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ECONOMIC AND INDUSTRIAL AFFAIRS

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10 April 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

CONTENTS

CZECHOSLOVAKIA

Briefs

New Oil, Gas Deposits 1

GERMAN DEMOCRATIC REPUBLIC

'Reforms' Attempt Adjustment of Economic System to Changing Reality
(Karl C. Thalheim; FS-ANALYSEN, No 5, 1983) 2

Air Pollution: Problem Acknowledged, Remedies Discussed
(B. Thriene; VOLKSSTIMME, 7 Mar 84) 22

Inner-German Trade: Volume Up, But Structure Unsatisfactory
(HANDELSBLATT, 1 Mar 84) 26

Developments in Merchant Fleet Transport Reviewed
(Guenther Linke; DDR-VERKEHR, No 2, Feb 84) 28

POLAND

National Bank Issues Revised Lending Policy Guidelines
(TRYBUNA LUDU, 6 Mar 84) 39

Opalko Recaps Track Record of PZPR Reform Commission
(TRYBUNA LUDU, 5 Mar 84) 41

Agenda for 1984 of Provincial NOT Chapter Cited
(Zygmunt Lempe; RZECZPOSPOLITA, 29 Feb 84) 43

Environmental Problems, Solutions Outlined
(RZECZPOSPOLITA, 25 Jan 84; ZYCIE WARSZAWY, 31 Jan 84) .. 45

Environmental Planning Needed, Antoni Kuklinski Interview
Disasters Hit Forests

Experts Voice Concerns Over Circumvention of Reform Legislation (RZECZPOSPOLITA, 29 Feb 84)	49
--	----

YUGOSLAVIA

Genetic Engineering, Biotechnology in Serbia (Viseslava Subotic; PRIVREDNI PREGLED, 29 Feb 84)	51
---	----

Spring Planting Plan Not Expected To Be Fulfilled (BORBA, 14 Mar 84)	54
---	----

Briefs

Good Winter for Crops	55
Sugar Beet Planting	55
Planting Late	55

CZECHOSLOVAKIA

BRIEFS

NEW OIL, GAS DEPOSITS--Hodonin, 9 March--Workers of the enterprise Moravian Crude Oil Mines in Hodonin have discovered deposits of natural hydrocarbons in several localities, particularly at the oil well Uhrice 17 in the Hodonin area, the continuous flow of which yields 60 cubic meters daily. This deposit constitutes thus far the deepest ascertained industrial-quantity occurrence of crude oil in the CSSR. Hopeful also are the deposits of natural gas discovered in the western part of Zdanicka structure 9. At the beginning of this year, a geological survey discovered with the drill hole Uhrice 8 natural gas deposits. The satiated horizon is more than 80 meters deep and produces up to 400,000 cubic meters of natural gas daily. Industrially significant deposits of natural gas have also been ascertained in the course of a survey in the Novy Prerov area near Breclav. A successful survey continues in the Korycany area and east of Zdanice. The workers of the Hodonin enterprise made here 9 drill holes with positive results. [Text] [Prague RUDE PRAVO in Czech 10 Mar 84 p 2 AU]

CSO: 2400/286

'REFORMS' ATTEMPT ADJUSTMENT OF ECONOMIC SYSTEM TO CHANGING REALITY

West Berlin FS-ANALYSEN in German No 5, 1983 pp 23-54

/Article by Karl C. Thalheim: "Current Problems With Systems and Policy in the GDR Economy"

/Text/ Current Regulative Problems of the GDR Economy (expanded version of the lecture at the Ninth Symposium of the Research Agency)

1. Permanent Reforms--System-Related

In his earlier lecture, Professor Gutmann stated that the deficits in the theory of economic policy in Soviet type centrally administered economies are recognizable by an unending stream of minor or major economic reforms. This applies to the GDR also. As far back as the mid-1950's, two political economists in the GDR, Fritz Behrens and Arne Benary, elaborated plans for loosening the rigid planning and management system taken over from the Soviet Union. At the time the SED punished them severely for this "heresy"; at present such ideas are perfectly respectable in East Berlin, too. Similar reform notions enjoyed much greater scope in Poland at that time although--as in the GDR--they failed to be realized.

In the fall of 1952 PRAVDA published an article headed "Plan--Profit--Premium" by Soviet political economist Yevsey Liberman. This quickly gained notoriety. Liberman's reform proposals went quite far in the orthodox setting but, in contrast to some mistaken assumptions in the West, were by no means intended to initiate a "liberalization" of the system. Still, Liberman and other Soviet political economists had learned to appreciate the necessity for thorough-going reforms and therefore conceptually prepared the rise of the "new economic system of planning and management" (NOeS) in the GDR. After 1967 this culminated in the partial incorporation of market economic elements in the "economic system of socialism" (OeSS).

In the Soviet Union, too, an attempt was made in the mid-1960's to achieve improvements of the system by means similar to the NOeS in the GDR. This, however, got bogged down in the morass of the political and economic bureaucracy. In the GDR, too, the leaders once more returned to more centralized methods of planning and management, especially since the change-over from Ulbricht to Honecker, although not all the changes carried out in the sign of NOeS and OeSS were rescinded. Hungary alone maintained a relatively far reaching reform course since the beginning of the

so-called "new economic mechanism" in 1968. However, even there decentralization has had its ups and downs, went through more or less incorporation of market economic elements. I will refrain here from dealing with developments in Yugoslavia, because that country and its system of workers' self-management and--to some extent--a "socialist market economy" does not form part of the Soviet Bloc.

I began my lecture with these reminiscences to remind you of the following: First of all--the regulative problems now confronting the GDR economic leaders are not new; they actually arose almost 30 years ago. Secondly, these are not just GDR problems; they affect all those countries which largely adopted the Soviet Union's economic system as a consequence of the latter's political influence. These two statements entitle us to conclude that more than topical causes are involved in the hardships, deficiencies and weaknesses in efficiency that are at the root of the current regulative problems of these countries, and that they are due not only to recent developments such as microelectronics, but inherent in the very nature of the economic system of "real socialism."

2. Basic Elements of the Economic System of "Real Socialism"

I consider the following to be basic elements of this "real socialist" economic system:

- 1) The central planning and management of economic events combined with the comprehensive control of the activity of all economic operators. The original tendency of the Stalinist system involved the totality of planning and management. It became obvious quite soon, though, that in real life the demand for totality must necessarily be modified. However, this did not initially produce any change in the essential nature of this system.
- 2) Monopolization of all basic economic decisions at the leadership bodies of the ruling communist party in the GDR, in other words the SED.
- 3) State and collective ownership of the means of production and, therefore, of factories and enterprises, too.
- 4) A multitude of methods involving so-called "stimulation," with the aim--despite central planning and management--to interpolate individual initiative so as to raise the efficiency of the economy.
- 5) Close economic cooperation with the Soviet Union and the other Soviet Bloc countries within the framework of the Council for Economic Mutual Aid (CEMA), with the objective of "socialist economic integration."

In view of the time allocated my lecture, I will confine myself largely to the first two of these five basic elements, because the regulative relevance of the many measures adopted in recent years for changing management and planning is certainly greatest in this respect.

In all countries of real socialism the economic system underwent changes in the past 25 years--changes of various kinds and various intensity. All we need to is to compare the still rather rigid Soviet Union with the far more flexible Hungary.

In the GDR, too, reforms of or within the economic system have not only been the topic of discussion in the past quarter century but also of various experiments--even though the term "reform" is not readily used in the GDR in this context; they prefer to speak of "methods of perfection."

My report is concerned with the regulative aspects of the present situation, characterized primarily by two elements:

- 1) As expressed in the overall topic of our symposium, the GDR economy is currently very much beset by "uncertainties and hazards." These are due not least to foreign trade relations, the development of import prices and the situation of the balance of payments.
- 2) The transition from extensive to intensive types of growth has turned into a compelling need, because GDR political leaders continue to pursue economic growth as the most important economic goal.

True, even in the GDR voices are occasionally heard to be not quite so enthusiastic about economic growth as was the custom in the past. Still, such voices are quite rare and their criticism of growth optimism rather moderate. The notions of GDR philosopher Wolfgang Harich, expounded in his book "Kommunismus ohne Wachstum" [Communism without Growth],¹ published in 1975 in West Germany only, are even more radical than those of the Club of Rome. However, he is almost alone in the GDR and a world apart from official ideology.

Harry Nick--a well known GDR political economist--phrased the approval of growth as follows: "Communism without economic growth would not be another kind of communism, it would be no kind of communism."² On 29 September 1983, Guenter Mittag said something quite similar at the GDR Economics Research Conference, speaking of the "objective necessity of the economy's continuous growth in all its sectors by means of intensification."³ In his concluding address to the Fifth SED CC Plenum on 26 November 1982, Erich Honecker described steady economic growth as "indispensable for the further strengthening of the internal and external positions of socialism."⁴

Consequently it is a serious problem for the SED leaders that economic growth in the GDR as well as in the Soviet Union and the other CEMA countries has indubitably slowed down quite considerably.

At the time of our Seventh Symposium in November 1981, my lecture on "economic growth in the theory and ideology of the GDR system"⁵ dealt in great detail with GDR notions of economic growth, so that I will confine myself to these brief remarks today.

3. The Transition from Extensive to Intensive Economic Growth

As Mittag's above mentioned statement demonstrates, the SED leaders are quite aware that the nature of growth has changed and will need to continue to change, that future growth may no longer be extensive but must be intensive. At the Tenth SED Congress in April 1981, Honecker proclaimed this tenth principle of the SED's economic strategy for the years to come:

"Our economic strategy for the 1980's is definitely based on intensively expanded reproduction... Socialist intensification is increasingly turning into a determinant of our planned economy."⁶

As far back as 1959, Erik Boettcher forecast the change in growth to be expected in the Soviet Union. His book, "Die Sowjetische Wirtschaftspolitik am Scheidewege" [Soviet Economic Policy at the Cross Roads] proposed the designations "extensive" and "intensive" growth for the various kinds of growth processes. In the first case, extensive growth--characteristic for Stalin's economic policy--growth is achieved by employing more production factors; in the second case, intensive growth, by the greater efficiency of the production factors employed: Labor, capital, land--the latter presumably as the basis of agrarian production and the production of mineral raw materials.

While unused reserves of these production factors--or of some of them--are still available, an economic policy oriented to extensive growth may be perfectly reasonable. However, very few conditions indeed are conducive to extensive growth in the GDR, and they are modest at best if they exist at all. Growth as a central economic goal, therefore, must be largely achieved by intensification, that is by the greater efficiency of the means of production employed. This means primarily the improvement of labor productivity in all sectors employing human labor; increases in capital productivity; reductions in materials and energy use; growing hectare yields in farming. Especially important is the encouragement of speedier innovations and improved product quality. All these methods for raising efficiency are closely linked to one another.

Such an intensification represents a regulative problem of the utmost import. On the other hand, Marxist doctrine originally asserted that an economy ruled by central planning and with socialist ownership of the means of production automatically guaranteed greater efficiency by comparison with a market economy and individual ownership of the means of production. As we know, Lenin emphasized labor productivity: He considered the "new much greater labor productivity" to be created by socialism to provide the guarantee for capitalism's ultimate defeat by socialism."⁸

However, the countries of "real socialism" just like all other socialist countries--including Yugoslavia and China--are confronted with the fact that this greater labor productivity has failed to be achieved, nor have they managed to generally raise the efficiency of the economy--provided of course that countries with comparable conditions are contrasted, let us say Czechoslovakia and Austria, the GDR and the FRG. We need to keep firmly in mind the fact that economic standards in the two German states was roughly equal before World War II. Even the GDR admits that this is no longer the case. At the Fifth CC Plenum in November 1982, Honecker cited the GDR's arrears in labor productivity as being 30 percent by comparison with FRG standards. We must assume that he was talking about labor productivity in industry; in other sectors, especially farming but probably also in transportation, the gap is even wider.

We know that the SED leaders endeavor as best they can to make up these arrears. Ideological viewpoints are still important, though hardly anybody has lately mentioned the phrase "catching up and overtaking." Still, the superiority of the socialist planned economy is constantly asserted. Unemployment in the so-called

'capitalist' countries offers the countries ruled by communism an opportunity for propaganda purposes strongly to emphasize the lack of unemployment as the benefit of socialist planned economies. Unsaid remains the fact that this absence of unemployment is largely due to lower labor productivity, because a lot more workers are needed to produce the same output. For the working people themselves this means a significantly lower level of earnings and social benefits.

4. Motive Forces of Improved Efficiency in Market Economies and Centrally Managed Economies

In first place among the forces that caused the FRG--basically ruled by a market economic system--to achieve an efficiency jump ahead of the GDR is competition, in particular price and quality competition, but also competition for the earliest possible realization of innovations that often decide the survival of corporations; this applies especially to periods of fast structural change and cyclical downswings or stagnation. Involved here of course is not just domestic competition but also competition on export markets.

Wage pressure is in second place; this is exerted by the standard wage policy of autonomous and strong labor unions. High wages urge rationalization and mechanization--a process admittedly typical for all industrial societies but one that has currently speeded up to a somewhat dangerous extent. The equalization of high wages by the mechanization and automation of human labor, up to and including large-scale robotization, is inevitable in economies that need to sell significant percentages of their output on export markets, where their export offer is not protected but exposed to multilateral price and quality competition.

The third factor, closely linked with the others, is the ambition to achieve profits and success. It is a matter of course that corporations in a market situation are permanently viable only if they remain profitable. This applies most immediately to those firms owned and run entirely by one person. Even now these account for the majority of companies in the Federal Republic (though, of course, the numerically far fewer major corporations hold a far above average percentage share of employees and the entire business performance). Still, simply to safeguard their jobs, even paid managers of companies where capital ownership and management function do not coincide (so that in strictly legal terms they are merely employees), must make every effort to keep the company profitable and going, in particular so as to be able to finance investments for the realization of innovations.

