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INTRABLOC

Romanian-Soviet Literary Symposium on 'Humanism' Meets

27000017 Bucharest ROMANIA LITERARA in Romanian No 47, 19 Nov 87 p 2

[Excerpts] Organized by the "G. Calinescu" Institute of History and Literary Theory in cooperation with the institute of Slavic and Balkan Studies of the USSR Academy of Science, the third Romanian-Soviet symposium met recently, taking as its theme "Humanism in Eastern and Southeastern European Literature."

Proceedings were opened by Prof Zoe Dumitrescu-Busulenga, director of the "G. Calinescu" Institute of History and Literary Theory, with a paper on "Current Problems of Humanism" which addressed a broad spectrum of issues and suggested new directions of study of this aspect of culture. Following this presentation was a paper by Svetlana Alexandrovna Serlaimova, section chief in the Institute of Slavic and Balkan Studies, on "The Humanist Potential of Literature and the New Outlook," which discussed new aspects of contemporary Soviet literature as well as the literature of other socialist countries, especially Czech literture on which she is an expert. Mikhail Friedman, of the same Institute, gave a paper titled "Man and Nature in the Humanist Conception of Mihail Sadoveanu, "many of whose works he has translated into Russian. Nina Ponomariova spoke on the subject "Man and Society in Contemporary Bulgarian Prose and Drama," on which she is an expert. Victor Horev, an expert on Polish literture, gave a presentation on "Humanism in Polish Socialist Literature."

Romanian researchers made the following presentation: Mircea Anghelescu, "Humanism and the Historical Spirit;" Ana Maria Brezuleanu, "The Influence of Russian and Soviet Literature on the Magazine 'Literary and Artistic Truth;'" Eva Catrinescu, "Humanism in Contemporary Southeastern European Poetry," Stancu Ilin, "Caragiale and the Great Russian Writers;" Nicolae Mecu, "Romanian Socialist Humanism in the Contemporary Novel-Essay;" Catalina Velculescu, "Muscovite Collections of Byzantine Literture;" George Muntean, "Tradition, History and Literature in Eastern and Southeastern Europe."

Followed by discussion, these presentations were an appropriate means of addressing different aspects of humanism from historical and contemporary points of view, and an opportunity to consolidate traditional ties between researchers of the two institutes.

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ALBANIA

Ambassador to Libya Presents Credentials

AU151324 Tirana ATA in English 0750 GMT 15 Dec 87

[Text] The ambassador extraordinary and plenipotentiary of the People's Socialist Republic of Albania to the Libyan People's Socialist Arab Jamahiriyah, Dhimiter Stamo, presented the credentials to the secretary of the People's Committee of the People's Bureau with Foreign Countries of the Libyan People's Socialist Arab Jamahiriyah, Jadalla 'Azzuz al-Talhi.

Attending the ceremony of handing over the credentials were the director of European Countries Department, Mustafa Filali [spelling as received]; the director of protocol, Mustafa Kilushi [spelling as received], and others.

Youth Delegation Returns From SRV, Cambodia

AU151326 Tirana ATA in English 0745 GMT 15 Dec 87

[Text] The delegation of the Central Committee of the LYUA [Albanian Union of Working Youth], led by the secretary of this committee, Luan Bregasi, which at the invitation of the "Ho Chi Minh" Communist Youth Union of the SR of Vietnam attended the 5th Congress of this organization, returned home. Likewise, at the invitation of the People's Revolutionary Youth Union of Cambodia, our delegation paid a friendly visit to the People's Republic of Cambodia.

GERMAN DEMOCRATIC REPUBLIC

Reinhold Interviewed on SED-SPD Joint Document

23000022 East Berlin NEUES DEUTSCHLAND in German 11 Nov 87 p 3

[Interview with Prof Dr Otto Reinhold, rector of the SED Central Committee's Academy for Social Sciences, by Holger Becker, NEUES DEUTSCHLAND staff member; date and place not given: "Response to Questions on the Conflict of Ideologies and on Mutual Security"]

[Text] Two months ago, on 28 August 1987, the document "The Conflict of Ideologies and Mutual Security" jointly worked out by the Academy for Social Sciences of the SED Central Committee and the SPD's Commission on Basic Values was published. It has evoked a continuing response in our republic as well as abroad. NEUES DEUTSCHLAND also received numerous letters on this publication. NEUES DEUTSCHLAND spoke with Prof Dr Otto Reinhold, rector of the Academy for Social Sciences of the SED Central Committee, on questions raised by readers in this connection.

Getting Along Peacefully With Each Other Rather Than Perishing Together

[Question] Professor Reinhold, you played an important part in working out the joint document. How do you see the response to this document 2 months after its publication?

[Answer] First of all, let us emphasize that the document has evoked an extraordinarily great response in the GDR and in the FRG as well as in numerous other nations. It thereby became apparent that it represents a result of our policy of dialogue and, at the same time, part of this dialogue. It has been shown that it is very important to continue to advance the coalition of reason and realism with all the forces that are interested in peace and prepared to contribute to it regardless of their poltical, ideological and other positions.

