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25 April 1983

# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2392

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BANK REPORTS EARLY 1983 INVESTMENTS

Budapest FIGYELO in Hungarian 17 Mar 83 p 3

[Article: "State Development Bank Reports Investments at the Beginning of 1983"]

[Text] In the first 2 months investment outlays have come to 16.5 billion forints. This is astoundingly great, an increase of 21 percent over the same period in 1982. What is behind these figures?

First of all, in the first 2 months of 1982 we had the lowest January-February investment outlay in the past 5 years.

Secondly, the weather was extremely favorable this year for the construction and fitting industry. The invoiced value of investment construction jobs was 30 percent greater than last year. This included payments almost three times as great for construction jobs of building intensive, special purpose investments depending to a large extent on the weather--road construction, pipelaying, network development tasks and housing construction, for the last named more than twice as much as last year.

Thirdly, the fourth quarterly interest settlement in 1982 for state loans and credits fell due in January 1983. A several-fold increase in the interest rates doubled the interest costs. About two-thirds of the other investment expenditures--the base index of which is 134 percent!--consisted of interest payments.

Fourthly, the banks experienced to a greater extent than usual a postponement of accounting for 1982 technical achievements to the first of the year (for example, 84 energy rationalization investments were completed on 31 December 1982, but the financial settlement did not occur until the beginning of the new year). In addition to the foregoing occurrences, which may be described as general, mention must be made of the first 2-month investment fulfillment at the Paks Nuclear Power Works. Sixty percent of the 2.4 billion forints paid out for large investments, or 1.4 billion forints, went for the construction of the nuclear power plant; this is 2 and 1/2 times over last year's sum.

We cannot draw well-founded conclusions about the development of this year's investment fulfillment on the basis of data from the first 2 months. Activity in the first 2 months has fluctuated very much in recent years.

It is much more realistic to study the combined development of outlays in the past 3 months. In this case, we already see a certain balancing out. To be sure, even in this way, we see about a 4 percent increase as compared to the base period. This includes a 6 percent rise in state investments and a 3 percent rise in enterprise investments.

State investments in this year's increase were realized as the combined effect of the above-mentioned factors.

Sixty percent of this year's additional fulfillment of enterprise investments, supported by external resources, were carried out largely for preferred development goals (here, too, the interest factor was important), while 40 percent occurred in developments being realized from internal sources. As compared to last year among enterprise investments, the latter ratio declined, and the January-February growth rate was also moderated but was still a significant 9 percent.

Total enterprise deposits declined further at the beginning of the year; it appears that the use of deposits which was started last year is continuing. In addition, it is already well known that on the basis of last year's results the economic organizations will form this year considerably greater than estimated enterprise funds according to the regulators that are in effect. The effect of the above-listed factors which influenced investment fulfillment at year's beginning is gradually coming to an end and is in all certainty being moderated, but the February data still do not point to the strong moderation that was also expected in enterprise investments.

6691

CSO: 2500/181-A

SMALL BUSINESSES FAIL TO FILL SERVICE SECTOR GAP

Budapest FIGYELO in Hungarian 17 Mar 83 p 2

[Article by Dr Bela Drexler: "Small Service Businesses"]

[Text] According to data available to me, a total of more than 12,000 new small businesses, including contract businesses in domestic trade, were established in the first 10 months of 1982. Consumer services, however, are conducted by only one-fourth of the small businesses, 2,500 in the fixed-charge system, 330 in business work partnership, and 200 in enterprise business work partnership form.

Of a total of 4 small enterprises and 14 subsidiaries established in 1982, only one was in the consumer service sector. At the beginning of this year, however, 113 small council enterprises were established from AFIT [Industrial Trust for Auto Maintenance] and GELKA [Electrical Maintenance Enterprise of the Machine Industry], and an additional 16 can be expected to be established in the capital city. Of the 130 small coops, only 18 are in the consumer service sector, chiefly in housing maintenance.

Voluntary Division?

In my view, the "voluntary division" of large enterprises and coops is illusory, because the small organization is also reflected in the income and reputation of the managers. In addition, given the present gross income regulation conditions, the small enterprise or coop form is not favorable for consumer services, which are more wage intensive than average. The income tax which was reduced from 20 percent to 18 percent does not in itself represent a solution.

In the contract system, a total of 30 service units are in operation. (In domestic trade there are almost 6,000.) In part, this can be explained by the fact that organizational work has been concentrated in the recent past on the decentralization of large enterprises. Contrary to expectations, service contract sections have failed to be established also in the large producer enterprises, for example, in clothing and shoe factories. The basic problem is that the manager of a contract section, unlike in the fixed-charge system, pays taxes on his personal income--of which he also gives the other workers a share--and thus easily moves into the progressive

brackets. Therefore, the fixed-charge system--which is related to the contract system but, for example, does not have bidding--is more favorable from the tax point of view.

The number of sections operating in the fixed-charge system is gradually increasing and exceeds 2,500. More than one-half of the fixed-charge systems are in hair dressing, while 10 percent each operate in the house maintenance, clothing and footwear areas, and 20 percent are not engaged in service work. Coops liked this organization and accounting form, and a great expansion of its use can be expected.

#### Excessive Administration

One of the unsolved problems of this operational form is the removal of members who are superfluous in the section or who do not wish to take part in the fixed-charge system. (At present, there is no legal way unilaterally to displace members without injuring membership rights or in a way that would promote the legal coordination of individual and coop interests.)

The fixed-charge system still requires too much administration. (For example, the accounting duties related to differences in total sales according to contract.) There are no businessmen for the operation of sections that work with overly expensive means or for the fixed charge system or other type operation of service shops. The high conversion sum, or the overhead, in service shops causes problems.

Interest in specialized industrial coop groups is more moderate than expected. Of those that have been established thus far, only about one-tenth are in the service sector, two-thirds of these in house maintenance.

The industrial coops regard enterprise business work partnerships as less formal than the specialized coop group; the former may also establish coops, on basis of the position taken by OKISZ [National Federation of Artisan Cooperatives]. Up to now, more than 2,000 enterprise business work partnerships have been formed, but only 200 of these are in the service sector.

The licensing procedure is the most complicated in the case of enterprise and private business work partnerships and may at times require 2 to 3 months. The "appetite" of the enterprises is sometimes too great, particularly in cases where the VGM [enterprise business work partnership] desires to work "outside" and its activity cannot be linked with the production and service tasks of the organization. In such cases they seek to set payable compensation at as high a level as possible, which in many cases leads to the failure of the business work partnership.

The cottage industry system is an unjustifiably neglected form in the area of consumer services. Up to now, they have been introduced in a total of six construction industry enterprises and coops with very noteworthy results.

The spread of sections operating under the lease system is slow. The number of units operating under this form is scarcely more than a hundred, and of these six are in the consumer sector.

## The Councils Move With Difficulty

Among the new organizational forms the greatest initiative is required by the private business work partnerships, primarily from the material point of view. Despite this, they are near in number to the enterprise business work partnerships. It is true that most are, for the time being, in areas that require less risk taking and capital outlay. Thus far in the service sector 330 business work partnerships have been formed (more than one-third for construction industry improvement and maintenance). Most of the members have kept their main occupational work relation. Direct, unlimited and joint responsibility makes the capital-intensive businesses very risky.

All in all the operational conditions of small industry have changed favorably, but certain elements of the tax system continue to limit the expansion of capacities, or their better exploitation. This is indicated by the slump in the personnel growth rate, the large-scale fluctuation and so forth. Personnel expansion is more characteristic of cities and of new possibilities, for example, the taxis. In smaller settlements, where expansion of small industrial capacities would be particularly important, stagnation and regression are in evidence.

A wider spread of small service businesses is restrained by many, partly subjective, factors. The cumbersome nature of the councils is manifest, particularly with organizational forms which increase their responsibilities, tasks and work. The interest-representation organs (megye KISZOV [Association of Small Industrial Cooperatives] organs) are more willing to support the newly created small coops than those that are brought about through decentralization and withdrawal.

## Reluctance to Take Risks

In relation to the establishment of business forms in the managing coops, the managers frequently show wariness and reluctance to take on responsibility. Enterprise and coop leadership--perhaps rightly so?--often regard the establishment of small enterprises as criticism of their own activity, or attempts in that direction.

The attitude also of small businessmen--including those who have "put themselves into it"--is characterized basically by wariness, or a wait-and-see outlook and a reluctance to take on more responsibility. About 70 to 80 percent of them try, in addition to their work relation or pension, to start a business with little risk and capital outlay.

In the economy as a whole, small businesses have been established in greater number than expected, but in the consumer service sector--excepting only the earlier applied fixed-charge system--the entrepreneurial spirit is lagging behind what is justified and what was anticipated.

The modernization of the organizational forms in the consumer service sector may be expected to be a process that takes a number of years. We cannot draw far-reaching conclusions from the experiences of the first year, but these do indicate the main trends, problems and tasks that need to be solved in the course of the work.

CHAMBER OF COMMERCE AIDS SMALL BUSINESS

Budapest FIGYELO in Hungarian 17 Mar 83 p 12

[Article by Tamas Ory, copresident of the Small Businessmen's Branch of the Hungarian Chamber of Commerce: "Small Businessmen Branch in the Chamber of Commerce"]

[Text] In the first half of last year more than 2,000 new small businesses began to operate with almost 13,000 persons engaged. In the second half of the year there was a significant increase in the number of enterprise business work partnerships and specialized coop groups. It is expected this trend will continue this year.

The Small Businessmen's Branch of the Hungarian Chamber of Commerce was formed in February 1982. The most important goal of the branch is to provide a forum for those who are engaged in the new business forms and to exchange and evaluate experiences.

No less important is the interest coordination and interest mediation role of the branch with which the chamber wishes to support the institution of small businesses.

With our organizational information and advisory activity we wish to assure the solution of problems that have arisen. It is our task, moreover, to develop relations between small businesses and other economic organizations: the manufacturers and users, producers and sellers, main businesses and subsidiaries.

In 1982, the branch organized a conference every month (a short lecture followed by group consultations) on the most important questions regarding management of small businesses. The successful lectures were on the subject of price formation, preparation of price calculation, budget preparation, unfair profits, financial and accounting requirements, income and manpower management, audit control and social security. Two to three hundred small businessmen regularly participated in the group consultations. On the basis of our experience, the experts who have been invited as lecturers were able to address most of the problems and questions that were raised. Interested persons were sent written information regarding questions that were not answered.

We prepared an index of names and addresses of those belonging to the branch so that businessmen could become more familiar with one another's activities and the opportunities that should exist for cooperation.

With the help of staff members from Intercooperation Ltd we made it possible to hold an exhibit on behalf of businessmen active in computer technology.

The Small Businessmen's Branch regards it as important to develop an independent and systematized view regarding experiences, results and activities of the small businesses. For this purpose we prepared a survey questionnaire, which we drafted with the help of the Labor Research Institute.

Our services are still free, but to provide broader services it will be necessary to develop a fee system. We want to develop an operational work relation with the members of the Chamber, with its trade and functional organs. With this we shall assure that the small businessmen, through their activities, will find it possible to be active in the most varied areas of economic life. In the interest of solving individual problems, we are planning to develop an advisory service that operates on a regular basis.

