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ECONOMIC AND INDUSTRIAL AFFAIRS

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EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

CONTENTS

INTERNATIONAL AFFAIRS	
Structural Changes in Socialist Economic Integration Viewed (NOVA MYSL, Oct 83).....	1
Priority Programs for Five Sectors, by Stanislav Hradecky	
Integration, Economic Development Linked, by Zdenek Chalupsky	
BULGARIA	
Industrial Output During January-November 1983, Comment (IKONOMICHESKI ZHIVOT, 21 Dec 83).....	18
Deputy Minister Dwells on New Power Capacity Expansion (Oved Tadzher; ENERGETIKA, No 10-11, 1983).....	22
CZECHOSLOVAKIA	
Scientist Views Potential Agricultural Reserves (Jiri Fiala, Stanislav Has; HOSPODARSKE NOVINY, 9 Dec 83).....	27
Need To Implement Pay According to Work Discussed (Ludmila Jordanova; HOSPODARSKE NOVINY, 9 Dec 83).....	33
Function of Contingency Funds in VHJ Discussed (Ladislav Benes; FINANCE A UVER, No 10, 1983).....	38
POLAND	
Planning Commission Summary of 1984 Plan Targets Published (RZECZPOSPOLITA, 6 Jan 84).....	47

ROMANIA

Results of Generalized Application of Overall Contract System Reviewed (V. Boescu, C. Barnea; REVISTA ECONOMICA, 25 Nov, 9 Dec 83).....	59
Electronic Composing, Pagination, Correction System Developed (Daniel Cocoru; MAGAZIN, 17 Dec 83).....	69

YUGOSLAVIA

Economists Examine Resistance to Stabilization Program (Scepan Rabrenovic; NEDELJNE INFORMATIVNE NOVINE, No 1717, 27 Nov 83).....	71
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STRUCTURAL CHANGES IN SOCIALIST ECONOMIC INTEGRATION VIEWED

Priority Programs for Five Sectors

Prague NOVA MYSL in Czech Oct '83 pp 103-111

[Article by Stanislav Hradecky]

[Text] Resolutions of the 15th and 16th CPCZ Congresses emphasized that the most important factor in intensification is R&D progress and economic cooperation among the socialist countries within the framework of CEMA. The intensification and expansion of cooperation and specialization, the coordination of national economic plans, the merging of economic mechanisms, the construction of joint production and mining facilities, the improvement of managerial and organizational relations are all becoming important factors, under the new conditions, in intensification and structural changes.

Today the socialist countries have at their disposal an immense economic potential which is the material foundation of their social policies and of the standard of living of their citizens. The economic growth of the socialist countries over the past 10 years has been faster than that of the developed capitalist countries. The CEMA countries are accounting for an increasing percentage of world production of the most important products. They account for 21 percent of world electrical energy generation, 27 percent of the mining of bituminous coal, 20 percent of world crude oil production, 28 percent of steel production and 35 percent of the production of mineral fertilizers. In terms of the volume of production, the CEMA countries have surpassed the EEC countries in steel, electrical energy, cement, woolen fabrics and other products. CEMA accounts for almost half of overall world industrial growth and remains the most dynamic economic grouping in the world.

At the congresses of fraternal countries it has been emphasized on numerous occasions that the successes in economic development achieved by the socialist countries are also the result of economic cooperation within the context of CEMA. Mutual trade within CEMA doubled between 1971 and 1980, reaching 121 billion rubles. Large joint projects were constructed in the mining, energy generation and processing sectors. The elaboration and implementation of additional integrational projects related to five long-range priority programs of cooperation and bilateral long-term programs of specialization and cooperation is proceeding gradually.

The development of economic cooperation among the CEMA countries is an outcome of an intentional policy of the fraternal parties, which perceive in socialist economic integration an effective means of successful future economic development. Over and above numerous qualitative and quantitative differences resulting from economic sophistication, national economic structure and other influences, the postwar development of the European socialist countries displays certain common attributes. The postwar renovation of the national economy grew into industrialization, with a substantial increase in the role of industry in the national economy. Along with the collectivization of agriculture, industrialization formed the material basis for socialist production relationships. This period was characterized by a predominantly extensive type of economic development, with economic growth being obtained through the input of more and more resources in the form of materials, energy, capital assets and labor. This assured relatively constant and ongoing growth in industrial production and national income. A national economic structure was created that was highly investment-intensive and which possessed a predominance of industrial sectors producing capital assets. In the 1970's there was a sharp change in the domestic and foreign conditions of economic development which resulted in a decline in the growth rate of industrial production and national income in all the European countries. The common denominator of these influences was the exhaustion of extensive sources of development.

Of greatest importance was the increasingly limited availability of factors of production such as energy, raw materials and materials. This was caused primarily by a sharp increase in world prices and a worsening of the technical and therefore the economic conditions of their extraction. The decline in the productivity of the extraction sectors gradually made its way to the processing branches. The high energy intensiveness of the economies of the socialist states, among other things, has also contributed to this.

An additional factor is the growing shortage of labor. Even though there are significant differences among the socialist states in this area, there is a clear trend towards a permanent decline in the growth rate of the labor force. Labor increases for manufacturing sectors, and above all for industry, are, moreover, lower than increases in labor for nonmanufacturing spheres.

Another factor in the low economic growth rate is the role of investment, primarily a decline in its effectiveness. This is caused by a number of influences, the greatest of which are a high level of incomplete construction projects, increases in budgeted costs, an unfavorable ratio between investments in construction and those in machinery, as well as an increase in the investment intensiveness of some sectors (fuels and energy).

The above three groups of factors which have caused a reduction in the rate of economic growth are long term in character and will clearly continue to influence the upcoming economic development of the CEMA countries. The negative impact of these considerations will have to be compensated for, primarily through structural changes in production and consumption which will be based on R&D progress and the expansion of socialist economic integration.

The socialist countries understandably perceived at an early date the problem of the gradual exhaustion of the resources for extensive development and took account of this trend in their planning. The impact of changing conditions on economic growth was in all respects more severe than had been expected (in conjunction with other factors). It is now quite clear that this has not been a matter of difficulties with individual aspects of economic development, but rather of the beginning of a new stage altogether. Radical changes in the factors of economic growth are forcing harsh corrections in the techniques for implementing economic policy, in the practice of planning, and in economic thinking. This is true not only on the level of the national economies of the socialist countries, but also requires a qualitatively new approach to socialist economic integration. The necessity has been demonstrated of establishing a joint economic strategy over a longer period (10-15 years) and providing for its assurance by a system of integrated forms of mutual cooperation. The objective of this joint strategy for the CEMA countries in the 1980's must be the purposeful restructuring of the national economic structures of the member countries in such a way as to enhance international specialization and production cooperation while respecting natural, economic and other conditions. This is a matter not only of defining more precisely the extent and format for participation in international cooperation, but also of a fundamental reorientation of the pace and comprehensiveness of the effort. A long-term, joint economic development strategy will make it possible to focus the necessary labor and resources on the critical objectives of production, research and development. The need for a closer link between research and production, for the more rapid production application of research and development findings, exists not only on a national scale, but can also accelerate substantially and improve the effectiveness of the requisite integrational processes.

The CEMA member countries, of course, are not at the beginnings of the development of international specialization and production cooperation. Long-term efforts to develop this form of cooperation have brought many demonstrable advantages, particularly in terms of longer production runs and greater aggregation of production resulting in a reduction in production costs. Furthermore, international specialization and production cooperation creates the preconditions for the concentrating of research and development facilities, which is necessary to increase the technical-economic sophistication of products and generate needed innovations.

Despite the positive results thus far, the potential and advantages of international specialization and cooperation are far from exhausted, and it may be stated that it is precisely in this area that the greatest underutilized potential exists in the activities of the CEMA. The expansion of these forms of integration should become the main form of cooperation in the 1980's and the basic mechanism for the restructuring of the national economic structures of the CEMA countries and, therefore, a mechanism for intensification.

The basic intentions and objectives of the gradual restructuring of national economic structures are expressed in the long-range priority programs for cooperation through 1990 which have been adopted in recent years by CEMA agencies. This is a qualitatively new, substantially more complex form of cooperation in critical sectors. The significance of these programs lies mainly in the fact that they predetermine the structural strategy for these sectors until 1990, constitute internationally coordinated parameters for the development of these sectors and are, at the present time, the most important means for achieving the requisite technical and economic sophistication. They do not involve entire sectors, but certain selected areas and products which are the most important for the restructuring of the sector and which make the most important contribution to its intensification and technical development. The implementation of these programs is taking place smoothly and without problems. It has become evident that certain countries and the pertinent CEMA agencies will have to intensify their concern for the completeness and smooth coordination of the tasks of these long-range priority programs of cooperation in terms of intersectoral relationships. It will be essential to refine the organizational forms for the implementation of this form of cooperation. Some unresolved valuational and pricing problems, which will have to be gradually eliminated, are currently posing something of an obstacle.

Long-term priority programs have been developed and approved for the following five sectors: energy, fuels and raw materials, machine building; consumer durables; agriculture and the food industry; transportation.

Assuring the national economies with the basic factors of production, namely fuel, energy and raw materials, is a very demanding task.

As a whole, the member countries of CEMA have adequate fuel and energy generation resources. Nevertheless, in specific areas these are distributed very unevenly. In the European countries of CEMA (excluding the USSR), where 30 percent of the population of the socialist community resides, there is only 3 percent of total reserves of crude oil and natural gas, and 2 percent of the iron ore reserves. As a result, in several CEMA countries there is a growing problem in the assurance of fuel, energy and raw materials which will become still more urgent in the future, particularly since an intensive economic development mode requires greater amounts of all types of energy and raw materials. According to the estimates of economists, by 1990 the consumption of electrical energy alone in the CEMA countries will be 2.5 times what it was in 1979.

The main supplier of the most important types of fuel and energy to the CEMA member countries is the Soviet Union, which delivered to these countries in the 1976-1980 period about 364 million tons of crude oil, 80 billion cubic meters of natural gas, 36 million tons of petroleum products, iron ore and other raw materials.

The program establishes the main priorities for the joint resolution of basic problems in the development of the fuel and energy generation base of the CEMA member countries. These include, above all, the maximum

utilization of domestic fuel and power resources, the development and implementation of measures for the maximum conservation of fuel and energy in all national economic sectors, the creation of an efficient production structure providing for the necessary reduction in the consumption of energy and materials, the expansion of cooperation with Third World countries (from which may be imported a certain amount of fuel), the use of nontraditional types of energy, etc.

The measures combined in this long-range priority program are comprehensive in nature. They presuppose the organization of R&D cooperation, which is to generate research lead time and the preconditions for the successful resolution of specific production assignments. Great attention is being devoted to extensive geological research to discover new sources of fuel, power and raw materials. Both geological and geographical research will be undertaken on new areas. Geological research work will be intensified in Mongolia and in Cuba.

The top priority related to the solving of the fuel and power generation problem is the construction and development of nuclear energy generation in the CEMA countries. By 1990, nuclear power plants are slated to have been built in the socialist countries with a total installed capacity of 100,000 megawatts. With the participation of interested countries, two large nuclear power plants are to be built in the USSR, each with a capacity of 4,000 megawatts, with half of the electricity generated by these power plants to be supplied to the countries that participate in their construction in proportion to their role in that construction. Cooperation in the field of nuclear energy generation also extends to the designing of nuclear power plants. The long-range priority program also concerns itself with the development and integration of the national energy generation systems of the European CEMA member countries.

The problem of satisfying increasing demands for propellants is a complicated one. Crude oil resources are limited, and therefore the long-range program recommends a substantial improvement in the chemical processing of this raw material. The long-range program also includes research and development and experimental work related to the processing of low quality coal and shale with the objective of producing synthetic gases and gasoline. More costly techniques for extracting crude oil and natural gas require that each country expand the mining of solid types of fuel while utilizing available fuel sources in the most economical manner. One of the priorities for the economical use of energy generation resources, as well as for the satisfaction of demand for chemical products, is the building of those chemical factories requiring a high level of electricity consumption near energy generation facilities in the USSR. In contrast to this, the specialty chemicals industry is to be developed in the remaining European CEMA countries, including the CSSR.

The objective of the program of cooperation in machinery building is the modernization and reconstruction of the machinery stock of specific branches of the national economy based on the production of very sophisticated, world class machines. This program is concentrating on the production of machinery important for the future development of selected sectors of the CEMA member countries.

A total of 31 groups of machinery production have been combined into 13 problem areas. These concern primarily machines and equipment for the machinery building sector itself, for energy generation, the mining industry, the chemical and petrochemical industries, the metallurgical industry, the food industry, agriculture, the consumer industry and the electrotechnical industry. They also include machinery and equipment for the mining, transportation and processing of crude oil and gas. The program furthermore includes mechanized equipment for the loading, unloading and handling of materials in warehouses.

An important component of this program are automated control systems for production processes and related equipment including integrated circuits and microprocessors, industrial robots, color televisions and computers. The program also projects the development of cooperation in the production of machinery and equipment to moderate environmental pollution.

Developing the production of machinery and equipment for nuclear energy generation occupies a key position in this program, in conjunction with the long-range priority program in the field of energy generation. If the nuclear power plant construction program is to be fulfilled, the production necessary equipment must be developed at a rapid pace on the basis of multilateral cooperation. In terms of its scope and importance, this objective has no precedent in current cooperational practice.

The objectives of this long-range priority program are to be achieved on the basis of proven forms of cooperation. International specialization and production cooperation and the joint resolution of key research and development problems are expected to be the critical forms of cooperation. Great significance is to be attached to the development of standardizing and normalizing projects with a view to unification within the framework of the entire community. The mass, large-scale, specialized production of motors, terminals and components will be assured based on their standardization.

The program of cooperation in agriculture and the food industry includes the formation of resources for satisfying the food requirements of the population.

The program provides, above all, for an increase in both plant and livestock production, including the production of fruits and vegetables. It provides for a strengthening of the fodder base in conjunction with increased grain production. At present, the CEMA countries produce about 0.7 tons of grain per capita, while the full satisfaction of needs would require production of about 1 ton per capita.

The fulfillment of the long-range priority program in the agrofood complex can draw upon already existing cooperation in production, research and development, and in exchanges of experiences. Interstate production specialization is not assumed in this program; rather, the emphasis is

being placed on increasing production and on mutual deliveries in accordance with the conditions and potential of each country. The food program of the USSR, approved at the May 1982 CPSU Central Committee plenum, includes a special article which provides that additional possibilities must be found to increase the production of all types of food in the interest of further increasing the standards of living of the Soviet people and the peoples of the fraternal countries on the basis of intensified socialist economic integration.

The most important objectives of the program include cooperation in the development of the material and equipment base on this sector. The program presumes a continuation of the process of mechanization and a shift to more sophisticated equipment. It projects the introduction of various models of tractors with improved specifications and the related agricultural implement systems. Combine output is to increase by a factor of 1.5-2. This will lead to a further substantial increase in labor productivity for the harvesting of various crops (the harvest accounts for about 60 percent of all human labor in agriculture).

The implementation of this program is expected to yield a further reduction in shortages of protein fodders. This is to be contributed to as well by the construction of factories in the USSR which will produce 300,000 tons of fodder annually. Additional provisions include the expansion of the production of protein fodders from plants and certain sea animals, as well as the development of the industrial production of chemical and microbiological preparations for the needs of agriculture. Cooperative programs will proceed in genetics.

The program for expanding the production and mutual deliveries of consumer durables is focused on improving the quality of consumer goods, continually updating and expanding the product mix according to the growing demand of the population and on the pooling of efforts aimed at the introduction of new technological procedures and equipment making possible a significant increase in labor productivity and an improvement in working conditions.

A number of industrial sectors are to share in the implementation of this program, including textiles, clothing, footwear, woodworking, machine building and electrotechnical. Cooperation is being focused on developing production in individual countries and achieving a more intensive exchange of products of the consumer goods industries. At the same time, specialization is expected to be developed for those products where this appears sensible (such as nonwoven fabrics, certain types of furniture, etc.).

Cooperation is expected in assuring the raw materials base for the consumer industry such as, for instance, for the production of high quality synthetic leathers, chemical fibers, synthetic lacquers and paints, etc. This program is also to include the resolution of tasks related to the modernization of the production base, especially of the textile industry, of the CEMA countries.

Regarding consumer durables, effective cooperation is expected in the production of color televisions, videorecording equipment, various types of equipment for sound recording, and in modifications to the product mix in refrigerators, freezers and other products. Specialization in the production of various motors and assemblies is expected, particularly for these products.

The program for cooperation in transportation relates to the preceding long-range priority programs of cooperation in other branches of material production. The main objective of this program is the gradual adaptation of national transportation systems to support the most efficient possible movement of people and goods in international transportation on the basis of improved equipment and modern technologies.

This program is based on the possibility of further increasing transportation efficiency mainly by more effectively linking the activities of national transportation systems and introducing more progressive equipment and technologies. For this reason the construction of rail lines will be coordinated, especially in relation to their compatibility, carrying capacity, the synchronization of construction schedules, etc. The reconstruction is projected of 14 international east-west lines along which the great majority of raw material substrates are transported. In addition, four north-south lines are to be modernized. The capacity of transfer stations is to be significantly increased, particularly those between the USSR and CSSR, the USSR and Hungary, the CSSR and GDR.

A unified containerized transportation system is being developed, based on the use of universal high capacity and specialized containers.

The long-range priority programs of cooperation constitute the backbone and basic strategy of CEMA activity, especially that related to specialization and cooperation. They are supplemented by bilateral agreements regarding specialization and cooperation until 1990 which have been concluded between the European socialist countries and the Soviet Union and between these countries themselves.

The implementation of these agreements is contributing likewise to significant structural changes in national economies and is also a mechanism of intensification.

Czechoslovakia constitutes an important component of the CEMA community by virtue of its overall industrial potential and the mature structure of its industry (especially machinery building). The further dynamic growth of the Czechoslovak economy and an increase in its overall effectiveness are dependent, however, on the international division of labor within the context of CEMA. In particular, the desired changes in industry cannot be carried out without links to the depth and breadth of international specialization and production cooperation of the CEMA countries. Our economy must seek a production and specialization profile that is in accordance with the specific conditions and economic development level

of the CSSR, while at the same time making an effective contribution to the resolution of the pressing problems of the development of the world socialist system. This undoubtedly requires an orientation to production programs which will result in a permanent reduction in the raw material and energy intensiveness of the Czechoslovak economy and assure high technical and economic sophistication as well as quality in produced items.