Assuming properly operating competition, independent entrepreneurs and employed managers in a market system are therefore constantly exposed to the pressure of market forces compelling cost reductions and innovations. Of course, unless we want to describe the ideal rather than a genuine economic system, we must take into account the fact that attempts are repeatedly made to deflect or at least ease the pressure by methods not conforming to the system, such as monopoly formation or subsidies from public budgets.

The situation and the functions of the managers and their motivation for raising efficiency are very different in the economic system of real socialism. Among the three factors cited, competition is almost nonexistent--it is lacking entirely in

the form of price competition, because enterprise sales prices continue to be largely set by central administrative fiat. Quality competition is possible only insofar as customers have a legal right to and actual choice of suppliers; that, though, is available only to a very modest extent. The so-called "socialist competition," while constantly touted in propaganda, has nothing whatever to do with market competition and matters very little in terms of economic practice. It follows that competition is almost totally absent as a motive force for improving the efficiency of the GDR's economic system.

Up to now the same applied (without any ifs and buts) to the second motive force: Wage pressure. In the GDR wages are not agreed in the form of standard contracts, they are unilaterally determined by state agencies. Consequently managements in the GDR are not propelled toward mechanization and other methods for raising productivity and manpower savings by labor union pressure for higher wages--in particular because there is no right to strike. Government wage policy still applies the principle that the increase in labor productivity is not to be fully reflected in wage increases.

The result is a continuing low level of nominal as well as real wages. In 1982 the average earnings of full-time blue and white collar workers in the GDR's socialist economy (excluding "nonproducing sectors"⁹) amounted to M1,066 monthly. The equivalent amount in the FRG (the monthly average gross total wages and salaries paid all employed persons) was DM2,719.¹⁰

If we assume (a probably quite realistic assumption) that the purchasing power of the mark and D-mark respectively for the average household stood at approximately 1 : 1,¹¹ the average real employee earnings in the GDR amounted to only about 40 percent of the comparable average earnings in the FRG. GDR enterprises, therefore, were not exposed to even remotely the same wage pressure as companies in the FRG, even taking into account the much lower labor productivity in the GDR.

In this respect a significant change occurred some months ago as a consequence of the decree on the contribution to social funds of 14 April 1983. I will later deal in greater detail with its considerable regulative importance. The pressure of high wage costs--though not high wages--may thereby turn in the GDR, too, into a significant motivational factor for manpower savings.

In contrast to the first two factors listed, the third factor--the ambition to achieve profits and success--is very important in the GDR's economic system also. The principle of "economic accounting" always included the requirement for the state owned enterprises to operate profitably. As we know, 20 years ago the role of enterprise profits and their stimulating function was emphasized in the so-called Liberman discussion and with regard to the "new economic planning and management system" in the GDR. In his speech announcing the NOeS at the SED CC and GDR Council of Ministers economic conference of 24 June 1963, Walter Ulbricht stated that the first problem was "to forge into a completely effective mechanism the largely available economic levers of economic accounting, such as costs, prices, turnover and profit, and the personal forms of material interestedness, such as wages and premium... The material here submitted proposes in the closed-circuit system of economic levers to assign center stage to profits." The directive on the

new economic system" also assigned profit "a decisive role in the behavior of VVB's /associations of state enterprises/ and enterprises."

Following the end of the NOeS and the "economic system of socialism," the significance of enterprise profits as a yardstick of enterprise performance was temporarily relegated to second rank. Looking at the present situation, however, we may assume that profitable output is an obligation for general directors of combines and directors of combine enterprises, and that their performance largely decides whether they can maintain themselves in their prominent positions.

When we reread the above mentioned directive for the NOeS and the two major Ulbricht speeches of 1963 announcing the change, and when we compare them with Honecker's and Mittag's addresses in the past few years, we are bound to note that the problems have remained identical. Then, also, Ulbricht called for the speedy improvement of labor productivity, a faster rate of scientific-technological advance, the further perfection of social production by standardization, specialization and concentration of production, the better utilization of the available equipment, the creation of the prerequisites for the most effective use of the new plant, cost reductions and the improvement of product quality, the enforcement of the strictest conservation measures in all fields of social life--all this is quoted literally from the two Ulbricht speeches of January and June 1963 respectively.

For these demands to be renewed 20 years later, using the same or almost the same phraseology, shows that the problems have not been solved in the meantime. In fact they could not possibly have been solved, because the NOeS, too, must be assigned to the classification of those mixed systems that Egon Tuchtfeldt described as "functionally weak mixed systems."¹²

In the past few years, a multitude of decrees, orders and--to a lesser extent--laws were promulgated in the GDR, by which the economic leaders hoped to find solutions to the unsolved problems. In this context the question crucial for my topic is this: What is the regulative nature of these many changes in the system of management, planning and control in the GDR? Are these tools of a centralizing command structured economy, or is an attempt being made by changes in the framework conditions to effect the desired attitude of enterprises or enterprise managements? Returning to the jargon of the former NOeS, the measures adopted for the second classification may be described as "economic levers." Polish economists have frequently used the term "parametric control" methods. What is the actual situation in the GDR?

5. The "Contribution to Social Funds"

In my view the most important measure enacted since our last symposium for changing the framework and, therefore, parametric control, is the "contribution to social funds," briefly mentioned earlier and introduced with effect from 1 January 1984 by decree of the Council of Ministers and the chairman of the State Planning Commission of 14 April 1983.¹³ Due evidently to deliberate secrecy, GDR publications have barely mentioned this measure despite its significant effect on the enterprises; nor has much attention been devoted to it in the FRG. It is also typical for the ways of the GDR Government that a measure of such great import was not

given legislative form and enacted by the People's Chamber but instead published as a decree--and, moreover, a very brief one.

In Western linguistic usage this "contribution" amounts to a payroll tax on centrally managed industry (from 1 January 1984) and the construction industry (from 1985), in the exorbitant amount of 70 percent of the "wage fund actually spent" on blue and white collar workers, in other words the wages and salaries paid by the combines and enterprises; it must be paid to the state budget at fixed dates throughout the year. Until that time no tax whatever had been charged against the wage fund.

The significance of this "regulation, unprecedented in this form in the GDR's economic history,"¹⁴ is reflected in the following three provisions:

1) Made accessible to the state budget is a very extensive new source of revenues, estimated at around M30 billion in 1983. Of course this will not mean additional revenues in exactly that amount, because the profit taxes paid by many enterprises are bound to decline due to the rise in wage costs.

2) Much more important from the aspect of the system proper is the role of the "fund contribution" as the motive force for manpower savings, alleged to be the prime approach to the intensification of the growth process. Until now low wages and salaries offered few incentives to enterprises to prudently handle manpower. We have long known about the "hoarding" of workers so as to arm the enterprises against the demand for special pushes in the matter of plan fulfillment. This specific inefficiency of the system seems to have persisted even according to the very latest reports. Once, however, wage costs rise abruptly by 70 percent, combine and enterprise managements will necessarily suffer great pressure. However, an implementing regulation dated the same day as the decree¹⁵ promises help to enterprises that get into financial trouble as a result of the additional burden. This regulation states:

"If, due to the introduction of the contribution to social funds, enterprises fail temporarily to have available the planned net profits to finance enterprise funds, financing is to be carried out by way of the state sales surcharge."

It is important to note that this aid is to be granted only temporarily. At the present time it remains to be seen in how far it will be possible actually to achieve equalization by industrial prices or by a reduction in the profit tax. The decree unambiguously provides that "this decree may not affect the prices of products and services to the public, nor may any changes be made on its basis."

Even if we assume that only part of the contribution to social funds will be reflected in total enterprise costs, the enterprises will still have to achieve a new balance for the cost/earnings ratio within a relatively short delay and following a distinct jump in wage costs.

3) From the aspect of the system, I consider the following the most important item: Wage cost increases, in Western market economies long one of the outstanding causes of rationalization and manpower savings, amount to increases in the individual earnings of employees and as a rule, therefore, to a growing demand for consumer goods. However, in its actual situation, GDR economic policy is compelled to confine such

an effect of wage cost increases in the narrowest possible limits consonant with the very few opportunities for raising the offer of consumer goods. The new available volume of consumer goods is fully taken up at the current incomes (disregarding unsaleable white elephants). Domestic output can increase this volume only slightly and slowly, imports not at all in view of the current balance of payment difficulties. A sudden jump in individual earnings by just 10 percent--let alone 70 percent --, and the ensuing additional public demand would be bound to result in open or hidden inflation.

If, therefore, the GDR economic leaders wished to raise wage costs to the enterprises as a vital means to compel insification, they had to think of a way to exclude these effects on the demand for consumer goods. They succeeded remarkably well by the introduction of the payroll tax. Of course the real reasons are not revealed to the public; they remain hidden because the new fiscal source of revenues is described as a "contribution to social funds"; these, in turn, are preferably described as the "second wage packet." This is quite true for part--but no more than part--of the "social funds," insofar as they finance the subsidies for low prices of essential foods, rents, commuter fares. It is definitely not true insofar as the "social funds" also serve to finance the total spending on education, health care and some other spending classifications--spending that comes from public budgets in nonsocialist countries, too. Even if we include the subsidies to the social security system (roughly M14 billion in 1982) in the "second wage packet," that year's declared "services to the public from social funds"--M58.3 billion--, included just below M16 billion (roughly 27 percent), accounted for by more or less "normal" government spending. Even if total revenues from the payroll tax were to be used to meet the expenditure of the social funds, this would mean no more than a shift in various state budget items, especially because the various types of revenues are not earmarked for specific purposes.

4) If the effects of manpower savings, intended by the payroll tax, are fully achieved, the release of workers would become a greater problem for the GDR also. In quantitative terms the demand for manpower is certainly still great enough to offer sufficient alternative opportunities. But does the same hold true when we consider the qualitative aspects? I think we will have to assume that many of the alternative jobs will not meet the job seekers' wishes with regard to skills, locations and--possibly--earnings. Some such instances have already occurred in the recent past; evidently there have been cases of college graduates able only to find jobs well below their qualifications.

5) When, in conclusion, we consider the payroll tax from the aspect of conformity to the system, it represents a notable innovation: The designated objective--manpower savings--is to be achieved not by command but by a change in the framework conditions--in this case wage costs. In the meaning of the initially mentioned definition, therefore, we are seeing parametric measures instead of directive regulation. The latter would have arisen if, for example, the enterprises had been commanded to carry out a 2 percent annual manpower saving among their currently employed labor force for several years to come.

The introduction of the "contribution to social funds" has sometimes been compared with the introduction of the production fund tax in 1966/1967 within the scope of the "New Economic System." This tax was retained even after the end of the NOeS

as one of the three sources of revenue for the public budget. As you know, this tax is a kind of interest on capital--to be paid by the enterprises as a specific percentage of their basic assets (that is physical assets) and the material circulating assets. Even earlier regulations aimed at achieving the conservative handling of capital by extending the tax not only to resources actually used but also to investments not yet completed or taken into service later than planned. The new version of the decree on the production fund tax¹⁶ of April 1983 takes another step (albeit a small one) in this direction, by providing for the planning of an additional 6 percent tax "for the specific equipment or group of equipment, for the time utilization of which a state normative was fixed with the plan" if the normative had failed to be maintained in the average of the year.

Overall, therefore, the production fund tax is also a parametric measure designed to influence the attitude and decisions of enterprise managements by providing framework conditions. Still, by comparison with the new payroll tax, it displays two important differences:

- 1) The rates of the production fund tax are far lower, usually 6 percent compared with the 70 percent of the "fund contribution." Moreover, even after the introduction of the production fund tax, the application of funds continued to be mostly centrally controlled, in particular within the framework of investment planning.
- 2) The production fund tax is not part of costs; instead it represents "prior disposal of the profit to be paid as tax." The "fund contribution," on the other hand, is part of prime costs.

In view of these differences we may assume that the new fund contribution will have greater effects on the attitude of enterprise managements than did the production fund tax.

6. Aspects of Combine Formation

With regard to combine formation, assigned particular importance by the GDR leaders, it seems to me that the crucial factor is the motivation of the senior personnel of the factories and enterprises.

The general directors of combines have definitely been assigned more functions and wider decisionmaking powers than the general directors of VVB's and managers of enterprises directly subordinated to the ministries used to enjoy. In her contribution to the comprehensive volume "Das Wirtschaftssystem der DDR" [The GDR Economic System], edited this year by Gernot Gutmann, Dr Hannelore Hamel pointed out that "in terms of motivational doctrine this scope for independent action provides the challenge for activating individual capabilities."¹⁷ That does indeed supply one of the vital positive effects of the combine. However, I do not think a final judgment is possible yet with regard to the strength of the true end effect. After all, we must also expect the industrial ministers to make every effort to maintain the widest possible scope for their influence. As, according to the regulations to date, the borders of decisionmaking powers are not always very clearly delineated, we will need several years before knowing with any certainty how all this is going to work from the aspect of the combine statute.

At the same time the combine organization also results in the decisionmaking scope of the enterprises merged in the combine is necessarily restricted. From this we ought to conclude that the motivation to initiating action is bound to decline. Unless proceeding directly from the party or the government, initiatives will consequently originate primarily in the combines and from their general directors.

7. Directive Regulations

In general the analysis of the current regulative situation in the GDR shows that the influence on economic action exerted by way of framework conditions is still moving within relatively narrow limits. Many of the new measures are immediately directive and clearly display the nature of a centralized command economy. This applies most particularly to the regulations in the field of materials management, dictated by the considerable shortage of many materials vital for the economic process. A largely directive general regulation, for example, is the Council of Ministers' decree of 1 July 1982 "on the work with norms and normatives of materials consumption and stockpiling, aimed at materials conservation in the widest meaning, both with regard to consumption per product or service unit and by restrictions on stockpiling.¹⁸ True, it does have some elements of control by parameter; a "material reward" is granted, for example, to working people for materials savings as "the result of their own perceptions, experiences or creative efforts." The amount is fixed in a table appended to the decree. Moreover, combine general directors and enterprise directors are assigned specific powers for fixing the enterprise norms of materials consumption and stockpiling, because it is virtually impossible to centrally determine all standards that might be involved. Still, the normatives of materials consumption and stockpiling are decisive, because they are "state plan indices," arrived at by the joint efforts of the Ministry for Materials Management, the State Planning Commission, the industrial ministries and the bezirk councils. The following provisions of Article 8 of the decree clearly demonstrate the directive nature of this regulation:

"Combines must break down the normatives assigned them in accordance with their specific situation and preset them for the enterprises... On the basis of the normatives and taking into account the material funds allocated them, the enterprises must draft enterprise norms and preset them in differentiated form to the collectives and individual workers, relevant to the job, capable of being checked and suitable for accounting."