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PERFORMANCE OF SHIPBUILDING, MERCHANT MARINE, FISHING INDUSTRIES SURVEYED

Shipyard-Drydock Performance

Gdansk GLOS WYBRZEZA in Polish 28 Dec 82 pp 1,3

[Article by Gerard Kotlowski: "Shipyards Total Their Production Figures"]

[Text] Toward the end of each year we succumb to the general need for summing up. This is fairly easy to do in the case of achievements but not so easy in the case of failures. None of us doubts that 1982 was, in every respect, a year of ordeal for us.

And so, what was 1982 like, and what does 1983 promise to be like?

In our search for true information about the situation in production and repair shipyards--which constitute an important element of our maritime economy--we turned to the directors of the enterprises. Here are their views.

Gdansk Shipyard

Henryk Jankowski, M. E., deputy production director:

--The shipyard's total production figure for the year [1982] was 15 ships with a total capacity of 155,400 tons. Of these, 13 ships have been earmarked for export, including 7 ships which will go to the second payments area [capitalist countries]. During the current year, the shipyard launched 12 ship hulls with a total capacity of 171,300 tons.

Implementation of production tasks during the current year progressed under difficult and complex conditions. Construction of a number of ships was delayed due to insufficient supply of coproduction materials during last year and worsening of the situation in this respect during the current year, particularly during the first half-year period. Particular difficulties involved supplies from the second payments area. There were problems with basic shipbuilding materials, such as metallurgical products, electric cable, paints and varnishes, and insulation materials. Many basic machinery and equipment items, necessary to outfit the ships (motors, generators, switches,

hatch covers) were received by the shipyard with a considerable delay in relation to the technical needs of production. The shipyard management and the work force had to make up for these delays by intensifying their work and their organizational activities, as a result of which it was possible to considerably reduce losses, although not to such an extent as to avoid considerable accumulation of work during the second half-year period, particularly in the fourth quarter.

Parallel with the worsening supply situation, gradual decrease in employment occurred, mainly in direct production processes. The decrease in the work force in this basic employee group amounts to almost 15 percent, which has caused a decrease in production capacity. The shipyard management is counter-acting this unfavorable trend by systematically improving the plant's working as well as social, living, and wage conditions.

Totaling the shipyard's production figures for the current year, we should note that they will be fairly good, considering the conditions under which they were attained. Sales and exports will be lower than in 1981, but the fact is that last year was more favorable for our shipyard--in contrast to the production figures of other enterprises.

The preliminary objectives of the production and sales plan for 1983 envision sales of 16 ships with a combined capacity of 258,600 tons. All these ships are earmarked for export. Our tasks are strained to the limits, because the supply situation, according to a current assessment, will continue to be difficult. These tasks will be implemented by the shipyard with a reduced number of employees. Thus, it will be essential to continue work on further implementation of an incentive system and on improvement of work organization.

Characteristic for next year's tasks is a great degree of prototype production. Out of 16 ships planned to be sold, 9 ships are of the prototype series.

Gdynia Shipyard

Mieczyslaw Dabrowski, M.A., deputy director for economic matters:

--For our shipyard, 1982 ends with positive production and economic results. In conformity with the [production] program, four ships with a total capacity of 88,800 tons were delivered to consignees, including three ships for foreign operators (Norway and Panama) and one for a domestic operator (Transocean).

Two automobile-transport ships, delivered to a Norwegian operator, have won high praise abroad.

The shipyard will fulfill its plan of sales 100.6 percent. The value of sales in 1982, calculated in comparable prices, will be 68 percent higher than last year. These results were attained by the shipyard despite the fact that it had approximately 800 fewer employees. Productivity increased, and there was improvement in worktime utilization and effectiveness of action. This is proof of correct and effective implementation of the principles of the economic reform.

Positive economic results also favored trends in the development of incentive factors which were advantageous to the work force. We anticipate that in 1982 the increase in average wages will be approximately 22 percent.

The shipyard program for 1983 envisions further increases in production rate. If there is improvement in promptness and quality of deliveries of materials, and we have no employment growth problems, our shipyard intends to build and deliver six ships (all for export) with a total capacity of 417,000 tons. We have a large technological potential at our disposal. The ambition of our work force is to strive to utilize this potential fully.

#### North Shipyard

Jan Mlodzinski, deputy director of production:

--During the current year, our shipyard delivered to consignees twelve completely equipped ships, including the "Cassiopea" trawler-processing plant --one of the largest and the most modern ships of this type in our [merchant] fleet--and also two large hydrographic ships, also earmarked for a domestic operator. In addition, we launched seven small fishing vessels for a Dutch operator (the eighth ship is ready for launching).

Within the scope of the contract, our shipyard builds only the hulls of these ships, and the Dutch company installs its own equipment on them. These ships are fairly small, but their construction is labor-intensive and they require precision workmanship. The operator has a high opinion of our work, because our contract has been extended to 1983 in subsequent years. We also launched twelve ships for domestic and foreign operators. These results can be regarded as favorable, especially if we consider enormous coproduction and supply problems which our shipyard experienced this year and which made our work much more difficult and had a negative impact on our production rate.

This year's production figures were attained with 208 fewer employees in relation to last year. The decrease in the number of employees was made up for by a 3 percent increase in labor productivity and bigger overtime. Absenteeism decreased by 3.1 percent last year.

We are already thinking about our tasks for next year, knowing that it will not be an easy one for us. It is true, 87 percent of next year's production will consist of ships whose construction we have already mastered; but new prototype ships are already entering the shipways, and toward the end of 1983 our production will have been totally renewed. At this moment we are already concerned about materials and equipment which we will need next year, because we still do not have full confirmation of their future deliveries.

#### Gdansk Repair Shipyard

Jerzy Kozlowski, M.E., deputy director of production:

--Our shipyard will have fulfilled 101.1 percent of this year's tasks. We have repaired 151 Polish ships: 29 of them underwent class repairs. We

performed repair work on 332 ships in the ports of Gdansk and Gdynia. Within exports to convertible currency zones we repaired 22 ships, including one on which class repairs were made.

For the socialist countries we repaired a total of 21 ships, seven of which underwent major repairs. In addition, we built a barge for a Dutch operator and another for the Gdynia Port Administration.

The most important problems in the year that is passing were the considerable delays in import deliveries of parts and equipment, which caused a prolongation of the repair time of ships. Another problem was the shortage of employees in the production department, caused mostly by the earlier retirement of many persons and by difficulties in selecting new, good personnel.

The goals for next year are over 10 percent higher. We want to implement them through increased work discipline, changes in the compensation system, reduction of absenteeism, and organizational changes in production.

#### 'Nauta' Shipyard

Zbigniew Lojko, B.E., deputy director of production:

--The sales plan will be fulfilled, the sales totaling 2 billion 455.6 million zlotys, i.e., 9 percent more than the amount which was targeted at the beginning of the year. Within domestic repairs, 30 major repairs at 29 current repairs will be implemented. In addition, over 350 intertrip repairs were made. For a Soviet operator, we performed 11 major repairs and 1 drydock maintenance repair.

Moreover, we implemented plans for exports to the dollar area. We completed two--including rebuilding--jobs of lengthening Icelandic processing ships, two hulls for the Netherlands, and a number of intertrip repairs. For next year, our shipyard has a complete file of orders from Polish operators and a Soviet operator.

In the past few days, we began construction of a new successive hull for a Dutch operator. Of the new ships for our country, we anticipate construction of the first ship in the icebreaker series. The basic problem for our shipyard will be how to reconcile export production with meeting the repair needs of domestic operators.

#### 'Radunia' Shipyard

Jozef Wolski, M.E., deputy director of technical processes:

--The results attained by us during the current year fill us with optimism for the future. Despite maintaining its prices of ship repairs for domestic operators, and of container repairs, at the 1981 level, our shipyard achieved a 7.3 percent increase in labor productivity, which is a considerable achievement. Problems with providing steady work on intertrip repairs during the first half-year period (lack of transshipment in ports, and consequently,

a lesser number of ships) forced the shipyard to undertake major repairs. Two technical ships, the "Nogat" dredge, and the "Piast" floating crane, were completely rebuilt.

The shipyard's sales for 1982 will total 615 million zlotys, which equals a 51.8 percent increase in production as compared with last year. Our profits for the year totaled 148 million zlotys, derived almost entirely from ship repairs for the first and second payments area.

These favorable results were attained by our shipyard through considerable organizational effort and the self-sacrificing attitude of the workforce. The introduction of an incentive system of compensation for all the shipyard employees activated the workforce.

In 1983, we aspire to take our place in the group of our country's leading shipyards. With full utilization of newly built facilities and with full employment in all newly created jobs, we want to attain production valued at 1 billion zlotys.

#### Shipyard Plan Fulfillment Wrapup

Gdansk WIECZOR WYBRZEZA in Polish 29 Dec 82 pp 1,2

[Article by ws: "31 Ships Were Built by Shipyard Workers in Gdansk and Gdynia: Shipyards Achieved Their Goals for the Year; Organizational Efforts Helped"]

[Text] Construction and repair shipyards in Gdansk and Gdynia achieved very good production records in the exceptionally difficult year 1982. With an enormous organizational effort, while constantly overcoming problems caused by lack of materials and of on-time deliveries of domestic and foreign equipment to be installed on the ships, the shipyards met their production goals for the year which this time were realistic, having been set in accordance with limited possibilities. This was influenced, above all, by a shortage of production group workers which ranged from 10 to 20 percent. The construction shipyards of Gdansk and Gdynia built a total of 31 ships, which were delivered mostly to foreign operators.

The Gdansk Lenin Shipyard built 15 ships with a combined tonnage of 155,400 DWT. Of these, 13 were delivered to foreign operators including 7 from the second payments area. The Polish flag was hoisted only on two sailing vessels, "Dar Mlodziezy" and "Iskra II." Today the act of transferring the last ship included in the plan is to take place, namely of the multipurpose general cargo ship "Ceynowa," on order from "Chipolbrok." The shipyard launched 12 hulls with a total tonnage of 171,300 DWT.

The shipyard's total figures of sales and exports of completed ships were lower than last year; but we should remember that in 1981 the Gdansk Lenin Shipyard had a considerable higher production record than all other large production enterprises, and not only in Gdansk Province. During the second

half of this year, there was a significant increase in the shipyard's rate of production and in labor productivity.

The Paris Commune Shipyard in Gdynia delivered 4 ships with a combined tonnage of 88,800 DWT. These included two automobile-carrying ships for Norwegian operators which won the praise of specialist throughout the world. The remaining ships were delivered to a Panamanian operator and to "Transocean" [Shipping Company] in Szczecin. The shipyard fulfilled 100.6 percent of the sales plan. The value of sales, in comparable prices, is 68 percent higher than in 1981. There has been an increase in labor productivity, in worktime utilization and in management effectiveness. The correct operation of the laws of the economic reform made it possible to achieve satisfactory economic results, which in turn resulted in an average wage increase of 22 percent.

