science and technology. This is an expression of great social acknowledgment of these two organizations. It is at the same time emphasis of the growing significance of the role of economic accountability and economic thinking in production activities and in undertaking organizational-technical measures. We believe that the criterion of economic effectiveness should be assigned the highest rank in the aggregate of activities of managers of economic affairs, engineers and technicians, production organizers and those responsible for scientific and technological advances. The official tasks of the Polish Economic Society assume great importance in this connection.

We believe that further development and improvement of Polish Economic Society activities in the area of technical-organizational and economic counsel at various levels of economic management would serve a useful purpose.

I should like to express the conviction that through their initiative and activity Polish economists -- economists working at production plants, enterprises and associations, at planning and design offices, at research establishments as well as central and local administrative entities, at scientific institutes and higher schools -- will even more effectively support implementation of the program of the Seventh Congress -- a program of the party and Polish people.

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POLAND

POLITBURO EXAMINES POWER SUPPLY AND OTHER PROBLEMS

Warsaw TRYBUNA LUDU in Polish 10 Oct 78 p 1 AU

[Article: "PZPR Central Committee Politburo Session"]

[Text] The PZPR Central Committee Politburo at its 9 October session examined a report by the Ministry of the Power Industry and Atomic Energy on the state of preparations for work in the 1978-79 autumn-winter peak-load season.

Particular attention was paid to the progress made in fulfillment of the tasks at the major power industry projects expected to increase power supply now in the current year. The need was emphasized to fully implement the planned power industry investments, which should increase the capacity of power plants by 2,470 megawatts.

Since the demand of the economy and the population for electric current is rapidly growing, it is highly important for all consumers, particularly for industry, to use electric current in a thrifty manner.

Administrative organs in ministries, associations, enterprises, cooperative organizations, in voivodships, cities and gminas must see to it that the government program for economizing fuel and power is fully implemented.

Party echelons and organizations must systematically evaluate the work performed by administrative organs at this sector.

The supply of lime fertilizers to agriculture was the next issue on the agenda. Due to various measures taken, the supplies of lime fertilizers to agriculture have significantly improved. A favorable evaluation was given to voivodship initiatives which have resulted in a 7 percent increase in lime supplies from local sources. Notwithstanding this improvement, the agricultural needs have not been fully met.

The Politburo drew attention to the need to further increase the supplies of fertilizer lime from local sources and of magnesium lime from industry. It was advised to make better use of means for lime transportation, to improve services and to prepare all machines for lime application, as well as to provide spare parts for them.

The Politburo evaluated the development of this year's summer holiday action for children and youths and stated that proper conditions were provided for recreating and boosting the physical and psychical forces of youth. About 4.6 million persons enjoyed various forms of recreation. The number of participants in scouting camps, in seasonal voluntary labor detachments and in recreative colonies has significantly increased. An increase has been registered in the number of children in seasonal rural nurseries intended mainly for children in pre-school age. About 300,000 children enjoyed this form of welfare in the busy season. The coordination activities of all youth, public and trade union organizations, as well as of the institutions concerned, resulted in the implementation of a broad program for educational, cultural, sports and tourist activity among youths and children.

The part of youths in various socially useful works increased in comparison with previous years, and this was a particularly valuable factor in implementing the principle of labor education. More than 350,000 young people participated in these works within voluntary labor detachments.

The creation of proper conditions bringing children and youths in touch with cultural creativity is to be rated as an essential achievement of this year's summer action.

The Politburo has recommended, on the basis of this year's summer action, to undertake measures aimed at its further expansion through the best possible use of the network of recreation facilities and through improving various forms of recreation at the places of residence with the assistance of enterprises and local administration.

CSO: 2600

ROMANIA

DEVELOPMENT OF INDUSTRY, LABOR FORCE TRACED

Bucharest REVISTA ECONOMICA in Romanian No 31, 4 Aug 78 pp 4-5

[Article by Grigore Valceanu and Elena Badea of the Institute for Socialist Economy: "Socialist Industrialization, Decisive Factor in Improving Living and Working Conditions"]

[Text] The focus of our party and state policy for building a multilaterally developed socialist society has been and continues to be man, and the total satisfaction of his material and cultural needs. As Nicolae Ceausescu has stated: "All that has been achieved in our nation through the joint efforts of the millions of builders of socialism -- men and women, Romanians, Hungarians, Germans, and other nationals, young and old -- is devoted to improving the material and cultural well-being of the people, the ultimate goal and reason for our party's policy, the essence of all the work done in building a socialist and communist society in Romania." The comprehensive steps planned and taken by the party to raise the standard of living of the population as a result of the successes obtained in material production, involve unprecedented actions regarding higher incomes for the population, better supply of consumer goods and housing, and so on, as well as achieving a higher level in the manner in which every citizen of the country participates in labor and life. In this context, the constant improvement in working conditions in all branches of the national economy constitutes one of the essential elements of the multilateral development of human personalities, to which the Romanian Communist Party has devoted and continues to devote the greatest attention. In achieving this major goal for the development of human personalities, our party has started by creating the necessary material conditions from an accelerated growth of the national economy and a continuous increase in the national income.

The socialist industrialization of the country -- the fundamental option of our party's economic policy -- has proven from this standpoint to be the only correct path for assuring the balanced and proportioned development of all branches of the national economy, for the judicious distribution of production forces throughout the nation's territory, and implicitly for the creation of better working and living conditions for all workers in towns

and villages. Of course, the effects of the socialist industrialization on the quantitative and qualitative improvement of working conditions for workers are manifested on many planes, both economic and social. We will concern ourselves here with only a few major aspects of the improved working conditions of the working person as an effect of the socialist industrialization, to wit: better employment and utilization of the work force, and improved working conditions in enterprises and institutions.

A Qualified Personnel, Homogeneously Distributed Throughout the Country

From an economic standpoint, one of the major effects of the socialist industrialization of the nation and of the rational distribution of industrial sites throughout the territory of the country, can be found in a number of qualitative changes in the structure of the work force.