Carrying out the structural changes which will be essential for the integration of the Czechoslovak economy into the international division of labor will not be an easy or short-term matter. It will require, in addition to substantial investment resources, a reduction in the selection of products now being manufactured, especially machinery. The current selection of machinery products (about 2/3-3/4 of the world product mix) is too broad, which makes it impossible to make periodic product innovations or to provide for their research and development. It will be essential to proceed either with a reduction in operations or the liquidation of those sectors with low productivity and efficiency, thereby freeing up labor, material and energy resources for more promising products.

It clearly will be difficult to establish unambiguous criteria which would make it possible to determine objectively and reliably which products are not effective. It is a structural problem in our machine building industry that we still have a large percentage of heavy products while the electro-technical industry accounts at present for a relatively small percentage of output. It will not be easy, and probably not even possible, to make fundamental changes in this structure and to concentrate resources only on the electronics industry and instrumentation technology, that is, in those sectors where we are the farthest behind. If we prove able to raise the traditional machine building sectors to state of the art technical sophistication, outfit them with controlling and inspection systems, it will be possible for our traditional machinery products to compete effectively on world markets. Even this, however, is connected to, and must be resolved within, the context of our specialization profile among the CEMA countries.

Other factors can also contribute effectively to the coordination of economic policy, structural changes and the further development of international specialization and cooperation. The 26th CPSU Congress recognized the merging of efforts and resources of the CEMA member countries, a convergence of structural economic mechanisms and the further development of contacts between ministries, cooperatives and enterprises as effective programs for accomplishing this. Direct contacts between production units makes it possible to cooperate even at preproduction stages and to arrive at operational solutions for problems that arise. It will be necessary, however, to resolve many more organizational, legal, economic, and standardizational preconditions for the support of the development of direct contacts.

The socialist countries have embarked on a higher and more demanding stage of their economic development which will place new and greater demands on socialist economic integration. The general secretary of the CPSU Central Committee, Comrade Andropov, made the following statement on this matter at the June 1983 CPSU Central Committee plenum: "...we are aiming at a qualitatively higher level of economic integration. It is impossible to imagine life in the countries of the socialist community today without this. In the future this integration will be still more broad, comprehensive and effective, and it will reliably assure the strengthening of the national economies of the member countries. Our joint efforts are focused in this direction." (RUDE PRAVO 16 June 1983, p 7.)

Integration, Economic Development Linked

Prague NOVA MYSL in Czech Oct '83 pp 112-119

[Article by Zdenek Chalupsky]

[Text] Participation in the evolution of the process of socialist economic integration is assuming increased significance for the further development of the economy of the CSSR in the 1980's and over the longer term, because this process is creating the prerequisites and conditions for the on-going and effective development of the Czechoslovak national economy.

International socialist economic integration represents the specific inevitability of the economic sphere of world socialist system, and is organically linked with the inevitability of the building of a developed socialist society and its transition to communism. The development of the forces of production and the deepening internationalization of all aspects of life, but above all of the economic life of society, is incorporated in the deepening interrelationships of the process of expanded socialist production of individual national economies, as national economic complexes within the framework of the community of CEMA states. In this way the material conditions are created for the resolution of the tasks of the building of socialism, the effective development of each of the economies, tasks in which a specific solution takes on an international dimension.

The assurance of an additional increase in the satisfaction of material and cultural needs may take place only on the basis of an improvement in the material and technological bases of socialism, the development of socialist public-production relationships, the R&D revolution, and an increase in production efficiency. Integrational processes within the framework of the socialist community, international economic cooperation and in other spheres of the public life of a socialist society must not only necessarily accompany the intensification of the economic development of specific countries, but must become a direct component of this. The CEMA community continued to develop dynamically in the 1970's, a trend which is continuing at the beginning of the 1980's. They have achieved a stability and sophistication in their economies which is in sharp contrast

to the crisis-ridden rumblings of the world capitalist system and the intensifying disequilibriums in the developed capitalist states. The beginning of the 1980's for CEMA is also marked by the fact that the relation between the two social systems has become more complicated as a result of attempts by the imperialist states to step up the utilization of economic mechanisms in the interests of their aggressive policies and the de facto return of the world to the conditions of the Cold War.

The negative aspects of developments on international capitalist markets are incorporated indirectly into the economic development conditions of the CEMA countries and constitute one of the reasons for the decline in their economic growth. On the other hand, there are no doubts that the states of the socialist community have at their disposal the necessary preconditions for the shifting of economic development onto an intensive path by utilizing their immense production and R&D potential. For this reason the efforts of the socialist states are focused on deepening participation in the process of socialist economic integration and on deepening the interrelationships between the domestic and foreign factors in production intensification.

Increasing the well-being of the population under the conditions of a developed socialist society is unthinkable without the intensification of economic development. The objective character of this aspect of the economic development of a socialist society is coming to the fore currently under conditions which have seen the relative exhaustion (even if to differing degrees) of extensive factors of growth in a majority of the CEMA countries. The immediate future is partially characterized in comparison with the previous period by a reduction in labor force increases, limited possibilities for expanding the stock of agricultural land and even, rather, a reduction in the area being worked, and limited possibilities for the expansion of traditional fuel, power and raw materials resources. The current structure of national economic complexes are, at the same time, very fuel, power and raw materials intensive, and require the investment of a large volume of material and financial resources. The carrying out of economic and social development is becoming substantially more complicated given the reduced growth rate of national income. Under these conditions, it is therefore understandable that in their economic development strategies for the 1980's the congresses of the communist and working class parties of the CEMA countries are setting as a objective the assurance of an increase in material production through increased labor productivity, based on the necessity for achieving an increase in final output while reducing capital, fuel and material intensiveness, while creating the conditions for a shift to an intensive type of economic development where production increases are achieved by greater efficiency in resource utilization based in particular on R&D and the quality of production.

Intensification processes, just as they may not be developed in a restricted national framework, also cannot be developed without the purposeful planned coordination of the strategic objectives of intensified economic development, opening the possibility for the smooth implementation of the

effective development of each integral component of the community, a further shift in the balancing of economic sophistication, and a merging of national economies.

The interrelationships between the magnitudes, rates, structures and basic economic development objectives for the economies of the socialist states are deepening, which is being incorporated into the specialization of the national economy of every country in the CEMA community. The process of building a developed socialist society in the 1980's is linked to a greater extent than ever before to the need for developing a joint strategy for economic development based on an intensification of all aspects and areas of economic life.

The acceleration of the shift of national economies to intensive economic development demands the working out of a joint, long-range oriented structural strategy which combines the unifying of objectives for socio-economic development, the coordination of the growth rate and structural characteristics of economic growth, the establishment of development priorities for individual spheres of specialization of the national economic complexes corresponding to the objectives of R&D development, an optimal concentration of production and the increasing influence of participation in the international socialist division of labor. An important place in the coordination of a structural policy and national economic specialization belongs to the coordination of measures in the area of the fuel and power generation complex, programs for the technical modernization and reconstruction of production sectors, the solving of the problem of feeding the population and supplying it with consumer goods, resolving the problem of the international production infrastructure in the area of transportation, the environment, etc. Nor may this strategy leave out the coordination of steps in the development of planned management at the national level and the integration of these measures into an improvement in the management mechanism for international socialist economic integration. Under these conditions, the coordination of objectives for imposing the system of national economic planning and management, and especially the management of foreign economic relations, is essential. In the final analysis, the coordination of economic policy cannot be imagined without the cooperation of the CEMA member countries in relation to the Third World.

The increasing level of the socialization of production at the national level, the intensification processes of the production process, and especially the shift to the intensification of the growth process are conditioned by a flowing together of the "domestic and foreign" aspects of the development of each of the socialist states of the community. The role of the community of socialist states as an international production complex will take on greater and greater significance in assuring the prerequisites, the conditions, and the resources for ongoing, uninterrupted and general economic development. The process of integration therefore presumes, but also creates the conditions for "behavior" by the national economic complexes that are being integrated that will be based on the ability to establish proportions "ex ante" for the allocation of

labor on a national and international scale. In this way each of the entities, in accordance with its achieved level of economic development, will apply optimization criteria based on a maximization of its impact due to specialization within the system of the international socialist division of labor, the CEMA community and, indirectly, the world economy. The expansion and deepening of economic-organizational, purposeful, conscientious activity integrating these entities necessarily requires the joint formation and development of resources for joint economic activity. In addition to the general instruments of the planned management of economic processes on a national scale, the progress of the process of international socialist economic integration is generating its own specific mechanisms which are taking on the character of control systems and mechanisms for joint economic activity and the joint management of the integration process.

The comprehensive program for the development of socialist economic integration has provided a foundation for improving this system. On the other hand, however, the systems of national economic management and planning have not adequately reacted during this period either to the objectives of intensified economic development or to the conditions created by the development of socialist economic integration. In a situation where the CEMA member countries are setting themselves the objective of intensifying their economies and shifting to a primarily intensive development path, requirements for improvements in the management mechanisms of socialist economic integration are increasing.

Concurrently, and in conjunction with measures in national management systems, it is also necessary to improve within the management mechanisms of integration, the inclusion of the economic conditions for cooperation into forms of cooperation such as the long-range priority programs for cooperation, the coordination of 5-year national economic plans, and the processing of the multilateral integrational measures of the agreed upon plan. This will assure a new, qualitatively higher role for joint planning activities in the formation and the development of the management mechanism for socialist economic integration. The unity of the natural-material and the valuational aspects of management is, more than previously, conditioned by the elaboration and functioning of the so-called efficiency mechanism, so that the planned formation and assurance of the economic efficiency of country participation in the integration process likewise becomes an important mechanism for the management of the intensification processes.

Demands for the introduction of a priority orientation, adherence to program provisions, comprehensiveness, a long-range outlook, and effectiveness are appropriate both in terms of approaches to the improvement of national planned management systems and to the mechanisms for the management of the process of international socialist economic integration (with the addition of the specific requirement of assuring multilaterality in the resolution of integrational objectives). In this sense, the mutual interrelationships of the national and the international aspects of managing

the process of international socialist economic integration will be further strengthened. Therefore emphasis is also placed on the necessity for adapting national management systems in accordance with the intensification of the material content of the process of international socialist economic integration. The overall orientation of a national economic complex towards increasing public efficiency and assuring optimal performance for the national economy is incorporated in the gradual crystallization of requirements for the assurance of the economic efficiency of integrational measures, in the recognition of national economic output as output resulting from participation in international economic cooperation within the framework of an integrating community. National economic output, generally understood as output resulting from general involvement in the international division of labor, includes outputs from various spheres and forms of cooperation and therefore forms a component of the total national economic output. Under the current conditions of international socialist economic integration where the original entities of international economic relations are socialist state units, national economic output represents the implementational form of international economic output, which is the output from the international division of labor generated by the international socialist community. When determining the optimal level of specialization for a national economic complex it is critical that this be done on the basis of the principle of obtaining the maximum possible output from a national economy as a unit.

The purposeful creation of international specialization for a socialist national economic complex presumes that behavior will be oriented towards the obtaining of a level of specialization which will correspond to the magnitude of the economic potential given by natural conditions, the given size of the economy and its relationships to other entities in international economic relations.

From the economic viewpoint, the optimum level of specialization of a national economic complex may be generally understood as that level of specialization at which the national economy realizes the greatest impact from specialization, i.e., at which it conserves the greatest amount of labor. The optimum level of specialization in an absolute sense is an outcome of optimization according to natural conditions, the magnitudes of economic performance, and the size of the economy. The position of a national economic complex in its economic relations with others transforms an absolute optimum into a relative optimum. The outcome, the final output, is, under the conditions of international socialist economic integration, always linked with requirements for the mutual adaptation of the national economic structures of the socialist states and their national specialization optimums within the framework of the international whole--the socialist community.

In terms of how specialization will look in the future within the framework of the international production complex of the community of CEMA countries, it is clear that approaches will be employed which will be utilized by the socialist state units while optimizing their own production structures in the mutually coordinated development of national

management mechanisms and in the creation of specific mechanisms for cooperation as international mechanisms for the management of joint economic activities. On this basis, it will also be possible to proceed in realizing the advantages of socialism in terms of being able to optimize jointly the international production complex of the socialist community within the world economy. The achievement of the maximum impact from specialization at the level of the individual national economies, that is, presupposes the handling of the optimization of the level of international specialization of individual products and the level, extent and form of the specialization needed for this. At the same time, the optimization of the structure of the production complex of the CEMA community that is in the process of formation, as well as its position in the world economy, will be to an ever increasing extent taken care of.

The current conditions in which the economies of the socialist countries find themselves make it clear that intensification processes are linked to the incorporation of the influence of the R&D revolution in the further development of the international socialist division of labor. The characteristic features of this are the ever intensifying internationalization of production on the basis of a shift to an intrabranch division of labor, trends towards an increase in the optimal scope of production for the international marketplace, and especially the international market of the CEMA community, an intensification of differentiation in specific fields of specialization, accompanied by deeper interrelationships between specialization and cooperation in standardized terminals and components, and a shift to new fields and products produced through specialized R&D. The ongoing process of the socialization of research and development, the deepening of the global character of science and technology will clearly be linked with the formation of new approaches and viewpoints related to specialization and cooperation in research, the management of scientific development on a national and international scale within the framework of the CEMA community.

In the production and R&D potential which is at the disposal of the countries of the socialist community two trends are evident--one toward a strengthening of differentiation among branches and products, and the second toward the linking up of individual products, the formation of structural bonds of a new type, such as the creation of intersectoral production, or production-consumer entities. These trends will to a growing extent be conditioned by the development of objectives and the elements of the R&D revolution. Without defining these precisely, we have in mind here the development of electronics, and particularly microelectronics, biochemistry including genetics, the technological resolution of ecological problems, new directions in machinery building and processing technologies, robotization, etc. The international movement of utils will necessarily change both in terms of structure and, by inference, scope, in favor of products with a higher level of processing.

Within the CEMA community, measures are being implemented, with the active participation of the CSSR, which stem from the long-range priority programs for cooperation in the fields of fuels, energy and raw materials, in the

areas of machinery building and transportation, agriculture and the food industry, and in the area of consumer goods. About 320 various measures have been adopted for their assurance, which depend on both multilateral and bilateral agreements. These represent a set of guidelines outlining the basic objectives of an agreed upon strategy for the economic development of the states of the socialist community for a period of 10-15 years. A number of the measures are by nature significantly influencing the development of the economy, as factors in the formation of a structure. The most important of these were included in the agreed upon plan of multilateral integrational measures for the 1981-1985 period. In conjunction with the development of multilateral cooperation further progress was made in the fulfillment of the long-range program for the development of specialization and production cooperation between the CSSR and the USSR until 1990, which includes 18 sectoral subprograms for the development of socialization and cooperation in the most important mutually integrated industrial sectors until 1990. In the specific spheres of specialization of the Czechoslovak national economy ever greater importance is being gained by the development of intrasectoral specialization and cooperation in priority directions, including sectors and products which depend on technical progress in the most important national economic sectors. At the beginning of the 1980's such priority guidelines were outlined for cooperation in the areas of machinery building, equipment for the surface mining of useable minerals and the construction of long-distance pipelines, machines and equipment for the rational utilization and conservative consumption of fuels and energy, mechanized systems and equipment including automatic handlers with programmed controls for reducing the amount of manual work involved in loading and unloading, in transportation and storing, auxiliary and other labor intensive operations, highly productive and precise metal turning and forming equipment, comprehensive series of progressive products of importance for general engineering, systems of machines for the comprehensive mechanization of agriculture as well as for the rational processing of agricultural and foodstuff raw materials.

New motivation for the intensification of specialization and cooperation was provided by the 26th CEMA Plenum in June 1982, in the form of its adoption of framework agreements concerning multilateral cooperation in the area of the development and broad utilization of microprocessor technology in the national economies of the CEMA member countries and framework agreements concerning multilateral cooperation in the area of the development and organization of the specialized and cooperative production of industrial robots prior to 1995.

The objectives outlined for the future orientation of the Czechoslovak economy at the 16th CPCZ Congress and further elaborated at the discussions of the Eighth CPCZ Central Committee Plenum in June 1983 underscore the importance of the more active utilization of the integration of our economy into the process of international socialist division of labor for the realization of structural changes, to increase our technical sophistication, and for the practical application of R&D findings.

A turn towards intensified economic development is then linked to the intensification of mutual cooperation, creating the preconditions and conditions for the accelerated creation of effective specialization of the national economic complex in the future. The extent of the implementation of the results of the R&D revolution and their integration with the advantages of the socialist mode of production will have a critical place in this process.

The generally valid requirement of providing lead time for research over development, for development over production may be incorporated, from the viewpoint of the planned management of the R&D revolution within the CEMA community, into the requirement for the accelerated formation and improvement of the planned management of the international movement of R&D findings and the development of cooperative relationships on a long-range, joint format. Likewise, the requirements evolving from the economic competition of the socialist countries with the most well-developed capitalist countries will continually contribute new impulses focused on the acceleration of R&D progress, structural changes, the deepening of the international socialist division of labor and the improvement of the management mechanism in the process of international socialist economic integration.