The Heroes of Westerplatte Northern Shipyard delivered 12 completely equipped ships, including an oceangoing trawler-processing plant for "Dalmor" fishermen and 2 modern hydrographic ships for Maritime Offices in Gdansk and Szczecin. The shipyard also built 8 hulls for small fishing vessels, ordered by a Dutch operator, who will equip them at his own expense in The Netherlands. In addition, 12 ship hulls for domestic and foreign operators were launched. Labor productivity increased by 3 percent.

The Gdansk Repair Shipyard repaired 151 Polish ships, 29 of which underwent class repairs. In addition, the shipyard completed so-called intertrip repairs on 332 ships in the ports of Gdansk and Gdynia. The shipyard fulfilled 101 percent of its plan for the year. This was due to services performed for foreign operators. Repairs were made on 22 ships belonging to western operators and on 21 ships (including class repairs on 7 ships) belonging to operators from socialist countries. Moreover, the shipyard built two new barges, one for export and one for domestic use. Shipyard workers had to cope with major problems due to delayed import deliveries of spare parts and equipment, which resulted in prolonging the length of stay of ships in the shipyard.

The "Nauta" Repair Shipyard in Gdynia exceeded by 9 percent, with regard to the value of sales, the yearly plan of repair services. The shipyard performed 30 class repairs and 29 current repairs on ships belonging to domestic operators. It also performed 350 intertrip repairs. Moreover, for a Soviet operator the shipyard performed class repairs on 11 ships and also one drydock maintenance- and-repair job. Within the scope of export services, two fishing vessels were rebuilt and lengthened for an Icelandic operator, two hulls for a fishing operator in The Netherlands were built, and a number of intertrip repairs were performed.

The "Radunia" Shipyard in Gdansk implemented a plan of repair services this year that was 51.8 percent higher than in 1981. The shipyard performed intertrip repairs in the ports of Gdansk and Gdynia for domestic and foreign operators, and it also repaired containers. During the first half-year period, decreased ship traffic in ports forced the shipyard to seek additional work, which resulted in a complete overhaul of the "Nogat" [river] dredge and

of the "Piastr" floating crane. A 7.3 percent increase in labor productivity, which should be regarded as a major achievement, was recorded.

#### Maritime Shipping, Fishing Industries

Warsaw TRYBUNA LUDU in Polish 18 Jan 83 p 3

[Interview with minister Jerzy Korzonek, director of the office of maritime economy by Marek Jefremienko]

[Text] [Question] What is anticipated, and what problems are foreseen during the current year by enterprises of the maritime branch of our economy? What can be expected of this branch by our whole economy, including our domestic market?

[Answer] Obviously, it would be a mistake to expect a problem-free year in connection with political decisions which emphasize the development of this branch of our economy. Quite the contrary, we should rather expect to work harder and to make greater efforts.

Polish ports are expected to load and unload 4 million tons more than a year ago. Our loading and unloading equipment, as well as the whole potential of our ports, can handle much greater loading capacity, because at present we utilize 65-70 percent our capabilities. Of decisive importance is the quality and rapidity of port service by Polish railroads. The capabilities of Polish State Railroads [PKP] are lower than our loading and unloading capabilities.

[Question] We continue to lag behind others in the area of containerization and general modernization of loading and unloading technology. Will anything change this year?

[Answer] Unfortunately, we have no good news in this area. When we make a proposal for more intensive financing of construction of a container base in Gdynia, we often hear the question: "Why do we need this base at all?" With this level of understanding of the need for containerization of sea and land transportation, the matter will continue to remain at a standstill.

Our technology of lading and unloading coal, phosphates, apatites, and lumber is far advanced. On the other hand, the situation is the worst with regard to general cargo. Speaking in an elegant fashion, we can say that we utilize conventional technology; this, however, often means that goods are carried on people's backs.

[Question] What new developments are there in our merchant fleet? Will it be augmented by any new ships? We already know that we will have to get rid of some ships, those which have served longest.

[Answer] Our fleet will be augmented by four ships from Spain, of the ro-ro [roll on-roll off] type, and by one 26,000 DWT bulk carrier from Argentina. Unfortunately, we will not receive a single ship from Polish shipyards, but

they have accepted orders up to 1990 for tonnage in excess of 1 million DWT from our operators. This means that by the end of this decade 25 percent of the production of our shipyards will be earmarked for the Polish [merchant] fleet. We welcome this change.

I may add that ships which we expect to acquire during the next few years will include also small steamships for our Baltic tramp line. Steam propulsion of ships is regaining favor throughout the entire world; increasing numbers of coal-fueled turbines will be used on ships.

Our repair shipyards are working at full capacity this year. But depreciation of their potential is truly a serious problem. These priority enterprises, unfortunately, are insufficiently funded. The rate of repairs is not always satisfactory, due to serious shortages of tools and supplies; repairs specifications are not always spelled out by operators, etc. We are trying to increase the effectiveness of cooperation between operators and repair shipyards.

There are very interesting developments in exports of repair services to socialist countries. This permits more effective utilization of the repair capabilities of these shipyards.

[Question] And what about fish? Will there be more fish in our domestic market this year?

[Answer] Yes. This year we are earmarking 215,000 tons of Baltic and deep-sea fish for our domestic market. This is nearly 20,000 tons more than last year. Of course, we do not ship our entire catch to the domestic market. We also have to export fish that we catch in order to have funds for the maintenance of our Baltic fleet, to provide it with water and fuel supplies and to assure its normal operation. We anticipate that by December of this year our entire Baltic fleet will catch a total of 570,000 to 600,000 tons of fish.

[Question] As we know, just to catch fish is not enough. When will so-called fresh fish be shipped to the most remote parts of our country, instead of being consumed only by inhabitants of our sea coast?

[Answer] I have no words of comfort to say on this matter. The brutal truth is that only a prosperous country can afford to supply its entire territory with fresh fish. Indeed, the maintenance of a refrigeration and rapid transportation system is costly. However, of some consolation in this area is the fact that this year there will be more cans, screw-on [jar] covers, and other materials of which up to now there has been a shortage in our processing industry. In a word, there will be more canned products; and I draw attention to the fact that last year we utilized only half of our processing capabilities.

[Question] Due to our having been barred from U.S. fishing grounds we had to find new fishing areas for our fishing fleet. Where will it be possible to see our Polish-flag trawlers now?

[Answer] We are concluding agreements with successive partners; agreements for this year have been signed with, among others, Canada and also with Norway. Traditionally, we will remain in the region of the southwestern Atlantic as well as in the southeastern part of this ocean. Our trawlers will fish wherever we are able to gain access to fishing grounds that are of interest to us. We are conducting negotiations with Peru and Argentina. We are also having talks with other maritime countries about an exchange which would result in a greater variety of fish in our domestic market.

Fishing industry has been included in the food operational program. Consequently, we are assured guaranteed deliveries of raw and other materials, spare parts, tires, and of everything that is necessary both for the fishing fleet itself and for the fish processing industry as well as transportation.

#### Shipbuilding Industry Export Sales

Warsaw TRYBUNA LUDU in Polish 27 Jan 83 pp 1,2

[Article by Zb. Wrobel: "Polish Ships in World Markets"]

[Text] For several years now, there has been a noticeable worsening of the economic situation in worldwide shipbuilding. Orders for new ships have decreased with every passing year, and renowned shipyards, e.g., those located in Scandinavia and the GFR, have reduced their production but also personnel. Meanwhile not only the total production but also exports of Polish ships, despite the economic crisis in our country, have remained stable for quite a long time now and, when calculated in comparable prices, have increased.

In 1981, sales of ships from Polish maritime shipyards totaled 59.8 billion zlotys; last year the sales total was 67.8 billion and during the current year it will exceed 83 billion. Despite sharply increased competition due to worldwide recession, our shipyards continue to be in a favorable position with regard to orders. They have secured sales of their production until 1985, and they are already completing their order file for the next five-year period. This stability is due to Poland's position as one of the principal suppliers of ships to the Soviet Union and other CEMA countries; it is also due to the good reputation that Polish shipyards enjoy among ship operators in Norway, France, and in numerous developing countries.

For USSR, Sweden, Liberia, Panama

This year, our shipbuilding industry will sell to operators 57 ships with a total tonnage exceeding 800,000 DWT, and will launch the same number of hulls with a similar total capacity. Nearly all of this year's ships will be sold abroad.

The shipyards are still working out specific details with regard to their production plans and delivery schedules, but the basic scope of their tasks is already known. Our largest shipbuilding plant--the Gdansk Lenin Shipyard--plans to sell 16 ships. These will include, among others, 3 tankers, each one with a capacity of 47,400 DWT, for operators in Liberia, Panama and Sweden,

the remaining ships include a prototype refrigerated ship, a trawler-processing plant, and five tugs for the Soviet merchant fleet. Construction of hulls for several new types of ships, e.g., a bulk cargo ship for Finland, will also begin.

The Heroes of Westerplatte North Shipyard in Gdansk plans to deliver to operators successive 4 hulls of fishing vessels for the Netherlands, a fire-fighting ship, and eleven technical ships for the USSR, a buoy-layer for the Maritime Office, and a trawler-processing plant for Iceland.

The Paris Commune Shipyard in Gdynia will launch only prototype ships --2 bulk cargo ships of 65,000 DWT each for Norway, 2 supertankers of 83,200 DWT each and a 73,000 ton supertankers for France, an oil-ore-bulk cargo ship for Norway, and a refrigerated ship for "Transocean."

The A. Warski Shipyard in Szczecin plans to deliver to a Soviet operator 5 supply tugs, 13 technical ships, and one scientific-research ship. The shipyard is building a 33,500 DWT bulk cargo ship for Switzerland, 3 general cargo ships of 20,600 DWT each for the German Federal Republic, and a "Silesia"-type passenger ferry for Turkey.

The shipyard in Ustka plans to sell 5 trawlers to Polish fishing enterprises, and a prototype shrimp boat to a Soviet operator.

#### Improvement in Coproduction

Meeting these production goals calls for very effective work on the part of the shipyard workers; on the other hand it calls, above all, for coping effectively with scores of problems involving materials, coproduction, and organization. We are encouraged by the change for the better in the implementation of orders for deliveries of equipment and materials by the group of over 1000 enterprises which cooperate with the shipbuilding industry. There has been improvement in deliveries of metallurgical products; the problem of supplies of ship paints and varnishes has been solved; most of the equipment is delivered on time.

However, not all the wheels of domestic coproduction are revolving at the same speed. There are still problems with delivery schedules of drive motors, hatch covers, and some equipment parts, e.g., laminated plates.

All the shipyards are coping with a shortage of production workers. The earnings are good but few workers are tempted by them. Above all, there is a shortage of welders, hull assembly workers, and painters.

#### Recession Impact on Shipyards

Warsaw ZYCIE WARSZAWY in Polish 7 Feb 83 pp 1,4

[Article by tp: "The Shipyards Cope With the Crisis"]

[Text] Last year certainly could not be regarded as one of the most successful in the postwar history of the Polish shipbuilding industry. In the end,

domestic and foreign operators took delivery of 48 ships and 8 hulls, the latter to be equipped abroad; but only the shipyard workers themselves actually know how labor-intensive and nerve-racking it was.