Comrade Erich Honecker declared in his speech in Moscow at the meeting of parties and movements on the occasion of the 70th anniversary of the Great Socialist October Revolution: "For the first time, this document sought in a constructive way to find joint answers to questions that today are stirring the entire workers' movement and, in like manner, the entire peace movement. It specifies measures for the shaping of peaceful coexistence and for a sound partnership in security. This document, which formulates the perception of common interests as well as the settlement of antagonisms in civilized forms, shows practicable ways to get along with each other peacefully rather than to perish together in an inferno."

The fact that the SED and SPD essentially represent the same positions in the struggle to keep the peace is of great importance. If one does not wish to perish together, then it is necessary to secure the peace together and prevent an atomic inferno. But also important is the statement made in the document that the necessity of cooperation does not exclude discussion of the two systems but makes it absolutely necessary, just as it does the conflict between different ideologies. But it must be carried on so that it does not hinder but supports the joint struggle for peace.

Securing the Peace Is a Difficult and Tedious Struggle

Naturally the conservative forces of the FRG who are against this document also involved themselves in this discussion. It is clear to everyone that people who preach danger from the East every day are not pleased that the Soviet Union and the socialist states are acknowledged to be capable of peace. People that continuously declare that socialism is a rigid and dogmatic system are naturally not pleased when it is ascertained that socialism is capable of development and reform, that it also finds new answers to new challenges that correspond to the nature of socialsim and to the interests of the working people.

[Question] The document stresses the necessity of the exclusively peaceful competition of socialism and capitalism, indeed it emphasizes that the cooperation of both social systems is necessary to secure the peace and to resolve the global problems of humanity. What role does class struggle play under these conditions? Can one even assume that it no longer plays a role in the life of the peoples?

[Answer] Naturally there can be no talk of that. The point of departure of the document is the statement that peace can be secured only jointly and not against one another. But two sides are necessary to secure mutual peace. The Soviet Union, the GDR and the states of the socialist community have developed a clear program for this and, as reality shows, are systematically implementing it.

But we can not yet say that the most aggressive forces in the United States and other NATO countries, especially those that are closely linked with the military-industrial complex, are proceeding from the same position. Despite the progress that are becoming possible with a double zero option in the area of disarmament, they are doing everything they can to continue SDI and to implement many other measures that oppose this policy of disarmament. The strategy of deterrence that NATO has been pursuing heretofore is quite certainly not apt to secure peace with one another. That is, we always assume that the path to this goal is linked with a difficult and certainly tedious struggle against those aggressive forces of imperialism.

We obviously must live with a contradiction. On the one hand, there is a growing number of problems that can be resolved only jointly by the states of the different social orders. In addition to the securing of the peace, they include such tasks as the overcoming of underdevelopment, environmental protection, supplying power, the conquering of diseases, etc. Peaceful coexistence is therefore a universal requirement. It must be aimed at achieving this cooperation.

At the same time, the antagonisms between the two systems, between socialism and capitalism, remain and will be further intensified in some areas. The conflict between them will therefore necessarily continue. To expect a different development would be a naive illusion.

But naturally the conflict between the two systems is a class-related conflict, in which the socialist system is represented by the working class and the capitalistic system by the domination of monopoly capital. One can certainly not expect that we, the representatives of socialism, will become friends of capitalism, just as one cannot assume that the ruling imperialist circles will someday learn to love socialism. Our position is clear: all military forms must be excluded from this conflict and different ideological positions must not be transferred to relations between states. But the conflict between two systems that are represented by different classes naturally is taking place and will influence the developments in international life in the future as well.

Conflict of Ideologies Is Naturally a Form of the Class Struggle

The different ideologies also reflect differing class interests and their conflict naturally represents a form of the class struggle. This is the case above all when it is directed against those ideologies that account for the imperialist course of massive armament and that seek to hinder the joint struggle for peace, not to mention the internal class struggles in the capitalist countries that are caused by the internal contradictions. The existence of classes and their opposing interests within the capitalist countries are naturally not eliminated through the struggle for peace, as was also seen in the discussion at the international meeting in Moscow.

At the same time, however, we bear in mind that many new phenomena are becoming apparent. They include the fact that today the conflict between the two systems is possible only through peaceful means and that all attempts to apply military means must be excluded, because they necessarily result in the downfall of both systems. We proceed on the assumption that this conflict must be linked with not extending ideological differences to relations between states and that it ultimately will be decided which system is making the greatest contribution to the resolution of questions affecting humanity.

[Question] According to the document, mutual security requires that each of the two systems consider the other to be capable of peace. In this connection, the question is frequently raised: Does this position mean that something has changed in the nature of imperialism, in the aggressiveness inherent in it?

[Answer] Of course not. Lenin has shown that by its very nature monopoly evokes attempts at expansion, whereby military expansion is only one of its forms. Also involved are economic, political and intellectual-cultural attempts at expansion. One would have to be blind and out of touch with all reality not to realize the activeness with which the imperialist states and concerns, especially the multinational firms, are fighting to gain and expand positions in the world markets. This technological battle between the three centers of imperialism is probably the most important example of this.

Real Chances To Implement the Capacity for Peace

When we speak of the capacity for peace, one question is decisive for us: Can a situation be established in international life in which a war between the two systems, which would be fatal for both, becomes impossible? We answer this question with an unqualified yes.