The many "state use regulations" enacted for the purpose of raw materials conservation are typically controls in the sector of materials management. An order of 1 November 1982,¹⁹ for example, banned the use of nonferrous metals and nonferrous metal semifinished goods for large numbers of items, and these materials may be used for various other purposes only with a special permit or to an amount fixed by the Ministry for Ore Mining, Metallurgy and Potash. Another recent example is the voluminous order by the Minister for Ore Mining, Metallurgy and Potash "on the supply to the national economy of metallurgical products" of 14 July 1983.²⁰ This specifies in the minutest detail how metallurgical products are to be ordered, allocated and delivered. The basis of supply is "the state plan index figure balance share." The supply sector breaks down the state plan indices to its fund holders, the manager of the fund holder breaks them down completely to the final customers.²¹ "After coordination with the balancing or balance assigned combine and in cooperation with the trade in means of production," the fund holder also decides the

division into direct or stockpiling purchases "in the course of plan drafting." Minimum orders are fixed for direct purchases; a register of minimum order quantities is appended to the order; it runs to almost 5 pages of the GESETZBLATT. The balancing or balance assigned combine, "on the basis of the quarterly allocation and taking into account international delivery conditions as well as the production program of the manufacturers, decides on the manufacturer or foreign trade enterprise and country of origin by placing the order. The order is the prerequisite for the conclusion of the performance contract." The designated manufacturer or foreign trade enterprise is obligated to conclude the performance or import contract. The order repeatedly emphasized that "the needs of the economic security of national defense and priority performances and tasks" must be totally met in every case.

Energy supplies had been regulated as long ago as 30 October 1980 by the very detailed Council of Ministers' energy decree.²²

An order by the chairman of the State Planning Commission of 2 August 1983²³ substantially restricted the decisionmaking powers of combine and enterprise managers with regard to replacement investments. It calls for the review and revision of the "normative period of utilization" of many machines and much equipment. Though "dependent on specific conditions," the "normative period of utilization" then in effect was basically to be extended by at least 30 percent. This means that higher plan targets were to be met in the production sectors affected by an obsolescent production plant; the order expressly states that "the drafting of proposals for the revised normative period of utilization...must be based on the technically feasible period of utilization of the main design elements."

Other normatives may also be used as tools to control investments. This is demonstrated by the Minister for Construction's order of 22 June 1982 "on land need normatives for investments by industry and by warehousing management."²⁴ "To safeguard the most conservative possible withdrawal of land, especially agricultural and forestry areas," lends mandatory force to the "land need normatives" for planning, siting, preparing and implementing investments for industry and for warehousing management" listed in an attachment to the order.

Strict management by command also continues to prevail whenever national defense interests are involved. An order of 13 October 1982 "on safeguarding agreement with the concerns of the national defense and public security,"²⁵ for example, sets out that the investments, plans, building structures for the population, environmental and mining measures and projects listed in a nomenclature require the approval of the Ministry for National Defense, the Ministry of the Interior and Civil Defense. Neither the nomenclature proper nor the required text of the applications were published; they "are open for inspection at the central state organs, the centrally managed combines and bezirk and kreis councils."

This is another example to show that, in the GDR, far reaching secrecy is part and parcel of the methods typical for centralized economic commands. The new price lists and price formation regulations, for example, are not being published either; instead designated combines will "directly deliver them to suppliers and any other groups of authorized recipients"---confidentially of course. Nor have the amounts of

the respective "product-earmarked taxes" and price subsidies been published; they are merely made known to the enterprises affected by the "competent price coordination organ."

Of course, the changes that have now occurred in the GDR economic system are not intended to produce a socialist market economy. We may observe that by the fact (not least) that price formation continues to be largely an administrative matter. Substantial changes in the amounts of the so-called "industrial prices"--the prices paid the producing enterprises--have already been made or are going to be effective at the beginning of 1984. Numerous orders on new industrial prices have been enacted since our last symposium--either in the form of direct price lists or as price calculation instructions. However, as I said before, these are changes of prices, not changes in the method of price formation. As these issues will be dealt with in Erdmann's lecture, I will confine myself to these few remarks.

8. Control Measures and Control Institutions

The more the direction is given by setting framework conditions, the less special control measures and control institutions are needed. It will be quite possible to see by the prompt or otherwise receipt of the amounts payable by the enterprises, whether the provisions on the new contribution to social funds, for example, are being observed. The situation is quite other with regard to directive regulations. In fact the GDR's management system includes ample opportunities for controls, and our earlier symposia have often mentioned them.

One important control is the reports all general directors and directors of state-owned enterprises in all sectors of the national economy must present to their "superordinated managers." In the case of combine general directors these are generally the competent ministers. Such reporting was already ordered by the Council of Ministers' instructions of 11 October 1962²⁷ and 23 April 1969²⁸; the procedure and contents were revised by the Council of Ministers' decree of 23 June 1983.²⁹ The scope of reporting is therefore exceedingly wide; it includes all factors vital for the intensification of the economy. The 1969 resolution did not yet mention the term intensification; it did say, though, that reporting should actively contribute "to combining central state planning and management of the basic issues of social development with the own responsibility of socialist goods producers and local state organs."

The new version dropped this phrase. It is primarily geared to the guarantee of plan fulfillment. Described as the overall task is reporting "on the fulfillment of the targets set in the economic plan for growth of output and intensification consonant with the economic strategy of the SED." "The material and financial results of business operations" are to be appraised "based on a comprehensive analysis of output and efficiency development, with the objective of strengthening the responsibility of combines and enterprises for the fulfillment of the economic plan and the obligations toward the state budget, the bank and the cooperation partners as well as for strict internal monetary fund management." In cases of nonfulfillment of state plan quotas and arrears in the fulfillment of financial obligations, "the superordinated manager must make decisions on the fulfillment of the quotas and obligations." The following text of the voluminous decree constantly returns to the aspect of plan obligation and the control of plan fulfillment. The

protagonists are usually just the general directors and directors on the one hand, their superordinated managers on the other. Admittedly, Article 4 provides:

"Work collectives must be comprehensively informed about the operations of the combines and enterprises in order to encourage their conscious and creative cooperation in the accomplishment of the plan tasks and to develop new initiatives in the socialist competition for exceeding the plan targets."

However, the involvement of the "work collective" does not extend beyond this "comprehensive information." It is barely mentioned in the subsequent text of the decree.

The close link with planning also arises from the fact that reporting is to be used "from the operations of the completed plan year to arrive at conclusions for the guarantee of all-round plan fulfillment in the current year and for plan drafting for the following year."

9. The SED Politburo as the Central Economic Decisionmaking Organ

Right at the outset I pointed out the SED leaders' central status in the decision-making on basic economic issue as the second main element in the GDR's economic system. In this respect no change at all has occurred; the role of the party leadership in economic policy remains a central element of the "party's leading role" generally. The decree on annual reporting in the state-owned economy mentioned earlier in another context, for example, says that an accounting must be made "of the fulfillment of the targets established in the economic plan ... consonant with SED economic strategy." Listed as the subject matter of reporting are first the tasks set by resolution of the SED Central committee and only in second place laws and other legal regulations or Council of Ministers' resolutions.

The CC decides some regulations; however, the Politburo is the real power center for economic policy, too. It handles all basic decisions. We get an impressive summary in a Politburo report given by Horst Dohls to the Sixth CC Plenum on 15 June 1983. This lists several resolutions adopted since the Fifth CC Plenum in November 1982.³⁰ Probably most important among the economic issues was the resolution adopted in February 1983 on measures for the further perfection of management, planning and economic accounting (I will deal with this at a later point). Also of fundamental importance was the resolution on the basic outline for the preparation of the 1984 economic and budget plans.

Since November 1982 the Politburo had also adopted resolutions on the following economic affairs:

- Improvement of traffic facilities in East Berlin
- Increase in building repairs to residential buildings
- Further concentration of investments on projects crucial for the economy
- The speeded-up realization of automated manufacturing sections in the metal processing industry
- "Strict order and discipline in the complete utilization of the legally regulated hours of work"

- Progress in the development and rational use of domestic resources of energy, raw materials and other materials
- Measures to safeguard the planned livestock production in 1983 and radically reduce livestock losses.

The Politburo instructed the Council of Ministers, with the aid of the performance comparison, to organize the work in all combines consonant with the criteria of intensification adopted.

This enumeration demonstrates the extent of the influence exercised on GDR economic policy by Politburo resolutions--especially when we consider that the above are certainly no more than a selection of the resolutions adopted in that half year. The Council of Ministers' subordination to the Politburo clearly emerges from the following paragraph in the report: After discussion of the Politburo instructions "for the continued pursuit of the stable and dynamic growth of the national economy," it goes on:

"The comrades in the Council of Ministers were directed to carry out the measures resolved upon."

As you know, Politburo resolutions are hardly ever published.

We have evidence to show that the SED still looks at the economy from a political standpoint. For example we have Guenter Mittag's remarks at a March 1983 seminar, held by the SED CC in Leipzig. He said:

"It was reaffirmed that the accomplishment of economic tasks in the combine is in fact political work. The general director of a combine is and remains primarily a political functionary, charged with carrying out basic economic tasks in his sphere of responsibility in the interest of strengthening the GDR. The general director is the agent of the workers-and-farmers power."³¹

10. Private Enterprises in Crafts and Small Trades

Only one significant change has occurred in the third basic regulative element of the GDR's economic system--the socialist ownership of the means of production and, therefore, of factories and enterprises: The SED leaders decided to permit the continuing existence of small private crafts and trade enterprises and even to issue more such permits--of course to a limited extent. Exactly like other countries of "real socialism" (in particular Hungary, where this applies even more), the GDR has learned to appreciate that the more flexible and resilient small private enterprises are indispensable for some important purposes--unless the satisfaction of public demand is to be seriously put at risk. Still, even after the correction in the official line, noticeable since 1976, private enterprise is confined to the services and repairs sector. The SED is thus depriving itself of a useful lever for innovation: The development of crafts in the FRG shows that many craft workshops were and still are in the vanguard of innovations, for example the manufacture of parts for industrial production. Private craftsmen in the GDR are barred from this opportunity.

11. Future Aspects of GDR Economic Policy

Despite the considerable volume of the new regulations enacted in past years and the constantly reaffirmed superiority of the socialist planned economy, the SED leaders are obviously not satisfied with the present status of the management and planning system. This is amply documented by important speeches by SED leaders and the politico-economic literature of the GDR. Such perceptions may be found, for example, in an article published in the August 1983 issue of EINHEIT by Otto Reinhold, CC member and chancellor of its Academy for Social Sciences.³² The extensive transition to intensively expanded reproduction, he explains, is the most important, most difficult and most revolutionary task following the creation of the bases of socialism. The dynamic development of science and technology, the economy and society as a whole, are basic features of the socialist society. It is appropriate to the nature of this dynamism that unforeseeable problems, not immediately achievable tasks and various contradictions are bound to occur.

"As we see, old methods of managing and planning the economy of course conflict with the new needs of intensively expanded reproduction and therefore must be gradually further developed and perfected. For the longest time the types of material interestedness were oriented mainly to quantitative growth. Now the time has come to focus on qualitative growth, on efficiency, in order to guarantee quantitative growth also."

Shortly before, Yuri Andropov, Brezhnev's successor as general secretary of the CPSU CC, explained at the June 1983 CPSU CC Plenum:

"We have now arrived at a historic stage in our social development, because profound qualitative changes in the productive forces and the corresponding perfection of production conditions have not only matured, they have become inevitable. That is not wishful thinking, comrades, it is an objective necessity ... The key in the field of economics is the decisive improvement of labor productivity."³³

The most comprehensive and systematic description of present-day SED economic policy was provided in an important address by Guenter Mittag on 29 September 1983 on the topic "theoretical generalizations of the experiences of the development of combines for raising output in the national economy, especially with regard to the utilization of the qualitative growth factors." His audience was the "GDR Research Economists Conference," organized by several leading GDR institutions dealing with economics and attended by more than 700 GDR economists and businessmen.

NEUES DEUTSCHLAND was the first to print long extracts from this speech; later far more extensive excerpts, though not the full text, were published in EINHEIT.³⁴ Mittag's statements relied in particular on the above mentioned unpublished SED Politburo resolution of February 1983 on "measures for the further perfection of management, planning and economic accounting." As the Politburo report to the Sixth CC Plenum of June 1983 said, this drew up "the conclusions arising from the profound changes in the GDR's economy by way of intensively expanded reproduction." Already in March 1983, at a CC seminar in Leipzig, Mittag had used this resolution to announce that "thorough-going changes" would arise therefrom for the combines. We may assume that the "contribution to social funds" must be counted among these changes.

In his September address, Mittag mentioned the following aspects involved in this Politburo resolution:

Improvement of management at all levels of the national economy, combined with the strict enforcement of direct subordination to the superordinated state manager and the principle of one-man management; further improvement of material and financial balancing in planning, improvement of the flexibility of planning and balancing; greater adaptability in the organization and realization of business contracts; efficient utilization of the new criteria for the performance appraisal of combines and enterprises, that is the main indices net production, profit, products and services for the public and for exports.

Mittag described as a very basic issue the "connection between the development of new performance reserves for growth by way of intensification and the further organization of socialist production conditions by the establishment and development of combines." The program adopted by the Tenth SED Congress "included the prominent issues of the further perfection of the socialist planned economy." At the present time another step needs to be taken toward intensification.