All those ships were sold for a total of 67.8 billion zlotys. In 1981, the total value of the production of the shipbuilding industry had been 59.8 billion zlotys.

A comparison of these figures (because now the shipyard workers greatly dislike having their production calculated in tons) would be an indication of success. And perhaps it really was a success, if we consider the permanent shortages of materials and personnel, the problems with coproducers, and the technical complexity of most ships.

On the other hand, however, we must remember that last year's plan anticipated construction of 59 ships. The task proved too ambitious. Some of the ships will be completed this year. Other ships are ready; but, due to a drastic increase in prices as calculated in zlotys which domestic operators must pay at present, delivery of several ships was not taken despite contractual obligations to do so. These ships turned out to be too expensive for some financially weaker enterprises and, as a result, the shipyards did not receive payment for them.

Likewise, there is no point in pretending that the Polish shipbuilding industry has not been affected by the worldwide crisis in this branch of economy; this crisis is caused by the excessive production capabilities of Asian and European shipyards in relation to actual orders for ships. While competition has increased, ship prices have decreased wherever it has been possible, and large profits are no longer being made in this branch of economy.

Poland's situation in the world market is better by far, due to the fact that for years Polish shipyards have received large orders from the Soviet Union. There are also other regular customers. All in all, Polish shipyard workers will certainly have plenty to do until 1985. According to Lloyd's Register of Shipping, our order file totals 1.4 million RT tons (gross capacity, i.e., almost the same as a year ago). Successive contracts for the next five-year period are also being signed.

Obviously, the crisis which we are experiencing has made the shipyard management worry less about future orders and more about the implementation of immediate tasks. After all, it still has not been decided how many ships will be launched in our country this year. The latest estimates of the Shipbuilding Industry Association indicate that most probably 57 ships will be launched, with a combined tonnage of over 800,000 DWT. These figures are merely the sum total of plans of individual shipyards, and are tentative. Only toward the end of the year will we have proof whether or not this time also plans have failed to correspond to reality, as has become the rule during recent years.

The A. Warski Szczecin Shipyard has been particularly involved in the implementation of the Soviet "Shelf" program. It plans to deliver to the USS, in 1983,

five supply tugs, 13 technical ships, and one scientific-research ship. In addition, it will build a ferry for Turkey, three general cargo ships for the GFR, and bulk cargo ship for Switzerland.

The Paris Commune Shipyard in Gdynia, which has the largest drydock in our country, will build mostly large ships: two bulk cargo ships and a combined-cargo ship for Norway, two supertankers for France, and a refrigerated ship for Transocean.

In Gdansk, the Lenin Shipyard will build, among others, three supertankers for Liberia, Panama, and Sweden; it will also build five supply tugs within the scope of the "Shelf" program, a refrigerated ship, a trawler-processing plant, and several other ships.

The North Shipyard in Gdansk will build fishing vessels, firefighting ships, a buoy-layer, and 11 technical ships, which will be used for assistance in working the sea bottom.

Obviously, all this will be possible only on condition that the shipyards will have the materials to build ships from. Unfortunately, the current year, just like the previous year, began with increased problems with enterprises which are to deliver materials and equipment. Only a few months ago it seemed that the problem of the volume of deliveries of sheet metal and other metallurgical products had been resolved positively. At present, the shipyards again experience increasing shortages of these. There are also considerable problems with securing the needed number of main engines from the "Zgoda" plant. Not all of the 1000 coproducers are meeting their contractual obligations.

If we manage to overcome all these material obstacles, Polish shipyards in the years 1983-85 should be able to build approximately 160 ships including only 14 for domestic operators and 40 for dollar customers. These internal proposals are still subject to change--of course, on condition that all the interested parties decide that, despite other considerations, it is more profitable to modernize our own merchant fleet than to sell ships to foreigners on credit.

9577  
CSO: 2600/473

## LOT NATIONAL AIRLINE 1982 PERFORMANCE RECORD, OUTLOOK FOR 1983 DISCUSSED

Krakow GAZETA KRAKOWSKA in Polish 26-27 Feb 83 pp 1, 2

[Article by Jacek Balcewicz]

[Text] It has been rather quiet lately where Lot is concerned, since the start of our carrier in 1982 was rather sluggish or, more accurately, virtually nonexistent. As it is known, at the beginning of this past year, airline service on domestic routes, as on international ones, was completely suspended and practically all activity came down to sporadic charter flights. After contract renegotiations with essential foreign partners, in the end, we were able to open a system of international links with--despite everything--fairly restricted frequency. Only those routes remained suspended which were less frequented before the imposition of martial law and those which were less profitable; for example, from Warsaw to Luxemburg, Manchester, Hamburg, Helsinki, Kiev and Leningrad, as well as the 2 transcontinental routes, to Bangkok through Dubai and Bombay, and the route to New York, the initiation of which depends to a large degree on the decision of the U.S. government. Despite this, during the past year, Lot transported 907,000 passengers (1979 was the record--close to 2 million passengers), of which more or less half were on the international routes. Charter flights had a comparatively large portion--150,000 passengers. To this must still be added the relatively good deal of cargo (according to our traditional pattern)--over 9,000 tons. Earned profits closed at a fairly significant amount--1.8 billion zloty; and, contributing to this were such economizing measures as: shortening flight time, reducing the volume of unnecessary ground equipment and... higher numbers of passengers, and also a certain movement in prices.

This year, the domestic and basic network of connections will not be subject to changes, assured the managing director of Lot--pilot, Brig Gen Dr Asst Prof Jozef Kowalski--during yesterday's meeting with reporters. Ticket prices for international routes will remain the same--although the IATA [International Airline Transportation Association] is setting a 5-percent increase, while changes in domestic route prices should also be anticipated. Increases will reach several percentage points and, at the same time, will stabilize, depending on the exact increase, and will remain, through certain means, relative to railway ticket prices, so that travel

by sleeper coach would not work out to be more expensive than flying. The precise date of the introduction of the increases is not yet known. It can be expected that it will begin no earlier than April. Furthermore, Lot will take great notice of nonscheduled excursions, in other words... charter flights. It is estimated that, this year, approximately 600 of such flights took place, chiefly with fishermen to distant South American and African fishing ground areas, but also with tourists heading for the Black Sea. Preparations to service increased movement, which is expected due to the return visit by the Pope to Poland, and also the observances of the 300th anniversary of lifting the seige of Vienna, are still going on. From among new technical changes, one must note the replacement of the Il-62 and Tu-134 [aircraft] models for the Tu-154 and, in the future, for its modernized version, the Tu-164. On the other hand, the nice Antonov class aircraft serving on domestic routes have the chance to fly.... until 2000. Obviously, all of these facts do not mean that the situation of Lot is rosy, despite the fact that it withstood such a crisis as many larger and more famous carriers are experiencing now. If we wish to establish a rise in cargo over 2 million passengers (we already noted such numbers), then a new airport is needed. The airport in Okecie will not accommodate such numbers; airports of international size in Gdansk and Krakow could prove to be useful. And if we were to begin working on these tasks immediately--which is obviously impossible--then the results would not be visible sooner than in 15 years. The next problem is economical equipment and, finally, the last issue is culture and efficient service to passengers which, of late, has unfortunately deteriorated at Lot. After all, the chief of Lot acknowledged this, simultaneously noting that this is one of the basic conditions of attracting the passenger, if one cannot impress with a luxurious airport or with modern machinery. If we do not improve this, said General Kowalski, then we might as well stop existing.

9891

CSO: 2600/567

WINTER, SPRING PLANTING INFORMATION FURNISHED

Condition of Crops

Warsaw ZYCIE WARSZAWY in Polish 18 Feb 83 p 1

[Article by (mp.): "The Weather Is for the Farmers. Winter Favorable for Crops. Winter Crops Making Up Delays. Snow Fell Right on Time"]

[Text] (P) (Our own correspondent) The common consensus is that a winter like this has not happened for a very long time. Even the old people don't remember anything similar, not to mention that the dust cloud over Mexico has warmed up the atmosphere and hence these warm winter months.

It turns out, however, that the old people don't remember because their memory is weak, but younger people should remember. Weather observations show that human memory is not dependable. Similar winters, even with higher temperatures, happened quite recently. We had a warm winter in 1974/75 and earlier in 1960/61.

For town dwellers, weather like this just adds difficulty in getting around town, problems for motor transport, slush on sidewalks, chill penetrating through cracks in window frames. In the countryside, the weather means much more. Quite often it decides whether the work of a whole year will bring fruit or come to waste. What does the current weather mean for crops? Is this weather good for the farmers or not?

At the Agrometeorological Forecast Unit of ImIGW, we have been told that this weather is favorable for cultivated crops. Because of the warm November, the winter grain crops sown late had more time to grow and become strong before the winter. From November to January, precipitation was close to or higher than the norm, so that soil moisture reserves depleted by the previous drought were restored. Snow that fell a few days before the frost protected winter crops from freezing. It is true that it fell on ground that had not yet frozen, threatening the plants with suffocation, but the forecasts promise speedy warming so that the overall result must not be bad.

The end of the winter, however, is most dangerous for crops. The time when weather changes and thaws alternate with frosts brings the greatest damage.

Gardeners are also happy with the frost. In orchards, it works to protect plants. Without it, they would have to spray trees and bushes with additional amounts of chemicals in the spring. The frost also improves soil structure.

What is the current state of winter crops? According to the data obtained by the department of crop production of the Ministry of Agriculture, the condition of sown rye fields was at the end of December assessed at 3.1 points (on a 5-point scale), that is, 0.4 points worse than the average for the past five years. The condition of winter wheat was worse 0.3 points, and assessed at 3.1 points. Rape plantations seem to be the worst. They were assessed at 3 points, that is, 0.5 points below the average. Fields were in better shape in the south and southwest, and also in the northeast of the country. They looked much worse in the west and northwest. Rape that gave very poor sprouts was plowed over back in the early fall.

The warm winter brought improvement to fields. Winter crops benefitted from warm and wet conditions at the end of the year, and, even without detailed observations, one can say that they look much better than they did in the early fall.

Grain crops were sown in the fall on 4.5 million hectares, that is, some 300,000 hectares less than planned; 300,000 hectares were sown with rape. For spring, some 3.8 million hectares are to be sown with spring grain crops. Grain seed reserves are almost sufficient. Fertilizer supplies are better than in preceding years. All we need is for the weather to stay favorable for farmers.

#### Crops, Fodder, Livestock

Warsaw GROMADA-ROLNIK POLSKI in Polish 24 Feb 83 pp 1, 2

[Interview with Maria Gajda, Director of the Provincial Center for Agricultural Progress, by R. Cuber: "Hopes in the Fields--Common Sense among People"]

[Text] This winter has caused diverse opinions among farmers as to the state and future of winter crops and fodder reserves on farms. I asked Director Maria Gajda of the Provincial Center for Agricultural Progress in Koscielce, Konin Province, who is also an honorary member of the Presidium of the National Council of Readership and Contributors of our newspaper, as to her opinion on this paper. Mrs. Gajda also shared her views concerning the period following the plenum of the PZPR Central Committee and the National Committee of the ZSL.