9276

CSO: 2400/154

INDUSTRIAL OUTPUT DURING JANUARY-NOVEMBER 1983, COMMENT

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 21 Dec 83 p 4

[Statistical information published by the Committee for the Unified Social Information System: "Bulgarian Industry in the Period January-November 1983"]

[Text] During the previous 11 months of the year, the state plan quotas were overfulfilled for the production of a number of important national economic articles. The production volumes for some of these and the growth rates in comparison with the same period of last year are as follows:

	Produced Product	Growth Rate
Electric power, million kwh	38,216	105.2
Coal--total output, thousand tons	30,745	100.0
Hot rolled steel, thousand tons	1,291	107.9
Integrated machines, units	195	114.7
Drive axles for Liaz-Madara, units	21,386	136.7
Electric hoists, units	121,000	103.6
Battery operated plant trucks, units	38,000	105.0
Electric units, units	2,854	150.4
Power transformers, units	7,896	100.5
Electric tools, units	332,000	107.7
Factory-assembled switch-gears	2,612	113.6
Storage batteries, thousand units	1,048	100.2
Nitrogen fertilizers, tons	754,000	110.2
Polypropylene, tons	57,000	199.7
Detergents, tons	53,000	103.9
Passenger car tires, units	715,000	109.2
Large reinforced concrete panels, thousand m ³	1,358	106.8
Wrapping and wooden coniferous packaging, m ³	127,000	101.2
Furniture, million leva	393	105.5
Paper, tons	324,000	101.7
Wrapping paper, tons	145,000	103.2
Glass jars and bottles, million units	1,743	102.3
Cotton textiles, million m	335	100.8

	Produced Product	Growth Rate
Outer knitwear, million pieces	49	103.8
Meat, tons	460,000	104.0
Butter, tons	22,000	104.9
Cheese, tons	99,000	107.5
Yellow cheese, tons	26,000	107.6
Edible vegetable oils, tons	163,000	111.3
Refined sugar, tons	383,000	107.4
Processed tobacco, tons	109,000	105.1
Tobacco products, tons	82,000	102.7

During the January-November period, good results were achieved in carrying out the plans for the production and sales of commodity product. A product valued at 192 million leva, or 0.5 percent more than the planned product was produced and receipts were 253 million leva, or 0.7 percent, more than the planned sales. The volume of industrial production rose in comparison with the same period of last year by 5 percent and the money from sales by 5.6 percent. The economic organizations of the systems of ministries and other departments showed the following results in fulfilling the plans for the production and sales of commodity product:

	Fulfillment of Plan in % of:	
	Produced Commodity Product	Sold Commodity Product
T o t a l	100.5	100.7
Including:		
Power	101.2	101.1
Chemical industry	100.5	100.3
Machine building and electronics	100.5	100.4
Light Industry	99.8	98.9
Metallurgy and mineral resources	99.1	98.8
National Agroindustrial Union	100.8	102.8
Forests and forest industry	100.0	99.4
Construction and architecture	100.2	99.2
Transportation	100.4	99.9
Communications	103.4	103.4
Internal trade and services	101.4	101.4
Central Cooperative Union	102.0	100.7
Capital [Sofia] People's Council	106.8	106.6

Commentary

The November plan for commodity product was overfulfilled by 3.1 percent. The quotas were also overfulfilled for aggregate profit, net product and social labor productivity. The achieved growth rate for net product was 0.2 point higher than the rate during the period of January-November and for social labor productivity 0.3 point higher.

In November the October lag was overcome in product sales. The monthly plan for monetary receipts from sales was overfulfilled by 1.5 percent.

The results achieved up to now provide grounds to expect the overfulfillment of the annual quota for the production of the following important items: electric power, integrated machines, industrial manipulators, electric hoists, asynchronous electric motors, cables, insulated wires, automatic telephone exchanges, nitrogen fertilizers, chemical fibers and filaments, motor vehicle tires, panels, pulp, paper, furniture, plate glass, cotton textiles, outer knitwear, milk products, edible vegetable oils and many others.

During the month of November, the plan was not fulfilled for material expenditures and this has impeded the achieving of the annual quota for reducing these. The excess of material expenditures during the month was around 17 million leva. As a total for the 11 months the goal was not achieved for this indicator by the economic organizations in power engineering, forests and forest industry, metallurgy and mineral resources, light industry, internal trade and services and the Central Cooperative Union. In a number of economic organizations, material expenditures per 100 leva of commodity product during the January-November period were greater in comparison with the plans for the entire year (the Burgas Neftokhim [Petrochemistry] SK [Economic Combine], the Devnya SKhK [Chemical Combine], the Svilozha SKhK, the Rodopa DSO [State Economic Trust], the Bulgarplod [Bulgarian Fruit] DSO, the L. Brezhnev SMK [?Metallurgical Combine], the Lenin SMK, the Metaloleene [Metal Casting] DSO, the Kvartz [Quartz] SK and certain others).

In spite of the overfulfillment of the plan, many enterprises and economic organizations in December must produce significantly more commodity product in comparison with their average monthly production since the start of the year up to now. The fulfillment of the annual production program is under 90 percent at the following enterprises: the Pirin PTO [expansion unknown], the Rila SK, the Plants for Metal Cutting Machines DSO, the IZOT [Computer and Office Equipment] DSO, the Lenin SMK, the Rodopa DSO, the Devnya SKhK, the Dimitrovgrad SKhK and others. At these economic organizations the days of December are crucial for fulfilling the annual plan for the total product volume. During these days every minute, hour and day are exceptionally precious.

December is also the crucial month for fulfilling the annual plan for certain important products such as: rolled ferrous metal, steel pipe, lathes, tractors, buses, internal combustion engine plant trucks, water motor pumps, detergents, cement, earthenware tiles, woolen and silk textiles, knitted underwear, local products and children's foods. This is why at present it is particularly important everywhere during the remaining days until the end of the

month to make most rational use of the production capital and the available raw products and materials. It is essential to create an organization which excludes violations of production and labor discipline as these are the most frequent cause for improving product quality and preventing the overexpenditure of raw products and materials.

The December days are also important for concluding preparations for rhythmical production at the beginning of 1984. The labor collectives of the enterprises and economic organizations are already concluding the work of drawing up their initial counterplans. The fulfillment of the state plan and the counterplan for all indicators even in January depends upon what organization will be established now.

10272

CSO: 2200/60

DEPUTY MINISTER DWELLS ON NEW POWER CAPACITY EXPANSION

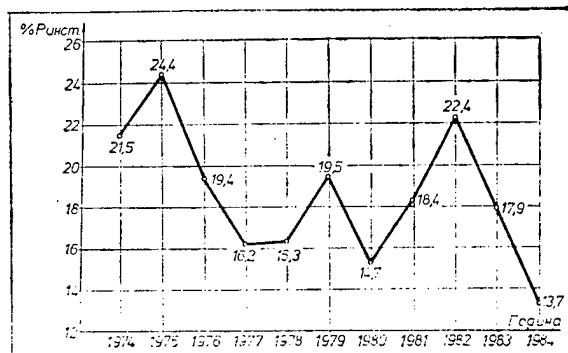
Sofia ENERGETIKA in Bulgarian No 10-11, 1983 pp 18-20

[Article by Engr Oved Tadzher, deputy minister of power supply: "The Accelerated Introduction of New Capacity in the Power Supply Up to the End of the Five-Year Plan"]

[Text] In 1982, the Ministry of Power Supply generated at its own plants nearly 36 billion kilowatt hours of electric power. In accord with the state quotas for 1983 and 1984, the ministry must realize an increase of 4.64 percent in 1983 in comparison with 1982 for power production and 2.88 percent in 1984 in comparison with 1983. The importing of electric power and the production from plant stations will virtually not change.

Actual power consumption in the nation (to the last consumer) in 1984 is expected to rise significantly more than the increase in production. Consequently in subsequent years it is expected, on the one hand, that the installed capacity will be used more intensely and, on the other, the available reserve in the power system will be significantly reduced. For example, with a reserve of 22.40 percent in 1982, in 1983 this is expected to decline to 17.9 percent and in 1984, to 13.7 percent.

The reserve capacity in 1984 will be the lowest over the last 10 years running (see the diagram).



As can be seen, the control of the energy and capacity balance in subsequent years to the end of the five-year plan will entail many difficulties and in certain instances some restrictions with normal annual atmospheric conditions. With poor conditions (summer droughts or extended low temperatures in winter periods) the difficulties will increase.

The Ministry of Power Supply is taking decisive measures to overcome the designated difficulties. These are expressed chiefly in a maximum economy of electric power in the national economy and domestic sector, increased efficiency of

power consumption, a maximum load on the capacity operating on local fuels, the maximum utilization of the nuclear power plant [AETs] within acceptable reasonable limits and so forth.

The prompt completion of new capacity is of crucial significance for handling the loads in the following several years.

During the period of 1976-1980, some 2,059 megawatts of power capacity were completed within the system of the Ministry of Power Supply. Three units at the Varna TETs [thermal power electric plant] with a capacity of 210 megawatts each, or a total of 630 megawatts, were built and put into operation. At the same time, a portion of the existing capacity was reconstructed and this increased their reliability and improved operating conditions. Three units at the Domo Dichev TETs were put into operation also with a total capacity of 630 megawatts and the corresponding capacity for coal mining at the Maritsa Iztok Complex. This capacity was quickly tapped and from the very outset showed dependable operation and made a significant contribution to covering the system's loads.

During the same period, 30 megawatts were put into operation at the Plovdiv TETs, 55 megawatts at the Republic TETs, 12 megawatts at the Gabrovo TETs and 12 megawatts at the Shumen TETs. At the end of the Seventh Five-Year Plan, the third unit at the Kozloduy AETs with a capacity of 440 megawatts went into operation.

At the hydropower plants [VETs], in 1977, 220 megawatts went into operation at the Sestrimo series of plants.

By years the completion of capacity was as follows: 85 megawatts in 1976, 250 megawatts in 1977, 432 megawatts in 1978, 432 megawatts in 1979 and 860 megawatts in 1980.

This rhythmicalness in the completion of new capacity during the Seventh Five-Year Plan and the significant capacity completed in 1980 created conditions for the more rapid development of power supply as outlined in the decisions of the BCP congresses in accord with the consistent policy carried out by the BCP Central Committee for the sector's development.

What is the situation at present, during the Eighth Five-Year Plan?

In 1981, 237 megawatts were completed with 210 megawatts in the last, fourth unit of the Domo Dichev TETs and 27 megawatts at the Spanchevo VETs.

In 1982, 452 megawatts were completed with 440 megawatts at the last, fourth reactor of the Kozloduy AETs and 12 megawatts at the Plevin TETs.

As is seen, during the first 2 years of this five-year plan, significant capacity has been completed. All the energy requirements of the nation were met by this as well as by the good use of the existing capacity and the carrying out of significant measures to save and rationalize electric consumption.

It must be pointed out that this year both the transmission and the distribution systems have developed harmoniously. During the Seventh Five-Year Plan, 70 new substations were completed with a total capacity of 6,050 megavolt amps and 40 power transmission lines with a total length of 1,344 km. In 1981 and 1982, a total of 20 substations were completed with a capacity of 1,780 megavolt amps and 601 km of transmission lines. The power system has been significantly strengthened by the completion of the new 400- and 220-kilovolt power lines and the new 400/110 kilovolt Sofia West, Burgas, Dimo Dichev TETs and other new substations. The development of the network system provides an opportunity to eliminate certain bottlenecks in the power system, to increase its reliability and stability, to provide a better distribution of the flows and reduce losses from the transmission of electric power.

In 1983, the plan envisages the completion of 192 megawatts. This includes capacity at the Ruse TETs with turbine 5 with a capacity of 60 megawatts and a steam generator 7 with turbine 6 of 20 megawatts. Even now it is clear that the last 20 megawatts will not be completed and the completion of the fifth unit involves a number of difficulties due to the poor and badly organized work by the executing organizations and the extremely unsatisfactory involvement of the operating personnel. The second turbine at the Pleven TETs with 12 megawatts is on line. In the near future, it is expected to complete 80 megawatts at the Devin VETs. However, the facilities which are of Bulgarian production show significant defects which probably will appear later in operation.

The 1984 plan envisages 275 megawatts of new capacity at the Ruse TETs with unit 6 of 40 megawatts, the expansion of the Sofia TETs with 25 megawatts and the first unit in the expansion of the Maritsa Iztok-2 TETs with a capacity of 210 megawatts.

The completion of this capacity is feasible. If there is any delay, this will be exclusively the blame of the organizations involved in construction. The collectives from our ministry, the Energoproekt NIPPIES [?Scientific Research and Design Institute for the Electric Power System], the Maritsa Iztok-2 DIK [State Industrial Combine], the Maritsa Iztok SMEK [Economic Mining and Power Complex] and the Heating and Power Systems DIK must not only complete their obligations promptly and well but also aid in every possible way in building the capacity. The equipment is almost completely supplied. The main thing is to work at full force now in order to make up for the lag.

In parallel with the construction of new capacity at the Maritsa Iztok-2 TETs reconstruction and modernization are being carried out on the existing eight steam generators with the modernizing of the fuel installation employing a new production scheme for the direct combustion of the coal. The first four steam generators have already been reconstructed and all reconstruction must be finished in 1984. This essentially means the completion of new capacity because, as is known, the 600 megawatts operating up to now actually did not provide more than 300-350 megawatts. Consequently, the reconstruction of the Maritsa Iztok-2 TETs will lead to a significant increase in the capacity of the previously operated part by around 250-300 megawatts, without considering the significant other effects from this reconstruction and modernization such as the

improvement in the technical and economic indicators, working conditions, fuel savings and so forth.

In 1985, we plan to complete 1,260 megawatts. This includes capacity at the Maritsa Iztok-2 TETs (unit 6 of 210 megawatts), the Traycho Kostov TETs with 50 megawatts and the Kozloduy AETs with 1,000 megawatts.

The completion of the new capacity at the Traycho Kostov TETs will have a major impact on the central heating system of Sofia. However, in its construction a number of flaws have been committed. For years now, the construction plan has not been fulfilled. This is the same situation this year while the equipment has been delivered and its guaranteed life has already lapsed. Real possibilities for its completion still exist.

Naturally, of greatest interest for the power workers in our nation is the building of the new unit at the Kozloduy AETs, unit 5. Not only because this will be of crucial significance for bringing the nation out of the difficult energy situation in which it will be in 1985 and in following years, but also because this unit represents a new stage in the development of our power engineering. As is known, this is the first 100,000-megawatt unit which has been built in the socialist countries outside the USSR. Its design incorporates the most modern concepts of environmental protection, new and most advanced automation of the control systems, safety and security and so forth. At the same time our 100,000-megawatt unit is the first which is being built by the efforts of all the socialist nations in accord with the intergovernmental agreement on specialization and cooperation in nuclear power. The countries supplying the equipment must develop many new types of equipment for our requirements and as is known, the development of new machines always entails many difficulties and great unknowns.

The accelerated construction of unit 5 at the Kozloduy AETs has been the subject of a special decision of the Politburo of the BCP Central Committee and the Council of Ministers. An operations staff has been established headed by the Politburo member and first deputy chairman of the Council of Ministers, Comrade T. Bozhinov. The construction pace has been significantly increased, but still it is significantly lower than that envisaged in the approved schedules. As is known, ground was broken at unit 5 on 9 July 1980. However, construction developed at an extremely unsatisfactory pace. The Politburo decision appeared on 10 August 1981. Some 13 months have passed since this but the accumulated delay is 9 months, that is, the construction pace is 60 percent of the planned. Recently additional measures have been taken but the development of the project at the moment does not guarantee the planned completion date of September 1985.

Our ministry is also to blame for this delay by the untimely providing of working plans and certain materials. Exceptional measures must be taken for the delivery of equipment in 1984 in accord with the course of installation.

During the following years up to the end of the five-year plan, accelerated construction is planned at the Chaira PAVETs [pumping-storage hydroelectric plant] the first unit of which will be delivered from Japan in 1984.

Construction has also been started on the 750/400-kilovolt substation in Suvorovo. The Energoproekt NIPPIES must take measures and not allow a delay in designing while the investor directorate must do the same in the prompt drawing up of contracts and delivery of the equipment and poles.

Construction is to continue intensely on the power system's ASDU [?automated dispatcher control system] with equipment deliveries established and the basic portion to be delivered in 1984 and the beginning of 1985.

The Blagoevgrad and Tsarevets substations of 400/110 kilovolts are also to be built. The construction of the two substations is already underway by our organizations Elektroizgrazhdane [?Electric Construction] and Energostroymontazh [?Power Construction and Installation]. Consequently, here everything is in our hands and depends upon our abilities and capacity to carry out the planned tasks.

It must be pointed out that the tasks in the area of coal mining (these are not examined in this article) are equally pressing, particularly at the Maritsa Iztok Complex and the Bobov Dol SMEK as well as at the other economic mining and power combines.

From what has been stated, it can be seen that the tasks which confront us in completing new capacity are difficult. However, there is no doubt that the worker collectives in the ministry's system possess the readiness and mobilization for carrying them out and will continue to make every effort for normal power supply in the nation during this and subsequent years.

10272

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SCIENTIST VIEWS POTENTIAL AGRICULTURAL RESERVES

Prague HOSPODARSKE NOVINY in Czech 9 Dec 83 p 3

[Article by Eng Jiri Fiala, Doctor of Science, and Eng Stanislav Has, candidate for Doctor of Science, Czechoslovak Academy of Agriculture: "What Are the Reserves in Agriculture?"]

[Text] The development of fuel and energy consumption in agriculture was very rapid from the beginning of socialization to 1980--from 11.4 gigajoules [GJ] per year in 1950 to 108 GJ per year in 1980. This growth was caused by the evolution of mechanization, which was necessary to compensate for a substantial decline in the work force. Fuel consumption increased rapidly along with the number of tractors and, later, automotive vehicles and self-propelled harvesting machines. Large capacity facilities for economic animals required increased consumption of electrical energy and heat. The need for quality protein fodders was resolved by drying them in energy intensive hot air drying facilities using light heating oil and gas. The amount of irrigated land has expanded greatly, causing a large demand for electricity. Fuel and energy consumption has also increased greatly in the food industry. Since 1977, however, it has stagnated, even though food production continues to increase and the mix of available products and their packaging is improving.

The growth rate of fuel and energy consumption has been favorable in the sense that growth in the technical and energy generation infrastructure has been accompanied by a continually declining annual percentage increase in the energy needed to increase agricultural production (the elasticity coefficient). If during the 1955-1960 period a 1 percent increase in agricultural production required an increase in primary energy generation of 6.9 percent, the present necessary increase would be only 1.3 percent.

In 1980 agriculture accounted for 5.6 percent of total final primary fuel and energy consumption in the CSSR, with the food industry accounting for

a further 4.3 percent. Of liquid fuels, agriculture's consumption of both diesel fuel and light heating oil were significant, accounting for 26.7 percent and 32.1 percent respectively of total final consumption in the CSSR of these items.

Out of the aggregate annual consumption by the agrofood complex of 191.52 GJ, plant production accounted for 45.64 million GJ and livestock production 35.96 GJ. Other agricultural activities used 15.43 GJ, associated production 11.33 million GJ and food production 83.16 million GJ.

Rapidly increasing fuel and energy consumption has resulted in an increase in energy costs as a percentage of total costs. Prior to 1975 this percentage was less than 5 percent of operating costs in agriculture. By 1980 it had risen to 6.5 percent. After the price increase for diesel fuel, gasoline and heating oils in 1982, energy costs as a percentage of total costs increased to 10 percent. The next planned price increase for fuels and energy will increase this percentage to the 14-18 percent range.