The first and most important consideration remained the improvement of labor productivity, with the aim to move up to the level of the most progressive industrial countries. The following were the main reserves for such improvement:

- 1) The opportunities arising from scientific-technological work
- 2) The guarantee of smooth flowing uninterrupted production (evidently not yet achieved!)
- 3) The complete exploitation of the available qualification potential of the working people.

Mittag continues to have great expectations of the "combine effect." In his opinion the combines unite in a single responsibility everything that should organically belong together in the reproduction process; they have been assigned the economic responsibility for all vital phases of the reproduction process in their area. He arrives at this remarkable conclusion: This management structure makes it possible to elevate to a new and high level the responsibility of the industrial ministers. All of this makes it possible to draft the economic plan by ministries and, over and above this, by combines.

To be noted are Mittag's suggestions that "the economy is turning out more and more to be the main battlefield for the class conflict of our age," and that "our party's economic policy largely decides the implementation of the entire program for the further organization of the developed socialist society in the GDR." This eminence of economics is evidently linked with Mittag's eminent status as the leading SED economist.

In conclusion I will attempt an overall appraisal in regulative terms of the current policy of planning, management and control in the GDR. The combine decree of 8 November 1979 clearly states the following:

"On the basis of the five-year plan and the economic plan, the combine and the combine enterprises draft their plans consonant with the legal regulations. The state plan indices and other state plan decisions represent the basis for the plan drafting of the combine and combine enterprises ..." (Underlinings by Thalheim)

The words "state plan indices and other state plan decisions" as the bases of combine operations recur repeatedly in the combine decree. This tie to the plan represents the really quite narrow limits of the own responsibility and "creative initiative" also called for. Nor has there been any significant change since.

The GDR management in its present form thus offers an ambivalent image: Some regulations on framework conditions of a parametric nature--though certainly not unimportant--are juxtaposed with substantial numbers of clearly directive regulations. The basic nature of a centrally managed economy and central planning has not been abandoned. Obligations to the plan and plan fulfillment as the supreme task remain decisive.

I arrive at the conclusion. An analysis of the current regulative situation in the GDR shows that it, as well as all other countries of the Soviet Bloc, finds itself in constant conflict about the compatibility of its economic system with the challenges of a changing world. The SED leaders are quite aware that the economic system will have to be adapted to these changes, and several economic measures are indeed based on these conclusions. However, the basic principles of the economic system are not to be touched. The coming years will show whether and how well this kind of policy can cope with the many problems that will inevitably have to be handled.

FOOTNOTES

1. Harich, Wolfgang: "Kommunismus ohne Wachstum? Babeuf und der 'Club of Rome'," /Communism without Growth? Babeuf and the 'Club of Rome' /, Reinbek 1975.
2. Nick, Harry: "Sozialismus und Wirtschaftswachstum" /Socialism and Economic Growth /, East Berlin 1977, pp 54/55.
3. EINHEIT, Vol 38, 1983, No 11, p 100.
4. NEUES DEUTSCHLAND, 28 November 1982.
5. Published in "Economic Growth in the Theory and Practice of the GDR System," (FS-ANALYSEN 1981/9), Berlin, Research Agency for All-German Economic and Social Issues 1981.
6. NEUES DEUTSCHLAND, 12 April 1981.
7. Tuebingen 1959.
8. Lenin, V.I.: Collected Works, Vol 29, East Berlin 1963, p 416.
9. The average earnings in the "nonproducing sectors" are likely to be lower yet.

10. Sources: "Statistisches Taschenbuch der Deutschen Demokratischen Republic 1983" /Statistical Manual of the GDR 1983/, p 109. "Statistisches Jahrbuch 1983 fuer die Bundesrepublik Deutschland" /1983 Statistical Yearbook for the Federal Republic of Germany/, p 528.
11. The German Institute for Economic Research (DIW) in Berlin drew up a comparison of the purchasing power of mark and D-mark up to mid-1981 (published in DIW-WOCHENBERICHT No 3/1982, 21 January 1982). According to this the ratio varies considerably, depending whether one begins with the consumption structure in the FRG or the GDR. In relation to the D-mark, the relative purchasing power of the GDR mark for a 4-person employee household amounted to

83 percent in terms of the FRG's consumption structure, and to
120 percent in terms of the GDR consumption structure.
A cross price comparison yields 102 percent.
For a two-person pensioner household the same values amounted to 98 percent,
130 percent, 114 percent respectively.
The cross price comparison is surely the most realistic basis of comparison.
12. in Seraphim, H.J. (editor): "Zur Grundlegung Wirtschaftspolitischer Konzeptionen" /On the Establishment of Economic Conceptions/, Berlin 1960, p 223.
13. GESETZBLATT 1983 I No 11, 4 May 1983, pp 105-106.
14. For example Kurt Erdmann, "Combines and Enterprises Must Directly Perform Managerial Tours de Force," HANDELSBLATT No 201, 18 October 1983.
15. GESETZBLATT 1983 I No 11, 4 May 1983, p 106.
16. Decree on the Production Fund Tax of 14 April 1983, GESETZBLATT 1983 I No 11, 4 May 1983, pp 105-110.
17. Gernot Gutmann (editor): "The GDR Economic System," Stuttgart and New York 1983, p 39.
18. GESETZBLATT 1982 I No 28, 30 July 1982, pp 515-520; also 3 implementing regulations, pp 520-528.
19. GESETZBLATT 1982 I No 38, 3 December 1982, pp 620-621.
20. GESETZBLATT 1983 I No 21, 15 August 1983, pp 209-218.
21. "Fund holders" are state and economic organs (for instance bezirk economic councils) which, on the basis of legal regulations, instruct, supervise and coordinate the planning of the materials funds of their subordinated "groups of customers" or "customers." "Balance shares are the maximum purchase quantities for the purchase of raw materials, materials and products as well as energy consonant with the need documented by norms and indices (formerly described as quota or materials quota).

22. GESETZBLATT 1980 I No 33, 10 December 1980, pp 321-330.
23. Order on the Review and Revision of the Normative Utilization Period and Rates of Depreciation for Basic Assets of 2 August 1983, GESETZBLATT 1983 I No 23, pp 236-239.
24. GESETZBLATT 1982 I No 28, 30 July 1982, pp 529-530.
25. GESETZBLATT 1872 I No 37, 15 November 1982, p 617.
26. Kurt Erdmann: "On Incipient Reforms in the GDR Economy," FS-ANALYSEN No 7/1983.
27. GESETZBLATT 1962 II No 81, 1 November 1962, pp 715-717.
28. GESETZBLATT 1969 II No 43, 2 June 1969, pp 273-278.
29. GESETZBLATT 1983 I No 19, 21 July 1983, pp 193-196.
30. Published in NEUES DEUTSCHLAND, 16 June 1983.
31. NEUES DEUTSCHLAND, 11 March 1983.
32. Otto Reinhold: "Intensively Expanded Reproduction--A Revolutionary Process," EINHEIT, Vol 38, 1983, No 8, pp 719-724.
33. Quoted from BERLINER ZEITUNG (East Berlin), No 140, 16 June 1983.
34. NEUES DEUTSCHLAND, 30 September 1983; EINHEIT, Vol 38, 1983, No 11, pp 1003-1021.
35. GESETZBLATT 1979 I No 38, 13 November 1979, p 357.

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CSO: 2300/335

AIR POLLUTION: PROBLEM ACKNOWLEDGED, REMEDIES DISCUSSED

Magdeburg VOLKSSTIMME in German 7 Mar 84 p 4

/Article by Dr B. Thriene, MD, medical officer of health, bezirk hygiene officer and director of Bezirk Hygiene Inspection and Bezirk Hygiene Institute: "Environmental Protection: Important Concern of our Society"

/Text/ The further fashioning of the developed socialist society and the successful continuation of the policy aimed at the wellbeing of the people demand a stable, continual, and dynamic development of the country's national economy. At the same time, requirements for environmental hygiene aimed at the recognition, restriction, and reduction of environmental factors that are of significance in terms of health grew both quantitatively and qualitatively.

Within the dialectical unity between the intensification of industrial and agricultural production, the rise in national income and its distribution over the individual asset funds, the increase in individual consumption and social expenditures for the protection of health and the fashioning of the environment, we increasingly run into questions which can be resolved only as a result of collaboration between doctors, economists, technicians, and representatives of government agencies as well as the social forces and organizations. This is where the GDR is making great efforts to be able to solve the complicated and expensive problems and thus to guarantee compliance with laws and standards.

By eliminating or restricting environmental factors which weaken or disturb the health, performance capacity, and happiness of the individual and by stressing such factors which strengthen and promote health, performance capacity and happiness in the individual, environmental hygiene is making an essential contribution in the context of medical prevention.

This means that hygiene is the medical discipline which--through an investigation of the reciprocal relationships between man, nature, and society--works out medically justified requirements for the material living conditions whose implementation will guarantee the prevention of diseases and optimum conditions for the wellbeing of people.

GDR Air Pollution Index Figures Summarized in Magdeburg

The protection of the health of workers and the hygienic backup support of the national economy are main directions of preventively oriented socialist

health policy in the form of general social tasks. This applies particularly to the national tasks assigned to the Magdeburg Bezirk Hygiene Institute in the effort to keep the air clean.

The Institute has since 1979 been coordinating all activities in the entire health system which are concerned with the measurement and analysis of the air-hygiene situation in the GDR and it prepares the air-hygiene annual reports.

The accomplishment of these tasks is connected with an advisory activity in dealing with enterprises and installations, ministries and local people's assemblies and their agencies and signifies a piece of preventive medicine aimed at avoiding damage to the health of the individual and the entire population. Comprehensive literature documentation evaluates scientific investigations and thus forms a foundation for the recognition of trends in air pollution as well as measures to fight it on a worldwide scale.

There is close collaboration with the air surveillance agencies of the socialist countries, especially with the USSR, where, in the context of the CEMA, tasks are being taken over for the GDR whose results will help solve problems existing on an international level.

Sulfur Dioxide Emission to Be Reduced

The generalization of knowledge obtained, the conduct of domestic research efforts, and the measurement results obtained in the territory, so to say, in our own front yard, can be considered a basis for a health policy whose objective in particular is the prevention of respiratory tract and cardiovascular diseases as well as the preservation and improvement of health in general. In this process we, in our bezirk, likewise do not misinterpret the problems which arise today and during the next several years as a result of the brown coal which, in this raw-material-poor country, is the most important energy source. The GDR still emits considerable quantities of sulfur dioxide but we were able to establish in 1983 that the specific emissions have indeed been reduced and that, in spite of the increased use of brown coal, it was possible to prevent a rise in sulfur dioxide emissions through efficient energy use accompanied by a considerable increase in the industrial output.

The remark made by Environmental Protection and Water Industry Minister Dr Reichelt--to the effect that it will be possible over the next several years with the help of flue gas desulfurization in the GDR to reduce the sulfur dioxide emissions because methods, ready for application, are available for use after testing in large-scale experimental facilities--enables us to look forward to noticeable improvements in polluted regions.

Protection for Forests--an International Problem

In this way we can develop an optimistic outlook in getting into discussions on the topic of damage to forests due to air pollution, discussions which are being conducted particularly in western mass media. The current situation in Central Europe's forest industry is justifiably worrying the experts and the governments. Dry summers with high insolation in 1976, 1982 and

1983 have led to an extreme acceleration in the development and spread of damage. It is especially the dying forests in the clean-air regions starting at an elevation of 800 meters, in other words, far away from cities and industrial regions, as observed in the FRG, in Austria and in Switzerland, is a reference that points to the effects of far-reaching air pollution.

The damage, which is observed mostly along slopes with a western and southwestern exposure, is traced to extraordinarily high ozone exposure. Activities aimed at the precise determination of the causes of damage and the search for possibilities of preventing such damage presently are very important in both national and international terms.

Considerably Less Air Pollutants from HARBKE

The area near the border with the FRG represents a particularly important point as part of the air pollution surveillance effort in Magdeburg Bezirk being carried out by the Bezirk Hygiene Institute; after all, the important thing is to devote increased attention to border-crossing environmental pollution on the basis of international treaties.

This is why enterprises, such as the Montanwachsfabrik Volpke and the "Philipp Mueller" in HARBKE, as one of the most important pollution sources in our bezirk, has been increasingly included in inspection and control activities. This is done first of all by issuing boundary value rulings through the bezirk hygiene inspectorate within whose implementation enterprises are required to take clean-air measures; besides, this is done through the establishment of automatically recording measurement stations to register the sulfur dioxide content.

The problem of keeping the air clean in the HARBKE area was recognized years ago by the responsible managers of the Magdeburg energy combine as well as the power plant and they began to work toward a gradual solution which, among other things, is expressed in a reduction of the dust emission by 25 percent between 1977 and 1982. This was achieved through the priority employment of steam generators, equipped with an electric filter, with a separation degree of 98 percent, as well as the closing of three steam generators that did not have any dust removal systems in the period of 1979-1982. Further steps have been planned as part of the reconstruction efforts for the immediate future which, in close cooperation with government surveillance agencies, will also lead to a reduction in the sulfur dioxide content.

Through these measures and through the guarantee of a high degree of availability of installed dust removal systems, a reduction in the dust emission to about 10 percent is to be achieved by 1987-1988, along with a reduction in the sulfur dioxide emission to about 30-35 percent, as compared to the values recorded in 1983.

Border-Crossing Air Pollution

The air-hygiene situation in the area near the border however is being influenced decisively by the Offleben power plants in the territory of the GDR which is 2 kilometers from the international boundary and, starting in

1985, by the Buschhaus salt coal power plants currently under construction. In this way, both FRG power plants will contaminate the air with a sulfur dioxide quantity which is considerably higher than the total emission in Magdeburg Bezirk. On the basis of the prevailing westerly wind direction, the noxious substances are transported to the extent of more than 60 percent to the territory of the GDR. With the help of the automatically recording measurement stations of the Magdeburg Bezirk Hygiene Institute it will however be possible to watch and analyze the pollutant content in order to be able to initiate steps on short notice if necessary in the context of international agreement.