If we want to live together in the world and get along well, it is only possible if such a situation is brought about. For us, the fact that this can be achieved is the result of a number of real factors. I would especially emphasize four such factors: In the first place, the strength and the influence of socialism. It is obvious that in recent years the peace policy of the Soviet Union and the socialist community has brought about a significant change in the international balance of power. The adherents of military confrontation have been forced into the defensive in many areas. We are firmly convinced that the peace policy of the Soviet Union and the socialist community is meeting with the approval of the majority of people in the world and will be victorious in the interests of the survival of mankind.

Secondly, there has been an increase in those forces in the world that are fighting in the peace movement and in many other areas for a stable and lasting peace. For the first time, entire groups of states favor such a policy. The policy of dialogue being pursued by the SED and the GDR has also made a large contribution. We should mention above all the trip of Comrade Erich Honecker to the FRG and the results of this trip.

Thirdly, we see how an important process of differentiation is taking place in the camp of the ruling imperialist circles. There is growing recognition of the fact that massive armament and military confrontation as well as the present NATO strategy of nuclear deterrence is a suicidal strategy for the monopoly bourgeoisie as well. Military confrontation has become an unsuitable means of contending with socialism. It will be clear to every sober-thinking person that no more profits can be made under the conditions of a nuclear inferno.

Fourthly, the stock market crash of recent days has made it apparent to everyone that the imperialistic policy of massive armament is reaching economic limits. Nothing in recent years has done so much to ruin the U. S. economy as has this policy. For this reason as well, there is a growing striving to take another course instead of pursuing military confrontation and to seek cooperation that includes opening up the large markets and possibilities of the socialist countries.

For all of these reasons, we are proceeding under the assumption that one can establish conditions under which a war between the two systems will be impossible.

But as has already been said, this makes necessary a difficult and certainly lengthy struggle against the most aggressive representatives of the military-industrial complex. It is necessary to fight hard for the capacity for peace.

In an article published in NEUES DEUTSCHLAND on 28 October 1987, Comrade Kurt Hager stated very much in this sense: "So it is a matter of making imperialism peaceable rather than that it is peaceable by nature."

In other words, imperialism—the domination of monopolies, naturally evokes a striving for expansion. Today, however, other factors and inherent laws are in effect that oppose this striving for expansion and, when fully mobilized, preclude a war between these two social systems and thus ensure the survival of humanity.

It was stated in the mass media of the FRG, including by some representatives of the SPD, that in this way the SED wants to "reinterpret" fundamental statements in the joint paper.

That is completely out of the question. Our entire peace policy would be built on sand if we were not to proceed from the assumption that there is a real possibility for a mutual capacity for peace. But we have always viewed this as a challenge, as a task that must be resolved jointly. What, then, would be the sense of the statements in the joint document that oppose massive armament, all those who put arms in space, and all the military doctrines that are not only aimed at defense? We are not, of course, overlooking the fact that the theoretical and ideological views on imperialism and its role in the world of today vary. The joint paper plainly proceeds from the assumption that no side will abandon its ideological positions.

We Are Strengthening Socialism, Whose Advantages Are Felt by All

[Question] In the document, both sides vouch for each other's capacity for development and reform. How realistic is that with a view to imperialism?

[Answer] There is certainly no need here to show in detail that socialism is capable of development and reform. Our entire policy on the formation of developed socialism proceeds from the fact that socialism is a constantly developing society. The SED program declares that the formation of the developed socialist society is a process of far-reaching changes in the political-economic, social and intellectual-cultural area. Our party has put this perception into practice every year, especially since the Eighth SED Congress. One need only remember the struggle that we carried on to intensify the national economy, the formation and development of the combines, the improvement of management and planning, the processes of change in the educational system, and the development of socialist democracy. The 11th SED Congress has decided on a new stage in the linking of the scientific-technical revolution with the advantages of socialism, a revolutionary transformation of productive forces through the broad application of progressive key technologies. That is no purely technical progress but is linked with changes in all other areas of social life.

But how do things stand with capitalism? Naturally it must also adapt to new conditions and new demands. The transition to state-monopoly capitalism was just an example of this. Today hard battles are being fought in all industrially developed capitalist countries to adapt to the new requirements in the scientific-technical revolution and to international developments. The conservative forces would like to adapt at the expense of the working class and other working people. The representatives of the working class movement, especially the trade unions, on the other hand, are fighting a hard battle and struggling to find a way that meets the interests of the working people. The goal of implementing certain reforms within the framework of capitalism plays an important role in the strategy of the communist parties of capitalist countries. They thereby want both to achieve an improvement of the situation of the working class and other working people and to implement steps leading to a revolutionary unheaval.

One must see, of course, that communists and social democrats have different views on such reforms. For communists, reforms are necessary steps on the way to a revolutionary transformation of the social conditions. For social democrats, reforms are the actual goal of their action.

We view the process of far-reaching changes in the socialist society as a quite normal process aimed at strengthening socialism and at making noticeably better and better use of its advantages for everyone.

Opponents of socialism have the hope that development and reforms in the socialist society could undermine socialism and lead back to capitalism. Naturally it will not stop with hopes. We have no illusions about this and will employ all of our forces for the successful shaping of the socialist society.

Enemy Images Against Socialism Are Propagated Every Day

[Question] The document also speaks of dismantling enemy images. Does that mean that we will completely dispense with enemy images?