To begin with, the socialist industrialization has made it possible to create new jobs not only in industrial branches, but in the other branches of the national economy as well, a condition which has enabled an increasingly large portion of the population to exercise its right to work. As a result, the employed population in 1976 exceeded 10 million persons, or about 2 million (22 percent) more than in 1950; thus by the end of 1976 the employed population amounted to 47.7 percent of the country's population. It should be pointed out that the decisive element in the growth of the employed population has been the development of industrial production branches, where the number of newly created jobs during the period in question has been greater than the total increase in the employed population throughout the national economy. In the future, the policy for socialist industrialization of the country will continue to be the major source of higher level jobs for those who are able to work. From this standpoint, the documents of the 11th Party Congress stipulate that 1-1.2 million new jobs will be created during the 1976-1980 period, of which 60 percent will be in industry; as a result, the proportion of the employed population will continue to increase.

While assuring the right to work and creating new jobs which will provide employment for all those who are able to work, the effects of industrialization on improved working conditions have also been reflected on the significant changes that have occurred in the structure of the employed population, as distributed among production spheres and branches of the national economy. During the period of socialist industrialization the number of workers in the primary sector has been steadily reduced, while the proportion of the population employed in the secondary and tertiary sectors, where working conditions are better, has steadily increased. A substantial increase has been seen in the proportion of those employed in industry, constructions, and in non-agricultural branches in general. For the first time in the history of the country, the proportion of the population employed in industry during the current five-year plan will exceed the proportion of those working in agriculture. By 1990, about 85-88 percent of the total employed population will be working in industry and other non-agricultural sectors of the national economy, and only 12-15 percent in agriculture.

At the same time, the socialist industrialization has created the framework necessary for the introduction of technico-scientific progress into the production processes of the entire economy, gradually reducing the differences between physical and intellectual work. This process, which in recent years has acquired a new magnitude, is occurring as a result of the increasing complexity of jobs, the substitution of simple labor with complex labor, and the elimination and replacement of unqualified labor with qualified work. The increased complexity of jobs and their higher proportion within all the work performed in the national economy, not only represents one aspect of the improved working conditions, but also decisively contributes to the formation of the socialist consciousness and the development of human personalities. The worker is increasingly becoming a creator, the production process constituting the field for the full affirmation of everyone's capabilities and talents.

In final analysis, the effects of the socialist industrialization process, having caused significant changes in the structure of the employed population, are also reflected in the changed professional structure of this population and in the higher level of training and qualification of the work force. The endowment of the economy with advanced techniques and technology has required and increasingly demands workers with sound professional training and broad cultural horizons, capable of mastering modern means of production, as well as an increasingly larger number of technicians and engineers with extensive specialized knowledge, who are good organizers of production and labor. The number of qualified workers has thus reached a major proportion in all industrial branches as well as in the other branches of the national economy. The number of engineers, economists, researchers, other specialists, and technicians has increased at a very rapid rate.

The introduction of technical progress has made it necessary to formulate a long range program (until 1980) for training qualified workers, and specialists with intermediate and higher training for all sectors of economic and social life. The first stage of this program has qualified more than 1,730,000 persons, with another 1.75-2 million remaining to be qualified during the second stage (1976-1980).

It must also be mentioned that our party's policy for the accelerated development of the economy on the basis of the nation's industrialization, has smoothly combined economic options with socio-political ones. That is why the modernization of the economy considers not only macro-economic and branch structures, but also the fact that our order assures the growing homogeneization of working and living conditions for workers, without distinction of nationality, from all zones and localities in the country, in other words, the homogeneization of the general level of civilization.

Consequently, the assignment of industrial development priorities for counties that are now lagging, has social effects of large magnitude which result in assuring equal living and working conditions for all citizens of the country. The judicious distribution of production forces throughout the territory of

of the country assures the availability of high productivity jobs for all the active population in all counties and localities, the high level use of labor resources, the most equal participation in the utilization of modern means of production, and so on.

Our party's entire activity for improving the working conditions of the population throughout the nation's territory is framed within a unified concept, which as Nicolae Ceausescu has indicated, is based on the fact that: "The building of socialism presupposes the strong development of production forces throughout the country's territory, in a unified and broad concept. Only in this way is it possible to raise the degree of civilization of all localities, eliminate the migration of the population toward large cities, smoothly transform the entire structure and social life, achieve complete equality for working and living conditions, as well as exercise the rights and establish the social life all the citizens of the country." *)

Development of the Workers' Creative Capabilities

Starting from the premise that labor is the principal sphere for manifesting social life, our party is constantly acting to improve working and living conditions in enterprises, institutes, and cooperatives, where man spends a significant portion of his life. Stressing the profoundly humanist nature of our party's policy, Nicolae Ceausescu has said: "Within this policy we devote particular attention to matters associated with the improvement of working conditions in enterprises, with the extensive promotion of measures for work protection and safety. We believe that these matters are of high political and social significance, and we are doing all we can so that in our society, workers, in their position of producers of material goods and simultaneous owners of the means of production, will have all circumstances assured to conduct their activities under the best conditions, benefiting extensively from the advances of modern science and technology." **)

An essential concern in this respect is the constant increase in the degree of mechanization and automation of production processes through the introduction of technico-scientific progress. The allocation in recent years, of 33 percent of the national income to the fund for the nation's economic and social development, and the achievement on this basis of a vast program of investments, has resulted in a rapid growth, renewal, and modernization of the technico-material basis of all branches of the national economy, primarily in industry.

*) Nicolae Ceausescu, "Romania on the Road to a Multilaterally Developed Socialist Society," Vol 12, Ed. Politica, Bucharest, 1976, pp 400-401

***) Nicolae Ceausescu, "Message to the Participants of the Eighth World Congress for Preventing Work Accidents and Professional Diseases," SCINTEIA, No 10,806, 18 May 1977

The growth of productive fixed assets at a rate which significantly exceeds the growth rate of the population employed in material production branches, has led to a rapid increase in the technical endowment of labor, with direct consequences on improved working conditions. It is well known that the cost of a new job follows a strongly ascending curve: from 300,000 lei in 1965-1970, this cost has grown to about 500,000 lei during the 1970-1975 period, and will reach some 700,000 lei during the current five-year plan.