The constant effort aimed at maintaining air-hygiene boundary values is aimed at the maintenance and promotion of human health. The very sensitive reaction of pine trees and fir trees to air pollutants for example start in the case of sulfur dioxide already at 0.05 mg/m^3 and thus is far below the internationally customary maximum immission concentration of 0.15 mg (MIK /maximum immission concentration/ value). Damage to human health thus need not be feared according to the current state of the art in the air pollutant concentrations attained in our bezirk and vegetation damage is not visible to the previously described extent in the Harbke area.

Environmental Protection Promotes Health and Economy

Further investigations in the area near the border, for which a team from the Bezirk Hygiene Institute is responsible, are to yield more comprehensive results in terms of the exact judgment of possible effects.

But while, in the resolutions of our people's assemblies and the local government agencies, reference was made to the special responsibility of each citizen for comprehensive environmental and health protection, that naturally also applies to measures aimed at reducing air pollution. The economical use of energy sources, the fight against the waste of heating material and the waste of electrical energy, saving gasoline and diesel fuel through careful and economical driving style, and transport optimization--these are things which each individual can personally influence on the job and at home.

Here, economics and ecology are not opponents but rather the partners in the uniform environmental concern of socialist society.

5058

CSO: 2300/343

GERMAN DEMOCRATIC REPUBLIC

INNER-GERMAN TRADE: VOLUME UP, BUT STRUCTURE UNSATISFACTORY

Duesseldorf HANDELSBLATT in German 1 Mar 84 p 9

[Article by cmk: "Investment Goods Deliveries to GDR Have Reached Low Level"]

[Text] Berlin--If one draws a final line under the trend in inner-German trade for 1983, the result is balanced growth of 8 percent for both shipments and purchases.

According to the just-published figures of the Federal Economic Ministry, shipments from the FRG including West Berlin attained a volume of 7.7 billion VE [clearing unit, VE = DM] and orders from the GDR reached 7.6 billion VE.

Thus the expectations that inner-German trade would reach the 15-billion mark for 1983, after 14.1 billion VE the previous year, were fully realized. The trend is nevertheless astounding, for at mid-year shipments from the FRG stood at 33 percent above the corresponding level of the previous year, whereas shipments from the GDR were almost stagnant with growth of only 2 percent. Then, in the second half of the year, the GDR followed a strict policy of limited purchases and aggressive sales efforts, so that West German deliveries declined 12 percent and the surplus in deliveries from the FRG, which had been 724 million VE in the first half year, was finally reduced to 120 million VE.

Thus in pure merchandise trade, that is, excluding the traditional deficit in the services balance, the GDR is able to book a surplus of 223 million VE in deliveries after 510 million the previous year. An improvement in the services sector was essentially achieved through the increase in the lump sum for mail from 85 million to 200 million AU and its advance payment (100 million VE), which, to be sure, must be charged off by the end of this decade.

The balance of all obligations including the use of the interest-free swing overdraw credit for the GDR was 4 billion VE at the end of 1983, after it had been as high as 4.5 billion VE at mid-year.

Trade Structure Continues to Be Unsatisfactory

Seen over the year 1983, shipments from the FRG and West Berlin increased by 600 million VE. The structure of merchandise trade, however, is not satisfactory.

satisfactory; winners were again iron and steel with an increase of 396 million VE, agricultural products (here mainly fodder) with 169 million VE and textiles and clothing with 22 million VE. In contrast, deliveries of chemical products, an uncommonly strong sales item in recent years, increased by only 9 million VE.

As a whole, it can be said that of 27 important goods categories specified by the Federal Economic Ministry, 14 remained below the level of deliveries of the previous year, above all the items including machines and electrotechnical products. Notable here was an especially pronounced caution in purchases of measuring and control engineering technology.

If one takes everything together, then the proportion of West German investment-goods deliveries has reached an absolute low of 16 percent of a volume of deliveries that has increased as a whole. This is after 18 percent the previous year. It does not necessarily have to remain that way: the first positive indications are signaled by the anticipated Volkswagen deal as well as the construction of an ethyl plant by Lurgi, whereby one cannot, in the opinion of the Federal Economic Ministry, be absolutely certain whether this contract is going to Lurgi in the FRG or Lurgi in Austria.

Among the hopes of FRG enterprises is the expectation of a hire-rolling order from the GDR, resulting from the lack of a hot wide-band line at Eisenhuettenstadt Steel Mill. The order could be worth about DM 150 million, provided that one can prevail over European competitors.

Purchases from the GDR increased by 573 million VE in 1983. It is thereby notable that sales of petroleum products, the most important sales item for the GDR in inner-German trade, declined by 156 million VE or 9 percent. The quantitative decline may account for 40 percent of this development and falling prices 60 percent. In contrast to the FRG, the GDR was able to increase its sales in almost all goods categories, whereby the increase of 39 percent for iron and steel is particularly conspicuous. The cause may well have been the large shipments of the FRG, which resulted in a quota increase.

9746

CSO: 2300/341

DEVELOPMENTS IN MERCHANT FLEET TRANSPORT REVIEWED

East Berlin DDR-VERKEHR in German Vol 17 No 2, Feb 84 (signed to press 14 Dec 83) pp 81-84

['Traffic Review' feature by Guenther Linke: "The GDR's Maritime Transportation System"]

[Text] The VEKSH (Maritime Transportation and Port Management State Combine) was founded on 1 January 1974 as a component of the GDR's uniform socialist transportation system. It is directly under the Ministry of Transportation and accomplishes the following primary missions:

Handling the country's sea-going foreign trade shipments and maritime port transloading;

Service export in sea-going transportation and transloading;

Transit services in maritime transportation and port transloading.

The following are available to accomplish these tasks: 173 vessels of the merchant marine, about 40 units of the technical fleet, the maritime ports of Rostock, Wismar, and Stralsund with transloading capacities totaling more than 22 million t as well as enterprises for typical maritime transportation services.

In addition to the previously mentioned maritime ports of Rostock, Wismar, and Stralsund, the following also belong to the combine:

DSR (German Maritime Shipping Company, Rostock), VEB, Deutfracht/Seereederei, as the parent enterprise;

DF (German Shipping Company) International Chartering, Berlin, Deutfracht State Enterprise;

SM (Ship Brokerage Company), State Enterprise;

BBB (Dredging, Towing, and Salvage Company) State Enterprise;

As well as SV (Ship Supply Company) State Enterprise.

The combine enterprises handle the following tasks:

Worldwide line and tramp shipping; transportation of piece, bulk, and liquid freight, transportation of refrigerated cargo; container services, roll-on-roll-off service, special heavy freight shipments, affreightment and chartering of maritime vessels;

Transloading and storage of goods;

Clearance and support for maritime vessels, booking of line goods;

Pilots, towing, tug assistance for maritime vessels; dredging operations; underwater construction; ship service;

Equipping and supplying maritime vessels.

The growing volume of seaward foreign trade was handled through the commissioning of the transloading complex for cereal crops, fodder, and fish meal, the construction of additional berthing places in the maritime port of Rostock, and the reconstruction of the potash transloading facility in Wismar.

The GDR is represented by maritime transportation industry enterprises also in international nongovernment organizations; for example, in the INSA (International Shipowner's Association), BIMCO (The Baltic and International Maritime Conference), ICHCA (International Cargo Handling Coordination Association), ISSA (International Ship Suppliers Association).

VEB Deutfracht/Seereederei Rostock (DSR)

Known internationally as DSR-LINES, VEB Deutfracht/Seereederei since its founding in 1952 developed into a big shipping company of universal character. It has available a wide variety of ship types in keeping with the requirements of GDR foreign trade and offloading operations on international maritime markets. At this time, 173 vessels ensure regular ship connections with ports in 98 countries and on four continents and they carry around 11 million t goods.

Line services go to the most important seaward transloading places in Europe, as well as to the ports of Algeria, of the Northern and Southern Levant, Egypt, West Africa, East Africa and the Red Sea, the east coast of South America, Cuba, and Mexico, Sri Lanka and Bangladesh, India and Pakistan, Southeast Asia, and the Far East. GDR ships also make regular line runs between Mediterranean ports and ports in the Near East.

Almost half of the tonnage is employed in line traffic while the remaining capacity is reserved for carrying refrigerated cargo and bulk goods, especially concerning the import of ores, apatite, coal, and grain, as well as tropical fruits. The DSR is involved in tramp shipping in the North Sea and Baltic areas with smaller units.

As in recent years, the intensification of entire transportation processes is presently likewise the main way to increase the output of the merchant fleet. This among other things involves measures, such as developing line services and using the available tonnage most effectively.

The roll-on-roll-off vessel "Gleichberg" was commissioned in 1982 and since February 1983 had been making the Rostock--Riga run. The shipping company's first liquid gas tanker, the "Bussewitz," was likewise placed in service in 1983.

The further development of line, tramp, and special tonnage helps continually increasing the transportation performance.

To be able to meet the rising requirements for modern transportation technologies, the VEB DSR in recent years already placed the most modern semi-container vessels in service. During the next several years, full-container vessels will follow for use on runs to the Far East, Southeast Asia, India, the Persian Gulf, the Eastern Mediterranean, as well as the east coast of Central and South America. At the same time, roll-on-roll-off services to the USSR, to Great Britain and to Finland are being further developed and in some cases new roll-on-roll-off vessels are being used.

The constant improvement of the skills of the sailors is an essential basis for the fleet's positive performance development. In 1952 already high school graduates and workers from many other occupations were trained for seafaring jobs or experienced sailors were given advanced training as part of the adult skill upgrading effort.

The first few apprentices for the seaman's career were trained in a separate enterprise school already in 1956. In 1967 it was possible to introduce the technically broadly developed career field of "full-fledged seaman for maritime shipping" as a uniform job training field. Each year, about 550 apprentices graduate from the "August Luetgens" Fleet Job Training School which gives instruction in four occupations. About 50 apprentices qualify for college admission, for special study at the Warnemuende/Wustrow IHS [Industrial College ?] through the skilled-worker certificate. This means that the enterprise school of the VEB DSR plays an essential part in training skilled ship crews.

Special Shipments in Tramp Navigation

Activities in tramp shipping among other things are characterized by the fact that specialized runs are made between the ports of the North Sea and the Baltic Area using coastal motor vessels in the size category of 600-2,000 tdw. These shipments among other things include forestry products from Poland or Scandinavia going to British and Western European continental ports, to Denmark and the GDR, as well as cellulose from Finnish and Swedish ports to USSR ports. The cargo assortment furthermore includes metals and piece goods going from the Western Continent to Scandinavia as well as potash exports going to Holland and Belgium.

Freighters with a capacity of 2,000-7,000 tdw are used for the import of raw materials. The types of goods transported primarily involve lumber, coal, and metals. Bulk goods freighters of 11,000-38,000 twd carry ores, coal, apatite, metals, grain, and sugar for the GDR national economy and for other customers. This means touching primarily ports in the Baltic, the Atlantic, the Mediterranean area, as well as in South, Central, and North America. A refrigerator vessel fleet consisting of ten units is used primarily for fruit shipment. Shipments of super-heavy and bulky goods as well as industrial equipment and complete plants with individual weights of 600 t and more are handled by the special heavy-goods vessel "Brocken." The motor vessel "Bussewitz"--with a capacity of 17,258 m³, is available for the transportation of liquified gases.

SHR (Rostock Maritime Port) VEB

The overseas port of Rostock is a universal port with a broad assortment of performances and a draft of up to 13 m. The emphasis is on processing 25 line runs. The basic principle of work here is the rapid, safe, and cost-efficient transloading of all goods, implementing the equitable processing of all domestic and foreign ships and trade partners. The following are the main transit partners of the GDR port industry: Czechoslovakia, the Hungarian People's Republic, and the Romanian Socialist Republic. But transit customers from Yugoslavia, Switzerland, the FRG, and Austria are also shipping via Rostock.

In 1982, 2,642 vessels from 27 countries were processed. Overall it was possible to transload 15,432,000 t of goods in 1982; that includes 5,290,000 t of piece goods, 7,470,000 t of bulk goods, and 2,673,000 t of liquid goods.

Since the start of port operations in May 1960 and until the end of 1982, 52,700 vessels from 65 countries have been registered in Rostock; 225 million t of liquid, bulk and piece goods were transloaded during that same period of time.

The port of Rostock covers an area of 6.25 km². Additional space is available for future expansions. With more than 8,000 m pier length, the overseas port offers 32 berthing places in four harbor basins. Another six ship berthing places can be used in the Rostock city port. The maritime port of Rostock is equipped with modern and high-capacity cranes and shore transportation units. A 100-t floating crane and two grain elevators can be employed flexibly in the port.

In accordance with its freight types, the port is subdivided into three transloading sectors: Piece goods, bulk goods, and liquid goods.

Piece goods are being transloaded at Pier I (berthing places 51-53 and 63-68), Pier II (berthing places 31-37 and 41-46), as well as six places in the city port. The main operation here involves roll-on-roll-off transloading at berthing place 63 which each week processes one roll-on-roll-off vessel going to Finland, the Soviet Union, England, as well as numerous roll-on-roll-off tramp vessels going on European and overseas runs. The main job at Pier II with its 13 berthing places is the dispatching of piece goods and container line services. In addition however tramp vessels are also being unloaded and loaded.

More than 120 container trains and about 15 container line vessels are processed monthly. But all continental line vessels also carry containers. The number of containers processed rose from 38,330 in 1981 to 50,830 today; bulk goods, such as apatite, iron ore, phosphates, and coal, are transloaded at berthing places 21-24 on Pier III, while grain, fodder, and fishmeal are transloaded at stations 16-18 on Pier IV. In 1982, capacities for bulk goods transloading were increased by about 6 million t per year through the commissioning of the transloading complex for grain, fodder, fishmeal, and other goods handled by means of grabber equipment at Pier IV and a new ore transloading system on Pier III.