[Answer] That is out of the question as long as these enemy images are generated every day by the propaganda centers against the socialist states and against socialism. Naturally a large number of stereotyped ideas, calumnies and insinuations were disseminated, especially under the influence of the cold war. The document rightfully demands the overcoming of such views of the other side. As everyone knows, our party has always endeavored to seek a scientific analysis of the processes that have taken place in the capitalist world and in the international framework. We will do everything possible to continue this course systematically. The relations that have developed between the SED and SPD would not have been possible at all without such an approach.

But by no means does this mean that we will not clearly determine and state who is threatening peace today and the reasons and motives behind this threat or that we will not oppose these forces and their effects with all our might. That also means that in the interest of securing the peace we will do our part to see that the dangerous and injurious action of these forces can no longer influence and determine international developments.

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POLAND

Rakowski Parliamentary Visit to FRG
26000043d Warsaw TRYBUNA LUDU in Polish 17-18 Oct 87 p 8

["Deputy Sejm Speaker Mieczyslaw F. Rakowski in the FRG"—PAP report]

[Text] Deputy Sejm Speaker Mieczyslaw F. Rakowski, currently visiting the FRG, gave several lectures on the sociopolitical and economic situation of our country at, among other places, the Friedrich Ebert Foundation in Bonn as well as in Hanover and Munich.

In Munich he was received by the Chairman of the Landesparliament of Bavaria F. Heubl and met with the Vice Chairman of the German-Polish Parliamentary Group in the Bundestag Ulrich Irmer. Deputy Speaker Rakowski was also received by the journalist community.

PZPR Control-Auditing Visit to Prague
26000043f Warsaw TRYBUNA LUDU in Polish 17-18 Oct 87 p 8

["Tadeusz Hupalowski Ends Visit to Czechoslovak SSR"—PAP report]

[Text] Vice Chairman of the Central Control and Audit Commission of the PZPR and Chief of the NIK [Supreme Chamber of Control] General Tadeusz Hupalowski has ended an official visit to Prague. The purpose of the visit was to exchange experience in implementing control tasks in the course of the restructuring of socioeconomic life now ongoing in both countries. Information also was exchanged on the results of the struggle against negative occurrences in the economic and social domains.

Gen T. Hupalowski was received by Member of the Presidium of the Central Committee of the Czechoslovak CP Karel Hoffmann. Present was Chairman of the People's Council of Control, Czechoslovak SSR, Frantiszek Ondrzich. During the friendly talks problems of forms of party work within control bodies were discussed.

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PZPR Concerns on Status of Social Science, Civics Instruction
26000043c Warsaw TRYBUNA LUDU in Polish 17-18 Oct 87 p 3

[Article by Bohdana Gajdeczkowa: "Social Sciences and the Needs of the Present" under the rubric "Activities of Commissions of the PZPR Central Committee"]

[Text] The strengthening and development of our system of society should be always accompanied by cognizing the social reality. This is the domain of social sciences. It is they that, on applying Marxist techniques of research, combine theoretical thought with needs of practice.

The social sciences and the directions of their development were the topic of a session of the Commission for Science and Education under the PZPR Central Committee on 16 October.

More than 60 percent of social science instructors teach at universities and higher schools of economics, where also the numbers of independent researchers in that domain of knowledge are the largest. At these higher schools fulltime, correspondence, and postgraduate students are majoring in various disciplines of the social sciences. At the same time, all students take sociopolitical courses that include political economics, philosophy, general sociology, and political sciences. Knowledge of these subjects is helpful to assimilating knowledge about other subjects as well as to understanding and interpreting many contemporary aspects of our life in this country and abroad.

As stressed in the discussions, at present an inadequate interpretation of the processes occurring in society is a weakness of the social sciences. One example: no attempts have been made to find an answer to what should be done in face of the growing avalanche of all kinds of information which not so much breaks through barriers of distance as affects the attitudes of the rising generation.

The Commission members who took the floor also drew attention to the need to draft something in the nature of a report reflecting the current status of the social sciences and providing guidelines for their functions at present and in the future. It has also been stated that socialism at present is undergoing an epochal change which necessitates — on bypassing a narrowly practicist view — the identification of that problem by precisely the social sciences.

The deliberations were chaired by Politburo Member and Central Committee Secretary Tadeusz Porebski.

Press, Personnel Changes, Media Developments
26000031a Warsaw PRASA POLSKA in Polish No 8, Aug 87 pp 53-59

[Unattributed article: "Chronicle"]

[Excerpts] 1 Jun

— Adam Grzybowski was appointed deputy editor in chief of DZIENNIK BALTYCKI.

— Grazyna Minkowska was appointed deputy editor in chief of ZARZEWIE.

— Halina Siecinska was appointed deputy editor in chief of PANORAMA LESZCZYNSKA.

— In Washington the order, issued by the United States Department of State, depriving journalists from the socialist countries of their accreditation documents, press cards, and passes to conference rooms, became effective. This order obligates journalists from the socialist countries to apply in advance to the Department of State for the right to participate in press conferences.

— At the Warsaw House of the Journalist the SD PRL [Journalists Union of the PRL (Polish People's Republic)] Club of Rural Publicists organized a meeting with the Director of the Information Department of the United Nations Food and Agriculture Organization Richard Lydiker on the subject of the present situation of world agriculture and the principal world food problems.