In industry, as the branch which is witnessing the highest growth, fixed assets per person will be 45 percent higher in 1980 than in 1970; if we consider only the new industrial capabilities that will be provided with machinery, equipment, and advanced technologic installations before being placed in operation, the specific investment required to create a new job will be nearly twice as high as that required during the 1971-1975 five-year plan.

Similar trends are also observed in the other branches of the national economy. In agriculture, for instance, the technical endowment of labor expressed in terms of fixed assets per employed person, has increased 6.1 times during the 1950-1976 period, in recent years even exceeding the rate found in industry. The achievement of the technico-scientific revolution in agriculture thus contributes significantly to the transformation of agricultural labor into a type of industrial labor, to making working and living conditions in villages more similar to those in towns, and therefore to intensifying the social homogeneization of the nation.

The greater technical endowment of labor in all branches of the national economy as an effect of the socialist industrialization, is directly reflected in the reduction of heavy labor, in facilitating work, and in the large volume of operations performed mechanically. In 1975 for instance, the mechanization of construction-installation operations performed in enterprises reached 90.6 percent for earth work, 95.3 percent for transportation, over 86 percent for concrete work, 88.5 percent for handling, and so on. A high degree of mechanization has also been achieved in agriculture, where the major operations are almost totally mechanized, and where crop maintenance work is being increasingly mechanized from year to year.

Together with the greater amount of technical support for labor in enterprises, particular attention has been devoted and is being devoted now to improved working conditions through the consistent application of new advances in the scientific organization of labor, the strict respect of work protection standards (prevention of work accidents, control of noise and pollution, gradual limitation of work which endangers health and heavy physical labor), the use of labor hygiene and medicine principles, and so on.

In the words of Nicolae Ceausescu: "Under today's conditions, when as a result of the very rapid progress of the technico-scientific revolution and the strong development of production forces, the number of people working in industry, in material production, and in all branches of the economy is increasing without respite, the continued expansion of work protection

activities, the efforts to find new and effective means for improving working conditions and for preventing accidents in production and professional diseases, assume the magnitude of major concerns, of priorities of contemporary society, while lending a noble and profoundly humanitarian character to this question with broad economic and social implications." *) In fact, during the 1953-1975 period for instance, more than 24 billion lei were spent to provide work protection in enterprises, institutions, and economic organizations. During 1977 alone, the state spent 1.9 billion lei for work protection, for an average of 289 lei per working person, with nearly 40 percent of these funds being devoted to protection equipment.

Important steps have also been taken to supply workers with consumer goods directly in enterprises, to serve meals in plant cafeterias, and to provide transportation to and from work, all of which having contributed directly to improve working and living conditions, to form stable work collectives, and to strengthen the cohesion of these collectives.

All of the above, together with steps taken to improve health protection, have reduced mortality from professional diseases, reduced the number of days lost for temporary disabilities, and minimized the number of work accidents. In 1975 for instance, the number of days of temporary disability resulting from professional diseases as well as from work accidents per 100 workers was reduced from 13.1 in 1964 to 2.0 and from 11.9 to 10.8, respectively. Similarly, the number of work accidents per 1000 workers was 3.7 in 1977, as compared to 5.9 in 1971.

An essential element in working conditions is the duration of work. Based on the increasingly good results of production and on the rising labor productivity (at an average annual rate of 7.9 percent in industry, 6.6 percent in construction and installation in enterprises, 4.8 percent in railway transportation, and so on, during the 1951-1976 period) resulting from the socialist industrialization, the premises are being established in our country for reducing the duration of work. The program for reducing the duration of the work week, adopted by the National Conference of the Party in December 1977 and already being applied this year, provides for a gradual transition to a reduced work week in two steps: the first stage for the 1978-1980 period during which a 46 hour work week will be successively introduced in branches and sectors of the national economy, and the second stage for the 1981-1983 period during which a work week of 44 hours will also be successively introduced in the economy.

*) Nicolae Ceausescu, "Message to the Participants of the Eights World Congress for Preventing Work Accidents and Professional Diseases," SCINTEIA, No 10,806, 18 May 1977.

It is notable that the program for the gradual reduction of the work week assures the conditions not only for increasing the amount of free time, but also for improving cultural-educational activities and services to the population, thereby achieving the framework needed for a better development of man along many planes, in the sense and spirit of the requirements for building a multilaterally developed socialist society.

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CSO: 2700

ROMANIA

BUCHAREST CONSUMER GOODS FAIR DESCRIBED

Bucharest REVISTA ECONOMICA in Romanian No 31, 4 Aug 78 p 15

[Report on the Ninth Fair of Consumer Goods Samples, Bucharest '78, by R. Bujor]

[Text] At the Piata Scintei Fair Grounds, Bucharest is hosting the Fair of Consumer Goods Samples. In its ninth year, this event of national interest -- which polarizes the attention of public opinion in Romania, and that of a large number of organizations, enterprises, and firms in other countries -- is being conducted as part of the application of the measures adopted by the Plenary Session of the RCP of 22-23 March of this year, for improving the whole economico-financial mechanism, and shortly following the closing of the Nationwide Conference of Workers in Socialist Trade.

The '78 Fair proposes to present the fulfillment of the indications given by Nicolae Ceausescu, secretary general of the party, during working visits to previous fairs; and to stress through characteristic forms and means, the results recently achieved by industry and trade in terms of realizing the provisions of the program regarding the production and distribution of consumer goods to the population during the 1976-1980 period, as well as the objectives of special programs for major branches, approved by the higher leadership of the party and state.