Much Can Be Implemented Right Now

The above reality means that all possibilities must be sought out and implemented as rapidly as possible for conserving fuels, using them as rationally as possible, replacing them with other sources of energy in such a way that further increases in production may be obtained without higher expenditures of energy.

Many rationalization measures may be implemented immediately at agricultural and food industry enterprises. This is primarily a matter of various organizational measures, increased attention to the upkeep of energy generation equipment, and a reduction in energy losses. At every agricultural and food operation it is necessary to increase the demands on divisional managers responsible for the organization of field work, the operation of equipment, the organization of fodder harvesting, the organization of materials shipments with an emphasis on reducing deadheading, and, of course, those involved with setting and adhering to agricultural equipment schedules and reducing volume and qualitative losses. There are significant reserves in all of these areas for increasing production as well as reducing mean fuel and energy consumption. To improve organizational activity it is necessary as well to build on current experience in the use of computer technology for the management of technical procedures in the agricultural enterprise.

Effective work organization and fuel and energy management is also connected with the establishment of local fuel and energy consumption standards, their monitoring, and the control of all work that is performed so that efforts to conserve fuels do not lead to a reduction in work quality, restrictions on the depth of worked soil, or even to the unjustified omission of work operations. It is precisely such progressive standards of fuel and energy consumption that must become the main foundation for the objective setting of planned fuel and energy consumption targets and their limits.

The introduction of new, more energy efficient machines and technical procedures will yield more substantial fuel and energy savings. The introduction of new work procedures for tilling the soil are making an important contribution. When growing grains following good forecrops it is possible to use minimalizing work procedures, including a reduction in the depth of basic soil tilling from the current 22-24 cm to 12-15 cm and, under certain conditions, eliminating soil tilling altogether on the condition that we will not then have to use increased dosages of either herbicides or industrial fertilizers. On medium heavy soils such a minimalizing work procedure results in 40 percent reductions in diesel fuel consumption, with 70 percent reductions in comparison with traditional techniques coming from the work procedure of sowing in untilled soil.

To foster diesel fuel conservation it is essential to shift gradually to more efficient categories of tractors with lower standard consumption of fuel, lower mean pressure on the soil, and to optimize groupings of production machinery, including the use of combines.

In this regard, the introduction of radial and low pressure roller tires on tractors and self-propelled machinery, including trailers, working in the fields should make a large impact. Recent experiments have indicated that tractor tires with radial construction experience less drag than diagonal tires and have improved tractive efficiency under normal conditions. This makes possible 2-4 percent fuel savings given the same volume of work. Also of importance, however, is the extended useful life of radial tires, which foreign data indicates to be 10-15 percent longer than currently available diagonal tires.

The impact of low pressure roller tires is still more significant: drag when traveling on a firm surface is reduced by 20-30 percent, and by up to 60 percent during travel on soil with a low bearing capacity. Slippage is at least 5-6 percent less than current tires, which is important for improving the tractive capacity of a tractor or a self-propelled machine. Introducing them only on the 30 percent of all tractors that are in higher performance categories would mean a saving in diesel fuel of more than 80,000 tons per year. A no less important contribution of low pressure roller tires would be a substantial reduction in the mean pressure on the soil, especially for top-of-the-line wheeled tractors and self-propelled machines.

Transportation Rationalization

Agricultural transportation performs a large volume of work. This activity requires 400,000 tons of diesel fuel alone each year (24 million GJ), which is 22 percent of all energy used in agriculture and 35 percent of agricultural motor fuels. Measures aimed at conserving fuels in this area, therefore, are worthy of special attention.

Significant energy savings can be achieved by decreasing the distance from field to warehouse. Reducing these distances for grain harvests is of exceptional importance. In many instances, grain is transported over

distances of 10 and more kilometers, meaning that the transportation equipment is being utilized only for trips to the warehouse, while they return to the field empty. By the same token, in the fall and winter when transportation equipment of agricultural enterprises travels to agricultural procurement and supplying centers for fodder mixtures, the trip to these enterprises is also made empty.

This system, which is uneconomical and leads to heavy consumption of diesel fuel, may be substantially improved by building reception bins for grain on the property of individual agricultural enterprises located so as to minimize the field-warehouse distance. It is necessary to organize warehouse management in a similar way for other agricultural products, and even for other, unrelated, materials.

Savings are also obtained by taking advantage of trips made by trucks with trailers. About 14 percent of all materials are transported off the actual grounds of the agricultural enterprise. This primarily involves shipments on public roads over long distances. Under these conditions, but also sometimes for internal transportation, trips made by trucks with trailers have shown themselves to be very advantageous in terms of mean fuel consumption. Similarly, it would be advantageous to make use in some instances of tractor systems with two trailers. At present, however, in Czechoslovakia this opportunity may not be taken advantage of because of existing regulations and the technical specifications of trailers.

A change in the method of preparing and preserving fodders can also contribute significant savings. Particular attention must be devoted to evaluating the content and the overall amount of nutrients that we must provide for livestock raising.

At the same time, of course, it is necessary to reduce mean fuel consumption in the drying of fodders. It is especially important to maintain a short cut and to reduce the initial dampness of green matter through wilting and compressing especially when using a low temperature technique for drying the fodder.

In addition, it is necessary to install equipment for recirculating the drying media back into the drying process at all operating drying facilities, and later on to install heat exchangers and take other measures to reduce fuel consumption.

Above all, it is necessary to concentrate further on eliminating high losses in the preservation of fodder--for instance, by increasing the use of hermetic silage towers--and, where warranted, to increase their numbers purposefully at the expense of less advantageous silage troughs.

[Text missing] and the heat of the sun transformed into heat. Other non-renewable sources of energy include waste heat from technical processes. It is assumed that agriculture will make use of the waste heat not only from its own processes, but especially the heat from the energy generating equipment of industrial enterprises, traditional condensation and nuclear

power plants. The use of geothermal heat, small water-powered generating plants and, under suitable conditions, even of wind power are all being considered.

By linking all utilizable energy sources into integrated systems it is possible to reduce substantially the costs of storing energy, which is essential given the variable outputs of nontraditional sources. We are planning to install in our agricultural sector integrated energy generation systems utilizing solar collectors, heat from stabling areas, energy from droppings and waste water, and in some instances the heat from cooled milk with a common, high volume heat storage system.

In the food industry it is essential first of all to deal with the obsolete situation prevailing in the area of boiler equipment. Other measures must be directed above all to the area of sugar production, which is the most energy-intensive and where it is possible to introduce several new, very energy-efficient technical procedures. Primarily it is necessary to expand the production of liquid sugars and to begin the production and use of affines. Moreover, it is possible to a large extent to use various local sources of waste and condensate heat.

It is essential to improve as well the management of condensates in the milk industry and gradually to rebuild dual and triple effect evaporators as multiple effect evaporators.

For the further improvement of the management of energy generation and the introduction of the necessary measures to provide for growing agricultural production given limited energy resources, it is necessary to intensify within management organs the long-term energy generation programs of the ministries of agriculture and food of the CSR and the SSR through the years 1985 and 1990 by speeding up the introduction of new energy generation equipment, especially that for utilizing the heat from cooled milk, recuperative heat exchangers, heat-insulated shelters in greenhouses, large hay storage buildings with solar air collectors and solar water heating systems. This is also related to the drafting of a concept for the development of nontraditional energy sources in agriculture and the food industry, both at the center and under the jurisdiction of kraj agricultural administrations, and the drafting of principles for designing energy generation management systems for food industry combines.

It is necessary to develop enterprise standards for fuel and energy consumption, introduce the centralized processing of fuel consumption according to the methodology of the Research Institute for the Economics of Agriculture and the Food Industry in Prague, and on this basis both to award bonuses and assess penalties for documented fuel consumption.

It is necessary also to train workers to use fuels and energy rationally, including new energy sources. For this reason it is important to establish systematic, centrally administered training to increase the professional sophistication of the employees of energy generating divisions, and to publish pamphlets on energy conservation and on new energy equipment,

both for operational employees and for design organizations and the management sphere.

Other sectors of the national economy also participate in the rational utilization of energy. These include the chemical industry and the engineering and electrotechnical industry, which provide the development and production of more efficient chemical substances, new machines, energy generation and technical equipment for agriculture.

Investments Which Will Pay Off

The introduction of the expected rationalization measures will reduce energy consumption in the agrofood complex in 1985 by 22 million GJ per year. Coupled with the use of nontraditional energy sources, however, this could easily be 25 million GJ, which is 11.2 percent of the projected consumption without the rationalization measures. In financial terms, this kind of annual savings would amount to Kcs 2 billion. Projected savings in 1990 could be up to 45 million GJ, and in 1995, 58 million GJ.

A portion of energy conservation may be achieved only by organizing work better, adhering to the proper work loads for machinery and utilizing machines optimally. The greatest savings, however, are tied to new, more energy-efficient equipment, working machines and technical systems requiring investment resources. The investment needs for nontraditional energy sources, including the use of the waste heat of energy generation and industrial enterprises, between now and 1995 have been estimated at Kcs 10-12 billion. This represents in the aggregate about 7-10 percent of the amount that the agrofood complex will have at its disposal prior to that time for all of its capital construction needs.

A comparison of the needed investment resources and needed reductions in costs for conserved fuel and energy allows one to conclude that given the increased prices of fuels and energy, the new investments and measures that are being introduced in the area of energy generation will be acceptable.

9276

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NEED TO IMPLEMENT PAY ACCORDING TO WORK DISCUSSED

Prague HOSPODARSKE NOVINY in Czech 9 Dec 83 p 5

[Article by Eng Ludmila Jordanova, candidate for Doctor of Science, CPCZ Central Committee Political College, Prague: "The Applicable Principle-- Compensation According to Merit"]

[Text] The objectives of CPCZ economic policy at the present time relate to the gradual implementation of an intensive development path and place greater demands on improvement in the economic mechanism and allocational relationships. In connection with a change in political, economic and social conditions it is essential to change as well the system of compensation, the forms and techniques of wage practice. This article concerns itself with the necessity of implementing these changes properly.

There is a valid principle in our society which is expressed in national economic practice by the law of allocation according to work: it is that people work according to their abilities and share in the social product that is created to a degree corresponding to their own work and the work of the production collective.

This law of allocation according to work, which is implemented through wages, is the most general foundation of wage differentiation. It is specifically in accordance with the requirements of this law that compensation for an individual must be arrived at according to the amount and quality of work performed by that individual. There are a number of factors, however, in the application of this relationship which form the basis of an egalitarian approach to wages and to the allocation of material incentive funds.

Egalitarianism Retards Activity

Daily life demonstrates that egalitarianism, the drawing of wages basically only for going to work rather than for actual performance, and the payment of undeserved bonuses has a negative impact on the development of activity and on the individual psyche. It results in the undermining of

the morale and the material stake of the individual in the results of public work and retards the mobilization of creative forces.

At a nationwide gathering in August of this year Comrade Lubomir Strougal made the critical assessment that a harmful mediocrity persists, that all workers share as a rule in wage increases, even though only a portion of them are responsible for improved performance. The social approach to wages has not been overcome--the achieved earnings level is assumed to be permanent even in an environment of worsened results and unfulfilled objectives. In the dealings of a majority of senior managers the principle that a wage may be raised only for the superior workers, for a demonstrable increase in their contribution, increased quality or effectiveness, is not being applied. For this reason wage differentiation is not spreading. On the contrary, it is retaining its limited scope, which weakens motivation and incentives to work. At the same time, the source of more significant wage differentiation lies within organizations, among work collectives and individuals. For instance, wage practice shows that more than 90 percent of all workers are classified in one of four wage classes, even though there are nine possible ones, meaning that the rate differential is about 1:1.5. The situation is worse for technical-managerial employees, who can be divided into 17 wage categories. Of these 17 categories, more than 80 percent are included in 5 of them, meaning that the rate differential amounts here as well to 1:1.5.

It is clear that one-sided perceptions of abstract social justice, and equating this with equal allocation while ignoring the connection between that which a worker receives from society and his work contribution, are views which are essentially petit bourgeois. After all, an equality which provides for allocation according to work is based on the assumption that individuals have the same relationship to socialized means of production, an equal relationship to performed work, an equal right and responsibility to work. The principle of equality also assumes that everyone is compensated according to the same principle--according to work--and that all are evaluated by the same yardstick, i.e., work. This is the essence of the principle of equality in socialism, but this does not mean to imply that everyone should receive the same amount.

This concept of equality includes and presumes an inequality in personal incomes, because people perform various kinds of work of varying complexity, have differing physical and psychological abilities, differing levels of labor discipline, motivation, etc. It is not correct to assume that every individual must have the same needs and interests or that everyone should arrange their lives according to the same patterns.

Wage Differentiation

The regulation of wage differentiation in a planned manner is becoming a mechanism for increasing the effectiveness of the wage mechanism within the process of planned management for achieving the socioeconomic objectives of the economic policy of the CPCZ. This differentiation may be understood generally as the gradation of wages based on certain considerations and

under the influence of political, economic and social factors. Wage differentiation is based above all on differences in the amount and qualitative variety of work. It is influenced not only by a number of economic factors, such as the nature of the work, its volume, quality and the like, but also social factors, such as sex, age, family size, etc.

In wage differentiation the principle of compensation according to merit is applied, which means that the link between compensation and the outcome of certain activities is expressed in terms of the amount, quality and social importance of the work.

At the Eighth CPCZ Central Committee Plenum it was again emphasized that one of the basic preconditions for mastering the demanding tasks of economic development is the systematic increasing of the educational level of the populace. Worker qualifications constitute the main component of work quality, which is one of the main factors in wage differentiation. At the present time in the socialist sector of our economy there are 62 college-educated professionals for every 1,000 employees. About 20,000 research employees work in the R&D base. More than 26 percent of the workers in industry, construction, agriculture and the nonproduction sphere have a high school education, and more than 86 percent of the blue collar workers in the national economy and agricultural workers have received full training in various fields of study.

It is, however, necessary that the position of people in the work force correspond more to their qualifications. Data from the Czechoslovak Research Institute for Labor and Social Affairs shows, for instance, that even though most blue collar and other workers meet qualifications standards, there are significant differences between work categories. As much as 36.19 percent of the workers who have not met qualifications standards are in positions which require a college education. In positions which require a full high school professional education, 44.44 percent of the respondents do not meet the qualifications standards, meaning that either they have attained a lower level of education or have less practical experience than is required for the position. Of the technicians and administrative employees included in class 12 of the TKK, 64.19 percent did not meet the qualification requirements, while 51.11 percent of those in class 13 did not do so and 50 percent of those in class 11 failed to meet the standards. In the lower classes the figures are more positive: in class 10, for instance, a full 77.53 percent of the respondents met the qualifications requirements.

National economic practice has shown a fairly close link between wages and education. In a general sense it is possible to say that workers with a college education have the highest incomes.

Influence of Important Factors

Even though qualifications are a very important component of the work quality aspect of wage differentiation, their significance should not be overestimated. At the present time it is essential to utilize the entire

complex of differentiatifional factors as incentives to meet the demanding objectives of the economic policy of the CPCZ.

In addition to economic factors, sex is an important social factor in relation to nominal wages. In recent years women in the socialist sector of our economy have been receiving about 69 percent of the average earnings of men. This situation, which has prevailed for some time, has many causes which have already been researched more than once by economic theory and national economic practice. A number of objective conditions may not be overlooked. These include the positioning of their jobs within the social division of labor, even though women as a percentage of the economically active population increased from 37.8 percent in 1948 to 45.0 percent in 1981, as well as a lower average educational level for women as compared to men.

The objective conditions also include the reluctance of women to assume the responsibilities of highly placed positions due to family commitments, etc. Related to this is the fact that in certain sectors of the national economy R&D has yet to reduce physical difficulty, nor has the environment of several professions improved sufficiently so that women can perform them and still fulfill their important social mission as mothers. Various remnants of centuries-old traditions persist in the consciousness of men and women in connection with the regarding of a woman's income as a supplementary income that cannot be counted on as a regular resource for defraying the costs of the family budget.

The planned management of wage differentiation is being accompanied by the use of the incentive function of wages to foster increased labor productivity, efficiency and quality. This economic function was again emphasized at the nationwide gathering as a way to help assure the resolutions of the CPCZ Central Committee Presidium and the CSSR Government.

Statistical data from the Federal Statistical Office indicates that over the January through May period in 1983 the increase in labor productivity moderated somewhat, amounting to 5 percent of adjusted values added in industry and 2.4 percent of gross industrial output, 4.3 percent of adjusted values added in construction, and 4.1 percent of basic construction output. The planned relationship between the development of labor productivity and of average wages was adhered to in industry, while in construction the actual relationships were more favorable than those which had been planned.

In the course of the building of socialism it has been shown that increased labor productivity is to a decisive degree dependent on the rapid implementation of scientific and technical development which, however, also includes the entire complex of changes and conflicting trends incorporated in wage differentiation. Qualitative changes in the content, conditions, and structure of physical and white collar jobs resulting from technological developments foster a trend toward the reduction of wage differentiation. At the same time there is the uneven influence of research and development on wage differentiation in certain areas of the economy. In sectors which are beginning to implement gradually the main thrusts of the R&D

revolution--the automation of the production process--matters are leading to their opposing influences on wage differentiation. New demands in these sectors are being made on qualifications (changes in the qualification structure), while simple work, even though it is of a qualitatively higher type, remains and in many cases even increases.

In the current stage of economic development there will be a purposeful implementation of more significant differentiation in compensation according to social priorities and credit for achieved results as the basic thrust of wage policy. This must be utilized in the resolution of the specific problems in the national economy and the critical tasks of this period.

9276

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FUNCTION OF CONTINGENCY FUNDS IN VHJ DISCUSSED

Prague FINANCE A UVER in Czech No 10, 1983 pp 658-664

[Article by Eng Ladislav Benes]

[Text] Economic production units [VHJ] set up and made use of a contingency fund as early as the Sixth 5-Year Plan, but its significance grew substantially in the improved system of financial management which took effect in 1981. In CSSR Government Ordinance No 161/1980, Laws of the CSSR [Sbirka], concerning the financial management of VHJ's and enterprises, both the formation and use of the contingency fund were modified. The changes were based above all on the experiences of the comprehensive experiment in the management of efficiency and quality.