2 Jun

— At the Warsaw House of the Journalist the SD PRL Club of Trade-Union and Worker Self-Government Publicists organized a meeting on the topic of the economic reform as viewed by trade unions, worker self-governments, the Government, and... the journalists.

15 Jun

— In Poznan the SD PRL Club of Automotive Reporters organized a meeting with representatives of the management of POLMOT, Inc. on the subject of the automotive exhibition at the Poznan Fair and the new products offered by automotive industry and internal export producers.

— At Swider near Warsaw the SD PRL Club of Trade-Union and Worker Self-Government Publicists organized a meeting with representatives of the heads of the FWP [Workers' Vacation Fund] and the OPZZ [National Trade-Union Alliance] concerning vacations for trade union members: should they be a fringe benefit or a service?

— At the Warsaw House of the Journalist the Warsaw Section of the SD PRL Club of Factory Reporters organized a meeting on cooperation among partner groups, attended by Docent Zdzislawa Jaworska of Lodz University, Pawel Soroka of the Worker Association of Creators of Culture, and leaders of partner groups from the General K. Swierczewski Precision Instruments Factory.

19-21 Jun

— This year's Krakow session was organized by the SD PRL Club for Cultural Affairs and personally by the Club's Vice Chairman Olgierd Jedrzejczyk. The session was devoted to Jan Matejka, his life in Krakow, his paintings, and the measures to conserve them. The session's program included aspects of the conservation of cultural relics, theatre, and cultural life. Co-organizers of the session were: the mayor of Krakow, the City Hall, and the Krakow Branch of the SD PRL.

21-28 Jun

— The SD PRL Film Criticism Club assured its members of participation at the "Lagow 87" Summer Film Festival in Lubus, organized by the Association of Polish Filmmakers (SFF). The topics of this year's SFF Seminar were: playwriting, its ideas, topics, and dramaturgy.

22 Jun

— In Koszalin at the Communal Cemetery was held the funeral of the newspaperman Jozef Kielb, a Sejm deputy who died several days previously during a Sejm session. Kielba was a SDP [Polish Journalists' Union] activist, cofounder of the SD PRL, and an eminent political and public activist. In recognition of his merits, the Council of State awarded him a posthumous Commander's Cross of the Order of Poland's Rebirth.

On the last journey of Jozef Kielb, he was accompanied by not only his family, friends, and colleagues, but also a group of Sejm deputies and representatives of party echelons and the Main Board and Koszalin Branch of the SD PRL.

— At the Ministry of Cultural Literacy and Education the SD PRL Club of Cultural Literacy and Education Reporters organized a press conference with Minister Joanna Michalowska-Gumowska on the question of, "What will we begin the new school year with?"

— At the Warsaw House of the Journalist the SD PRL Club of Rural Publicists organized a panel discussion on the topic "How to Withstand the Crisis?" The meeting was attended by experts and representatives of the ministry of agriculture, truck-gardening cooperatives, food processing industry, procurements and trade, and horticulturists and planters.

22-24 Jun

— At Zalecz-Wielki the SD PRL Club for Youth Affairs organized, jointly with the Circle of ZHP [Polish Scout Union] Instructors and Journalists and the Central School of Scout Instructors, a meeting on the topic, "Opportunities for the Rural Child — A Real Problem or a Concoction of the Intelligentsia?" The meeting was attended by scholars dealing with problems of the countryside.

At local cultural-educational centers meetings were held with activists, teachers, and the representatives of local authorities responsible for the fate of rural children.

23 Jun

— At the Warsaw House of the Journalist was held a reports-elections meeting of the SD PRL Club of Aviation Reporters.

The elections were followed by a meeting with Engineer Jerzy Wojnar, an experimental pilot and world record holder in aircraft testing.

23-24 Jun

— In Katowice the Editorial Club of the SD PRL held a session on the topic, "Job Certification as Model Staffing of the Editorial Room."

24 Jun

— At the Warsaw House of the Journalist the SD PRL Environmental Protection Club organized a meeting concerning the implementation of environmental protection tasks by the dairy industry. The meeting was attended by Chief Inspector of Environmental Protection Krzysztof Zareba along with a group of his associates as well as by representatives of the Central Union of Dairy Cooperatives.

24-25 Jun

— In Zarnowiec the SD PRL Club of Mining Reporters held a session dealing with the construction of Poland's first nuclear power station.

25 Jun

— In Konin the SD PRL Wielkopolska-Lubus Club of Rural Publicists held a meeting on the utilization of the waters of the Jeziorsko Impounding Reservoir.

— At the Warsaw House of the Journalist the SD PRL Club for International Publicistics organized a meeting with Minister Marian Orzechowski concerning the main directions of Polish foreign policy, with special consideration of the newest peace initiative known as the Jaruzelski Plan.

— At the Warsaw House of the Journalist the SD PRL Club for Construction Problems organized a meeting on reform in construction, attended by, among others, Prof. Dr. Henryk Hajduk of the Institute for the Organization of Construction and Engineer Zdzislaw Kostrzewa from the ministry of construction.