"The current situation in the fields gives hope," says Maria, but immediately cites a reservation: "provided, of course, there won't be a snowless, harsh winter that could do damage. Rapes are fairly good. Grains are good and rye is particularly good, while wheat is a little worse. If February and March do not bring us unpleasant surprises, one can be hopeful.

[Question] Isn't the absence of frosts fraught with the danger of plant disease?

[Answer] That is true. This may lead to proliferation of fungus disease, but we have enough insecticides to cope with that. The point is to make all proper chemical treatment in due time.

[Question] Is it really so bad with fodder as they say?

[Answer] The situation is not dramatic. Farmers have sacrificed some reproduction livestock, but they did that reasonably. For instance, they sorted out for slaughter cows with low milk productivity, so that they could use their fodder reserves in a most efficient way; maybe the herd selection before winter was just 10 percent greater than it should have been. Slaughter livestock procurement plans were fulfilled last year 130 percent, mostly through overslaughtering of cattle. Milk procurement was quite good, as shown by fulfillment of assignments in 1982 to 110 percent. This clearly shows that high productivity cows were not slaughtered.

[Question] Are farmers decreasing hog breeding?

[Answer] On the contrary, in our region there is an increase in purchase of swine and hog breeding. This means that farmers have reserves of potatoes as fodder. Hopefully, those potatoes will stay preserved through the winter without major damage.

[Question] What is the sentiment among the farmers after the joint plenum of the party and the ZSL?

[Answer] I think that the majority of farmers believe in the words that were said during the discussion and which were incorporated in the resolution, since the suggestions were derived from a profound understanding of the situation in the land, and were dictated by the needs in the area of food economy. These decisions were brought forth on the basis of large-scale discussions with farmers; in many villages there is an obvious enlivening, and this concerns particularly the ZSL circles, which have become more active.

One can also observe a characteristic change of attitude. Until now, farmers mostly demanded, expressed their wishes to the government. Now, however, discussions begin to focus on matters of technology, questions as to how one should produce, how one can obtain better results, how to breed animals, conserve fodder, employ modern chemicals. This change

is promising and, at the same time, lays increased requirements to us. For these are questions directed to the consulting services, that is, to us.

Personally, I am very happy with this development, as it strengthens in us the feeling that farmers need us. It raises our standing and forces each of us to work more efficiently. All this is a consequence of another development--namely, that farmers have already satisfied their demands for elementary means of production. Quite recently, they were still asking where they could get plowshares or other components or tools, but now they are mostly concerned with the way to attain further progress in farming.

There is a tangible improvement in the supply of production means, so farmers are now turning to their advisors for assistance with improving professional skills. This confirms the old adage that need for advice grows in proportion to meeting of the technical needs of agriculture.

#### Grain, Bialystok Area

Bialystok GAZETA WSPOLCZESNA in Polish 28 Feb 83 p 3

[Article by (jas): "Before Movement Begins on the Fields: Towards Spring on the Farms"]

[Text] It is less than a month till calendar spring, and if winter doesn't bare its "claws," the new season will soon begin in farming. With the snow layer being thin, there is the likelihood of an early beginning of fieldwork. Experts estimate that the initial situation is favorable for agriculture. The long, warm fall has enabled plowing to be conducted almost everywhere. This will reduce the scope of spring work and enable earlier sowing. It is high time now to prepare feed grain, fertilizer, machinery and other means of production, so that--when the time for labor comes--everything will be ready.

We have asked for data on preparation for the spring on the farms from farming, livestock breeding and forestry departments of three provincial governments.

In Bialystok Province, it is planned that over 150,000 of spring grain crops will be sowed (12,000 ha more than in previous years), which is a result of a smaller size of winter crop areas due to last year's drought. Plans also include an increase in industrial crops, corn and potatoes. The Seed Center [CN] is preparing supplies of 35 seeds. It envisages to distribute nearly 4,000 grain certifications, including over 1,600 tons without substitutes. Agricultural institutions are currently probing the opinion of farmers with regard to the new principles of grain seed sale introduced this year. The distribution will begin from 1 March.

According to the new principles, no zoning for renewal of seed material will be observed. Every farmer will be able to buy seeds at CN.

Even today one can say that fodder crops will be sown on a larger scale than last year. There will be, however, shortages of Persian clover, fodder swede and white clover, but there will be more alfalfa. The situation with vegetable seeds is satisfactory. There is and should be no shortages of main staple foods. Seeds are supplied successfully through the distribution network.

Sales of mineral fertilizers, however, are still slow. More than 50,000 tons of nitrogen, phosphorous, potassium and compound fertilizer are still sitting in warehouses. It is unclear whether the choice will be as great a month from now, when the farmers will proceed collectively to make purchases. Those who look ahead will certainly win, and also avoid standing on lines and save time.

As regards the state of preparedness of equipment for spring labor, it is somewhat better than last year.

In Lomza Province, the winter crop sowing plan was fulfilled plan, although the area under spring grains will remain at the level of last year--approximately 85,000 ha. The Seed Center has accumulated almost 2500 tons of certified grain. It is estimated that some 1500 tons of that amount will be distributed. Farmers have their own good grain, and--as suggested by probes--a great number of them do not intend to use CN's services.

The situation on the fertilizer market is getting into good shape. Compared to last year, supplies are 20 percent higher. All warehouses have complete assortments of fertilizers, including those in short supply, such as poly-phos or urea. It has been estimated that as of 15 February 1983, nitrogen fertilizer reserves (counted as commercial weight) exceeded 9300 tons, those of phosphorous, over 17,000 tons, potassium nearly 19,000, and compound fertilizer over 2,000 tons.

Repairs of farming machinery are continuing. This work is complicated by a shortage of components. For this reason, some tractors are standing in repair shops for months. In the meantime, there is a shortage of machines both on farms and at service units.

In Suwalki Province, (because of the soil and weather conditions) spring grains are normally more successful than winter crops. For that reason, it is planned to sow spring crops on 143,000 ha on socialized and private farms. The Seed Center has confirmed that for this sowing season it will supply to farmers some 6,000 tons of certified seed grain, including 2500 tons for exchange, as stock renovation, and over a 1,000 tons in fulfillment of seed contracts mainly to state farms.

Warehouses have large stores of mineral fertilizer. In mid-February nitrogen fertilizer inventories exceeded 9000 tons, phosphorous fertilizers some 17,000 tons, potassium fertilizers 17,000 tons and over 4,000 tons of compound fertilizers. The purchasing growth rate is 65.5 percent, compared to last year.

Preparedness of machinery is at the level of the last year, giving no ground for optimism. It is far from being in a state of complete repair. In mid-February, preparedness of tractors was estimated at 83 percent, that of fertilizer spreaders at 77 percent, sowing machines and manure spreaders at 65 percent. These figures refer to socialized farms, but problems with spare parts affect private farmers to the same extent.

#### Grain, Bydgoszcz Area

Bydgoszcz GAZETA POMORSKA in Polish 28 Feb 83 p 3

[Article by (jd): "285,000 ha Under Grain"]

[Text] The proportion of grain in crop structure is growing. This is dictated by the needs of our economy and trends in the development of agricultural production. In Bydgoszcz Province, it is planned that large, specialized grain farms this year will, counting both winter and spring crops, amount to 284,400 ha, i.e., nearly 57 percent of the cultivated area. In the fall, grain was sown on 136,000 ha, so that in the spring 148,500 ha will have to be sown with spring grain crops, including some 47,000 ha to compensate for last year's underfulfillment.

Bydgoszcz Seed Center has confirmed that there is enough seed to cover that area, although there may be some shortages of wheat; in that case, the shortcomings will be eked out by seeds from other provinces. The quality of spring grain crops, according to investigations conducted by seed evaluation stations, is good. Samples that do not pass certification so far have been very few. Seed lots provided to farmers by CN in the spring display major changes: in spring wheat, Kolibri and Sappo strains will account for 70 percent in variety structure; with Triumph accounting for 30 percent of barley and Leanda and Markus 30 percent each of oats.

#### Winter, Spring Crop Data

Warsaw TRYBUNA LUDU in Polish 4 Mar 83 pp 1, 2

[Article by (Ew): "The Winter Crops Are Not Yet Heard Growing, but ... 10 Million Hectares to Be Tilled in Spring. Seeds Are Good and Plenty. Chemicals and Machinery Still Uncertain"]

[Text] (From our own correspondent) What can one say today in early March about the agricultural year? All predictions are risky. One is certain--farmers will

have a lot of work to do. Mainly because many things remain backlogged since the fall, and also because by steady work they will have to overcome the shortcomings of supply.

This evaluation of the situation in agriculture on the threshold of the spring of 1983 was confirmed at the fourth press conference held by the minister of agriculture and food economy, Jerzy Wojtecki.

After Bad Fall, Good Winter

In fall, there were plans to sow grain crops on 4.8 million ha. Drought made it impossible to do the work on 300,000 ha. Farmers were able to plant rape on less than 300,000 ha (compared to 450,000 ha planned), and then they had to plow over 50,000 ha. Post-harvest winter crops that were to be sown on some 800,000 ha were sown on only 250,000 ha. There was thus a negative balance, especially since all work was done by farmers almost two weeks later than required. Plant sprouts were weak, and projections for winter survival poor.

Fortunately, bad fall was followed by a good winter. First, there was rain, and then snow. Severe frosts in the latter half of February did not harm plants blanketed with snow. On the other hand, frost was good for orchards, killing pests and germs. Most importantly, with this weather, soil moisture conditions have greatly improved. Winter crop assessment now is no worse than a year ago about this time.

This raises farmers' spirits in anticipation of upcoming fieldwork. The area to be tilled in spring is indeed huge--nearly 10 million ha. The bulk of this is to be sown with grain (3.8 million ha), followed by potato (2,150,000 ha), plus almost 2.5 million ha under fodder crops.

There are sufficient supplies of seeds for all these requirements. Some difficulties may be expected with potato seeds (due to last year's poor harvest), as well as with some fodder crops (Seradela, Persian and red clover). Vegetable growers also will have no shortages of seed materials and seedlings. Only a few kinds of vegetables may experience shortages of seed materials (including leek and cauliflower), but generally, supplies are good.

Like on Seesaw

The assessment of the situation with the means of production outside of farm material is less uniform. It is better, indeed much better, with fertilizers. Deliveries are regular, and plans are fulfilled. Parish cooperatives have certain amounts of nitrogen, potassium and phosphorous fertilizers in stock. Unfortunately, this is not true for lime. Already there are delays in so-called centralized supplies due to shortages of railroad cars.

Pesticide reserves also give cause for apprehension. It is envisaged that 19.7 million ha will be sprayed. What will this cover? This will be sufficient for grains, beets, corn, papilionaceous crops and seed pretreatment. There will be a shortage of agents to fight beetles, to protect orchards and garden crops. There is also a lack of ready-made ordered preparations purchased for currency. Although there are quotas for purchases, this doesn't mean that the currency or that the chemicals are available.