The contingency fund of a VHJ represents an actual financial reserve for the VHJ. The fund helps to create the preconditions for the management of the VHJ according to khozraschot principles, and above all to assist in assuring relative independence in its management.

The contingency fund serves on the one hand as a focal point for all unutilized financial resources (i.e., resources not already allocated to specific targeted funds), and on the other hand uses these funds to cover various losses, increased costs and risks and to balance out fluctuations in the financial management both of individual enterprises and of the entire VHJ. The resources of the contingency fund may also be used to provide temporary financial assistance to individual enterprises and the general directorate of the VHJ.

Formation of a VHJ Contingency Fund

A contingency fund is formed in two different ways.

The preferred way is within the context of the plan, by allocations from the profits of the VHJ. The allocation is minimal and dependent on the formation of the planned level of disposable profits of the VHJ (disposable profits are understood as those which remain with the organization after transfers to the state budget and serve to finance its requirements). Because this is a secondary claim on the distribution of profits, ranked directly after transfers to the state budget, it is basically also a

guaranteed allocation. The allocation is established as a designated percentage of adjusted values added, and is a projected figure in the plan, an actual figure in reality. Adjusted value added was chosen as the base for the allocation because it is itself based on wages, profits and capital asset depreciation, meaning that it represents an objectivized base in various branches and sectors, adjusted for material costs. It should also therefore exert an influence on material incentives at a VHJ, inasmuch as adjusted values added are the decisive indicator in individual economic incentive programs.

Secondarily, a contingency fund is formed from various sources, as a rule external to the plan, such as by an internal transfer of undistributed profits, an allocation from the export incentive fund or of residual profits from imports for production consumption, and from sanctions assessed by the VHJ against its constituent enterprises for violations of the regulations governing the formation and use of the economic incentive fund.

An allocation from undistributed profits is carried out after the end of the year if the VHJ still has undistributed profits after the allocation of disposable profits to individual targeted funds. Allocations to these funds are subject to a designated upper limit (by the plan, by standards). The VHJ, however, need not make allocations up to this limit, but only to the extent that it will need resources in the area in question, and can concentrate the unused resources in the contingency fund for broader, more general future use. VHJ's are not as yet making very much use of this opportunity, preferring to make allocations to specific targeted funds. In this way, however, they are forfeiting the opportunity to use the non-utilized resources more freely, since resources allocated to the other funds are already committed to the objective of the fund in question. This was also the case at the beginning of the comprehensive experiment in the management of efficiency and quality, but later on allocations to the contingency fund increased substantially.

An allocation from the export incentive fund likewise represents an allocation of residual resources created within this fund and not used for allocations to specific targeted funds.

An allocation of residual profits from imports for production consumption is related to the current modifications of the financial and economic mechanisms in foreign trade for imports included in the second price regulation group (group 2a); it includes that portion of profits remaining after transfers to the state budget (at a 70 percent rate).

Of the above sources of resource formation, transfers from undistributed profits and from the export incentive fund predominate, with the allocations from profits constituting only a minor share. This is caused by the relatively low percentage of adjusted value added that can be used to contribute to the contingency fund. For central organs, this percentage is set at a maximum of 0.3 percent, while a maximum of only 0.1 percent is included in a plan breakdown. The remaining 0.2 percent may be applied

only to profits realized by the VHJ over and above its task in the plan breakdown. This percentage may be differentiated for specific VHJ. This relatively low percentage allocation from profits is intended to generate intensive pressure in the direction of the acceptance of demanding tasks in profit formation, the formation of disposable profits and, through this, a reduction in costs and in all items restricting the formation of disposable profits, as well in the direction of the formation of resources in the export incentive fund and, through this, the effectiveness and volume of exports. VHJ's should also monitor the effective and optimal distribution of profits and resources in the export incentive fund and increase intentionally the resources in the contingency fund.

Utilizing the VHJ Contingency Fund

The contingency fund may be used both for non-payback financing and for payback financing. In instances of financing where no payback is anticipated, the VHJ provides a subsidy for an enterprise. At the same time, its resources in the contingency fund are reduced, as well as the resources carried on an independent bank statement. In cases of financing with an expected payback, the VHJ provides an enterprise with temporary financial assistance. This reduces temporarily only the fund resources on the independent bank statement, while the amount of resources in the fund remains unchanged.

The opportunities for utilizing the VHJ contingency fund for non-payback financing are quite varied. The contingency fund is being utilized on a much broader basis than during the Sixth 5-Year Plan. The contingency fund may be used during the year for some purposes, but only after the end of the year for others.

The VHJ contingency fund is used for subsidies for profit distributions, either of the VHJ or of a specific enterprise. These subsidies are granted after the end of the year in cases when, during the distribution of profits according to established regulations, there are not enough resources for all established purposes, most commonly for allocations to the funds of the VHJ and its enterprises. This may be caused either by the failure to fulfill the plan for profits or by the failure to generate the planned level of disposable profits (for instance, because of increased transfers from profits to the state budget because of supplementary assessments and an increase in the basic transfer caused by additional items such as fines and penalties).

The contingency fund also serves to cover unplanned enterprise losses: subsidies from the contingency fund for these losses are provided to enterprises as a rule after the end of the year, as soon as their actual amount has been determined. During the year it is appropriate to resolve occasional unplanned losses within enterprises by offering temporary financial assistance from the contingency fund.

In addition, the contingency fund is the source of allocations to the cultural and social services fund, and even for the basic allocation in

cases where an organization has recorded no profits or a loss. This follows from Decree No 165/1980, Laws of the CSSR, concerning the cultural and social services fund, according to which the basic allocation to the cultural and social services fund is required and guaranteed. This allocation may even be included in the plan if an organization is not planning on making a profit or if it is planning to operate at a loss. Subsidies may even be granted during the year in connection with an opportunity for making the basic allocation to the cultural and social services fund.

One of the most important purposes for which the contingency fund may be used is for subsidies to compensate for the consequences of losses or of higher costs accruing to enterprises from the decisions of the VHJ. If a VHJ decides during the year to change its product mix, or to place a new order, or to take some measures that have an impact on the profit formation of an enterprise (by increasing costs or reducing revenues), or which reduce the generation of disposable profits, then the VHJ may in the course of the year provide the enterprise with a subsidy from the contingency fund so as to eliminate this negative influence. The VHJ also, therefore, established the way in which the subsidy will be used within the enterprise so as to fully eliminate the consequences of its decision. The subsidy may be applied either to reduce increased costs or to increase reduced revenues, or to supplement profit distributions to compensate for reduced formation of disposable profits.

The VHJ's are not as yet fully utilizing the above opportunity. They as a rule leave a problem caused by one of their decisions open until the end of the year and solve it by various means after the end of the year, while on many occasions this means trying to eliminate consequences tied up with allocations to enterprise funds.

A VHJ contingency fund may be further utilized to cover 50 percent of the losses from the physical liquidation of unusable inventories, as long as no other targeted fund is designated for this purpose (such as the risk fund). In such cases the inventory must be unusable in the sense of Decree No 49/1981, Laws of the CSSR, concerning the disposition of unusable inventories. These are inventories which cannot be used either by their own organization or by any other organization or by any other sector of the national economy, the value of which is not capable of being realized through sale to the general population or through exporting within the context of international exchange.

The above opportunity of using the contingency fund to cover losses from the physical liquidation of unusable inventories represents a significant advantage for organizations, since otherwise they would have to cover the full amount of a loss from their profits (from the costs to the organization of material inventories and the reduced income due to unfinished production runs or products). In 1982 it was even made possible to use the contingency fund to cover the above losses from the physical liquidation of inventories classified in 1981 and 1982 at up to 80 percent of such losses.

VHJ's are using the foregoing opportunity only to a limited extent, even though enterprise inventories contain a significant volume of unusable goods and the enterprises are recording higher than planned profits. A precondition for this, in any event, is the presence of adequate resources in the reserve fund.

An additional important possible use for the contingency fund that is not being adequately utilized is the coverage of costs in excess of planned costs for the design and testing of new products and technologies. The purpose of this provision is to facilitate and support the startup of production of the results of R&D work and to moderate the objections that such startups are usually connected with higher initial costs.

This use of the contingency fund supplements the opportunity provided by Decree No 163/1980, Laws of the CSSR, concerning the financing of noninvestment costs for research and development, according to which cost overruns for the production of a testing series or prototype units of a new product may be included in research and development costs and covered from the R&D fund (from the state budget for state assignments), but in an amount no higher than their planned level. The contingency fund may be used, therefore, to finance all other cost overruns, i.e., those in excess of the planned level.

In the future there will be a substantial increase in the importance and the scope of the use of the contingency fund to cover losses and risks connected with exports in connection with the closer integration of production with foreign trade and with the transferral of its economic consequences to production. At present the contingency fund is being used for this purpose only when a special fund has not been set up to cover losses and risks, such as a risk fund (for organizations entrusted with the performance of senior contracting functions).

Export losses and risks include:

- greater than normal export deficits beyond the control of an entity;
- damages during exporting, including damages to inventories not covered by insurance;
- losses from liquidation of unusable export inventories not the fault of the organization;
- writeoffs of foreign claims;
- foreign currency losses and foreign currency differentials that result in a loss.

In conjunction with the broader utilization of the contingency fund to cover export losses and risks, the experiment for increasing the effectiveness of foreign economic relations also concentrates in the contingency fund compensation which has been accepted for foreign claim writeoffs, realized

foreign currency profits and foreign currency differentials which result in realized profits.

The contingency fund, furthermore, serves to cover risk from R&D activities of organizations of the R&D base incorporated into VHJ's. The reason for this is that these organizations do not set up a special contingency fund to cover the above risks. The fund covers the following risks, among others (as is the case with organizations of the R&D base which are directly subordinate to central organs):

--cost writeoffs for R&D projects cancelled through the fault of the research organization, to the extent that they were not covered by the customer;

--costs to eliminate faults for which the research organization is responsible, or to cover price reductions if the fault cannot be eliminated;

--damages to equipment caused by accidents during experimental testing related to R&D work, or the costs of correcting these damages;

--damages stemming from the unintentional violation of the industrial patents of other legal entities.

The other purposes for which the VHJ contingency fund is used are less important, occur less regularly, and apply only to some VHJ's.

These other uses are concerned primarily with the coverage of residual losses from imports for production consumption. This includes losses related to imports classified in price regulation group 2 (group 2a) after a reduction of 70 percent through state budget subsidies. Secondly, consideration is given to the coverage of outlays in socialist competition with the exception of monetary bonuses paid out to employees in accordance with Decree No 90/1972, Laws of the CSSR, concerning the financing of certain equipment for the social consumption of enterprises and certain activities of state economic organizations and foreign trade organizations. These are outlays provided on the basis of an evaluation of the results of socialist competition organized within the framework of the appropriate sector (or VHJ).

Finally, it is possible to use a VHJ contingency fund to make contributions to the training of apprentices in accordance with Decree No 90/1972, Laws of the CSSR. These contributions are available if an enterprise undertakes training, at the direction of the VHJ, over and above its needs for production.

The VHJ contingency fund may be used for other purposes as well, which may be proposed by a supervisory central organ and which must be approved by the appropriate ministry of finance.

The use of the contingency fund to cover losses, increased costs and risks is supported by the method of its utilization. Specifically, the contingency

fund is used in the following ways, depending on the nature of the loss, increased costs, or risks:

- a) in the form of reduced costs (related either to a specific cost entry or as a comprehensive credit), in cases of compensating for higher costs;
- b) as increased revenues in cases of compensation for reduced revenues;
- c) as subsidies for profit distributions in cases of compensating for low formation of disposable profits.

The coverage of residual losses on imports for production consumption and subsidies for profit distributions constitutes a significant portion of the use of the contingency fund in the practice of several VHJ's. Otherwise, the contingency fund is being used primarily for various other purposes. The use of the contingency fund for subsidies for profit distributions may not be considered as a very positive phenomenon in the initial years of the current 5-year plan. This means that the formation of disposable profits is inadequate and that this is being compensated for with resources from the export incentive fund and, generally, that there is inadequate financial reserve formation for the rest of the Seventh 5-Year Plan.

The contingency fund may be used for financing for which a payback is expected in two ways, by providing temporary financial assistance and by providing guarantees for bank credit.

A VHJ may provide temporary financial assistance to cover fluctuations in the financial management of its constituent enterprises and, in exceptional cases, to the general directorate (for transfers to the state budget), with the approval of the appropriate ministry of finance. Such assistance may be offered to the operations area (for instance, to finance inventories in excess of planned levels or in instances of inadequate profit formation) or to the investment area (for instance, in cases of temporary fluctuations in resource formation--profits or depreciation). Such financial assistance must be paid back into the contingency fund within 1 year after it is offered.

Temporary financial assistance is defined as including serving as a guarantor of credit (both operational and investment). In such cases the VHJ commits itself to the Czechoslovak State Bank on behalf of its subordinate enterprise. Coverage of the guarantee is not a matter of non-payback financing, but rather of an ongoing reduction in the resources of the contingency fund. This is to give the VHJ the chance to evaluate in detail the financial situation of the enterprise on behalf of which it paid off the credit, and only on the basis of this evaluation to make decisions concerning possible non-payback subsidies to the enterprise in question. The realization of such a guarantee may be made exclusively with the resources of the contingency fund, and under no circumstances with the resources of any other funds.

Our VHJ's are giving priority in practical situations to using the contingency fund for payback financing rather than for non-payback financing, in particular to providing subsidies for the operative resolution of various problems of enterprise management (for instance, losses and higher costs arising from VHJ decisions, the coverage of losses from the physical liquidation of unusable inventories, or unplanned costs connected to the design and testing of new products). This reflects an attempt on the part of VHJ's to retain at their disposal relatively large contingency fund balances.

Limits on Maximum VHJ Contingency Fund Balances

The establishment of a maximum balance for contingency funds is intended to eliminate the exceptional instances of an ongoing and excessive accumulation of unused resources within a VHJ, which would lead to the freezing of these resources within the national economy and to the weakening of the impact of khozraschot. Such excessive resources may be generated, for instance, from profit formation in excess of the plan, coupled with a fixed transfer to the state budget or from export incentives under conditions of large windfall fluctuations in foreign prices. Under our system of financial management, there is no other way of drawing on these excessive resources (such as through progressive transfers or supplementary transfers from profits).

Therefore, the critical criterion for the successful implementation of this resolution is the establishment of a level for the maximum contingency fund balance that is neither too high nor too low. This amount should provide a sum which corresponds to the size and the economic responsibilities of the VHJ, the purposes of the contingency funds and the scope of the losses and risks that are to be financed from them. It should be set at a level such that the VHJ could achieve it gradually, over a period of 3-5 years, under normal managerial conditions.

At the start of the Seventh 5-Year Plan the limit on contingency fund balances for an entire central agency (including the sectoral contingency fund) was set at 0.6 percent of adjusted values added. As a rule, central organs would set the limits for VHJ's at a lower level so as to create some leeway for themselves for the balance of the sectoral contingency fund. The low level of the established limit was the reason that as early as 1981 several VHJ's had to transfer to their supervisory agency excess contingency fund balances which they had earned through economic incentives, primarily for exports. It must be emphasized that there had not been enough experience with the application of this limit. A maximum contingency fund balance limit was not established at all in the comprehensive experiment in the management of efficiency and quality, and during the 3 years of its application there were no cases of excessive accumulation of unused resources.

However, a low level of maximum contingency fund balances should stimulate their broadest possible use for non-payback financing during the year and to the resolution of various operating problems of enterprise management,

as were described above. It is, after all, advantageous for a VHJ to use the contingency fund to finance these requirements.

CSSR Government Ordinance No 161/1980, Laws of the CSSR, makes it possible for a VHJ to leave with an enterprise a portion of its profits in excess of the plan to finance enterprise requirements, as a transferrable resource from year to year. These amounts have the character, basically, of a contingency fund distributed to specific enterprises. This is further confirmed by the fact that these amounts are included at the end of the year in calculating the maximum VHJ contingency fund balance.

The VHJ's are using the above opportunity only to a limited extent. Most of their profits in excess of the plan are left with their enterprises during the year. At the end of the year the undistributed, unused profits are concentrated in their own contingency funds. This has proven to be an effective approach because it makes possible a more rational and comprehensive use of VHJ contingency fund resources than would be possible if these resources were scattered among individual enterprises.

Conclusions

VHJ contingency funds are an important financial mechanism in the improved planned management system which has been in force since 1981. They represent a financial reserve in which is accumulated all unused financial resources and which has very broad potential uses in the coverage of various losses, cost increases, and additional risks associated with the activities of the VHJ and their constituent enterprises.

VHJ's, enterprises and central organs evaluate the functioning of the VHJ contingency funds positively. These funds contribute to a strengthening of VHJ khozraschot, to the realization of their relative independence in management. Critical comments have been made regarding the magnitude of the maximum balances of these funds, as well as to the magnitude of their standard formation from profits. Comments on the magnitude of the limits are being taken care of by the experimental verification of measures for the establishment of an investment fund and to increase the efficiency of foreign economic relations which has been in force since 1983. This increases the limit to 5 percent of the annual adjusted value added volume of the VHJ. This increase assures the coverage of export losses and risks. Lower standards for contingency fund formation are meant to increase the incentives for VHJ's to generate value added, to increase export effectiveness and to give priority to the accumulation of uncommitted financial resources in their contingency funds.

The importance of VHJ contingency funds will continue to increase with the intensification of khozraschot, the integration of domestic production with foreign trade and the increase in the authority and responsibility of VHJ's for their own management.

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PLANNING COMMISSION SUMMARY OF 1984 PLAN TARGETS PUBLISHED

Warsaw RZECZPOSPOLITA in Polish 6 Jan 84 pp 3,4

[Unsigned article: "Basic Goals and Tasks of the 1984 Central Yearly Plan: Planning Commission Under the Council of Ministers"; passages enclosed in slantlines printed in boldface in the original source]

[Text] /The social and economic goals as well as proportions and means of development of the national economy for this year are defined by the 1984 Central Yearly Plan voted upon by the Council of Ministers. It was formulated in accordance with the guidelines of the 1983-1985 National Socio-Economic Plan with allowance for the economy's conditions and the results of a broad societal consultation on the assumptions of the 1984 Central Yearly Plan (CPR)./

The following were adopted as the basic socio-economic assumptions of the 1984 plan:

- /1) assurance of food for the population and the provision of conditions for a permanent solution of the food problem;/
- /2) providing the population with staple manufactured consumer goods, especially footwear and clothing, particularly for children and youth;/
- /3) provision of conditions for the growth of housing construction;/
- /4) improvements in the supplies of drugs and detergents as well as improvement in health care, augmenting the number of hospitals, dispensaries and health centers;/
- /5) social protection of the population groups existing under the most difficult material conditions;/
- /6) environmental protection;/
- /7) assurance of progress in achieving an overall economic equilibrium of the state as well as equilibrium in basic domains of economic activity;/
- /8) improvements in efficiency of management, and particularly in the utilization of materials as well as in labor productivity and also a fuller utilization of the accessible production factors./

The most aggregate indicator of Poland's economic growth in 1984 is the assumed 2.6-percent growth in generated national income. Achieving this aim requires a further increase in production and continued implementation of the goals of the conservation program and the government program for counter-acting inflation. On the progress in implementing these programs hinges the possibility of a more rapid growth in national income.