26 Jun

— At the Warsaw Road and Bridge Enterprise the SD PRL Club of Warsaw Reporters organized a meeting dealing with streets and roads in the Nation's Capital.

26-28 Jun

— In Zamosc the SD PRL Club of Cultural Problems and the SD PRL Club of Theatre Criticism organized jointly a press excursion as part of the 12th Zamosc Theatre Summer. The program included not only outdoor performances but also the most interesting aspects of the region's culture and aspects of the renovation of Zamosc.

29-30 Jun

— At the Warsaw House of the Journalist the SD PRL Club for Youth Affairs organized, jointly with the DOSKO Chemical and Light Industry Training Center in Lodz, an exhibition of minicomputer editor programs and of their applications to quotidian journalistic work.

30 Jun

— Tadeusz Lutogniewski was recalled from the post of deputy editor in chief of the weekly SPRAWY I LUDZIE.

In June:

— Editor Tomasz Walat, a PAP correspondent in Scandinavia, was elected vice chairman of the Foreign Press Association in Stockholm.

Supplement:

The previous chronicles of press personnel changes did not contain all the decisions. We therefore complement them below:

1 Apr

— Ryszard Nowicki was appointed deputy editor in chief of KOBIETA I ZYCIE.

— Jerzy Roman was appointed the Sofia correspondent of "Interpress" Press Agency.

1 May

— Wladyslaw Szwedowicz was appointed editor in chief of SWIAT CISZY.

15 May

— Ewa Grinberg was recalled from the post of deputy editor in chief of TYGODNIK PLOCKI.

20 May

— Krzysztof Szwed was recalled from the post of deputy editor in chief of TYGODNIK PLOCKI.

ERRATUM:

In issue No 5 of PRASA POLSKA we reported, through no fault of the editors, erroneous information in the Chronicle of Press Personnel Changes for March 1987. We now rectify this information and apologize to all interested readers:

15 Feb

— Joanna Matuszewska-Skoczylas was recalled from the post of deputy editor in chief of KULTURA. On 16 February she was appointed deputy director and editor in chief of Channel 1 of Polish Television.

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Press, Personnel Changes, Media Developments

26000031b Warsaw PRASA POLSKA in Polish No 8, Sep 87 pp 57-60

[Unattributed article: "Chronicle"]

[Excerpts] 1 Jul

— Jerzy Miemiec was appointed deputy editor in chief of PANORAMA.

— Waclaw Potocki was appointed editor in chief of BANK SPOLDZIELCZY.

— Maciej Wozny was appointed editor in chief of ZIEMIA GORZOWSKA.

9 Jul

— At the Warsaw House of the Journalist the SD PRL [Journalists Union of the Polish People's Republic] Economics Club organized a meeting with Deputy Minister of Foreign Trade Janusz Kaczurba on the situation and reform in foreign trade.

— On this date deliberated the Press Council, continuing its discussion of the working conditions in the journalistic profession, commenced in December 1986. The session was devoted to problems of meeting the information needs of the society, access of the press to information, and the activities of the Censorship Office. The deliberations were chaired by Council Chairman Jozef Krolikowski.

The discussion was initiated by a paper presented by Editor Ludwik Krasucki on information policy in Poland, and by a report on the implementation of the censorship decree, presented by the Vice Chairman of the Main Office for the Control of Publications and Entertainment Marian Andrzejewski.

Editor L. Krasucki assessed positively the information policy in this country, on stressing ways in which it has changed. He declared that this policy is in itself both a proof and a causative factor of the process and consequences of the socialist renewal of Polish life. "In this country we have and of a certainty shall develop an open and active information policy. A new favorable phenomenon is the pluralist nature of the information system in Poland." Discussing the information policy of state and public institutions, Editor Krasucki stressed that the explicitness and controversial and energetic nature of the statements made by the Government Press Spokesman result in that information by and on the government surpasses information on other elements of the political system. The declarative, solemn information policy of the Sejm needs to be improved, and this also applies to the information policies of the party and trade unions.

Editor Krasucki devoted the last part of his address to the evaluation of reporters within the Polish information system: "...Our press contributes less than it is capable of, and less than the conditions warrant, to information policy.... Contrary to popular opinion among reporters, information policy is on the whole better than it is made to appear by the quotidian activities of the journalistic community. We continue to do little and too late, or even to do nothing, on the path from idea to execution—from expertise, advice, and postulate to the utilization of the information provided by the editor, the publicist, the wire reporter, and the technical editor. There arises the peril of a new type of schematic and rubberstamp approach, of new varieties of mannerisms and shallowness, of a new version of simultaneous megalomania and frustrations. There also occur symptoms of excessive supervision, or oversteering, combined with scarcity of inspiration...."

"We have not developed any new mechanisms for horizontal advancement. As for vertical advancement, the impression arises that it has recently been evolving so as to bypass the middle generation of expert and experienced reporters and the recruitment for journalism of individuals specializing in other domains and professions, in the belief that anyone can write. Despite our successes in the struggle against illiteracy, this unfortunately is not true."