The state of technical base looks a little better. It is estimated that the state of preparedness of equipment is better than it was a year ago. The shortage of spare components is still there, but at least the lack of mechanics is no longer as bad as a year ago. The operative program is certainly working, as well as the careful management by consumers and repair shops in keeping with the principles of the reform. Although the harvest is far ahead in view of last year's panic with lack of cord for presses and baling machines, the shortages that have already been signaled should not be passed in silence. Minimum requirements in agriculture have been estimated at 29,000 tons; the chemical industry ministry has confirmed that it will supply only 20,000 tons.

Although we still don't hear winter crops grow, the shortages that have been signaled, particularly of pesticides and cord, as well as transportation problems (lime) and existing lacks of spare parts and farm tools, should be addressed as early as possible within the limits of what is feasible, taking into account the most pressing needs of agriculture and the consequences this involves.

#### Additional Crop Data

Warsaw ZYCIE WARSZAWY in Polish 4 Mar 83 p 2

[Article by (mp): "Preparation for Agricultural Spring: Weather No Longer Favorable. Good Rate of Machinery Repair. Problems with Spare Parts Continue. Improved Supplies of Artificial Fertilizer. New Principles of Contracting"]

[Text] (From our own correspondent) Spring is nearer, but the weather has become colder than in December or January. The fall was dry, and the fields were sown with delays. As a result, this could have affected the condition of grain crops.

Fortunately, already in November the weather became wet, and the warm weather that continued for a fairly long time enabled grain crops to make up for farmers' lateness. Observations suggest that currently rye and wheat plantations look no worse than last year at about this time.

Lately, however, weather ceased to be favorable. Large temperature differences between day and night, sometimes as much as 25° C have had

effects on winter crops. In many areas in the country, there is no snow on the fields, and overnight frosts may cause damage.

Such is the situation in the fields. In the meantime, on the farms, in repair shops, tool sheds and warehouses, last-minute preparations for the spring are going on.

Machinery is in a fairly good state of preparedness compared with last year. It is hard to tell to what extent this results from easy fieldwork conditions last year and to what degree this should be credited to supply of spare parts and the efforts of mechanics. Three-quarters of all machines are ready for fieldwork, while one-quarter are still waiting for repair. Obviously, repairs are held up by shortages of spare parts. There is a shortage of parts necessary for repair of tractor engines and bearings. There are still too few tires for almost all machines.

Supplies of plowshares, harrow teeth and cultivator blades, simple blacksmith articles, have not improved either. Lack of spare parts for transport trucks could immobilize one-fifth of technical emergency teams.

Such is the situation with spare parts. Despite some improvement, problems still prevail. On the other hand, the situation with artificial fertilizer is greatly improved compared with last year. Delivery is going on according to plan, which provides until the end of March for supplying to parish cooperative warehouses and socialized farms more than three-quarters of the total amount planned for this economic year. Sales of fertilizer, however, are not keeping pace. Work in the field has not started, so traffic in warehouses is slow. Prices, which are higher than last year, also put a downward pressure on sales, particularly in areas with weaker agriculture. An improvement in pesticide supplies has been promised; time will tell to what degree. A large portion of these supplies depends on imports.

Signing of contracts for production of technical crops is going along well. Contracts have been signed for the delivery of over 80 percent of planned amounts of sugar beets, tobacco and industrial potatoes. With grain, it is worse. Farmers have signed contracts for only 35 percent of grain crops.

New principles of contracting became effective at the beginning of March. Contracts can now be taken out by all units of socialized economy engaged in processing and supply to markets. They are allowed to make contracts for all products, except those currently covered by rationing or having direct effects on market supplies. Contracts for the latter can be made only by authorized specialized enterprises.

According to the new principles, the contracts define the basic rights and liabilities of both parties. Uniform criteria have been introduced for contracts with private and socialized enterprises. The principles have also been established for providing farmers with seed grain, fertilizers, fodder, coal and pesticides. The introduction of the new contracting system must shorten the road of products to processing enterprises, eliminating the often costly middlemen.

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POLITICAL CHANGES NEEDED TO OVERCOME ECONOMIC CRISIS

Zagreb NASE TEME in Serbo-Croatian No 12, Dec 82 pp 2130-2141

[Article\* by Ivan Sifter: "Our Economic Situation: The Time Is Short for Politics To Take a Sensible Attitude Toward the Economy"]

[Excerpts] The federal administration has not enacted a single order that would truly benefit stabilization in the last few years, and even those which are in force are yielding negative effects. The orders of the Federal Executive Council and of the executive councils of the socialist republics and autonomous provinces cannot do much here, since the foreign debt is not the cause of the situation in which the economy and society find themselves, but its consequences.

The situation is complicated precisely because we imported for years on credit even those things which we have ourselves and what we can produce in sizable quantities. Now there is no credit, and we have not organized ourselves to augment our own production and make better use of the economic, natural and human potential this society possesses. The situation is also problematical because Yugoslavia has more than 1.5 million hectares of uncultivated land--plowland, mainly in SR [Socialist Republic] Croatia and the Autonomous Province of Vojvodina. SR Croatia alone has 780,000 hectares of plowland which is not cultivated, 450,000 hectares of unused pasture, 800,000 hectares of forest which is only 50 percent afforested. Instead of exporting food, for which we have comparative advantage as compared to petroleum, we unfortunately must import it. According to a scientific survey of experts from the advanced countries, our agriculture could feed 60 million inhabitants, and that means cover its needs to feed the population and export twice as much again. The calculation is simple; that would guarantee repayment of the debt, and instead of a deficit we would guarantee a surplus in the balance of international payments.

We now have the extensive pattern of economic activity in industry because people have been driven from rural areas to the city, which means expensive housing construction, while at the same time rural houses stand empty, there are large tracts of uncultivated land, and we have an industry unable to

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\* Author-edited speech delivered in the debate on the "anti-inflation program" which was organized by the Center for Ideological and Theoretical Work of the Zagreb City Conference of the Croatian LC on 4 November 1982.

compete on the foreign market. We have an underdeveloped small business sector (mala privreda), while at the same time unemployment is high to the disadvantage of services to the public, cooperation with industry, larger exports, smaller imports, and better supply of various goods to the market. Construction of hydroplants has been neglected, and as a consequence we are importing petroleum, we have high debts and deficits, industry stands idle for long periods because of a shortage of electric power, and the question of the energy needed for the public has not been settled.

Japan, for example, employs 46 percent of all employees in the small business sector, and we slightly more than 4 percent. A possibility for sizably higher employment exists in the liberal professions. Freedom should be granted to initiative to open up doctors' and dentists' offices and to the other occupations. The present attitude toward these activities is incomprehensible. We maintain a ban on private doctors' offices because of a fear of enrichment, while we allow all the physicians to receive private patients in hospitals and health centers where they use facilities owned by society.

Industry is utilizing its capacity in the range of 50-60 percent, which is too low and not enough for competitiveness on the foreign market. We have 105 university-trained people for every 10,000 inhabitants, yet we are importing licenses and patents, some of them from the FRG, which has only 43 university-trained people for the same number of inhabitants. Every year we pay 30 billion new dinars in foreign exchange for licenses and patents, yet a sizable portion are related only to production and sale in Yugoslavia, that is, they cannot be used for export. It has to be realized: the more food is produced, the cheaper it will be; the more services are rendered by craftsmen and tradesmen, the cheaper they will also be. This applies to all products and to all services.

It will probably be a long time before we will be in a position to import, to open up to the world and to give competition to domestic production, since we lack foreign exchange, but for that reason we should develop production and productivity and competition among individual work organizations, by branches, and especially between the private and public sectors.

Marx said that only the social system which guaranteed the greatest space for development of society's productive forces could triumph. We are not guaranteeing that. On the contrary, for years we have been breaking down development of society's productive forces on behalf of imaginary production relations full of conflicts, idleness, irresponsibility and political improvisations. As a practical matter we have destroyed the productive forces of society and production relations. This is the essence of our economic and social problems. Common sense must ultimately win out here, and individuals must free themselves of the fear of strong work organizations, the organized economy, the unity of the working class, of prosperous socialism, an economically independent peasant, an economically independent craftsman and tradesman, and a prosperous worker.

All the analyses show that we find ourselves in a great political crisis, which now portends major economic consequences and threatens to enter the phase of a general crisis.

I will cite only certain factors to illustrate these reflections:

1. The fundamental issues in development of the system of socialist self-management have not been settled in political and ideological terms. The system is not founded on a scientific basis, nor has its theory been shaken out. Many issues have not been cleared up, such as: What is socialism, is it a society of prosperous people or poor men? What is self-management, collective leadership and collective responsibility, what is the working class in our context, what is associated labor?
2. The inability to reach agreement among the socialist republics and autonomous provinces concerning the country's future economic and social development, along with socialization of the economy, construction of "political" factories, duplicate capacities, and the closing off of markets.
3. For years imports have been given political favor with the help of foreign credits, debts and large trade deficits to the detriment of domestic natural, economic and human potential.
4. The incomplete construction of the system and the ineffectiveness of practice--construction of the system has not been completed, practice is not governed by standards of behavior and rules of the game, ignorance, demagoguery, manipulation and improvisation based on conclusions, resolutions and statements by individuals, rather than on the constitution and laws, have prevailed.

The Time Is Short for Politics To Take a Sensible Attitude Toward the Economy

1. Let us recall what individuals have been saying since 1971.
  - a) The economic problems are not important, both other advanced countries and underdeveloped countries have them, social relations are important;
  - b) productivity and efficiency in the conduct of economic activity, they have said, are capitalist categories and unacceptable for our new social relations;
  - c) why only economic problems? They have asserted that we should resolve social relations and everything will be fine;
  - d) the production of steel, coal, and grain is not as important as the forms and procedures for reaching agreement on how they are to be produced.
2. There were also other types of resistance toward the economy and its development:
  - a) ideas about plans are proclaimed a return to the past;
  - b) unity is proclaimed centralism and a return to the past;
  - c) order and work and rules of behavior in organizations of associated labor are proclaimed to be a policy of the firm hand and a return to the past;

d) directors of enterprises are said to be to blame for all the economic and social problems;

e) criticism from the base addressed to the superstructure is not accepted, "since this is an attack on the social system and self-management";

f) remuneration on the basis of output is sought, but the differences in income which derive therefrom are attacked as social differences;

g) individuals wage a struggle against the authority of the personality, but only when it concerns others;

h) the theory of the emancipation of labor and emancipation from labor is propagated by all the media, while cases of enslavement of workers in production are shown on television. The result is well known: everyone flees to get an office job, so that as a practical matter we have been left without skilled workers.

3. Fear of the prosperousness of the Yugoslav economy and society opens up the market and stimulates imports, and it keeps land out of cultivation while food is at the same time imported.

4. Fear of an organized economy and of the unity of the working class results in the organizational atomization of the economy, disintegration of human relations and class division, and as a practical matter this signifies destroying it as an organized and productive force.

We know, however, that the integration and concentration of social capital is an historical imperative which is a sine qua non to development of the productive forces and modern engineering and technology.