The particularly fruitful results of the first half of the five-year plan at all levels of socio-economic life, powerfully illuminate the scientific, realistic nature of the party's strategy for economic growth, a strategy aimed at the progress of all branches of the national economy and at the continued improvement of the population's standard of living.

As part of these fruitful results, the present fair convincingly demonstrates the successes obtained in increasing the volume of products and in diversifying and improving their quality, as a point of reference for the ground that has been covered, as well as for recalibrating the tasks and goals for 1978, in

order to fulfill the decisions of the 11th Congress and of the National Conference of the RCP. In accordance with this orientation, the fair is a work event, with a modern and efficient organizational framework for an industry-trade dialog aimed at contracts for merchandise.

In its 21 pavilions, covering an area of nearly 29,000 square meters (about one-third more than the previous fair), production ministries, industrial centrals, and other economic units are showing to the public the most recent creations in the field of consumer goods. In some domains, this renewal process typical of all branches of the national economy, is occurring at very high rates and proportions. For the units of the Ministry of the Light Industry, for instance, the proportion of new and redesigned units in the value of goods produced represents 40 percent this year, and is expected to reach 55 percent in 1979 and 65 percent in 1980. This process of product modernization is particularly strong in some sectors, as for instance: 8000 new items, designs, and color combinations for textiles, 6000 models of knits, 12,000 models of clothing, 10,000 models of shoes, and so on.

The chemical industry with an average annual rate of development of more than 17 percent, also provides a systematic increase in model structure, with a noticeable improvement in quality, providing an increasingly better supply to meet the complex changes in demand. The Central Institute for Chemical Research has made a substantial contribution to the effort being made to utilize the creative and productive potential of the branch. Among the many new products are the cosmetics manufactured by the enterprises Miraj of Bucharest, Farmec of Cluj-Napoca, and Nivea of Brasov; synthetic washing products manufactured by the detergent enterprises of Timisoara and Ploesti; a wide range of "chemistry in the home" products; plastic items; and rubber tires and technical products.

The stands that present the progress achieved by machine construction units in the production of consumer goods, summarize their contribution to the goal of more fully satisfying the population's demand for durable goods; these goods are notable for their construction and competitive technical specifications, for the fine execution and presentation of television sets with integrated circuits, transistorized radios with good selectivity and modulated tones, refrigerators of various sizes, vacuum cleaners, and so on.

The fair seeks to ease the industry-trade dialog in order to size the volume and structure of the supply at the level of the demand. The organization and operation of the fair along modern lines -- products grouped according to use -- gives it a pronounced working character.

Since the major activity of the fair is the work associated with contracts for all the 1979 production of goods -- excepting, of course, those items that are strongly influenced by fashion, as well as those that will be manufactured in facilities which will be placed in operation during this semester -- the displays consist only of those goods for which conditions have been assured for production and delivery to the market. As a result,

these contracts acquire the meaning of changes in content, which will be added to the already higher values of goods sold through the socialist trade -- about 200 billion lei in 1979, and 215 billion lei in 1980.

Notable among the items of new quality, that will define contracts for goods produced in 1979, are:

The organization along a unified concept -- from the central commission formed by the Ministry of Domestic Trade, to the 76,000 retail units -- of a study of the population's consumer demand, based on scientific criteria, using modern means of investigations, grouping, processing, and finalizing of conclusions;

The full utilization of the organizational and regulatory machinery for recording phenomena and trends in commercial activities, through the introduction and management of account books and daily logs of store managers, and the organization of councils of unit heads, as well as the exploitation of the latter's competence in order to improve overall trade activities and particularly the system of determining needs;

The broad involvement of county councils of buyers' representatives in selecting and establishing the choice of goods, by taking into consideration direct options, zonal characteristics, traditions;

The completion by the Ministry of Domestic Trade in collaboration with other ministries and industrial centrals, of a program of information and study of the opinions of specialists and other workers in commerce, through the use of collections of samples, photographs, sketches, films, drawings, and slides, in order to define creative trends and movements in the modernization of products;

The organization of analyses of the manner in which economic contracts are being respected, as a basis for adopting measures which will assure timely deliveries whose volume and structure will meet contractual obligations (analyses and measure imposed by the fact that some items included in special programs for production diversification -- automatic program washing machine, electric stove with heat accumulator, teflon-coated aluminum ware, and some household articles -- are produced with delays, that although 736 new items have been adopted in the food products sector only two-thirds of these were delivered to the market, and so on).

Extensive surveys (more than 100,000 questionnaires) will be organized for visitors to the fair in order to find the preferences of the population, as well as meetings with buyers, conferences, round table discussions, practical demonstrations, fashion shows, and other actions designed to provide the truest picture possible of trends in consumer demand, preferences, and buying choices. At the same time, around the fair and in the large department stores Unirea and Bucur-Obor in Bucharest, Bega in Timisoara,

Unirea in Iasi, Central in Cluj-Napoca, and Brasov, sales will be organized for goods valued at more than 120 million lei, consisting primarily of the new items being shown at the fair.

There is no doubt that this vast organizational effort will contribute to the sale under the best conditions, of the goods produced during 1979, in direct relation with the growing income of workers, and to the better supply of consumer goods to the population.

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CSO: 2700

PLASTICS ENTERPRISE WORKERS FOCUS ON PROBLEMS

Bucharest REVISTA ECONOMICA in Romanian No 31, 4 Aug 78 pp 17-18

[Article by Dorin Constantinescu: "Turning Point in the Management of Resources Entrusted to an Enterprise Collective"]

[Text] The pride and gratitude for the highest level of appreciation for the results obtained last year -- results which placed the unit in second place in the branch competition -- were strongly expressed at the general assembly of workers' representatives of the Plastics Processing Enterprise (IPMP) of Bucharest, a collective which was awarded the Order of Labor Class II. In order to bolster economic self-management and to raise the level of the workers' self-determination, the general assembly has sponsored a responsible analysis of the activity carried out during the first semester of 1978, and of the measures that need to be taken to complete the annual plan and achieve all its indicators, as well as to prepare the production of the fourth year of the five-year plan. In particular, the discussions focused on concrete means for stressing the qualitative aspects of the economic activity, in the light of the principle oriented tasks established by the Central Committee of the party at its Plenary Sessions of March and July of this year.