The activities of the censors were the principal topic of the discussion. On this topic, the floor was taken by: Editor Stanislaw Turowicz (TYGODHIK POWSZECHNY), Editor Stanislaw Wlazlo (SLOWO POWSZECHNE), Editor Dariusz Woszczalski (Lodz OTV), Editor Stanislaw Podemski (POLITYKA), Prof Bogdan Michalski (Warsaw University), Prof Walery Pisarek (Krakow OBP), Editor Mieczyslaw Rog-Swiastek, and Stanislaw Kosicki (Main Office for the Control of Publications and Entertainment).

13 Jul

— Jacek Fafara was appointed deputy editor in chief of SZTANDAR MLODYCH.

— The Chairman of the Main Board of the Polish-Soviet Friendship Society Henryk Bednarski met with the board of the SD PRL "Friendship" Club of Publicists. Proposals for further cooperation between the Club and the Polish-Soviet Friendship Society were discussed.

15 Jul

— The SD PRL Club of Aviation Reporters organized jointly with the Air Force Command a field session at the ste of a helicopter troop unit. During the session meetings were held with Division General Pilot Tytus Krawczyc and the fliers of the Polish Helicopter Squadron for Aid to Ethiopia.

16 Jul

— The last issue of the weekly RADAR was published. The decision to terminate its publication was taken by The Prasa-Ksiazka-Ruch RSW [Workers' Publishing Cooperative] Board upon the proposal of the Youth Publishing Agency in view of the decline in the readership of RADAR.

17 Jul

— At Okecie in Warsaw the SD PRL Club of Aviation Reporters organized a meeting concerning operating conditions of the Central Airport during the peak tourist season, attended by the Director of the Central Airport Engineer Stanislaw Koziel, the director of the Customs Office, and the chief of the Border Service.

20 Jul-2 Aug

— Poland was visited, at the invitation of the SD PRL, by a delegation of the All-China Association of Journalist Workers, consisting of: Dong Sheng, head of the delegation and a member of the Secretariat of the All-China Association; Wu Hong, editor of HONGQI, the theoretical journal of the Chinese CP; and Fu Kejia, editor of the daily NEIMENG GURI BAO. The guests were hosted by SD PRL Vice Chairman Florian Dluzak and Editor Marian Kruczkowski.

The Chinese journalists journeyed across Poland. In Poznan Voivodship they toured, among other places, state and private farms and truck-gardening farms, the Harvesting Machinery Factory, and the AMINO Plant. They also toured Warsaw, Zelazowa Wola, and Wilanow.

Meetings with the Planning Commission, the editorial boards of Polish Television and TRYBUNA LUDU,and the Worker Council at the FSO Passenger Car Factory were organized for the Chinese guests during their sojourn in Warsaw.

28-29 Jul

— In Kalisz the SD PRL Club of Cultural Literacy and Educational Reporters organized, jointly with the Main Headquarters of Volunteer Labor Reserves (OHP), a session devoted to problems of on-vacation work of youth. The session participants toured several OHP groups, familiarizing themselves with the working and recreational conditions of youth. Meetings were held with the heads of the Main Headquarters of Volunteer Labor Reserves and representatives of the ministries involved in developing on-vacation forms of wage-earning work for youth.

Supplement:

The June Chronicle of Press Personnel Changes did not include all the decisions. Below we complement that chronicle:

1 Jun

— Michal Maliszewski was appointed deputy editor in chief of KULTURA.

30 Jun

— Jan Gorec-Rosinski was recalled from the post of editor in chief of FAKTY owing to his retirement.

— Jan Orski was recalled at his own request from the post of editor in chief of TYGODNIK PILSKI.

1386

New Radio Program Features Western Commentary on Poland

26000043a Warsaw TRYBUNA LUDU in Polish 20 Oct 87 p 2

["'The West Speaks'; a New Program of Polish Radi"—PAP report]

[Text] "The West Speaks" is the name of a new Polish Radio program which was broadcast for the first time on 19 October on Channel I. The creators of this program present in it various opinions, both hostile and positive, of Western radio stations concerning our country. The first broadcast cited previously transmitted comments of Radio Free Europe, Voice of America, BBC, France-Internationale 1, and Deutsche Welle, concerning the recent plenum of the PZPR Central Committee and the Sejm session relating to the second stage of the economic reform in Poland.

The program is confined to citing opinions without providing them with a commentary. One of its purposes is to provide knowledge of various points of view, on leaving their evaluation to radio listeners.

1386

Czech Press Agency Cooperation

26000043h Warsaw TRYBUNA LUDU in Polish 17-18 Oct 87 p 2

["Cooperation With Czechoslovak SSR Press Agency"—PAP report]

[Text] At the invitation of "Interpress" Polish Agency Poland was visited during 11 to 16 October by the Director General of the Press Agency of the Czechoslovak Socialist Republic Vladimir Vipler.

The conducted talks resulted in the signing of a working protocol on cooperation during 1987-1989.

V. Vipler was received by Politburo Member and Central Committee Secretary Jan Glowczyk. The meeting was attended by the Director and Editor-in-Chief of "Interpress" Press Agency J. Grzelak.

1386

ROMANIA

PRC Culture Minister, Writers Union Officials Meet

27000019 Bucharest ROMANIA LITERARA in Romanian No 48, 26 Nov 87 p 2

[Text] The Minister of Culture of the People's Republic of China, Comrade Wang Meng, together with other members of the Chinese delegation visiting Romania at the invitation of the Culture and Socialist Education Council, met on 21 November with the leadership of the Writers Union of the Romanian Socialist Republic. Suzana Gadea, president of the Culture and Socialist Education Council, accompanied the guest.