Socialist society is a society of prosperous people, and it cannot be otherwise. I conceive socialism as a social system in which the means of production are predominantly owned by society. In that society the possibility of exploitation of man by man is excluded. The socialist system presupposes a high social and personal standard of living of the people who live in it. It presupposes social justice, human freedoms and human equality. Let us not confuse prosperity with exploitation. No one has ever created a prosperous society with a poor people.

This is occurring precisely because many theoreticians and politicians cannot grasp the time and the level of social and economic development in which they find themselves. That is why they are against the division of labor, against the new technology, against authority, against management, against productivity, and against everything that is progressive and necessary in the present phase of the country's social and economic development. They criticize and destroy everything, but unfortunately they propose nothing new or more applicable in the present phase of social and economic development.

The economy has been in ruins for 10 years, and it is no wonder that it is in such a critical state.

The state of the economy is characterized by the following: high foreign debt, a high trade deficit, overindebtedness of the economy to the banks, excessive investment relative to the newly created value, enormous capital standing idle in unfinished capital investment projects, construction of "political" factories which are now running losses, construction of duplicate, unnecessary and unprofitable capacities, a high rate of inflation along with these aggregates: note issue, high personal income relative to labor productivity, high government and social service consumption and unwise investment projects, the poor financial condition of the economy and its low reproductive capability, exceptionally poor conditions for the conduct of economic activity, very low productivity of labor because of poor human relations imposed by politics, enormous social inequities and conflicts derived therefrom, low utilization of capacity because of the lack of imported noncapital industrial goods, and this threatens that the economy will be without work, that society will fall into a catastrophe, high unemployment along with large tracts of fertile plowland out of cultivation while at the same time food is imported, peasants are driven into industry for the sake of stratification of rural areas, which is why industry is extensive, creation of new social agencies parallel to government authority, and that places an enormous cost burden on the economy, which is therefore unable to compete on the external market, underdevelopment of the small business sector and of the liberal professions; and we must also enumerate in this pessimistic list that our livestock population is at the level it had before World War I.

The high demand and small supply, along with the emergence of smuggling and crime, enormous office forces in the economy imposed by external factors, ranging between 40 and 70 percent of the work force, while in the advanced economies the office force is in the range of 20 to 40 percent. Stimulation of imports and destimulation of exports, low yields in agriculture, especially in the private sector, which cannot apply larger quantities of manufactured fertilizers because of the low sales prices of its products and the high prices of production supplies, wheat and corn yields which are half those in the United States, will use the land once, while elsewhere in the world they are using it twice a year or even more, many people are happy about the low yield in the private sector of agriculture out of a desire to prove the superiority of the socialist sector, which is absurd and indeed untenable even in political terms, since the privately owned land is also a private and public resource of this nation; we see disintegration of politics, the economy, science and practice; ignorance, irresponsibility, idleness and primitivism have taken command in society, powerfully aided by dogmatists and toadies, figuring as custodians of impoverished socialism, ignorance, irresponsibility and idleness; for years personnel selection has been on a negative basis and those who display subservience rather than creativity have been put in responsible positions. The economy has been without a vertical coordinating function in the system; for all practical purposes it has been organizationally destroyed and incapacitated to compete on the foreign market. The disintegration has gone very far. It has led to partial interests at all levels--horizontal and vertical. That is inevitable. After all, if we make decisions which incorporate exclusively a partial interest, then those decisions objectively open the door to creation of factions within the system and within the party and they destroy society's ability to act. Other undesirable consequences are also

occurring: We are in a phase in which it is difficult for us to execute, or we even do not execute, our own decisions. We lack professionally competent economic institutes that would provide statistical and other data on the basis of which economic analyses would be prepared, the situation and the causes would be ascertained, and the right solutions would be proposed. We also lack institutes that would follow development of self-management and the relations of socialist self-management.

In VJESNIK on 31 December 1979 Dr Vladimir Bakaric had this to say: "Often the question is put in our country in terms of self-management or the old system, but that is not the right question. The old system is condemned, it has been given all the political elements to be liquidated, only it has not been worked out how the new system is to be created and introduced." We should, then, undertake the theoretical and practical elaboration of how to achieve and how to introduce the new system, without taboo topics and labels.

Because of the limited space we are unable to analyze in more detail Factor 1, since it is a very extensive topic, and for the same reasons we will treat the other factors only in the briefest outlines.

The inability to reach agreement among the socialist republics and autonomous provinces concerning the country's future economic and social development along with socialization of the economy is the greatest and most important cause of the present economic and social problems. This has brought about the disintegration of the economy and society, the construction of the "political" factories, duplicate capacities, construction of enormous and luxurious non-economic facilities, construction of luxurious and inappropriate athletic facilities, the closing off of markets and the feebleness of social compacts and self-management accords. That feebleness has led the system and society into a crisis. Perhaps the points of departure ought to be lower forms of mutual reconciliation of relations among the republics and autonomous provinces. For example, they might grant consent for us to analyze the state of development of the socialist republics and autonomous provinces and to ascertain the causes of those differences. To illustrate those relations one might recommend an analysis of differences in development and behavior between SR Croatia and SR Slovenia. For example:

1. Slovenia has an advanced agriculture and land under cultivation. It allows the peasants to till the land as much as they can within their own family. There are those cultivating over 100 hectares.

Croatia has 780,000 hectares of plowland out of cultivation, 450,000 hectares of pastures and 800,000 hectares of forest only 50-percent afforested. Croatia allows the cultivation of only 10 hectares (in certain opstinas).

Slovenia has grasped that socialist society is a society of prosperous people, but individuals in Croatia have unfortunately not yet figured that out.

2. Slovenia has an advanced small business in the private sector. They have more than 100 small hydroplants in the private sector which are connected to Slovenia's power system.

They have highly developed crafts and trades employing a huge labor force without fear that people will get rich. Slovenia has a 1.5-percent rate of unemployment, the lowest in the world, and a 48-percent female employment rate, the highest in the world.

We do not know how many unemployed there are in Croatia.

3. Slovenia has an advanced tourism based on private hostelry.

Croatia is constantly fighting against tourism in the private sector.

4. Slovenia has turned over all the resorts in the mountains and on the coast to private individuals, who pay a fixed fee; the opstina assemblies receive these revenues, all the resorts and tourist facilities are operating without a loss.

In Croatia the small facilities are mostly in the public sector and a goodly portion of them are operating at a loss.

5. Slovenia has built hydroplants on the Drava and other rivers and provided itself electric power.

Croatia has built oil-fired steam plants and is now in debt denominated in foreign exchange and is illiquid with respect to foreign exchange. Instead of hydroplants it has built large hotels on the coast for a 2-month tourist season, and it is now building highways and hospitals instead of hydroplants.

6. Slovenia has built small plants in rural areas and thus resolved the problem of creating new jobs and maintained intensiveness in industry, without housing construction in the cities, and it has guaranteed utilization of land resources.

Croatia has been forcing people to leave rural areas and go to the city, which is why it has extensive production in industry, high costs of housing and infrastructure in the cities; the land has been left untilled, and it is importing instead of exporting food.

Croatia is proposing to reduce the landholding of those employed in industry, but living in rural areas, to 1 hectare, since there is a danger of their becoming rich, yet it has large areas of uncultivated land.

In the advanced capitalist countries the men work in industry, and the women in agriculture, and after working hours the men work in agriculture as well. Those who are industrious and work in agriculture as a rule are also good workers in industry.

7. As far as I know, Slovenia has no "political" factories.

Croatia has Obrovac, the oil pipeline, the Nasice Cement Plant, the Virovitica Sugar Mill, and many others.

8. In Slovenia industry is integrated by branches.

All of Croatia's mergers which were carried out at one time on a political basis are atomized from the organizational standpoint, disintegrated from the standpoint of human relations, and they do more harm than good.

9. Slovenia leaves the economy 37 percent of the foreign exchange realized from export transactions to import production supplies, while Croatia leaves the economy 23.2 percent.

10. Slovenia gives motivation to the work of the private sector and incentives for its productivity. Croatia does not.

In spite of all the proclamations and provisions of the constitution and laws, the crafts and trades are marking time, since the decisions about them are made by tax authorities, rather than by those who ought to be responsible for their development.

11. In Slovenia the economy is coordinated by the economic chamber.

In Croatia the principal power in associated labor is wielded by the trade union.

12. Slovene banks are liquid with respect to both foreign exchange and dinars.

Croatian banks are illiquid with respect to both foreign exchange and dinars.

13. Slovenia has advanced tourism on the Adriatic, and it also has many facilities on the Croatian part of the Adriatic coast, for example, at Novalja and other places.

Croatia is not in a position to organize this, because work organizations from Slovenia have undertaken to do it.

14. Slovenia is financing cooperation in the production of meat in Croatia.

Croatia to a lesser extent, since it does not have enough capital for that.

15. Slovenia is buying livestock in Croatia at so-called peasant fairs and is supplying itself with meat in large quantities.

Croatian packing houses do not go to peasant fairs, since there is a prohibition against their doing so, but do business at the fairs in the public sector where there is no livestock.

16. It is well known that Slovenia has commercial outlets and department stores all over Yugoslavia.

17. By contrast with the banks of Zagreb, Ljubljanska Banka [Bank of Ljubljana] is doing a very good business in Zagreb.

18. Slovenia has a 2-year term of office with the possibility of extension for another 2 years, which makes 4 years.

Croatia has a 1-year term of office.

Croatia is no exception here; if this kind of analysis were made for the other socialist republics and autonomous provinces, we would get approximately the same results, or perhaps even worse. SR Slovenia is the exception here; it is an exception that is truly encouraging. This is a phenomenon which should be studied. Their situation is encouraging and furnishes evidence that we are on the right road. We might enumerate many other such differences that can serve as a good example of how things should be done and how they should not be done. It would be useful for the "Kraigher Commission" to make a detailed study of this problem and to attempt to pass on Slovenian organization and behavior to the other socialist republics and autonomous provinces. It would also be useful for the socialist republics and autonomous provinces to study the Slovenian phenomenon themselves, since it is instructive enough so that with its results one need not study other systems in order to solve our present economic and social problems.

There are many good examples which ought to be put to the common benefit. As to how associated labor is organized, for example, there are very good solutions with respect to organization, productivity and innovations which no one is taking advantage of. We are continually starting over, and we do not know why or for whose benefit. That is a very expensive way to go about it.

We must rely primarily on our own natural, economic and human potential.

Every problem which is not correctly resolved opens up another one. We opted for a market economy, but without grasping its true function; we undertook to liberalize imports to the detriment of the national economy, a liberalization such as is unknown today even in the advanced capitalist countries. We have developed a love for what others have to the detriment of what we have ourselves. Between 1961 and 1971 we directly simulated the imports of foreign goods, so that imported goods were accorded free formation of prices and profit margins, while domestic goods of the same kind did not have that liberty. At the same time exports were discouraged, since there was no compensation for the public charges, since the import duties collected went into the budget, not to encourage exports [original reads "imports"--translator's note]. Because the republics and provinces have been unable to agree on financing the federal budget, that situation persists even today.