Pier III has four berthing places, one of which is used for unloading Soviet apatite concentrate while the others are used for the import of iron ore, iron ore concentrate, and coal.

Liquid goods are transloaded in the fourth harbor basin, in the oil port, and at berthing places 03-05. The oil port has two berthing places for fully loaded tankers of up to 50,000 tdw and another station for smaller vessels.

The maximum unloading performance is 72,000 t per day.

For storage, the port has available a port-owned tank farm of 100,000 m³ and two industry tank farms.

Port Compound To Be Further Developed

Rostock's port railroad station is one of the country's biggest marshalling yards with more than 200 km of track. Since goods are brought in and taken out mostly in railroad cars, the processing capacity of the railroad station in the maritime port of Rostock is currently being increased as part of the harbor expansion project through the construction of new groups of tracks.

In 1983-1984, new pier facilities and one ship berthing place for container vessels is being built on the Warnow [River]. A second berthing place for roll-on-roll-off vessels and other outdoor storage areas covering about 150,000 m² will be built in 1984-1985.

One of the most important construction projects as part of the port expansion program was the construction of three new piece goods berthing places at the northern end of Pier I. For this purpose, about 1,100 m of pier had to be newly built. Both of the new berthing places on the Warnow, with a length of 165 m, each, are equipped especially for the import of Soviet metals whose volume is to rise considerably in the future.

The port's continuing positive performance development is based mainly on the constant improvement of the skills of its personnel.

During the year it was founded, in 1960, we began to train workers from many other occupations for typical port jobs as part of the adult education program. A decisive breakthrough was achieved in 1966 when the training of skilled dockworkers and loading inspectors was begun at the Rostock maritime port's own enterprise school. The new basic career field of "skilled worker for

transloading processes and storage management" was introduced in 1970 and the training capacity was increased. For many years now, 300 apprentices have been graduating from this school each year; today the school provides instruction in about 15 occupations.

This means that the enterprise school of the Rostock maritime port--which also trains personnel for the production cooperation enterprises, such as ship brokerage, moving, tailing [as published], and other apprentices--provides most of the training for a skilled permanent personnel force.

SHW (Wismar Maritime Port) VEB

The Wismar maritime port is likewise a universal port. It can accommodate vessels with a length of up to 170 m, a beam of up to 23 m, and a draft of 27 ft (about 8 m). The port has 17 berthing places.

The piece goods operating division specializes in the transloading of piece goods, lumber, rolling mill products, and tropical fruits and moreover unloads 25,000-30,000 t of wine on the average per year. The usable pier length is 1,350 m. The equipment consists of 16 fixed cranes with a hoisting capacity of up to 40 Mp as well as shore transportation equipment. In addition, a 100-Mp floating crane is available.

For intermediate storage, the general transloading operations division has an indoor storage area of 18,000 m² and 42,000 m² of paved outdoor storage area, as well as floating storage space for 600 t. This operating division handles line services going to the Northern and Southern Levant, Egypt, Algeria, Albania, and South America. Since 1980, the Wismar maritime port has been handling container line runs between the GDR and the Mediterranean with two departures per month.

The bulk goods operating division specializes in export transloading of bulk potash salts. Cargo is processed at three berthing places with a pier length of 360 m. Transloading is accomplished by means of a modern potash transloading system. It consists of a freight car dumping unit and a gravity unloading system, two potash storage sheds, two separate shore conveyor lines, and the required ship loading units. A third potash storage shed can be used for the grading (screening) of the individual potash products according to various grades during storage. The capacity, using the new gravity unloading system, is 600 t/hr and, parallel to this, the figure is 300 t/hr for the car dumping unit. The potash storage sheds can pre-store a total of 70,000 t.

The liquid goods operating division above all transloads diesel fuels and nonflammable liquid goods and fresh oils.

One tanker with up to 10,000 t dw and a length of 175 m can be processed at a time at the oil port's jetty. Glue is transloaded likewise by this facility. Caustic soda is also transloaded through this operating division. One berthing place as well as a storage capacity of 12,000 t are available for the export of this commodity.

Inside the piece goods section we have the unloading and silo facilities of the grain combine. The grain is transloaded on a berthing place with a length of 200 m. Two pneumatic elevators unload the ship at an hourly rate of 300 t; 20,000 t of grain can be stored in the silos.

The Wismar maritime port closed out the year 1982 with a record transloading volume of almost 4.3 million t of potash, piece goods, lumber, liquid goods, metals, and grain. This means that the 4-million-t limit was exceeded in freight transloading for the first time and the output compared to the preceding year was increased by 650,000 t. In 1982, it was possible to transload more than 4,000 containers which means that the 1981 result was exceeded by more than half. In 1982, the port processed 1,670 vessels from 34 countries.

SHS (Stralsund Maritime Port) VEB

The SHS is visited primarily by smaller vessels from the countries along the Baltic and the North Sea. There are regular connections especially with the Soviet Baltic Sea ports.

The principal transloading goods are soda, cellulose, salt, hard coal, ore, kaolin, metals, brown coal briquets, water glass, fluorite, and gypsum. The port can be visited by vessels with a draft of up to 16.6 ft (about 5 m) and a size of up to about 3,000 tdw. It is connected to inland waterways via a bay and bodden [mudflats]. Most of the cargo however is transloaded between ship and freight car and between freight car and ship; 15 ship berthing places are distributed over a pier length of 1,500 m. Of this number, six berthing places with a pier length of 630 meters are used for direct transloading operations.

The port is equipped with five cranes with a capacity of 2-10 Mp, a salt transloading system with an hourly capacity of 80 t, as well as numerous shore transportation equipment. The intermediate cargo storage area consists of 3,650 m² of covered and 2,000 m² of open-air storage surface, as well as six barges for 2,400 t of transloading goods. The SHS became state property on 1 February 1953. Since then, the port's transloading capacity has been increased from 227,000 to more than 800,000 t/yr. Over the past 30 years, the maritime port processed 38,500 vessels with a total tonnage of 22.9 million t; in 1982, the figure was 527 vessels from 13 countries. Overall, during that same year, 817,000 t of goods were transloaded, including 151,000 tons of piece goods and 666,000 tons of bulk and liquid goods.

Sassnitz--Mukran Harbor Project

Maritime transportation handles 51.5 percent of the GDR's foreign trade with the USSR. This is why work is being done presently on the complex development, construction, and introduction of railroad ferry operations between Klaipeda and Sassnitz-Mukran. On the basis of a government agreement between the GDR and the USSR, construction of a new ferry port was begun in 1982. This is so far the biggest integration project between both countries in the transportation field.

The Mukran ferry port is to be the point of departure for a steady ferry link between Sassnitz and Klaipeda (USSR), starting in October 1986. After housing and logistic support units had been put up, work on the construction of the actual ferry port was begun last year. By the time the port is in full operation, one ferry will tie up in Mukran and in Klaipeda every 8 hours. The six ferryboats have been commissioned at the Mathias-Thesen shipyard in Wismar. The nucleus of the ferry train station, with its wide rail net, will be a big transloading shed, in which cars will be transloaded or in which their gauge will be changed from wide to standard, for the trip inland.

VEB Deutfracht (DF)

VEB Deutfracht, International Chartering, Berlin, is the government chartering enterprise of the GDR. As broker for GDR foreign trade, it takes care of the conclusion of maritime shipping contracts involving foreign shipping space for foreign trade transportation needs which cannot be met by the fleet capacity of VEB Deutfracht/Seereederei. This also pertains to line shipping going to foreign ports and the booking of all import shipments.

As broker of VEB DSR, VEB Deutfracht takes care of the chartering of DSR bulk carriers, refrigerator vessels, and tankers, both for the GDR foreign trade enterprises and for foreign customers. Moreover, Deutfracht handles the conclusion of maritime shipping contracts of all kinds between foreign ship owners and VEB DSR to supplement the country's own fleet. To accomplish all these tasks, Deutfracht maintains worldwide business relations with tramp and line shipping companies, with brokers, line agents, and offloaders. In the main centers of shipping markets, Deutfracht is represented by offices or agencies of its own. A staff of highly skilled personnel advises the partners on all questions of maritime chartering.

SM (Ship Brokerage) VEB

With its headquarters in Rostock, the Ship Brokerage VEB is the sole line agent and clearance brokers in the maritime ports of the GDR. Agencies are operating in Rostock-overseas port, in Wismar, Stralsund, and Sassnitz, with the market activities group in Berlin.

As a line agent, SM is the middleman between the interests of the loading industry and those of the shipping companies. The SM maintains firm agency connections with 32 shipping companies which touch the maritime ports of the GDR in the most varied line runs and, as line agent, represents these shipping companies. Sailing lists are issued weekly on all line runs starting from GDR maritime ports. The market operations group is available for consultation of foreign trade enterprises and offloaders established in Berlin regarding all rate schedule matters and shipping possibilities. About 75,000 cargo load bookings are made each year.

As the clearance broker, SM is the organizer of all services performed by enterprises and institutions participating in ship dispatching.

From arrival clearance all the way to the departure of a vessel, SM personnel are available to shipping company managements, captains, and crews, with advice and hints for rapid and smooth harbor processing as well as for a pleasant stay in the maritime ports of the GDR.

SM has good relations with all important service enterprises--which are required for the supply, processing, and maintenance of vessels--through a comprehensive network of contracts.

A basic, permanent personnel force of experienced staff members is at all times available to ship managements and captains in case of maritime protests, investigations, damages, etc. Travel formalities are further taken care of for seamen signing on or signing off.

On the average, SM takes care of 5,500 vessels per year. It is the bunker oil broker for all fuels and oils of VEB Minol. SM celebrated its 25th anniversary on 1 July 1983.

BBB (Dredging, Towing, and Salvage Company)

The entire technical fleet of the the GDR belongs to the VEB BBB. As a special shipping company, BBB offers a comprehensive assortment of services and construction work for all maritime industry sectors.

Skilled employees at home and abroad under complicated operational conditions guarantee the fulfillment of special customer requests on a high technical level. The technologically well-balanced make up of the technical fleet ensures universal and variable operations. The more than 140 vessels include pilot boats, tugboats, ice breakers, harbor cleaning boats, anchor boats, diver's boats, lifting vessels, floating bucket-chain dredges, etc.

The year 1983 was a decisive year for VEB BBB in terms of guaranteeing the deadlines for the GDR--USSR ferry link. During the 1981-1982 preparatory phase, it provided comprehensive support for the investigation of the construction foundation; at the end of 1982, the first gravel shipment was put ashore while the job of piling up 135,000 m³ of Baltic Sea gravel was begun at the end of February 1983.

With the Warnemuende pilot station, BBB has a modern facility for the regulation of ship traffic at any time of day and during any kind of weather, from and to the Rostock overseas port, to the city port, to the fish combine, as well as to the Neptun and Warnow shipyards. Additional pilot stations are in Timmendorf on the Island of Poel and in Stralsund.

Pilots and tugboats each year participate in more than 17,000 ship movements in GDR ports. Some of the enterprise's important tasks among other things include the excavation and transporation of gravel for the construction industry, the piling-up of beaches and dikes, as well as the testing of nautical equipment and life rafts.

SV (Ship Supply) VEB Rostock

VEB SV is responsible for the fleet and for all domestic and foreign seamen, including ocean-going fishing, as a supply enterprise. It is also responsible for the equipment of ships with nautical-technical equipment items, for food supply, for the supply of nautical charts and nautical materials, as well service uniforms and protective clothing.

By direction of DF, the Rostock SV is also the contract partner for ship outfitters in many foreign ports. With its headquarters in the Rostock overseas port, it maintains branch offices for provisions in the Rostock overseas port, in Wismar, Stralsund, and in the Rostock-Marienehe and Sassnitz fishing ports. The enterprise has modern and adequate refrigeration facilities which guarantee a supply of products in keeping with generally accepted requirements. Orders from domestic and foreign vessels are accepted by on-board sales agents. The goods ordered are delivered quickly by a modern motor pool, alongside the vessel.

WTZ (Scientific-Technical Center)

The WTZ of the VE KSH was established effective 1 September 1980 as a necessary and effective step toward the further acceleration of scientific-technological progress in the GDR maritime transportation industry. It employs about 550 workers who must accomplish the following tasks:

Drafting strategic economic concepts for the GDR maritime transportation industry;

Deriving measures for the acceleration of scientific-technological progress;

Scientific-technological preparation of complex socialist rationalization and intensification of processes in the field of maritime transportation and port transloading;

Development and construction of rationalization equipment for the fleet and the ports that are typical of this branch;

Development and introduction of microelectronics in the combine.

In an effort to increase the output of scientific-technological work further, the WTZ uses the advantages of national and international research cooperation. In April 1983, a complex contract on cooperation aimed at the promotion of scientific-technological progress, was signed between the Wilhelm Pieck University in Rostock and the combine. The maritime industry science cooperation section was established already in 1979; it includes the Maritime Transportation and Port Management Combine, State Enterprise; the Shipbuilding Combine; the Fishing Combine; the Rostock WPU [expansion unknown]; the Warnemuende/Wustrow IHS; the Wismar IHS, the GDR Maritime Bureau; and the GDR Ship Inspection and Classification Division.

The Combine Academy was founded in 1968 for the advanced training of management personnel. The fourth cycle of Marxist-Leninist advanced instruction began at the Academy with the 1981-1982 academic year. The curricula are based on the resolutions of the Council of Ministers concerning the advanced training of management personnel as well as advanced training concepts especially tailored for the combine. At this time, ten different education measures are being carried out in 24 training courses.

5058

CSO: 2300/353

NATIONAL BANK ISSUES REVISED LENDING POLICY GUIDELINES

Warsaw TRYBUNA LUDU in Polish 6 Mar 84 p 2

[Report prepared by A.L.: "The Bank Loans--the Bank Requires"]

[Text] Recently the Polish National Bank (NBP) issued revised loan guidelines. Leszek Urbanowicz, vice president of NBP, discussed the main principles of these guidelines with Janusz Kotarski, PAP journalist.