/During the implementation of the plan special attention will have to be focused on the evolution of the monetary and market situation, improvements in efficiency of management, structural changes, development of exports and improvement in their profitability and also on the streamlining of investment processes./

The monetary and market situation is of crucial significance to meeting the needs and to the proper operation of incentive mechanisms. The 1984 CPR assumes improvements in that situation along with the maintenance or even slight increase in real wages compared with 1983. To this end wage increases are to be more closely linked to increase in output and labor productivity. This will be promoted by revising the mechanisms of the economic reform as well as by the policy of "hard-to-get" money (by means of, among other things, restrictions on the number and scope of tax relief provisions--particularly as regards wages--as well as on the scope of regulated prices, the utilization of the right to freeze producer prices, curtailment of bank credit for investments), the streamlining of wage systems and the broader introduction of improved wage incentive systems at enterprises. This should serve to restrict the scope of inflation compared with 1983.

/An indispensable prerequisite for further progress in overcoming the consequences of the crisis is, in our present situation, a thrifty and efficient utilization of production resources./ Achieving the growth in industrial output envisaged in the 1984 CPR requires reducing by 2-2.5 percent the materials-intensiveness of that output, which is consonant with the tasks adopted for 1984 in the conservation program. The implementation of conservation tasks in 1984 is promoted by systemic revisions conducive to a more rational management of raw and other materials. In addition, the list of excessively energy- and materials-intensive products and technologies whose production and application are enjoined or gradually restricted is being broadened.

One of the most important ways of streamlining management and gradually restoring the economic equilibrium is the restructuring of industrial output. The progress so far in this respect has to be considered insufficient.

In accordance with the resolutions of the 14th Plenum of the PZPR Central Committee, as of 1984, more effective steps will be taken to promote structural changes and by June 1984 an appropriate program to this effect will be worked out for the economy.

/The 1984 CPR assumes the further development and deepening of socialist economic integration and mutual trade among the CEMA countries, especially with the USSR. Economic and scientific-technical cooperation with the countries of the socialist community is a permanent orientation of our

economy, as reflected in the steady broadening of the scope of mutually advantageous multi- and bi-lateral projects, the growth of industrial co-production and specialization and, recently, the transition to the joint formulation of economic policies./

A basic task for the next few years as regards economic relations with countries of II payments area [capitalist] is halting the growth of our indebtedness to them. This requires achieving a positive balance of trade.

The postulated growth in national income with priority to be given to protecting consumption means that the limited investment resources will have to be very rationally utilized. This is a prerequisite for making the indispensable structural changes in the economy and curtailing the processes of the decapitalization of fixed capital. This primarily requires reducing the existing excessive number of investment projects. Investment resources, both centralized and those of the enterprises, must be allocated primarily to projects that rapidly produce effects and are consonant with the supply possibilities of the economy and the directions of structural changes. The process of the execution of investments has to be more disciplined.

SPHERE OF MATERIAL PRODUCTION

Industrial Output

/It is assumed that in 1984 industrial output should reach the level of approximately 8,650 billion zlotys. This means an increase of roughly 4.5 percent compared with the expected results for 1983. As a consequence, output level would be 170 billion higher than envisaged in the 1984 National Socio-Economic Plan./

In 1984 the supplies of most raw and other materials should partially improve. It is estimated that the demand for black and brown coal, electricity, polyethylene, vinyl polychloride, cement, coniferous lumber, chipboard, sulfur and soda ash will be completely or nearly met. The supplies of cable and car batteries and tires will markedly increase.

It will be difficult to meet the demand for coke, gaseous fuels, automotive gasolines, rolled products, galvanized sheets and polystyrene. This will require conducting an active supply policy in 1984, based chiefly on the system of material-technical supply defined in Resolution No 142 of 24 October 1983 of the Council of Ministers as well as on central balance sheets and supply priorities pertaining to the:

- output of products and services comprised by government orders;
- output of products and services within the framework of operational programs;
- the needs of the country's defense and security;
- tasks implemented by the organizations that statutorily employ legally incompetent persons;

--aims relating to particularly important production for export.

The revisions of mechanisms of the economic reform adopted for 1984 are intended to promote reducing the energy- and materials-intensiveness of production. These solutions will be fostered by the measures specified in the government conservation program.

/To meet the basic needs of the society, four operational programs will be maintained in 1984 (compared with six in 1983). These programs will pertain to: /

- 1) Public road and rail transportation;
- 2) supplies of machinery, equipment, means of transportation and spare parts, storage batteries and tires to agriculture and the food industry;
- 3) supplies of basic pharmaceuticals, sanitary products and medical equipment to the health service;
- 4) clothing and knitwear for children and youth up to 15 years old.

Food Management

The production possibilities of agriculture in 1984 have been largely pre-determined by the results for 1983. Compared with 1983 crop output will somewhat improve, as reflected in higher yields and harvests as well as procurements, chiefly of grain, oleaginous plants and sugar beets.

/It is assumed that, given the average harvest conditions, gross output of agriculture should increase by 1.5-2.0 percent compared with 1983, with crop output increasing by 1.4-2.4 percent and livestock output, about 1.5 percent. /

As regards crop output, the assumption is that the trend toward an increase in the area planted with grain will continue. It is assumed that the amount of mineral fertilizers applied per hectare will increase to 186 kg in terms of NPK, and this along with the expected increase in supplies of crop protectants and other means of production warrant anticipating the following harvests of the principal crops--assuming that weather conditions will be normal: 22.2 million tons of grain, 690,000 tons of oleaginous crops, 15.8 million tons of sugar beets, 40.9 million tons of potatoes 2.4 million tons of fruits and 4.6 million tons of vegetables.

/As regards livestock production, it is assumed that in 1984 its decline will be halted and the hog population will increase by 1-1.5 million head while the cattle population will increase by 230,000 head. /

The growth of agricultural production should be promoted by the higher procurement prices introduced in July 1983 as well as by the higher--by 1 million tons--supplies of concentrated feedstuffs, especially high-protein feeds, from state stockpiles. It is assumed that grain imports will total 3 million tons and the imports of high-protein feeds will rise from 610,000 tons in 1983 to 1,250,000 tons in 1984. This will serve to reduce the grain-intensiveness of livestock production and improve the effectiveness of fattening, which in its turn, together with the available resources of domestic feedstuffs, warrants assuming an increase in the hog population.

/It is assumed that the present level of rationed meat allotments will be maintained./ This will require increasing meat imports, expanding poultry production and curtailing supplies outside the rationing system.

/Plans exist to increase the market supplies of milk and dairy products, especially of cottage and ripened cheeses. It is assumed that butter output in 1984 will be about 258,000 tons. Given this level of output, the market supplies may amount to 21,000 tons monthly, which meets the demand ensuing from controlled sales of butter./

Supplies of mineral fertilizers in the calendar year will increase by 387,000 tons in terms of the pure NPK ingredient, i.e. by 12.4 percent. Supplies of crop protectants are expected to amount to 17,900 tons in terms of the active substance, i.e. 4 percent more than in 1983. The value of the supplies of agricultural tractors, machinery and implements will be 105 billion zlotys or 10.5 percent more than in 1983. Tractor supplies will amount to 60,500 units, which is 2.5 percent more than in 1983.

Transport and Communications

/The economic growth envisaged in the 1984 CPR should result in higher capacity needs of all branches of transport. Assuring the needed transport capacity requires a marked expansion of the technical base of all the branches of transport, especially of rail transport./

Problems of special importance to transport capacity include, in particular:

- intensification of railroad and vehicular-road repair operations as well as of rolling stock repair;
- supply of rolling stock, chiefly freightcars, for the railroads;
- expediting the pace of the electrification of the principal railroad routes.

The plans for 1984 envisage an increase in the deliveries of locomotives and freightcars and an expansion of the repair of railroad trackage and vehicular roads. It is assumed that this year the deliveries of railroad rolling stock will amount to 5,000 units. It is expected that 76,000 railroad freightcars and 6,400 passenger coaches will be repaired in 1984 compared with 74,000 and 6,300, respectively, in 1983. Major repairs of track surface will increase to 2,500 from 2,100 km and repairs of public roads, to 2,650 from 2,350 km. The 1984 plan envisages the expansion of railroad electrification.

Given the underdeveloped technical base of transport, and especially the keen shortage of rolling stock, it will be particularly important to curtail the transport-intensiveness of production and intensify measures intended to utilize more efficiently the available rolling stock, including a better utilization of loading capacity and shorter turn-around periods. A definite improvement in the loading discipline of transport users is indispensable.

In maritime transport, conveyance of cargo by the merchant fleet and trans-loadings in seaports will be activated. The growing foreign-trade turnover and transit traffic should contribute to an improved utilization of the transport

capacity of the merchant fleet and the capacities of specialized transloading bases in seaports. The increase in transloading of coal in seaports will require considerable operativeness of exports and further streamlining of the organization of rail and sea transport.

In communications, the assumptions for the expansion and modernization of the inter-urban and local telephone systems, ensuing from the long-range plan for the development of the national communications infrastructure, will be successively implemented during 1984. The number of telephone subscribers will increase by an additional 92,000 or 4.2 percent.

Foreign Trade

The 1984 CRP with respect to foreign trade was drafted on allowing for such circumstances as Poland's high indebtedness, the application of economic sanctions to Poland by the United States and certain other Western countries, and the protectionist policies of Western countries, which affect unfavorably the exports of the products of our processing industry as well as the prices offered.

/In foreign trade, it is expected that economic links with the CEMA member countries, and especially with the USSR, will be further strengthened, which will be promoted by the implementation of the resolutions of the 37th CEMA Session and the recently concluded new economic agreements with the USSR, as well as by the agreed-upon extended provision of Soviet credit on convenient terms facilitating the supplies of raw materials to our economy./

In 1984 a major role will also be played by the more rapid growth of commodity trade and economic cooperation with the developing countries.

The principal task of foreign trade in 1984 is to increase exports. Revenues from exports will represent nearly the sole source for financing imports from countries of II payments area and servicing our indebtedness.

/I payments area [socialist countries]:/ the related plan for 1984 is based on consultations conducted within the framework of the coordination of planning with all CEMA countries.

Commodity trade in mutual turnover should increase by about 13 percent in current prices compared with the results for 1983. Deliveries of raw materials and fuels will remain at the present level, but deliveries of consumer goods may increase on the basis of compensation transactions in the course of plan fulfillment.

/II payments area:/ In turnover with countries of II payments area it is of fundamental importance to produce for export a sufficient quantity of goods meeting the requirements of the world market. Attaining the planned level of the sales of electrical machinery requires a pro-export orientation of production.

The apparatus of foreign trade and the producers of export goods must in 1984 exert considerable effort to improve the quality of the exported goods and obtain favorable prices.

The revenues from the exports of goods and construction will amount to about 589 billion zlotys, while payments for imports will reach about 446-456 billion zlotys. Import expenditures comprise import of centrally financed goods as well as goods for operational programs and government orders, and also imports financed from the funds of enterprises. Imports from countries of II payments area will remain in 1984 a barrier restricting production growth.

DIVISION OF NATIONAL INCOME

/Generated national income in 1984 will reach a level of about 5,640 billion zlotys and will be higher by about 145 billion zlotys or 2.6 percent than the anticipated results for 1983. The scale of the growth of national income is decided by the production and economic performance of industry./

In view of the foreign-debt servicing burden on the national economy, /distributed national income in 1984 will be about 5,435 billion zlotys, which is about 95 billion zlotys or 1.8 percent higher than that expected for 1983./

Consumption in 1984 will reach about 4,260 billion zlotys and be about 2.4 percent higher than anticipated for 1983.

Gross investment outlays in 1984 will be 1,215 billion zlotys or about 2.8 percent lower than in 1983 (for which the planned level of these outlays is expected to be exceeded) but 1.2 percent higher than in 1982.

CONSUMER GOODS SUPPLIES, PRICES AND PERSONAL INCOME

The 1984 PCR assumes a 1-2 percent increase in real incomes of the population, along with a simultaneous improvement in the market situation.

/The supplies of market goods for 1984 will amount to 3,880 billion zlotys (in 1983 prices), of which 3,470 billion zlotys of consumer goods. Overall supplies will increase by 7.2 percent, of which foodstuff supplies by 3.1 percent and the supplies of non-food consumer goods by 10.5 percent./

The value of consumer services in 1984 will be 490 billion zlotys or about 10 percent higher than in 1983. The aggregate value of the supplies of consumer goods and services in 1984 will reach the level of 3,960 billion zlotys (in 1983 prices) and will be higher by 314 billion zlotys or 8.6 percent than in 1983.

Nominal personal incomes will increase by 13.8 percent and disposable personal income of the population will reach the level of 4,240 billion zlotys.

/It is assumed that the rise in retail prices and cost of living in the new year should not exceed 15-16 percent, of which 7 percent to be due to the price increases decreed in 1983./ The increases of food prices that are at present being subjected to consultation will be accommodated within this 15-16 percent limit.

SOCIAL POLICY

Social services, chiefly old-age pensions, annuities, allowances and compensation payments for family members, health-service benefits, the services of

special care institutions and schools, the dissemination of culture, etc. will in 1984 account for about 27 percent of distributed national income, compared with 15-18 percent in the 1970s.

/Payments of monetary social services will reach the level of 838 billion rubles./

/Budget expenditures on social and cultural facilities will increase by more than 18 percent./

/It is expected that the average old-age pension and annuity will be 15-16 percent higher than in 1983./

/The 1984 plan provides for an additional increase in the number of hospital beds, spaces in public aid homes, day care centers, preschools, boarding schools, and also an increase in the number of available spaces in elementary schools./

To assure the supplies of drugs, sanitary products and basic medical equipment, the corresponding operational program has been retained. At the same time, intensified measures will be taken to streamline the utilization of drugs and prevent their waste.

According to the assumptions, in 1984 book publishing will further increase in volume, from 187 million copies in 1983 to 197-200 million in 1984. The traditional gratis provision of textbooks to students will be continued.

INVESTMENTS AND CONSTRUCTION

/The aggregate volume of investments in the national economy in 1984 will be about 1,215 billion zlotys./ In view of the limited investment possibilities, a particularly streamlined orientation of investment outlays is necessary. Steps to curtail the investment front and increase the effectiveness of investment activities will be continued. To shorten to a minimum the time needed to produce material effects, funds and resources should be concentrated on investment projects scheduled for completion in 1984 and 1985. For this reason, it is assumed that the initiation of new investment projects in both local plans and the central plan will be reduced to the indispensable minimum.

/In accordance with the 1983-1985 National Socio-Economic Plan, priority will be given to investments in food economy, housing and fuels and energy, on which altogether 73 percent of all investment outlays will be spent, including:/

--investments in the food complex--352 billion zlotys or 29.0 percent of all investment outlays;

--investments in the housing complex--369 billion zlotys or 30.4 percent of all outlays;

--investments in the fuel-energy complex--170 percent or 14.0 percent of all outlays.

The outlays to be allocated to other fields can total 324 billion zlotys, which is 26.6 percent of overall outlays. These outlays will be allocated to the most urgent continuing investment projects, especially those scheduled for completion during 1984-1985.

The central authorities will exercise direct guidance of the fulfillment of the 1984 investment plan with respect to centralized investments, on which outlays totaling 132.0 billion zlotys or about 11.0 percent of the total outlays on the national economy will be allocated.

To adhere to the schedules for the completion and release of production and service capacities relating to centralized investment projects, the utilization of the capacities of construction industry has to increase and the discipline of all participants in the investment process will have to be tightened. This aim should also be promoted by the implementation of selected investment projects on the basis of government orders.

/For housing construction the anticipated outlays are at the level of 295 billion zlotys. These outlays should assure the implementation of the 1984 program for building approximately 190,000 dwelling units, of which 130,00 by socialized construction and 60,000 by private home building./

A condition for implementing this program will be reducing the unit construction cost by about 7 percent compared with 1983. Reducing the cost of socialized housing construction requires, in particular, reducing the consumption of materials and other production elements and improving the organization of construction operations. A marked reduction in the cost of private home building will require a more efficient utilization of cheaper local raw and other materials, streamlining the material supplies for that type of construction and increasing the direct participation of the population in such construction.

Credit policies toward investors in housing construction and preferences for builders will be used to influence the proper geographical distribution of construction and especially an increase in the scale of housing construction in large urban-industrial centers.

Investments by enterprises are estimated at the level of 413 billion zlotys. Their scope and structure will be shaped by means of financial-credit policies as well as by the funds owned by the enterprises themselves. In particular, effective reproduction-modernization investments with short completion cycles will be promoted, particularly those intended to serve production for the market and for export, as well as those relating to the streamlining of the consumption of fuels, energy and raw and other materials.

The decapitalization of fixed assets in industrial subsectors and branches as well as at enterprises whose growth is indispensable will be counteracted by

providing tax relief and exempting them from sinking-fund payments to the state budget, as well as by granting them other preferences in order to intensify the reproduction-modernization processes.

Personal investments are estimated at the level of 260 billion zlotys, i.e. 2.0 percent more than that expected for 1983, which accounts for 21.4 percent of the whole of investment outlays in the national economy.

It is assumed that the scale of construction and installation (investment and repair) operations in the national economy will amount to 1,214 billion zlotys, somewhat less than in 1983; of this total, the investment projects implemented by construction and installation enterprises will account for 760 billion zlotys (an increase of 0.7 percent).

In accordance with these assumptions, selected R&D tasks--of special importance--were comprised within a system of government orders whose principles are specified in a resolution of the Council of Ministers.