Exports have been dropping, and imports growing. We have gone so far that we have exported Yugoslavs in order to import capitalist goods. We have likewise exported peasants, and left the land uncultivated. In 1971, when we fell into economic difficulties, we froze prices and profit margins on imported and domestic goods. Since the imported goods had freely set prices and margins, the freeze found them at a higher level than domestic prices, so that imports continued to enjoy incentives rather than domestic goods on the Yugoslav market.

The imports of the Federal Secretariat for the Market and Prices for purposes of intervention have had a particular role. We do not have a paid secretariat that would coordinate industry in organizing production to supply the market, but a secretariat for importing for purposes of intervention with foreign exchange which the economy earns by its exports. Often the funds were there to import finished goods for purposes of intervention, yet the resources were not there to import production supplies. The imports were a threat to those employed in associated labor. They were supposedly showing us through imports how to do business and how to achieve labor productivity. The law and the foreign exchange system were adapted to imports to the detriment of domestic production, since there were strong forces close to the federal administration (Bata Todorovic, Djuraskovic and others) who were responsible for that matter. There were situations in which tomatoes were imported for purposes of intervention and we had a peak crop of tomatoes, or in the case of wine, meat or other products, when we had a peak crop of our own. Imports for purposes of intervention stifled technology and innovations. For that reason we abandoned our own and were forced to buy imported licenses and patents, which are now costing us 30 billion new dinars of foreign exchange every year. In the developing countries (Turkey, Ethiopia and others) the government guarantees protection against imports and construction of duplicate capacities for at least 10 years when investment is made in a project costing over \$600,000. The working class of Yugoslavia is denying itself its personal income to build things, but it was unable to obtain that kind of protection.

This kind of policy of a general orientation toward imports has led us into great difficulties. Imports have been encouraged for years, while exports were discouraged. It is well known that the exporters are the beggars leaning on a stick, while the importers enjoy abundance. All of this is done under the slogan of inclusion in the international division of labor; all of this has been done under very unfavorable conditions for the Yugoslav economy and the working class.

While we have been incurring debts abroad and high trade deficits, providing competition to domestic production, one of the reasons being the fear of monopolization and enrichment, we have at the same time not allowed cultivation of the land, use of pastures and forests, and creation of jobs in the crafts and trades and the small business sector.

It is evident from everything we have said that we have been neglecting domestic natural, productive and human potential on behalf of imports.

The imperative of the present time is to achieve competitiveness of the economy on the external market.

Prohibit the import of everything that can be produced in the country. Obtain production supplies for exports in order to increase utilization of capacity to 80 percent by working in two shifts. Reduce the office force in the economy to 30 percent and orient people toward agriculture, the small business sector and the liberal professions. Stimulate innovations and new technologies. Stimulate labor productivity through appropriate division of personal incomes. Integrate the economy from the organizational standpoint and make

the Federal Executive Council and the executive councils [of the republics and provinces] accountable for economic development and for the results of that development. Create a social climate for work in all the public news media and offer maximum aid to those employed in the economy so that they can overcome the difficulties in which they find themselves as easily as possible. Prohibit politicians from meddling in the organization of the economy; urgently correct all the mistakes made in the economy by the law on associated labor, and in particular get rid of conflict relations which are detrimental to production and productivity. Forbid all investment projects--"political" factories and duplicate capacities, build only the heavy chemical and machine industries, with the help of foreign capital if necessary, so as to free ourselves of direct dependence on the advanced countries and to guarantee ourselves production potential for larger exports and for development of the underdeveloped regions [original reads "countries"--translator's note]. Build hydroplants instead of limited-access highways, buildings for noneconomic purposes and athletic facilities. Reduce in this way the enormous outlays of foreign exchange to purchase petroleum and thus ensure adequate quantities of electric power for continuous production and for the needs of the population. Solve the problem of agriculture, obtain food for export, since according to scientific expert evaluations our economy can feed 60 million inhabitants. This means meeting our own needs in feeding the population and exporting twice as much again. It means repaying debts and instead of a deficit having a surplus in the balance of international payments. This is the key to all the problems and to their solution. To that end provide economic incentives to the public sector to cultivate its own land which is out of cultivation and not to concern itself solely with the production of wheat, but also the production of meat, processed meat products, milk and dairy products. The present situation is untenable, since the socialized sector is larger, the country is poorer and is oriented more and more toward importing food. The present price policy which protects the city population at the expense of agricultural development and agricultural producers is untenable. Let us put an end to the policy of prices which include subsidies and compensation, since they benefit those with a monthly income of 700,000 old dinars, but they also benefit those with an average monthly income of 8 million old dinars, but they are detrimental to the working class, which is setting money aside from its income to the detriment of its social and personal standard of living. Let us rid ourselves of the fear of the prosperous peasant. Let us increase the maximum landholding taking Slovenia as an example. Let us accept the peasant as an equal citizen of this country, let us stimulate him to cultivate his small piece of arable land and furnish enough food for our needs and for export. The peasant is a sound producer, since he knows how to live by his labor and has no resources from which to cover his idleness such as financial rescue plans, coverage of losses, sick leave, family leave, annual vacations and so on. In the peasant stables which now stand empty without investment of capital, but by granting credits to purchase cows and sows, we could be producing large quantities of meat and could achieve a large expansion of production in a short period of time, especially if we decide to prohibit for a time the slaughtering of young calves and suckling pigs. Increase the production per hectare in the socialized sector by 100 percent, as is already being achieved by other advanced countries. Use plowland for several crops a year as is being done by other countries (after wheat, corn, carrots, buckwheat or sugar beets). Following wheat the socialized sector burns the straw and waits for the fall

planting of wheat or spring corn. Allow pastures and forests to be used to increase the livestock population. We have prohibited use of the forests as range for livestock and hogs in order to protect them, and we have also prohibited goats in order to protect the brush and bushes. We have cut down the forests and exported the timber, the thickets have remained what they were, and we ourselves have been left without meat even to meet our own needs. We have turned Slavonia's oak trees and forests into a corn crib, and then we planted Canadian poplars which did not take. We have lost time and weakened our timber resources and have been left without a livestock population and meat. We have to push cultivation of the land along the coast of the Adriatic. Everything here has been neglected (olives, vineyards and other food production) on behalf of a 3-month tourist season, and that usually with losses. Organize the production and purchasing of food and guarantee equal economic prices for the socialized and private sectors. Turn the lakes and swampy land into fish ponds to produce freshwater fish for which there is a demand on the world market. Make better use of the sea and its resources to catch fish to meet the needs of the country and for export (we are now importing fish). Work out conditions for conduct of economic activity in rural areas and put them on a level with the conditions which employees have in the socialized sector, along with full health and old-age insurance, credits and the like. Develop the small business sector. We have not been precise on the question of small business. Small business encompasses both the public and the private sectors: service activities rendered by self-employed persons, industrial cooperation, production of articles for the market, production of articles for export, production of articles to reduce imports, hostelry and tourism.

If we make use of our natural, production and human potential, we will very soon overcome the present economic and social crisis.

We have abandoned the plan, our new economic system is not functioning, we have broken down the market economy by socializing losses and by nationalizing profits, and the system of social compacts and accords is not functioning.

The time is short for us to decide on one of the economic systems. Is it to be:

- a) the pooling of labor and capital through the market and its mechanisms, or
- b) the pooling of labor and capital through a plan and its instruments, or
- c) the pooling of labor and capital through a market guided by a plan or
- d) the pooling of labor and capital without a market or a plan, with the slogans which we now have?

Administrative and restrictive measures of the government administration, which are now holding the economic system together in some fashion, cannot do so long.

We have to complete construction of the system and adopt standards of behavior and rules of the game in society.

The position of the working class and new measures are spoken about with confidence that this will resolve the present problem. I think that these are illusions and that this is only evidence of how little we are informed about the actual condition of the economy and the power of the working class. Should we continue to build new illusions on those slogans, then we will not find solutions for getting out of the present economic and social problems. We must first establish who is our working class.

The League of Communists of Yugoslavia can be a vanguard only if it has rules of behavior which it applies also to itself and thereby strengthens its own position, and if that rule becomes the rule of behavior of all in society. So, a personal example, along with providing good information on the principles of truthfulness, correctness, openness to the public and good information. A clear choice must be made as to whether this is an organization based on cadres or on the rank and file.

The new life seeks new ideas, but we have some who are unable to grasp the new, much less to offer the new.

We do not look at things dialectically enough, many people do not realize that nothing is eternal in the development of society, that everything is subject to change. Errors and mistakes have a legitimate right to exist, and they are used to arrive at the real truth. There has been wandering, and it can be confidently said that ignorance and disorganization have been prevalent in society, powerfully aided by demagogic improvisations through inappropriate slogans and behavior. It can be confidently said that we have relaxed, that we have not been providing answers to the open questions, that we have not been supplementing our responses, and life and practice have been rejecting them. Now others are learning from our shortcomings to build their own power. This struggle demands a constant dialogue, community spirit, integration of all the progressive forces of society, without taboo topics and without demagogic improvisations with which we helplessly defend ourselves every day.

Let us recall that up to now we have been "solving" all problems with the slogan: "You have not organized yourself into OOUR's [basic organization of associated labor]" or "You are not behaving according to the Law on Associated Labor." We defend ourselves by saying we have not developed self-management or the relations of self-management, that relations based on shared income have not been developed, that we are not "pooling labor and capital" and so on. Life has demonstrated that there is no benefit whatsoever from these and similar slogans, but, on the contrary, we have only errors, harm and a loss of time, since we are not undertaking other specific solutions and measures which could really result in correction of our present economic and social difficulties. Nothing could be more dangerous to the development of socialist self-management in Yugoslavia than the situation in which the economy of the country and the organization of society now find themselves.

It is too bad that a large portion of supervisory personnel in the country, from the OOUR, the local community and the self-managing communities of interest to the Federation, have not understood the situation in which we find ourselves, and it is still more grievous that there are even those who have not

grasped our political, social and economic system, yet they hold high positions in society. This phenomenon is evident every day in the public news media.

Finally, we must realize that the new social system cannot be built on the old conception, privileges, modes of behavior and relations. Accordingly, so long as the so-called elite society, from the OOUR, the local community and the self-managing community of interest up to the Federation cannot change itself, neither can the relations in society be changed, nor can a new society be built on the relations of socialist self-management.

For too long now it is as though we have been completely shackled and incompetent, we have stood by helplessly as events have taken a turn toward a dangerous convulsion. As though we are lost, we look upon that development as it leads toward a dangerous turning point. We swear an oath to restriction in a period of declining production, we dash into things unthinkingly, without making calculations and without a system (Perisin).

A lull has set in, and it seems to be saying that ignorance and powerlessness have taken over in society.

The political structure has been mentioned a great deal here. I think--I would conclude on this note--that the political structure should sit down at a round table with the economic structure and clear up these problems. We have disintegrated into politics, science, the economy and practice, yet we call for community. We call for community, but we are afraid to take cognizance of the real truth about the situation in which the economy and society find themselves. Unless we are cognizant of the real situation, we cannot ascertain the causes, and without the causes the solutions cannot be adopted. Without a plan to solve these problems there are no goals, nor indeed actions either on which it might be possible to mobilize all the human forces of this society in the direction of restoring health to the economy and to society.

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