Urbanowicz said that the enterprises most likely to obtain credit will be those which can show proof of good management and which conform to the profile of activities and future development that are consistent with the goals of the national socioeconomic plan. These guidelines are aimed at translating this general principle into the language of economic parameters.

The most important parameter continues to be profitability. In talking about the criteria for granting credit, Urbanowicz singled out the enterprises. But this is not the only criterion. There is also the manner in which production factors are utilized, how accumulated finances are put to use, and the effect of price changes on the economic situation of the potential borrower. It should also be noted that the conditions which the enterprise must meet depend on the type of credit. For example, in order to obtain annual turnover credit, in an amount not exceeding that of the previous year, current profitability will suffice. But if the credit desired is to be "converted" credit, i.e., repayment in instalments over a longer period of time at a constant interest rate, proof of future profitability is required.

On the matter of credits, the NBP vice president said that the increase of these credits for enterprises will amount to only 40 billion zlotys.

The criteria in effect for granting these types of credits include:

--The enterprise's economic status and its prospects for the future; and the nature of the investment goal. (Enterprises can apply only for credits for investments on which effectiveness is 1.5, i.e., for one zloty of outlays, 1.5 zlotys of results are obtained during the period of operation.) Only those applications will be considered which provide for repayment of credit within a maximum of 5 years, with a 70 percent share of own funds. Moreover, the share of construction-assembly projects in the planned investment cannot

exceed 25 percent. But the fulfillment of these requirements means only that the enterprise is now in the pool of enterprises which can compete for credit. The credit will only be granted to those whose investment goals are compatible with the priority goals of the central annual economic plan.

In answer to a question as to whether there should be fear that such severe criteria for investment credit will not result in a depreciation of the fixed assets of many plants, Urbanowicz admitted that such a danger does indeed exist. But a great deal will depend on the degree to which the enterprises will commit their own development funds for plant modernization and maintenance of present production capacity. The hard-money policy which we want to implement through credits must be consistent.

It must, above all, force everyone to think in terms of the future, and especially in terms of proper management of the profits which are at the disposal of the enterprises, and the development fund. The connection of this policy with the anti-inflation program depends on this, particularly as concerns the division of profit for the workforce fund and developmental needs.

The NPB vice president reported that nine enterprises have already lost or are threatened with loss of their eligibility for credit, and two of these have been put into receivership. But I believe, the vice president added, that under the rules now in effect this number will increase, although the banks gain nothing from a multiplication of bankruptcies. Doubtless the conversion of turnover credits will play a large part in revealing enterprises which show no promise for the future. The economic situation of the enterprises who do not obtain it or do not apply for it is probably not the best at present and probably will become worse.

In evaluating eligibility for credit now the banks will evaluate all sources of revenues to the enterprises. We intend, for example, to begin to reduce credit or accelerate its repayment in situations where profitability improves as a result of actual management efficiency. Also when tax reductions obtained are not directly related to the results for which the enterprise obtained these reductions or for which it is applying. In order to do this, close cooperation has been established with treasury offices and institutions. Every application for tax relief will be approved or disapproved by the bank. That is why I do not believe that this year or next there will be a large flow of funds to enterprises from sources outside the system.

9295

CSO: 2600/798

OPALKO RECAPS TRACK RECORD OF PZPR REFORM COMMISSION

Warsaw TRYBUNA LUDU in Polish 5 Mar 84 pp 1, 2

[Text] Stanislaw Opalko, PZPR Central Committee Politburo member and chairman of the Central Committee Commission on Economic Reform and Policy, made a statement to the Polish Press Agency on the work of this Commission since the Ninth Congress.

--The Commission has tried to supervise the implementation of the Ninth Congress' resolutions relating to the economy, to formulate the party's position on drafts of basic reform solutions, and to influence the principle directions of the state's economic policy. During our deliberations we tried to assess, on a regular basis, the implementation of Ninth Congress resolutions and the plenary meetings of the PZPR Central Committee on socioeconomic matters. We made an analysis of the implementation of the government's anticrisis program and formulated proposals for the work of government organs. In 1982, the Commission evaluated the functioning of the economy under martial law and the beginnings of the application of economic reform. It also expressed its opinion on drafts of the annual plans for the country's socioeconomic development and evaluated the execution of these plans. In addition, we summed up the party's broad consultation on the variant assumptions of the National Socio-economic Plan for 1983-1985 and formulated the party's position on this important matter. This position, developed by the Central Committee Tenth Plenum, formed the basis for the acceptance of a Sejm law on the 3-year plan. The Commission also gave its comments on drafts on the government's economy and anti-inflation program.

One of the basic themes of its work was to control the party's participation in the process of applying economic reform. On a regular basis we evaluated drafts of the basic legal acts of reform and the mechanisms which modified them. Last April the Commission worked out the directions for further improvements in reform. We gave a good deal of attention to reformation of the wage system and the assessment of the functioning of those fields of the economy in which the greatest problems occurred. This pertained particularly to the flow of consumer goods to the market, monetary-market balance, rail transportation, and construction, particularly of housing. In addition, we concerned ourselves with improving economic cooperation with the socialist countries, and especially with the Soviet Union.

We tried to participate actively in the reforming of our economy. After 2 years of putting reform into effect we can say that it has become a lasting element in comprehensive socioeconomic transformations, made in our country in accordance with the program accepted by the party's Ninth Congress. It is now one of the basic factors in reconstructing the system by which the state functions in the area of socioeconomic development. The primary assumptions of reform are proving themselves in practice. Thanks to the functioning of new management principles, a gradual but systematic improvement in the country's economic situation is taking place. Production is gradually increasing, we are making better use of our economic potential, and our flow of consumer goods to the market, mainly the food market, is improving. The first signs of a growth in management efficiency and labor productivity have appeared; better use is being made of raw and other materials and work time.

But in addition to the positive aspects and tendencies, negative and undesirable aspects are appearing. They include an excessive--higher than envisaged in the plan--rate of inflation, deterioration in quality of many products, poor results in thrift and scientific-technical progress, and a much-too-slow reconstruction of the structure of production. Thus some modifications in reform have had to be made. Their main purpose is to generate an economic pressure which will force enterprises to improve management efficiency. It should produce not only an increase in the production of scarce products and improve their quality, but it should also restore and strengthen market balance and counteract inflation. This should also bring positive changes in the structure of production, aimed at better satisfying the needs of society and at a closer connection between the incomes of the enterprises and the wages of the workers and the economic-production results that are achieved. That is why modifications of reform are essential. In no way do they violate the principles of reform outlined by the Ninth Congress. However, they provide a chance to achieve the ultimate shape of our economic reform.

The program for the country's socioeconomic development and overcoming the crisis, accepted at the Ninth Congress, is, on the whole, passing the test in everyday practice. Best proof of this are the results which our economy achieved during 1982-1983. But in addition to the successes, we observed some negative aspects which must quickly be eliminated. Implementation of the investment program is not good. The rate of inflation is higher than was envisaged. We are not executing plans for export to the capitalist countries. It is essential, therefore, that these unfavorable aspects must be overcome, and how this should be done should be the main topic of discussion at the PZPR National Conference of Delegates.

Our reformed economy must gradually begin to function normally and begin to fully satisfy the needs of society. We must remember that the burden of the political struggle has shifted to the economy. We must do everything to accelerate the rate of the country's socioeconomic development and further structural changes in the economy. It is important that we ensure a perceptible (by society) increase in consumer-goods production and production for export, and above all, an improvement in the quality and modernity of this production. The constantly improved mechanisms of economic reform, which provides the main chance for Poland to come out of the present economic stalemate, should contribute to this.

AGENDA FOR 1984 OF PROVINCIAL NOT CHAPTER CITED

Warsaw RZECZPOSPOLITA in Polish 29 Feb 84 pp 1, 2

[Report by Zygmunt Lempe: "'NOT' Initiatives"]

[Text] Among the basic social and economic goals of the Central Annual Plan for 1984, improvement in management efficiency, and particularly fuller utilization of available production factors, occupies a prominent place. Much can and should be expected of the scientific-engineering cadre in this regard, and this also includes the engineers and technicians employed directly in industry. The deputy chairman of the NOT [Chief Technical Organization] Provincial Chapter Council in Poznan, engineer Witold Kawecki, spoke on this subject.

The materially weak--and not just materially--position of the engineering cadre, the underestimated, by the administration of many enterprises, need to improve the technological and quality level of products, and finally the familiar situation on the consumer-goods market--all of this determines the principle directions of this year's activities of the Federation of NOT Societies in Poznan.

I must stress that the proposals prepared in the Poznan community and then presented by the representatives of the ZG SIMP [Society of Polish Mechanical Engineers and Technicians Main Board] at the Ministry of Labor, Wages and Social Affairs, to add to the draft law on the principles of paying employees in socialized enterprises some elements connected with wages of technical cadre, were treated with great insight. They will be taken into account, at least during the first period, in the enterprises which are applying experimental wage principles. The decisions on these matters will be made by a commission, in whose appointment representatives of SIMP or NOT will take part.

The achievement, envisaged in the Central Annual Plan, of a growth in industrial production and the related reduction of its materials-intensiveness, will require that raw and other materials be managed more effectively. In connection with this we are anticipating that in March of this year a scientific-engineering conference, the first in the country, will be held on problems of raw materials and other materials, management in the metallurgical industry.

Subsequent conferences of this type will determine the materials situation in other industrial sectors, in accordance with the understanding entered into between the Office of Materials Management and NOT.

A conference of scientists and practitioners, at which representatives of PAN [Polish Academy of Sciences] and NOT will be present, which is expected to be held at the end of the first quarter of this year, will be devoted to problems of the scientific-research complex and its cooperation with industry. The purpose of the conference will be to develop comprehensive proposals for improving the effectiveness of the cooperation of the scientific-research complex with industry.

A separate but no less important matter is that of the quality of production intended for both the domestic and export market, its modernity and its technological standard. Rapid and great progress in these fields is indispensable, and the achievement of this progress is dependent in large measure on the attitude of the technical-engineering cadre, its activeness and its commitment.

The shaping of these attitudes, the putting forth of greater effort, is the primary task of the NOT societies this year.

9295

CSO: 2600/798

ENVIRONMENTAL PROBLEMS, SOLUTIONS OUTLINED

Environmental Planning Needed

Warsaw RZECZPOSPOLITA in Polish 25 Jan 84 p 3

[Interview with Professor Antoni Kuklinski, director of Warsaw University's Institute of Socio-Economic and Regional Geography, by Jolanta Kroner of RZECZPOSPOLITA: "No Ecological Miracle in the Offing"]

[Excerpt] Bulletin No 123 of the Polish Academy of Sciences' [PAN] Environmental Planning Committee has recently appeared in bookshops. The bulletin contains a document entitled "A Diagnosis of the State of Environmental Planning in Poland," prepared by a team led by Professor Kuklinski. The bulletin only presents the team's preliminary findings. The Academy is to officially submit the document to the Government Planning Commission later this year.

[Question] The diagnostic studies of environmental planning in Poland which have been conducted under your supervision present an alarming picture. Of course, this picture is observable in everyday life and is confirmed by reports in the press. The state of transport and communications is indeed poor, land isn't being used properly, the natural environment is being destroyed to an unprecedented extent, the shortage of water is becoming increasingly acute, and living conditions in our cities are deteriorating. This strongly worded assessment of yours is addressed to the authorities and to the general public. But what do we do now? What conclusions should be drawn from this analysis?

[Answer] The conclusions are many and various. I'll mention just some of them. First of all, we've put together a totally new and realistic picture of the environment in Poland, a picture which doesn't just show economic harmony, but also shows social conflicts. This is important, for in order to overcome problems you have to perceive them and understand them, not ignore them.

Secondly, it has been demonstrated that the model of town and country planning in Poland is obsolete and only aggravates the crisis. Furthermore, our document may also be interpreted as laying down guidelines for reconstruction--it indicates the steps that should be taken to get the country out of its environmental crisis.

[Question] So the document alerts us to a new crisis--a crisis of environmental planning. Why has it occurred? What are the main shortcomings of environmental planning in Poland?

[Answer] We have located six weak points in environmental planning, of key importance for the relationship between the economy, the public and the environment. Three of them give cause for immediate concern. The first is the state of the natural environment--particularly the air, water, forests and the natural resources which are currently being exploited. The second is the state of the technical infrastructure, i.e., the facilities which permit a flow of people, goods and information.

This includes transport, communications, the power industry, and the management of water resources. The third black spot is the state of urban conurbations. [...] The three other weak points, which are no less worrying in social terms, are the so-called social infrastructure--i.e., health care, culture, education and housing construction [...] food production, and the country's territorial organization, which has been unsatisfactory ever since the administrative reform of 1975. [...]

[Question] So now we know what's wrong with the environment in Poland. How should it be put right?

[Kuklinski] We recommend that the debate on reconstructing the environment should start from these six weak spots. But I have to make one thing clear--it's hardly surprising that people wait years for apartments and there's a shortage of hospital beds when you consider that in the years 1961-75, 42 percent of all capital expenditure was allocated to industry, 15 percent to housing construction and maintenance, and 27 percent to the entire social infrastructure. For the sake of comparison, I'd point out that during the Italian economic miracle, only 30 percent of capital expenditure in that country went into industry.

There is only one solution--industry will have to learn to survive and develop on 25-30 percent of all capital expenditure, while the increased resources earmarked for more housing construction will have to be used more efficiently.

Two things definitely have to be done. Firstly, the structure of the investment process has to be changed, and secondly, local economic planning and self-government have to be promoted. This is how I see the environment being reconstructed.

[Question] Can we afford such a reversal of our investment policy at the moment?

[Kuklinski] We have to be able to afford it. My personal opinion, which is probably not a popular one at present, is that Poland has to invest in such a way that the public never has to see for itself that a shortage of fresh air is worse than a shortage of shoes. [...]