The whole of the R&D tasks being implemented in this country will be detailed in the plans of discrete research centers and enterprises. Consonance between these plans and the Central Yearly Plan will be assured by means of the policy of allocating resources for the implementation of government programs and principal problems as well as by means of the application of a system of preferences linked to government orders concerning science and technology.

The topics of R&D projects were adapted to the need to support and shape structural changes in the economy while at the same time concentrating resources and funds on selected directions of expected applications such as food, housing construction, health care, environmental protection, conservation of raw and other materials as well as of energy and fuels, expansion of exports and streamlining of imports.

In order to promote the work of inventors, and especially to provide the conditions for an improved utilization of inventions made so far, there will be prepared a list of inventions whose application and popularization will be carried out in accordance with the principles of government orders for science and technological progress.

TERRITORIAL PLANS

/In accordance with the principles of the 1983-1985 National Socio-Economic Plan, tasks relating to, especially, improving the living standards of the population and the operation of local economic organizations will be implemented within the framework of the functions of province and local organs of state administration in 1984./ This concerns in particular:

- 1) housing construction and the communal infrastructure;
- 2) food economy, with special consideration of tasks relating to land reclamation and the supply of water to agriculture;

SCIENCE AND TECHNOLOGICAL PROGRESS

/The 1984 Central Yearly Plan with respect to science and technology represents a further elaboration of the assumptions of the National Socio-Economic Plan for 1983-1985./

Table: Aggregate Indicators of Socio-Economic Development in 1984

Subject	Unit of Measurement	1983	1984 CPR	% 1984/1983
1. Generated national income	billions of zlotys	5,495	5,640	102.6
2. Disposable national income	"	5,340	5,435	101.8
Of which: Total consumption	"	4,160	4,260	102.4
Of which: Consumption based on personal income of population	"	3,585	3,675	102.5
3. Gross investment outlays on national economy	"	1,250	1,215	97.2
4. Industrial output	"	8,280	8,650	104.5
5. Gross agricultural output	billions of zlotys in comparable prices	1,703	1,728-	101.5-
			1,737	102.0
Of which: Crop output	"	913	926-935	101.4-
				102.4
Livestock output	"	790	802	101.5
6. Employment in socialized sector	'000 persons	11,560	11,570	100.1
7. Supplies of consumer goods and services	billions of zlotys	3,646	3,960	108.6
8. Housing construction: number of dwelling units	'000 dwelling units	180	190	105.6
9. Foreign trade	billions of zlotys in comparable prices			
Exports, total		1,047.1	1,176.0	112.3
I payments area	"	502.0	558.5	111.3
II payments area	"	545.1	617.5	113.3
Imports, total		920.2	1,056.4	114.8
I payments area	"	538.0	616.5	114.6
II payments area	"	382.2	439.9	115.1

NOTE: The figures in the 1984 CPR concerning the principal aggregate indicators of development of the national economy are close to those adopted in the 1983-1985 National Socio-Economic Plan.

- 3) proper maintenance and expansion of the social infrastructure, with special consideration of hospital facilities and educational facilities;
- 4) measures to promote small industry and services.

Outlays totaling 147 billion zlotys will be allocated for investments by local authorities--which comprise investments by budget units, investments decided-upon by local organs of state administration and carried out in public utilities, and communal housing construction. These outlays, specified in breakdown by province, may be complemented during implementation with the funds gained by discrete provinces, social and special funds, and the shares of other investors in the implementation of joint and attendant investment projects. The sum of 147 billion dollars accounts for 15.4 percent of all outlays on investments in the socialized economy during 1984 and is 1.4 percent higher than the anticipated results for 1983. In addition, the minister of agriculture and food economy has at his disposal a contingency fund of 5 billion zlotys for financing additional land reclamation ensuing from the existing operational and supply possibilities.

In the light of the existing investment problems, which relate chiefly to the growth of major urban centers, the construction of two water-supply systems, "Dzieckowice" for the Katowice metropolitan area and "Northern Water Pipeline" for the Warsaw metropolitan area, will be continued during 1984 in the form of centralized investments. In 1984 the "Raba II" Project in Krakow City Province will also be implemented as a centralized investment. Also related to problems of water management is the construction during 1984 of eight large communal sewage treatment plants in Katowice Province, Warsaw, Lodz, Lublin, Elblag and Gdynia, which is carried on as a centralized investment. The construction of the first line of the subway in Warsaw will be continued.

In view of the major operational problems, as of 1984 the system of government orders is extended to land-reclamation projects. In 1984 people's councils will accomplish the required concentration of own resources, including also revenues from budget surpluses, on implementing an additional range of land-reclamation activities.

1386
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RESULTS OF GENERALIZED APPLICATION OF OVERALL CONTRACT SYSTEM REVIEWED

Bucharest REVISTA ECONOMICA in Romanian 25 Nov, 9 Dec 83

[Report of roundtable discussion, by V. Boescu and C. Barnea]

[No 47, 25 Nov 83 pp 17-18]

[Text] Among the measures taken to stimulate economic activities, the generalization of the overall contract proves to be a dynamic factor. In October of this year, a month during which the entire economy operated on the basis of overall contract remuneration, the result obtained in fulfilling plan tasks in the great majority of industrial, construction, and transportation enterprises, were better than those of the previous period, so that workers' incomes grew in direct ratio to physical achievements and efficiency.

In this context, REVISTA ECONOMICA organized, with the support of the Bucharest Sector 2 Committee of the RCP, a discussion on the topic "Generalization of the Overall Contract--Dynamic Factor for Accelerated Growth in Labor Productivity, Cost Reduction, and Improved Product Quality," in which participated representatives of the major industrial enterprises in this zone. The exchange of views provided information about the experience accumulated with the overall contract, and a means for action to improve activities. Herewith are the opinions offered by the participants in the discussion.

Improved Organization of Production and Labor

Victor Tanase, department for organizing production and labor, Bucharest Fine Machining Enterprise:

The results obtained during October 1983 are clearly superior to those of previous periods, both in terms of production achievements and workers' incomes. We therefore deem that the measures taken to generalize the overall contract in our unit have positively influenced the level of management and superior utilization of the available technical and human potential, as confirmed by the fact that the plan indicators were achieved and even surpassed: 100.5 percent for physical production, 100 percent for net production, 101 percent for goods sold and cash received, and 100 percent for exports. With the aim of generalizing the overall contract, analyses and studies were undertaken, and actions were initiated to help solve problems. The principal organizational measures taken were:

Signing overall contracts at the level of work formations, even when these do not create finished products. Within the tool and fixtures section for instance, a separate work contract was signed with the diamond tools shop. The same situation exists for the tooling and mechanical power sections. Each of these formations has listed in the function roster of the section, the technical-economic personnel of the functional departments, including auxiliary workers outside the production sections. At the same time, as stipulated by the methodology, the personnel in construction and technical design shops has signed overall contracts with goals specific to their activities. In general, the contracts and appendixes to contracts include lists of projects performed by the personnel according to trades and functions. Similarly, the contracts establish quantitative and efficiency indicators for determining remunerations;

Establishing exact rates for each unit product. This measure has required exceptional work, since the production inventory is quite varied. Nevertheless, it was possible within a relatively short time, to perform the calculations necessary for correctly determining rates as a function of manpower for each operation and unit product, as well as for distributing by sections the physical plan tasks and indicators which determine material costs per 1000 lei of produced goods, and which are used to establish the remuneration of foremen and technical-administrative personnel;

Improving work standards and increasing productivity. In this respect, standards were reviewed and measures were taken to extend new technologies, modernize and automate the fabrication of products, expand multiple servicing of machines and tooling, and so on. The latter measures have resulted in a relative economy of about 450 employees.

In the generalization of the overall contract, some difficulties also arose that were generated either by an inadequate assurance of the technical-material base, or by unreliable production in sections whose subassemblies were essential for final products. Also encountered were some unclear method definitions, particularly in the instructions of the National Bank concerning the release of the remuneration fund. Studies were undertaken and measures were proposed for each separate case.

Vasile Caisin, head of the labor organization department, Electroaparataj enterprise:

In our unit as well, as part of the generalization of the overall contract at all work stations and production sectors, particular attention was devoted to the improvement of work standards. In the enterprise, we have implemented for several years a system of organization studies for various work stations in basic sections and shops. In this light, we have established and updated work standards for all the operations analyzed, using the MTM system. Through the application of this method alone, we have succeeded in saving thousands of man hours.

Correlated with the improvement of work standards, the quantification of factors for labor productivity increases were based on the ABC method for selecting parts, subassemblies, and products that consumed large amounts of

manpower; the application of this method resulted in a 2-3 percent increase in labor productivity. In parallel with this, we also acted to reduce material costs by means that were also based on a selection method, so as to ultimately know, by categories of materials, the parts, subassemblies, and products that consume large amounts of these materials.

In order to properly carry out our activities, a number of other measures were taken within the enterprise, such as: established quality parameters in different sections and shops as a function of their specific activities; determined the departments responsible for formulating the documents necessary for calculating, releasing, and monitoring the utilization of the remuneration fund; formulated local work standards for applying the overall contract in research-design departments; and so on.

One difficulty which we encountered and which is undoubtedly encountered in other enterprises, is that of products with long production times; the fabrication of these products implies preparations during the period preceding the plan month, or the manufacturing of parts and subassemblies during the plan month for the following period. For this purpose, our specialists have recently completed a project aimed at manufacturing cycles for representative products, such that the production can be fully quantified month after month, including that of products with long production cycles.

As a result of the generalization of the overall contract, during October of this year we have not only achieved, but even surpassed the plan provisions for the major indicators, with direct implications on the incomes of all the working personnel.

Framework to Encourage Higher Labor Productivity

Victor Fuiorea, head of the mobile section, CIL (Combine for the Industrialization of Wood), Pipera:

The generalization of the overall contract has started actions to discover and exploit reserves for an accelerated growth in labor productivity. Having assured the necessary organizational framework, especially by re-evaluating work standards and basing them on scientific considerations, as well as by organizing the work force into work formations, we have hastened the completion of measures stipulated in the program for increasing labor productivity, for the fourth quarter of this year and the first quarter of 1984. We have thus generalized the application of eccentric assembly devices which had so far been used only on a small scale, built pneumatic assembly presses, plate moving belts for mounting, shaped polishing wheels, and so on, all of which have resulted in a productivity growth of 5-6 percent. Similarly, technical execution documentation has been provided ahead of time for all new products, as well as as devices, fixtures, and patterns to determine quality and technical operating parameters, thus increasing labor productivity by about 6-7 percent.

New actions to accelerate the growth of labor productivity were also initiated following the new tasks outlined by the recent plenary session of the Central Committee of the RCP. For instance, special collectives were formed to

analyze each product, the technologies being used, the extent of mechanization, qualification levels, fixed asset utilization indicators, product quality, and so on, determining together with the personnel, the practical measures that need to be taken. In this way, the program for increasing labor productivity in 1984 acquires new dimensions, with the reserves uncovered so far assuring the possibility of a 4-5 percent growth in labor productivity with the same work force.

During October, the activity conducted to generalize the overall contract has materialized in major physical and efficiency indicators at levels higher than planned. In fulfilling the major plan indicators, the workers in our enterprise also benefit from bonuses that are added to their monthly remuneration from the savings that are achieved. Under these conditions, we obtained a double success during October: on one hand we have met and exceeded all the plan indicators, and on the other, we have raised the incomes of all personnel categories by 2-5 percent.

Favorable Implications on Scheduled Achievement of Physical Production

Radu Popescu, principal technician, plan-remuneration department, Romanian Cotton Mill:

As we know, overall contract remuneration is determined by the physical completion of plan provisions. Although physical production was achieved before the application of the generalized form of the overall contract, remuneration was based on net production, which could hide various failures in achieving model, quantity, and quality stipulations in the physical plan. At present however, we believe that the actual obligation to achieve physical production within planned guidelines has mobilized the entire personnel into a closer collaboration in all production sectors.

In order to assure the proper completion of physical plan tasks, we have reorganized work formations, provided better delivery of supplies to work stations, perfected the planning and supervision of production at each phase of technical processes, finalized standards per unit product, established the remuneration fund on the basis of plan levels, and so on. Among these actions, an important role was played by the generalization of containerization and palletization, the delivery of fibers from the floor to finishing stations in containers carried by electric carts, the transportation of cotton and polyester bales directly from production lines using electric fork lifts, the improvement of the technical condition of mills, flayers, and other machines to eliminate bottlenecks, and so on. As a result of all these actions, 100.34 percent of the October physical production was fulfilled, with each planned variety being equally completed.

Even though we are just at the beginning of our actions, we can say that the new form of remuneration plays an outstanding role in mobilizing existing reserves, in increasing the responsibility of each worker at each work station for the production that he must achieve. The approval of the contract signed with MIU (Ministry of the Light Industry) at the assembly of workers'

representatives in November of this year, the measures stipulated in the unified enterprise program, and the achievements that have been obtained so far, convince us that the 1983 tasks will be fulfilled for all the plan indicators.

Superior Utilization of Material Resources

Ladislau Frumosu, director of the Neferal enterprise:

For the Neferal enterprise, whose specific work objectives are to produce from reusable non-ferrous materials, raw materials of exceptional value for some areas of the economy that are encountering shortages, the generalization of the overall contract is a dynamic factor for the most efficient exploitation of available resources.

To illustrate the present situation, I will give some examples of new actions that were undertaken during October of this year, together with the generalization of overall contract remuneration. Under our conditions, among the indicators established for remuneration, are the ones regarding higher extraction yields of valuable metals from the non-ferrous metals supplied to us. The association of remuneration with such indicators has had a strong mobilizing effect on foremen, engineers, and sub-engineers, who have asked to form research teams that would contribute directly to the solution of problems in raising metal extraction yields, the introduction of new technologies, and the fabrication of new products. This has solved problems faced by our electrical and electronic industry in obtaining alloys for welding, for soldering, for bearings with a low solder content, and so on.

Our interest was also directed toward the production of new types of alloys and new products which would physically meet planned production volumes, help reduce imports, and fully meet the specifications of processing industries. Although this action has good effects on the economy, it does raise some problems for the enterprise. Thus, even though we have achieved and exceeded our physical production, we did not fulfill the overall production plan indicator because some new types of alloys that are very necessary and find extensive use in the economy as substitutes, have been as a rule produced at lower cost, thus affecting the respective indicator.

We could conclude that the first month of application of the generalized overall contract remuneration system has ended with good results in terms of achieving all the plan indicators and of better utilizing reusable non-ferrous metal resources. The measures that we have taken allow us to assure for 1984 as well, the general conditions for proper production and for the personnel's income. But in this direction, there still exist some shortcomings, primarily associated with assuring the material basis. Until now, about 20-25 percent of next year's production is not covered by supply contracts. One reason is certainly the more difficult procurement of imported materials. But that is not an excuse. We believe that through its materials balances, MATMCGFF (Ministry of Technical-Material Supply and Control of the Management of Fixed Assets) should make available to our enterprise more non-ferrous reusable

materials from the economy, so that our activity will be carried out steadily and with greater efficiency. In this respect, I would like to mention another problem that has unfortunately not yet been solved by MATMCGFF and CSP (State Planning Committee). The adopted measure that enterprises exploit every ton of reusable metal is a very good one and fully corresponds to the current economy requirements. Some enterprises do have the appropriate technical facilities to fully exploit all reusable resources, including non-ferrous metals. Unfortunately, this action is not equally efficient in the case of smaller enterprises without the appropriate technical resources, where thermal efficiencies for ovens reach 5-7 percent, while ours exceed 35-40 percent.

[No 49, 9 Dec 83 pp 14-15]

[Text] In this issue, we continue our presentation of the opinions voiced by the participants in the discussion organized by our publication with the support of the Bucharest Sector 2 Committee of the RCP, on problems associated with the generalization of the overall contract.

Highly Efficient Utilization of Technical Endowment

Cecilia Muresanu, head of the office for the organization of production and labor, Plastics Enterprise:

One specific aspect of plastics processing, in which the work is automated, is that the worker's task is primarily to monitor and regulate technical parameters, while the quantity of product is determined by the productivity and capability of the equipment. In our case, therefore, among the technical, material, and human factors in the manufacturing process, the most important ones are production capabilities (yields) and the qualification level of the personnel. Given these considerations, in our activity so far, and since the generalization of the overall contract remuneration format, in the future, the attention of our specialists, managers, and all personnel, has been and is directed particularly toward the most efficient use of our technical endowment.

All of the actions and measures undertaken both during the previous period and after the introduction of the generalized overall contract, have been aimed primarily at assuring the conditions necessary for better utilization of all machinery and equipment, based on the fact that the technical condition of the tooling directly influences the quantity of product obtained, and thus the level of fulfillment of the physical plan. The results obtained during October of this year, the first month of operation under the generalized overall contract, have shown that this was a correct assessment, and that these were the major ways and means to be adopted by the workers' collective in our unit so as to assure favorable conditions for achieving the plan tasks and obtain higher incomes; the figures for the month have been 101.1 percent for physical production, 122.1 percent for the production of goods, 121.48 percent for net production, 121.47 percent for labor productivity, and so on.

Foremost among the measures that were taken, is a more exact determination of consumption standards for each product and piece of equipment. Assuring both the reorganization of technical and manufacturing processes, and the redistribution of the total available time among various departments and shops, these measures have also led to a more judicious loading and longer operation of each production facility, with direct economic effects on achieving higher production.

Another concrete action was aimed at raising the utilization indicators of each piece of equipment, for which measures were taken to automate the operation of 10 injection machines by expanding multiservicing; the packaged removal of PVC tubes and pipes from production areas to storage spaces; fabricating more highly finished dies with more pocket areas, which increase the hourly yield of machines and eliminate deburring operations; building a pneumatic transportation line for feeding colored polyethylene extruders; and so on. All these measures have increased the machine utilization coefficient by 1-2 percent, while increasing labor productivity for those operations by 3-4 percent.

An important role in assuring steady, uninterrupted operation of the available equipment, has been the proper preparation of repair activities. Formations of mechanics and electricians specialized in various types of technical equipment, were established in departments and shops; and although these teams are organizationally attached to the mechanical and electric power department, from a remuneration standpoint they are included in the overall contract signed with servicing shops, and are thus directly involved in the quantity of products obtained with the equipment under their maintenance. In addition to its purely organizational aspect, this measure proved to be exceptionally efficient for the steady pursuit of activities in production departments, by keeping the equipment in operation for many more hours and avoiding unprogrammed breakdowns, thus increasing the production obtained per operating piece of equipment.