It can be assumed that the pronounced spirit of criticism -- and to a certain extent, self-criticism -- that animated the discussions, was stimulated by the profoundly analytic nature of the report presented by the workers' council, which, without addressing itself to specific persons, did point out existing shortcomings.

This year -- notable in the history of IPMP-Bucharest not only by the high distinction which it received, but also by the inception of investment projects that together with the development of production facilities, will assure a better organization and modernization of the enterprise -- the collective continues its series of deserving achievements. The planned levels for total and goods production, for investments, and for labor productivity were surpassed during the first half of the year. No rejections for quality were received either from domestic buyers, or from foreign

customers, who are assigned more than 50 percent of the production. The renewal of the product line, which during the first two years of the five-year plan had the effect of replacing importations valued at 4.7 million lei-currency for domestic users, was achieved through the adoption of 60 more new or redesigned products. In an international plastics market dominated by powerful firms with established traditions, the Bucharest enterprise has maintained a competitive position based on flexibility in adapting manufacturing technologies and products to the demands of foreign customers, thereby receiving contracts for massive export deliveries. Their industriousness and growing professional level has increased the income of the workers, and the collective contract has provided them with a number of improvements of a social nature.

Application of One's Own Decisions, Measure of Maturity

The tone of dissatisfaction which nevertheless dominated the general assembly, reflected both in the report and in the words of some workers' representatives in the workers' committee, showed that the collective management organ is aware of the fact that it has not fully carried out its duties.

At the end of six months, some of the indicators of IPMP-Bucharest are negative, indicators that are essential under the accepted new economic mechanism. The efficiency of its activity is below its capabilities. Internal malfunctions and negative influences from outside persist; these factors were brought to light at the general assembly of January, were examined on all facets during subsequent meetings of workers' councils, and could have been corrected by now.

During the first quarter, while fulfilling 101.2 percent of the total production, the enterprise remained 4 percent below the plan for net production calculated per 1000 lei of goods produced. The analysis conducted by the collective management organ at the beginning of April did not penetrate to the core of the phenomenon, which continues to increase in an oscillatory manner.

The primary causes are malfunctions in supply, and the delayed and inadequately strong standardization of the production structure through sales contracts in Romania and abroad. This has led to frequent changes in manufacturing programs and schedules (sometimes forcing the substitution of uneconomical raw materials for less expensive ones), and to physical production items being kept in stock while other contracted amounts and terms were not being respected.

As the general assembly determined, instead of a comprehensive and fundamental approach with the support of the Industrial Central for Rubber and Plastics Processing, the enterprise used firefighting interventions which not only failed to solve the fundamental problem, but fostered the occurrence of

violations of technical and housekeeping discipline, unfortunately in conjunction with contractual failures on the part of some suppliers.

It has been demonstrated in practice that half of the measures fail to yield even half of the effects. In the absence of a program for organizing transportation, handling, and storage aimed at the entire cycle, the addition and poorly organized presence of an investment site in such a crowded area has sown disorder in the management of raw materials and finished products. The efforts made to place in operation some silos for the bulk storage of PVC granules received in railway carloads, are disrupted by the "operational assistance" of the Rimnicu-Vilcea Chemical Combine, which in one shot recovers its delivery delays by shipping (with the approval of the jurisdictional central of IPMP) hundreds of carloads of sacks of granules for which storage space could not be found. No reliable system has been introduced to check on the complete unloading of arriving tanks of bulk PVC and plastifiers. At the beginning of the year the general assembly criticized the failure to finalize the measure for placing in operation the five silos for storing polyethylene granules; two and a half months later, the workers' council observes that the rescheduled dates (March-April) were also not respected. Two silos are now ready, and for the others the mechano-power sector gives the date of ... September, while the workers' council makes a "warm appeal" for urgency. The further expansion of shipping in containers, transcontainers, pallets, bundles, and crates is reduced by the difficulty of handling items in outside areas blocked by raw materials subject to deterioration, by scrap, and by products stocked for two years already.

Net Production -- A Barrier to Excessive Consumption

Are the recently attacked investments really expected to also clear the housekeeping and management conditions of raw materials and finished products? What expenditure of resources is needed, right now, so that the personnel of shipping and receiving departments, stores keepers, group leaders, foremen, each worker, and especially each member of the collective management, will understand their responsibilities toward these goods, some of which are very costly, and all of which were obtained at the expense of currency?

At IPMP-Bucharest, each month of the first semester closed with average losses of about 800,000 lei through excessive specific consumptions (both in handling-storage and in technical processes) and through supply and transportation costs. The interests of the national economy cannot admit such a waste of significant amounts of raw materials, which to a large extent represent the higher end product of primary energy resources, raw materials whose value would be multiplies several fold through processing into products useful in all branches of the national economy. At the same time, as a determining factor for the failure to achieve net production, waste reduces the contribution of the unit to the creation of the national income. And as some participants in the general assembly pointed out, the psychologic climate of disorder also fosters a lack of work discipline on the part of

those workers who are instrumental in causing a high fluctuation indicator; the total production equivalent of the idle hours for the first six months amounts to the six month quota for surpassing this indicator!

IPMP-Bucharest is now at the point of no return in its effort toward a higher quality of activity conception and execution -- the point beyond which any delay will make recovery more difficult. The recent general assembly has confirmed that the entire work collective is aware of this need and is determined to undertake immediately and with all its strength, the fulfillment of the indications given by the secretary general of the party, Nicolae Ceausescu, as he restated them at the great peoples' assembly held a week ago in Tulcea: "More attention must be devoted to raise the technologic level of all production activities, improve economic efficiency, reduce material and production costs, and use more rationally the means available to us. On this basis we will obtain a higher growth in national income, and we will create new means for the general development of the nation and for raising the standard of living of the population."