Disasters Hit Forests

Warsaw ZYCIE WARSZAWY in Polish 31 Jan 84 p 2

[Text] Disasters hit the weakest first. This truth is well illustrated in Polish forests.

The recent history of forest catastrophes started with the nun moth, which in 1978, struck a vast expanse of coniferous forests in northern Poland (2.8 million hectares). Even the oldest people do not remember a similar invasion by these voracious caterpillars. Then, in the winter of 1979, exceptionally heavy snowfall felled forest trees. In the autumns of 1981 through 1983, windstorms tore down millions of trees and summer droughts created a perfect setting for fires.

Besides natural disasters, Polish forests are constantly being damaged by civilization--concentrated sulphur dioxide and fluorine are emitted by large industrial establishments (especially power plants burning lignite).

Sulphur dioxide is wrecking particularly the forests in southwestern Poland; the Sudeten Mountains themselves are in danger of an ecological disaster. Forests are growing increasingly sparse as a consequence of industrial dusts (emitted by the domestic industry and blown into Poland by winds from southwestern Europe) and the acid rain which forms from them.

This is best seen in the vicinity of Szklarska Poreba, Swieradow, Kamienna Gora, Mt Sniezka and Walbrzych.

Total losses in recent years have been estimated at about 40 million cubic meters of large timber. Sooner or later, one fifth of all trees in Polish forests will have to be removed as a consequence of disasters. The spruce, which is the least resilient to dusts and pests, has been the worst affected. It has also been calculated that if Poland wanted to make good all losses, no trees could be cut down for 5 years, which is impossible for economic reasons. So, the only possible course of action is to keep losses to a minimum and protect what remains of the forests.

Says Ryszard Dzialuk, managing director of state forests, "The Central Management of State Forests has proclaimed 1984 a year of forest protection. Therefore, our number one task will now be to put forests in order and improve their general condition. First, we have to cut down and remove dry or damaged trees. Only after this is done can we think about planned felling of trees in healthy forests. Of the 23 million cubic meters of timber we supplied last year, 17 million came from trees hit by disaster. This proportion will be the same this year. Although the timber will be of slightly worse quality than it used to be, I think that we will be able to ensure proper supplies of timber for mines, the pulp and paper industry, furniture factories, etc."

The way it looks now, the forests cannot defend themselves against disasters. The forest management reckons that all ministry-level contracts signed last

year will be extended. They have to be fulfilled if forest workers' equipment is to be kept in proper condition, if pests are to be fought effectively and if the volume of sulphur dioxide emitted into the air by careless factories is to be reduced.

For time time being, the Forest Management has two optimistic pieces of news--the forest area affected by the nun moth has decreased, and people working in forests have received wage increases.

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EXPERTS VOICE CONCERNS OVER CIRCUMVENTION OF REFORM LEGISLATION

Warsaw RZECZPOSPOLITA in Polish 29 Feb 84 pp 1, 2

[Article by (kb): "Is Reform on Legally Solid Ground?"]

[Text] Construction of the legal foundations for the functioning of the economy in conformance with the idea of economic reform has been going on for 3 years now. The fundamental voluntary input of experts in Taskforce X on Matters Relating to Self-Management and Legal Foundations for Functioning of the Economy in the Commission for Economic Reform deserves particular emphasis.

But not all of the laws now in effect (both the old and the newly passed) are compatible with the idea of reform itself. It was possible to make a comprehensive assessment of the state of legal regulations pertaining to our economy at a joint meeting of the presidium and secretariat of the Commission on Economic Reform and its Taskforce X, held in Warsaw on 28 February. Prof Wladyslaw Baka, the government's representative on reform matters, chaired the meeting.

Three years is a sufficiently long enough period to attempt a crystallization of basic assessments. Here are some of the opinions expressed during the meeting.

The lawful regulating of the legal bases for the functioning of the economy was, on the whole, favorably received by the public. In a short period of time the legal foundations were laid for economic reform. The often-correct reservations expressed on detailed solutions cannot undermine the social value of the regulating that was done.

But many of the legislative tasks indicated in the assumptions of economic reform have not yet been accomplished. This hinders the implementation of social and economic renewal, and undermines confidence in the reliability of the state leadership.

The problem is that thus far the Sejm has not passed the laws that are important for the implementation of reform. These include laws on the organization and functioning of self-managements of workforces in state enterprises: PKP (Polish State Railroads), LOT (Polish Airlines), PZU (State Insurance Bureau), and the Council of Ministers; on the rights, duties and responsibilities of

the heads of the central organs of the economic administration; on the competence of chief and central organs of the state administration to issue standardization acts and the duty to publish them; on enterprises with mixed capital (state, cooperative, and social); on state enterprises in which foreign organizational units participate; on opposition to monopolistic practices; on control of the national economy; and a number of others.

The application and observance of laws on economic reform arouse serious reservations and fears. Among the factors which contribute to this the following were mentioned at the meeting: the fact that a considerable number of workers in the state apparatus have become accustomed and even attached to the present system of planning and management; inadequate dissemination of information on the new laws and their social significance among state-enterprise employees; lack of uniform interpretation and explanation of the meaning, sense and principles of applying new legal solutions; lack of respect and even violation of laws by chief organs of the state administration in regard to the appointment of directors of enterprises without conducting competitions (we have about 1,800 of them), shaping the statutes of the associations; weakness of the courts in opposing documents issued in conflict with the law; and finally, weak control over the application and observance of laws.

Lack of respect for laws which serve economic reform is the reason why there are doubts as to the results of its implementation. It also has a discouraging effect on further legislative work.

During the meeting a number of important proposals were formulated which pertain to the principles of legislative work, the method of explaining the meaning of the economic reform standards, enforcement of the requirement that ministerial standardization acts be put into order (despite the earlier decisions by the Government Presidium, the tidying-up work, according to the Ministry of Justice, is obviously not being done on time) and satisfaction of the law in cases where decisions have been made that are in conflict with this law (this pertains particularly to the matter of directors where no competitions were held.)

These proposals were sent to the Presidium of the Commission on Economic Reform.

During the meeting discussions were also held on drafts and counterdrafts of new laws: on opposing monopolistic practices and on the establishment and functioning of companies with mixed capital. After considering the proposals, selected variants of solutions will be the subject of plenary meetings of the Commission on Economic Reform.

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GENETIC ENGINEERING, BIOTECHNOLOGY IN SERBIA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 29 Feb 84 p 13

Article by Visislava Subotic: "Development of Genetic Engineering and Biotechnology in Serbia--Keeping up With the World"

Text Considering its great importance for future economic and social development, scientific research work in the field of genetic engineering and biotechnology should be given priority in all programs and plans for development of scientific research activities in Serbia. This conclusion summarizes a discussion by representatives of several labor organizations, institutes, and scientific institutions in Serbia, the Republican Committee on Science and Data Processing, the Chamber of Commerce of Serbia and Belgrade, and other bodies and organizations, at a meeting held recently at the Chamber of Commerce of Serbia on the development of genetic engineering and biotechnology.

The long-term program of scientific research work adopted in this field has all the more confirmed the need for guiding the creative and material capabilities of our society in the direction of reaching and remaining at the world level in the field of biotechnology and genetic engineering. The reasons are clear: application of biotechnology and genetic engineering can make a lasting contribution toward quantitative and qualitative growth of production in the chemical, pharmaceutical, and food industries, which represent a significant development potential of Serbia.

Important Products

Important results are being achieved by scientific research centers in Serbia outside the provinces: the Dr Sinisa Stankovic Biological Research Institute, the Bosir Kidric Institute, the Vinca Molecular Biology and Endocrinology Laboratory, and the Corn Institute.

We also have several research groups which within a short time could acquire the skills needed for manufacture of highly marketable products, in view of the important role of monoclonal antibodies in diagnosis and treatment (the Toriak Immunology Institute in Belgrade, the Institute for Nuclear Research in Agriculture, Veterinary Medicine, and Forestry in Zemun, and the Institute of Oncology in Belgrade).

If we add to this the fact that the economy (the pharmaceutical, agricultural, and food industries, etc) has of late evinced very great interest in application of biotechnology and genetic engineering, it is clear that the most efficient use must be made of domestic creative potential in this currently essential scientific research field, with expansion made possible through further improvement in personnel qualifications as dictated by needs. We have in mind training at the appropriate faculties (department of biology of the faculty of natural science and mathematics, departments of pharmaceuticals, veterinary science, medicine, and agriculture), especially since there is great interest in research in this field and cooperation is being initiated with the pertinent institutions in this connection. However, although our capabilities for development of genetic engineering and biotechnology should not be underrated, there has been a decline in linking of scientific research with economic organizations by means of programs.

No Functional Linkage

There has thus far been no proper functional linking of scientific research organizations in this sphere. Now that science has been called upon for help and the directions of development have been mapped out--basic research in the field of molecular biology and the technique of gene construction, development of the production of biological agents characterized by highly specific biological activity, production of monoclonal antibodies, genetic engineering, and cultivation of plant cells and tissues--suppression of the flow of information in two directions, from science to industry and back, should not be permitted. The complex research work in this field absolutely requires parallel development of the information system and mathematical modeling in this field. The potential for this exists in Serbia, since an original method of quantitative analysis of information content of this type has been developed at the Theoretical Physics Laboratory of the Boris Kidric Institute.

If we point out that this method would permit export of our programs, it will readily be seen that with little effort we could in a short time successfully develop this important field with the aid of domestic know-how. Hence it is understandable that actions will be instituted in several quarters to continue implementation of the scientific research program adopted in the field of genetic engineering and biotechnology. The Republican Committee on Science and Data Processing will devise specific mechanisms for investment of money in this research by all agencies concerned. At the same time, the Republican Science Collective and the Chamber of Commerce of Serbia will negotiate with the associated labor organizations concerned to initiate the signing of self-management agreements on the financing of projects. The Chamber of Commerce of Serbia will also work to bring together the associated labor organizations concerned to form a collective for commercial and technical cooperation in this field.

The initiative of establishing in Belgrade a common center for genetic engineering and biotechnology for socialized industry in Serbia, a center which would carry out the program in this field for industry and would at the same time be the regional center for genetic engineering and biotechnology

of the UN in Yugoslavia, confirms the fact that this field has been understood to represent potential for increasing yields in agriculture and results in livestock raising and other areas.

It is to be pointed out, lastly, that despite the great benefits expected, genetic technology will by no means be abused, and so it will be necessary to bring about major changes in our legal and ethical standards. At the same time, we must not permit the fading of our influence on the development and guidance of this field throughout the world, to the end that genetic engineering and biotechnology will be used for the good of man rather than against him.

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CSO: 2800/230

SPRING PLANTING PLAN NOT EXPECTED TO BE FULFILLED

Belgrade BORBA in Serbo-Croatian 14 Mar 84 p 12

[Excerpts] Spring planting is late this year. Self-management agreements are still being made. The production of artificial fertilizers, herbicides and pesticides, machinery tires and spare parts does not provide assurance to farmers that the planting program will be fulfilled on time.

This was said on 13 March at a meeting at the executive council of the General Association of the Agriculture and Food Industry in the Yugoslav Economic Chamber.

The planting plan will probably not be met because economic measures have not supported it. Agricultural producers are interested in profitable crops, but plan documents call for structuring planting according to [general social] needs. Prices have not helped the planting plan. Also the social agreement on providing foreign exchange to import raw materials needed for producing re-production materials has not functioned.

This year the plan was to plant 4.556 million hectares, plus 146,000 hectares planned but not planted last fall. Corn is to account for 50.7 percent of the cultivated area this spring. Contracts to plant sunflowers are not proceeding well, with only 49,732 hectares contracted for thus far, or 45 percent of the plan in the socialized sector and 43 percent of that in the private sector. Soybeans have been contracted for on 74,511 hectares, which is only 53 percent of the plan. Wheat planting this year will definitely not meet the plan.

While there is enough seed, there are still problems especially because of the fact that a decision on prices of seed corn and commercial corn have not been established early enough, so farmers are retaining their seed corn, since there are no prices for it. Banks have not granted credits for planting because there is no documentation.

Foreign exchange is lacking for the purchase of fertilizer, pesticides and herbicides, spare parts, and tires.

CSO: 2800/254

YUGOSLAVIA

BRIEFS

GOOD WINTER FOR CROPS--Crops in Yugoslavia have wintered well. There have not been heavy, damaging frosts. In most areas the crops have been protected by snow cover. There has been quite good precipitation, especially in eastern Serbia, western Bosnia, the Primorje area, and Montenegro. In places where snow has melted, the ground is too wet and spring planting has still not started. On a considerable part of plowed fields no spring fertilizing has yet been done. According to meteorological forecasts, the weather is expected to improve after 12 March. Temperatures will rise markedly after 15 March, and this weather will continue to the end of the month. [Excerpt] [Belgrade BORBA in Serbo-Croatian 9 Mar 84 p 1]

SUGAR BEET PLANTING-- Planting of sugar beets, which began a few days ago, has been carried out on about 3,000 hectares. Good weather has helped farmers make up for a late start in planting caused by rain and snow. About 151,000 hectares of the 193,000 hectares planned have been contracted for planting sugar beets thus far; this is approximately the amount planted last spring. Contracting by private farmers has markedly declined, and amounts to only 33,000 hectares thus far. [Excerpt] [Belgrade BORBA in Serbo-Croatian 21 Mar 84 p 1]

PLANTING LATE--According to meteorological forecasts, the weather next month is expected to be changeable so farmers should use every good day for spring work. Because of cold or soggy ground, the beginning of planting is about 20 days late. Wheat that was planted on time has developed into clusters, while in Macedonia it is in the first off-shoot stage and is 10 centimeters high. Wheat planted later has developed several leaves, is not as high, and is frequently uneven and thin which is the result of inadequate fertilizing. In Slovenia the grain crop in many fields is dark and frozen. In Croatia the tops of rape plants were frost-damaged but they are expected to recover from this [Excerpt] [Belgrade BORBA in Serbo-Croatian 23 Mar 84 p 1]

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