Unfortunately, some difficulties outside our direct activity still exist, whose solution could remove some problems associated with the efficient utilization of our technical endowment. For instance, despite the fact that firm contracts cover our technical-material supply and that nominal suppliers are stipulated, unjustified delays persist in the distribution of allocations (which generally reach the enterprise during the second part of the month). That is why we suggest that MATMCGFF and CSP be more aware of the real needs of our production process in distributing allocations, so that raw materials distributions be scheduled throughout the plan month.

Economies of Material and Energy Resources

Elena Manolescu, chairwoman of the workers' council, Baneasa IPRS (Enterprise for Radio Parts and Semiconductors):

In our enterprise as well, the transition to the generalization of the overall contract was marked by appropriate preparations, by an inventory of various available reserves, and by the formulation of the most efficient approaches

for drawing them into the production process. As part of these reserves, and given the specific nature of our production--the fabrication of electronic components, the greatest concern has been and still is to economize resources (materials, energy, fuel) while improving product quality. By thus supplying the economy and foreign markets with competitive products that have good technical and operating specifications, we have also obtained significant savings of materials and energy, resulting in a higher production per resource unit, as well as higher economic efficiency and workers' earnings.

As part of the actions undertaken during this year, and primarily during the period preceding the month of October, an important role was played by the following: redesigning the manufacturing technology of TO3 heat sinks to reduce copper consumption by 15 percent; using unconventional technologies to reduce the consumption of tool steel by 10 percent; reducing the thickness of copper deposits on various semifinished products so as to reduce the consumption of electrolytic copper; increasing the production yields of 20 PM-K and 10 PM-AC bridges through improved technologies, with a corresponding economy of chemical products and tubing; eliminating up to 50 percent of the specific consumptions of all materials, and particularly of those that are used in large amounts or that are costly; and so on. All of the above have reduced material consumption by about 3-4 percent.

Energy consumption has been reduced by 2-3 percent through the application of measures aimed primarily at: maintaining in operation all the transformers necessary for optimum loading; operating the No 3 heat plant and departmental air conditioning stations as a function of outside temperatures and humidity; improving power distribution so as to optimize the utilization of technical fluid stations, compressors, dehumidifiers, and so on.

For an enterprise such as ours, a reduction of 3-4 percent in materials consumption, under conditions of minimum specific consumption standards, raises a serious question about product quality. The technical and technologic solutions that we have adopted have not only maintained the qualitative level of our products, but also improved this quality with respect to previous periods.

As a result of all these actions, the October and November plans were achieved for all indicators, and all the range of products stipulated by the plan was delivered on time to domestic and foreign customers. At the same time, the workers' earnings have increased significantly by 3-4 percent over those of previous periods.

Raising the Technical Level of Production

Gheorghe Bica, head accountant, Aversa pump enterprise:

From our standpoint, the significant fact is that the generalization of the overall contract has once more bolstered the need to raise the technical and qualitative level of our production. I emphasize this point because the experience of our unit in pump production and the evolution of pump construction, has shown the need for technical and operational adaptation, and for the introduction of new products, in direct correlation with domestic and exporting needs.

Specializing in the production of pumps, our enterprise has constantly been concerned with improving the technical and operational specifications of its products, increasing the power of motors received through cooperation, reducing sizes, and so on. We have thus introduced in production a number of high power pumps, both for industrial and agricultural use, which have been unanimously well received both here and abroad.

Particularly important for manufacturing a diverse range of highly technical products, is a transition to standardizing and modularizing our entire production. This approach is now allowing us to adopt new products and expand the range of various pump families, 2-3 months more rapidly than in the past. At the same time, we also have the guarantee that each new product we manufacture has competitive quality specifications. These actions were significantly expanded with the generalization of the overall contract in our unit. Specifically, we have completely revised the plans of measures to raise the technical level of our products, insisting on the promotion of products with high operational specifications, in demand by the national economy and for exportation. The measures taken in this respect assure a 1983 productivity growth of 14 percent over that of 1982.

At the same time, we have established a number of measures to eliminate the negative effects of shortcomings discovered during manufacturing processes. Along with the subjective aspects associated with the concrete activity of the enterprise, we have also found other elements which determine the proper progress of the production process. First among these, I would like to mention that in our opinion, the supply and distribution bases are not sufficiently involved in cooperation with suppliers to deliver the quotas stipulated in schedules, and to eliminate excessive stocks of materials. We believe that MATMCGFF should encourage territorial supply bases to exercise the prerogatives with which they have been empowered by current laws.

Mobilization of Available Reserves

Liviu Danes, secretary for economic problems, Bucharest Sector 2 of the RCP:

The preparatory actions aimed at the October generalization of the overall contract in all the sector's economic units--as was pointed out during this discussion--have had good results as a whole, both in achieving the major plan indicators and in maintaining and surpassing the workers' incomes. This encourages us to further expand this good experience by taking early steps to eliminate shortcomings, so as to fully exploit available technical and material conditions for achieving a qualitative leap in raising the level of management and efficiency in every enterprise.

In analyzing the economic effects of generalizing the overall contract in economic units in Sector 2, we find a number of positive elements, some of which are:

Greater order and discipline at work and in production. Comparing the situation in October with that of the previous months of the past year, we find in all enterprises a strong reduction in personnel fluctuations, firings,

absences, and so on, concurrent with a higher responsibility for fulfilling the plan tasks in all products and for honoring contractual obligations under the best possible conditions;

Fuller mobilization of reserves for increasing labor productivity and reducing material costs. During October, the great majority of the units in the sector succeeded not only in fulfilling, but actually exceeded their plan tasks for increasing labor productivity and reducing material costs. Out of 34 major industrial enterprises in our sector, 31 fulfilled 100-105 percent of the production plan for October; although they encountered some problems, the other three have also shown progress with respect to September. I might add that also in October, all the units which had exportation tasks managed to meet them, even recovering arrears wherever they existed;

Greater concern for expanding production mechanization and automation, for renewing and modernizing products, for introducing and generalizing advanced technologies, and for continuing to improve professional qualifications. Actions such as these have been and are successfully being carried out at Electroaparataj, Baneasa IPRS, the Aversa pump enterprise, Pipera CIL, and so on, where productivity growth has been higher than in other units (2-5 percent). New dimensions were also acquired by the concern for better utilization of raw materials and for reducing costs per unit product, with many examples of this situation being given during the discussion. Notable in this respect have been the actions undertaken at Pipera CIL, Baneasa IPRS, the Aversa pump enterprise, Neferal, and so on, with significant material savings of 500,000-2 million lei. For all the enterprises in our sector, total and material costs per 1000 lei of goods production during October were reduced by 14 lei with respect to the plan;

Specialists, as well as technical and management personnel have intensified their concern for effectively solving all problems that hinder the proper progress of production. This responsible action has an outstanding effect both on work formations, by providing constant technical assistance, and on achieving physical efficiency indicators for production facilities and work hours. The concrete effect of this participation has been an October increase of 3 percent in the utilization indicator of work hours, as compared to September.

For the future, we are particularly interested in perfecting technical and material supply, cooperation, and the timely assurance of the conditions necessary for the sale of produced goods. Although these processes were better than in the past, they still require a great deal of attention so as to improve supplier-user relations. All our efforts are so designed that the generalization of the overall contract will contribute to the steady, exemplary achievement of plan tasks--the secure basis for obtaining anticipated incomes, and for creating the best possible conditions for fulfilling the 1984 provisions.

11,023
CSO: 2700/93

ELECTRONIC COMPOSING, PAGINATION, CORRECTION SYSTEM DEVELOPED

Bucharest MAGAZIN in Romanian 17 Dec 83 p 11

[Article by Daniel Cocoru]

[Text] The bulletin of the graphics industry workers brings it to our attention, discreetly, with unwarranted discretion: the first Romanian system for composing, pagination, and correction, is already operational. "From Gutenberg to the Microprocessor," by Alexandru Irod, published by Editura Stiintifica si Enciclopedica--the first book in our country--like the "Almanac of the Sport Hunter and Fisherman"--the first Romanian periodical--have been the first to take advantage of this unprecedented experience, which we had believed to be that of tomorrow's world. The printing of the future, printing without lead type, operating with electronic signals, does exist! We saw it on one of the floors of the Central Laboratory for Graphics Research, in the friendly company of Dr Alexandru Irod: silence, fresh air, no noxious fumes, a pleasant temperature.

The text is collected at small desks with keyboards and screens, meaning that manuscript pages are transferred by straightforward typing into the computer's memory. In practice this eliminates the material support, the cast movable type with which Gutenberg revolutionized civilization. Hence the possibility to intervene at any time to correct and rearrange the text into a desired graphic format. All of which means efficiency for industry, and comfort--meaning health--for man.

This application is still at its beginnings and still not perfect. Only the printing combine Casa Scintei and the 13 Decembrie and Arta Grafica graphics enterprises have ventured in the applications of the new system. And when we say ventured we do not exaggerate, because as always, new ways do not stand on their own. They require professionalism, as well as drive, and sometimes even sacrifices. The new Romanian system for electronic composing, pagination, and correction will surely bring about some changes. We therefore asked Dr Irod, head of the laboratory, what changes--in his opinion--the adoption of this new Romanian scientific creation will cause for editors, publishers, and printers.

"The adoption of the computer assisted electronic system, and the abandonment of the old mechanical, expensive, and cumbersome process will surely bring changes that will be primarily felt by printers. There will be problems of requalification and training of workers into an entirely new trade, they will have to abandon old equipment for lead alloy composing, and implicitly, they will have to redesign areas to receive the new high efficiency electronic systems. None of these matters, raised by the introduction of the new system, is simple to solve, and for this reason, the new proposed system cannot be implemented in printing houses without solving competently, fully, and ahead of time, all the problems--some of which are quite technical and not even mentioned among ourselves. For editors, the introduction of the new system will be felt in shorter correction cycles, in receiving paginated text from the first correction, and in greater flexibility in accepting and rapidly implementing large changes by printers, particularly in the technical editing of texts. Given the reserve with which some printers have received this new Romanian system, even though they are not directly involved, we want to point out the interest manifested by Editura Stiintifica si Enciclopedica.

The public will remain apart from these concerns and profound changes in traditional printing, but we hope that it will observe, in the books and magazines it reads, differences in improved legibility. It should be pointed out that authors will also feel the advantages of the system, the greatest of which will probably be a shorter book publication cycle."

From the time we gathered our documentation, and until the time these words are printed, the new Romanian system for electronic composing, pagination, and correction has contributed to the issue of other books and publications, for a total of some 30 million characters. These are but the first steps, whose traces can be readily recognized in the clear print and careful graphics with which the "electronic press" has translated the author's thoughts. One of these works is "Robur the Conqueror" by Jules Verne.

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YUGOSLAVIA

ECONOMISTS EXAMINE RESISTANCE TO STABILIZATION PROGRAM

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1717, 27 Nov 83
pp 14-15

[Article by Scepan Rabrenovic: "Apathy In Opatija"]

[Text] Why did the economists in Opatija talk more like politicians and not like economists? Contractual economics and the stabilization program are not only two different policies, but two ideologies.

Although the sea was practically calm in Kvarner Bay, the waves were higher than those in the convention hall of the Opatija Adriatic Hotel during talks of Yugoslav economists on the Draft Resolution for 1982. For 2 days last week, during the entire meeting, there was no dialogue or a single retort. The applause, even that of the officials, was lukewarm and for the sake of courtesy.

Discussions at evening parties and, sad to say, in the expensive Opatija barrooms, were livelier and more substantial. If one were to reduce all these discussions, both the official ones and those at the parties, to one comment, it would be--economists sound more like politicians and less like economists.

This was not unexpected. The economists had, in fact, completed their work with the creation of the Long-Term Program for Economic Stabilization, and over 300 scholars--or almost the entire progressive economic school of the country--had been involved in this project. In the draft of the resolution for the following year which was put forward, however, there was hardly anything from this program. And the expectation was that the resolution contained the program's first phase which consisted of a new foreign currency system, a new pricing policy, a different credit and monetary policy, a different tax system, and other things. During the summer, the federal government had loudly proclaimed these changes which were supposed to lead to an important turning-point, not only in the economy, but also in all of society. Because of this, next year, a leap year to boot, has been proclaimed a trail year in which every leap away from what has been agreed upon in the stabilization program will be punished.

The economists in Opatija insisted that everything agreed upon would be put into effect. And as they had already exhausted all economic reasons, all they had left with which to defend the stabilization program were political reasons.

Two Reasons For Resistance

They were rather awkward in doing so, and one even got the impression that they themselves were not sure whether or not these arguments would hold water. Because if the economic crisis (which includes stagnation in production, high inflation, large debts both within the country and to foreign countries, the dissipated economy and everything else) "does not work" for the stabilization program, then no political evidence can be convincing. Thus, there was only apathy in Opatija. And that the apathy is not peculiar only to Opatija is shown by the fact that the majority of the economists who took part in the creation of the Long-Term Program for Economic Stabilization did not come to this city, to the talks--of the 20 most famous, not even one came. Apparently, it was obvious to them not only what it was going to be like in Opatija, but also what was going to happen with the program.

There are only two ways to explain convincingly why the Long-Term Program for Economic Stabilization is being opposed: acquired positions and ideological and political reasons.

Almost everything is known about the acquired positions. The pricing policy which we have had and now have is so unjust that we cannot know for sure whether all those who incur losses do so because of inefficient operation, or if those who operate in the black do so because of efficiency. The most that this can tell us is that there are quite a few incurring losses, and that there are some bankruptcy proceedings being carried out. How can we liquidate a certain enterprise if we don't know whether the losses were due to poor operation or whether the pricing policy punished the firm?

The injustices caused by the pricing policy can also explain why we are so dependent on imports. For years, and even now this is still the case, raw materials and semifinished products had significantly lower prices within the country than on the world market. Manufacturing has repeatedly had higher prices within the country, and could be exported only with a large subsidy, while the export of raw materials and semifinished products was prohibited. The result--the import of raw materials and semifinished products now makes up two-thirds of total imports.

The Fate of the Hotel Kvarner

The foreign currency system which we now have has enabled economic power to be concentrated with those who are the ultimate exporters, who later, with the sale of foreign currency at higher exchange rates, acquire income without work.

Economists could see in Opatija, in practice, a concrete example of this manifestation--almost all hotels were filled with foreigners spending the winter in Opatija while paying between 20 and 30 West German marks for room and board. When it is known that it costs the hotel more per guest for heating than for food, it can readily be assumed that the hotels lose money on winter tourism. But this is not the case. The real losses of the hotel are covered by selling marks at much higher prices than the official exchange rates. These expensive marks are bought not only by food producers, but also by all those who "work" for the foreign guest, and by those for whom exporting is not permitted, but who need foreign currency if for nothing else than to buy spare parts.

It was sad to watch the staff of the Kvarner Hotel, one of the most luxurious in the country, where a man can go deaf from the silence, as they awaited guests from West Germany and Austria who need many more marks and schillings for everyday existence in their own countries than they had to pay in this hotel for room and board. The Kvarner Hotel has earned a better clientele, but its staff cannot be blamed because they have to auction off luxury at such a cheap price.

Brought up during the discussions in Opatija was the fact that over the last 2 years more than a million clerks have been employed in this country. This took place not only in SIZ groups but also in other administrative institutions, as well as in the production sector. (More people were employed in the administration sections of the Basic Organizations of Associated Labor during this period than in the production sector). Thus, it appears that this is how it must be in a country in which members of the federal government pride themselves in the number of laws, regulations, decrees, and other acts which have been passed. Someone must read and put all of it into effect. In order to carry out the Law On Expanded Production and Past Labor alone, for example, several hundred thousand people must be employed. Our present difficulties are explained by the fact that recently this law has not been put into effect in higher official places and even in the federal government.

It is normal for this entire army of clerks to oppose putting the Long-Term Program for Economic Stability into effect, because if it were put into effect it would force them from the comfortable position in which they find themselves. They will defend their position up to the last drops of sweat of those employed in direct production.

Memories of the Platform

The economists were not always prepared to speak publicly about the political and ideological reasons for opposing the Long-Term Program for Economic Stabilization, nor was this their reason for coming to Opatija. Not only because they were poorly equipped in finding themselves on "this terrain," but also because of the fact that this kind of opposition is much more adroit. And it continues. How else can one explain the fact that last year there were those who, in an ever more obvious manner, attempted to "dig up" the Platform For the 10th LCY Congress, and to affirm what was written

in it? This was the case not only among career politicians, but also among economists who have had important jobs for years, and whose economic thought, at least so it is believed, has been definitely defeated by the adoption of the Long-Term Programs for Economic Stabilization.

The Platform For the 10th LCY Congress, let us recall, insisted on contractual economics exclusively, on the planning of everything except what was necessary, on economic policy based exclusively on social contracts and self-mangement agreements; that is, on economic policy which does not respect objective economic laws and the market criteria of economic functioning. Such economic policy does not recognize a measure of value, and its chief trait is political volunteerism. Although the resolution adopted at the 10th LCY Congress has almost completely rejected these determinations, in practice they were implemented as official policy, and any mention of markets and market criteria of economic functioning was genuine political heresy.

In actuality, contractual economics is nothing other than administrative self-management in which the free initiative of each collective and each individual is restricted and subordinated to rules of behavior which are formulated externally. to the economy. The "efficiency" of this type of economics is well known--the fall of all qualitative factors of economic function (productivity, frugality, profitability), and communal income makes up less than 1 percent of total income of the economy. But apparently this is not a good enough reason to replace contractual economics with economics of the type endorsed by the Long-Term Program for Economic Stabilization. This is not too surprising--contractual economics permits decisionmaking without risks for those who make the decisions.

In spite of all this, it is apparent that the economy is more fragmented than ever, and that almost all economic and technological connections have been broken; and with association in income relationships, the only thing which is gained is the right to buy goods, most often at prices much higher than "governmental."

What is no longer debatable is that contractual economics and the economic policy endorsed by the Long-Term Program for Economic Stability are not only two policies, but also two ideologies. The economists in Opatija were in agreement on this. And invoking the Platform of the 10th LCY Congress, which is not even an official document of the Congress, can only mean opposition to the stabilization program.

This is the best way to explain the great apathy in Opatija, whose magnificent hotels more and more resemble those working-class casinos of old.

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