The Strength of Self-Determination: Recommendation of Effective Solutions

In final analysis, the discussions of the general assembly could be summarized in three paragraphs:

Self-discipline is within the power of the work collective, so that by defining precise tactical objectives whose achievement will involve all the working personnel according to each worker's tasks and functions, it will be possible to pass through this unfortunate state of affairs and extract its roots;

The workers' council as a whole and each of its members must exercise the authority conferred upon them by the mandate with which they have been entrusted, must themselves provide an example of discipline through perseverance in organizing and controlling the fulfillment of established measures, and together with the political organizations of the enterprise, must use all channels to stress motivation and further the education of the workers;

The individual and collective participation of workers in management must be supported by their real collective and individual responsibility for the results that are obtained: responsibility in terms of attitude, job obligations, and assumed risk.

These may seem to be theoretical considerations, but they are no more than the wording of the many proposals advanced at the meeting of the high management organ of the enterprise. These proposals concerned:

Reduction of Material Costs, Elimination of Waste

Interventions with suppliers for the scheduled delivery of raw materials of consistently good quality. Participation of production shop representatives in the receiving of raw materials. Procurement of instruments and devices for quantitative receipt of these materials. Correct technical and economic determination of consumption standards; elimination of unjustified changes in limit-files; introduction of an ordered system for releasing raw materials for consumption.

Reduction of Technologic Losses, Utilization of Scrap

Fabrication by tooling shops of good quality dies, which would enable machines to operate automatically; avoidance of raw material losses and of retouching operations (the latter currently employ tens of workers). Timely receipt of special raw materials; programming of longer runs for various items, so that it will not be necessary to frequently clean the equipment when changing lines, and thereby waste raw materials. Extension of the "New Products From Scrap" initiative, which last year, implemented by more than 50 operators, has made it possible to recycle 80 tons of polyethylene and obtain a production of goods of 1.5 million lei. Recovery of used products from customers (such as returnable bottles) in order to reuse materials.

Assuring Physical Production, Increasing Net Production

Rigorous collaboration among receiving departments, production programming, and distribution -- among themselves and with production shops -- in order to respect sales contracts to the letter, including the immediate delivery of completed production. Balancing production programs in terms of products with various profitabilities. Complementing product lines with products that will more widely meet customer demand and better utilize raw materials, including the use of less expensive polymers with similar characteristics. Liquidation of products in slowly moving stocks. Utilization, on the part of design departments and production groups, of data collected by quality control sections as part of their work, regarding the behaviour of products in operation.

Organizational Measures

Limiting the fluctuation of operators among machines, as a channel for increasing their personal responsibility in raising the utilization index of technical equipment (particularly in the injection processing shop). Discussion within union groups, of cases of indiscipline and waste; education, and if necessary proposals of sanctions against those who do not join the collective effort. Activating domain commissions of the workers' council, commissions whose composition has been improved by decision of the general assembly.

The commission for higher labor productivity and for the scientific organization of production and labor, the one for production quality and economic efficiency, the one for development, investments, and technologic progress, and the one for supply, distribution, and import-export, can use a judicious program to undertake -- in collaboration with the appropriate departments -- analyses and studies to solve the problems which face the enterprise (organization of storage, effective programming of production, redesign of products using the method of value analysis), can support the collective management organ in adopting and implementing the necessary measures, and can initiate actions to involve all workers in increasing the economic efficiency of all activities.

In addition, the general assembly has presented the following requests to the responsible central and to the foreign trade enterprise Danubiana, requests that are fully justified by existing conditions:

Participation of enterprise representatives in drawing contracts with suppliers, in order to support the introduction of the most efficient delivery conditions (containerization of filler materials, avoiding bag shipments);

More extensive surveys of domestic and foreign markets;

Writing contracts without delay for the 1979 production, as a basis for finalizing the plan indicators; writing contracts of intent for longer periods with large and consistent customers, when the latter cannot provide specifications early enough.

To the extent to which the collective management will utilize the assistance received from the general assembly, not only through unrelated decisions intended to solve detail problems, but through diagnosis and a comprehensive approach to fundamental problems by truly reevaluating and improving its own style of work, will it be possible to perfect a viable combination of responsibility and mass initiative as a prerequisite of self-management. By eliminating the scale of shortcomings, the crucible of IPMP-Bucharest's activities will contain only the incandescent wealth of the collective's industriousness and talent, a collective which is eager to repeat last year's performance, to add to the prestige of Romanian chemistry, and to contribute -- by fulfilling the tasks assigned to it in the special program for developing plastics production -- to the supply of the national economy and the population with highly useful products.

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CSO: 2700

YUGOSLAVIA

BUDGET FOR 1979 DEBATED IN FEDERAL CHAMBER OF SFRY ASSEMBLY

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 25 Sep 78 p 11

[Excerpts] The beginning of the discussions in the SFRY Assembly on the proposed bases of the federal budget for next year does not promise agreement by delegates and budget drafters even on some main points, judging from last week's reactions by delegates in the council for socio-economic relations in the Federal Chamber.

In short, the proposed federal budget is to increase almost 17 percent [over 1978] and the total budget amount to about 96.1 billion dinars, of which 51.4 billion dinars would be earmarked for national defense (a 20.5 percent increase) and 8.2 billion dinars would be for the inadequately developed republics and the province of Kosovo (an almost 18 percent increase). For disability and veterans allotments 13.7 billion dinars is allocated, and 5.3 billion dinars for supplemental funds for military insurance pensions, 6.6 billion dinars for the operation of federal organs and organizations (not including sociopolitical organizations), and almost 5.5 billion dinars to pay obligations from previous years. All in all, according to representatives of the FEC (Federal Executive Council), 83 percent of the budgetary funds were committed in advance by existing legal obligations. Thus, greater changes are noted in the planned sources [of revenue] and their share in the budget. Most marked is the 30.7 percent increase in contributions from republics and opstinas and the 0.1 percent reduction in deficit financing, i.e., keeping the use of funds from primary issuance to 9.4 billion dinars.

A delegate from Croatia, after saying that all needs are justified, said that there is no end to claims for funds.... The limit must lie in a respect for the principle that budget funds not increase faster than the national income, a delegate from Slovenia concurred, and opposed an increase in republic and provincial contributions. In addition, the delegate from Slovenia proposed [higher] selectivity in non-economic investments, re-examination of material reserves, and non-postponement of payment due federal creditors, in supporting the budget drafters who did not advocate increasing deficit financing from primary issuance of money. At the same time, the delegate from Serbia was not satisfied simply that we remain on

the same level in regard to deficit financing but thought it necessary to reduce such financing and use bonds or some other funds to make up the difference. But the increase in the federal, republic, provincial, and opstina budgets must not be larger than the increase in the national income. As a result, the delegate from Serbia believed regulations which determine the increase in public expenditure must include prescriptions regarding the inter-dependence of this form of expenditure and the accumulative and reproductive ability of the economy.

A representative of the National Bank said that the view supporting use of funds from primary issuance is not in accord with the system or its intention. According to the FEC, 64 percent of total funds from primary issuance this year will go into budgetary expenditures and similar purposes--hence their judgment that next year it is necessary to reduce deficit financing from primary issuance at least to one-half of this year's amount.

CSO: 2800

YUGOSLAVIA

DANGERS OF CHRONIC OVERSPENDING AT THE EXPENSE OF THE ECONOMY

Belgrade BORBA in Serbo-Croatian 23 Sep 78 p 2

[Excerpts] The distribution of increased income (as a result of the fast rate of economic development, higher prices and more money in circulation) took place at the expense of the economy in the first half of this year. Income was distributed to the detriment of capital accumulation.

The LCY CC Presidium and FEC (Federal Executive Council) at a recent meeting pointed to these negative facts in discussions on realizing the policy of stabilization.

A comparison of the data on the 6-month financial results of economic operation, shows that, in contrast to the established policy and to agreements, the unfavorable trend of many years continues in regard to overspending with the result that the economy is further impoverished (the share of organizations of associated work in income distribution fell from 62.9 percent to 62.1 percent).

The expansion of spending (which is usually an important stimulus to dynamic development) and the distribution of income at the expense of the economy threaten to endanger the favorable economic trends and results and are the sources of new difficulties and negative trends in the economy. This means that one of the key tasks of the 10th and 11th congresses on strengthening the reproductive ability of the economy, which is essentially not only an economic but also a large ideological and political question, is not being achieved.

Spending without adequate coverage, inconsistently in achieving the established policy in regard to secondary distribution (more precisely, the gross violations in achieving this policy) is an important center of inflation today. The lack of interest of producers in more quality operation dampens efforts to increase exports (it is easier to sell under the favorable conditions in Yugoslavia) and it stimulates imports, thus sharpening the balance of payments situation. Also, this situation makes more difficult the development of a society of associated workers, strengthening the position and role of associated labor in income distribution in regulating the course of economic

operation and reproduction, and it hardens the relations in which important positions continue to have centers which are alienated [from the workers].

As a result, the Central Committee at the 11th Congress sharply pointed out that the constant spending for public and social service purposes outside the limits of realistic possibility and the agreed upon policy is an expression of the insufficient influence of associated labor on the delegate assemblies. This is especially true in self-management interest communities, [i.e.,] the formalizing of their work in reducing the process of decision-making to the full acceptance of decisions before they have been organized or focused.

In these negative movements (which are repeated year after year) one must seek a reason which is, in fact, the relation to the policy of stabilization and to creating the conditions for strengthening associated labor; because the facts show that sociopolitical communities (republics, provinces, opstinas) and work organizations often violate the established policy, and spend beyond the possibility of their earned income.

Most often this fact is pointed out without naming who the violators are. When it is a question of spending without coverage, it is exactly known when and by how much the budgetary funds of opstinas, provinces, republics, and also the federation are growing, where and how much the funds of self-management interest communities are growing, where high incomes (despite considerable losses) are being distributed in work organizations, where agreements on the earning and distribution of income are being grossly violated. (As illustration we cite the fact that increased public and social service spending has not occurred only because of the increased bases on which certain tax rates are applied, but also because of the increase in the rates themselves).

In the first 7 months of this year outlays for investment increased by 47 percent, revenues for public expenditure increased by 23 percent, revenues for social service expenditures increased by 28 percent, and personal incomes increased by 27.4 percent. Also in this period contracted obligations (taxes, fees) increased by 34 percent, and comprised 10.3 percent of available income (which is usually more than earned income), while interest payment obligations increased by 40 percent. At the same time income rose by 20 percent but that which remained for the economy increased at a lower rate.

CSO: 2800

YUGOSLAVIA

LACK OF RAW MATERIALS IN NONMETALS INDUSTRY

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 18 Sep 78 p 3

[Excerpts] Some things have changed in the nonmetals branch of the economy in the first half of this year but not the most important thing--the raw material base continues to provide less than expected. In the first half of this year raw material production fell 5 percent below the same 1977 period and it fell 4 percent for the 7-month period. Processors showed an 11-percent increase in production, but raw material production was less (about 9 percent for magnesite, 14 percent for asbestos fiber, 39 percent for barite, 34 percent for crude feldspar); although the production of quartz sand increased by 8 percent and that of refractory clay by 21 percent.

In addition to the well-known reasons for lower production (obsolete equipment, delay in opening new sites), producers did not want to produce more than could be sold. As a result, reserves are almost completely depleted. Processors at the same time require higher quality which domestic mines cannot meet, because of the lack of modern equipment, etc.

One of the encouraging pieces of news this summer is the signing of the agreement between the Magnohrom enterprise and Polish partners to jointly finance construction of a plant to produce sinter magnesite from dolomite and seawater, but an agreement has not yet been reached on where to locate this facility.

The raw material part of the nonmetals branch of the economy, while lowering production, has also lowered losses (namely, by 4 percent in the first 7 months of this year), while total revenues increased by about 20 percent.

CSO: 2800

YUGOSLAVIA

CROATIAN FOREIGN TRADE SHOWS DECLINE IN FIRST HALF OF 1978

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Sep 78 pp 27, 28

[Excerpts] In the first half of 1978 exports from Croatia were 10.1 percent less (amounting to hardly \$695 million), and imports 2.2 percent less (exceeding \$1.24 billion) compared to the same 1977 period. The rate of decline of foreign trade is more marked for this republic than for the country as a whole; up to now 55.6 percent of Croatian imports have been covered by exports (compared to 54.2 percent for Yugoslavia), while the trade deficit has increased by about \$50 million compared to the first half of last year (the deficit for Yugoslavia decreased).

This was reported at a recent meeting of the republic's coordinating council for economic relations with foreign countries and it was added that the value of exports from Croatia to the developing countries declined by 76 percent, that to the socialist countries increased by 30 percent, while that to the developed countries of the West increased by 1.5 percent. The value of imports from the developing countries increased by 29 percent, while that from the socialist countries declined by 20 percent, and that from the developed Western countries declined by 9 percent.

Contributing to the poor picture of foreign trade for the republic in the January-June period of this year, especially with the developing countries, was the reduced exports of ships (66.4 percent decrease) which, however, will be made up in the third quarter of the year when shipyards are expected to exceed this year's export quota by 10 percent. Also, the value of exported industrial products is expected to increase by 13.1 percent and an increase in invisible earnings from tourism, transportation, and workers remittances is expected to have a favorable effect on the total balance of payments of the republic by the end of the year.

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YUGOSLAVIA

BRIEFS

JAT OPERATIONS--In the first 7 months of this year JAT (Yugoslav Air Transport) carried a total of 1,883,049 passengers, or 15 percent more than in the same 1977 period. It also increased goods transport by 9 percent and mail transport by 8 percent, carrying 11,452 tons of freight and 447 tons of mail. [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 11 Sep 78 p 25]

FALL PLANTING--According to initial forecasts, about 1,850,000 hectares will be planted in winter crops this fall, including about 1,625,000 hectares in wheat, or about 90,000 hectares (5 percent) less than last year. [Belgrade BORBA in Serbo-Croatian 4 Oct 78 p 1]

COST OF LIVING--The cost of living increased by 0.6 percent in August over that in July, and by 8.4 percent compared to December 1977. [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Sep 78 p 5]

PORT OF BAR--In the first 8 months of this year 10 percent fewer goods were handled at the port of Bar than last year, although the second stage of construction of the port's capacities has been completed. According to the plan, the port should have handled 1.8 million tons of goods instead of only 730,000 tons. The port's capacities have already doubled and it will soon be able to transship 4.5 million tons of goods; this means that already this year a large part of its capacities will remain unused. This becomes even more serious when one realizes that the Belgrade-Bar rail line (that part which is under the Titograd Railroad Transportation Organization) is only 30 percent utilized, so the total rail-port system is still to a large degree in a secondary position. This is because of long-term established routes for goods from Serbia through other ports, regardless of the fact that these routes are longer and roundabout; but it is expected that next year the port will be getting larger quantities of goods. In the last few years 1.2 billion dinars have been invested in reconstructing and expanding the port of Bar. [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Sep 78 p 31]

LATIN AMERICAN TRADE--In the first 7 months of this year Yugoslav exports to Latin American countries amounted to \$66.7 million in value, or 35 percent less than that in the same 1977 period. Yugoslavia imported \$126.2 million worth of goods from this area, or 44 percent less than in the same period last year. Exports paid for 52.8 percent of imports while the trade deficit

was reduced from \$122 million in 1977 to \$59.5 million. Exports to Latin America accounted for 2.2 percent of all Yugoslav exports in 1977 and for 2 percent this year; while imports accounted for 1.9 percent of all imports in the 7 months of this year and for 3.7 percent in 1977. Most exports went to Venezuela (\$44.9 million), increasing by 645 percent over last year. Over \$3 million worth of goods went to Mexico, Colombia, and Ecuador, about \$2 million to Panama and Argentina, while export to other countries was far less. Most imports came from Ecuador (\$22.2 million), Peru (\$21.5 million), Brazil (\$20.3 million), and Mexico (\$14.3 million). [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Sep 78 p 30]

TRADE UNION REORGANIZATION--On 12 September the presidium of the governing council of the SSJ (Trade Union Federation of Yugoslavia) finally adopted a draft for the new SSJ organization, i.e., in place of the six federal councils of branch trade unions, 15 councils of workers unions will be formed for energy and the petrochemical industry; metal production and processing; chemical and nonmetals; the textile, leather and shoe industries; forestry and wood processing; printing, newspaper publishing and information; transportation and communications; construction, agriculture, the food and tobacco industry; education, science, and culture; health and social welfare; organs of administration, the judiciary, sociopolitical and social organizations and associations, financial organizations, and civilians employed in the Yugoslav People's Army; the hotel, restaurant, and tourism sector; the opstina economy and the artisan sector; and the trade sector. The new federal councils should begin work by 31 October 1978. It was said at the meeting that the increased number of SSJ organs will not increase the administrative, professional, and political apparatus in the SSJ because many services will be compressed and some trade union employees moved to other work, so the total number of employees will even be a little less than is the case now. [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 18 Sep 78 p 13]

INFLATION DATA--Retail prices in September increased 10 percent over December 1977, 14 percent compared to September 1977, and 1.5 percent over August retail prices. The cost of living increased in the first 9 months of this year 9.8 percent compared to December 1977. Contributing most to this increase were housing prices which rose 13.4 percent and expenditures for heating and lighting (a 13.5 percent increase). The cost of living in September was 1.5 percent higher than in September 1977. [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 10 Oct 78 p 2]

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