Representing the Writers Union were: Dumitru Radu Popescu, president, Alexandru Balaci, George Balaita and Constantin Toiu, vice presidents, Mircea Radu Iacoban, secretary of the Iasi Writers Association, Ion Lancranjan, Traian Iancu and Teofil Balaj.

The discussion took place in a warm and friendly atmosphere, characteristic of the good relations which exist between the two countries and peoples.

Wang Jinqing, ambassador of the People's Republic of China in Bucharest, and other Embassy members were present.

/12223

INTRABLOC

Future of Nuclear Energy in CEMA Countries Summarized

24000019b Prague SVET HOSPODARSTVI in Czech 15 Oct 87 p 1

[Article by Dana Pavlatova: "Prospects for Nuclear Power in the CEMA"]

[Text] Nuclear power is one of the priority objectives of the Comprehensive R&D Program for CEMA Member Countries Through the Year 2000 as well as one of the fastest growing fuel and power sectors in a majority of the member countries. The extensive potential energy reserves in nuclear fuel, the clear ecological advantages of nuclear power, the potential for locating nuclear power plants in the economically most advantageous places without regard for the fuel base, combine to make nuclear power the best source of energy for national economies. Nuclear power as a percentage of total fuel and power supplies is projected to increase substantially in all socialist countries. In 1985 nuclear power plants generated 13 percent of total electricity generated within the CEMA. By 1990 this figure will be in excess of 20 percent.

The development of nuclear power in the CEMA is based currently and will continue to be based on nuclear power plants outfitted with reactors manufactured in the Soviet Union which use water as a coolant and moderator. Specialized and cooperative production and mutual deliveries related to nuclear power are based on multilateral agreements signed at the 33rd CEMA session by the European CEMA countries and Yugoslavia. Under this agreement, for example, Bulgaria manufactures transportation and other equipment, biological shielding equipment, special pumps and fittings.

Hungary produces deactivation equipment, machines for primary circuit repair and specific types of electrotechnical products. The GDR specializes in the production of bridge cranes, transportation equipment, and special fittings. Poland supplies pressurizers, heat exchangers, instruments to monitor radiation levels and for internal reactor control. Romania supplies the main circulation pumps, water tanks for the emergency cooling of the reactor core, bridge cranes for the turbine hall, and high voltage instrument transformers. Yugoslavia provides several types of specialized pumps, steam separators, the main circulation pipes, etc.

Czechoslovakia manufactures a major portion of the equipment for the 440 megawatt power generation units, including the complete reactor units, and is making preparations to produce equipment for the new generation of 1,000 megawatt units using VVER 1000 reactors. The Soviet Union manufactures all of the equipment for nuclear power plants utilizing the VVER type reactor.

By the year 2000 the CEMA member countries will have expanded significantly their uses of nuclear power, including its use to generate heat. Soviet experiences in the construction of power plants at Gorky and voronez will be applied in the future to projects in other countries.

R&D cooperation among the CEMA member countries in the field of nuclear power is focused mainly on scientific research combined with the design of state of the art equipment for fast neutron reactors. These reactors produce nuclear fuel during their operation. Researchers are also designing high-temperature power engineering equipment for multiple uses. The Comprehensive R&D Program for CEMA Member Countries Through the Year 2000 also projects a number of additional projects. These include the development of alternative heat sources, R&D in the area of high temperature nuclear equipment, and the design of equipment for the advanced training of operating personnel. Another area of cooperation is that of state regulation of nuclear power industry safety and the development of uniform standard technical documentation for the CEMA countries in the area of nuclear power.

The first nuclear power plant in the world went on line in 1954 in the USSR. From that time the percentage of total electricity generated by nuclear power has increased steadily. In 1980 there were 9 nuclear power plants in operation, with a total installed capacity of 13,000 megawatts. In 1986 the figure was 14 nuclear power plants and an installed capacity of 25,000 megawatts. Projections for 1990 call for the generation of 390 billion kilowatt hours of electricity by nuclear power, or about 20 percent of total USSR electricity generation. This will permit savings of 75-90 million tons of standard fuel equivalent of fossil fuels in 1990 over 1985 consumption levels. In the European part of the USSR plans call for the completion by 1990 of the Kalinin nuclear power plant, completion of phase two in the construction of the Smolensk, Krym, and Zaporoze power plants, and the Odessa heating plant. New power generation units will come on line in the Balakov, Tataarsk, Rostov, Chmelnik, Rovensk, and south Ukraine power plants, and at the Minsk heating plant. Construction will be completed on the Volgograd and Kharkhov heating plants, the Kostroma and Gruzinsk power plants, and on the second phase of the Armenian and Azerbajdzan power plants.

Bulgaria is among those countries with a fast growing nuclear power sector. The Kozloduj nuclear power plant is already in operation, with four VVER 440 generation units. During this year and next units five and six are scheduled to come on line. Both of these have VVER 1000 reactors. Construction has also begun on a second power plant in Belena. This plant will have six generation units, each with a VVER 1000 reactor. Studies are also being prepared for the construction of a third power plant, one that will also generate heat for technical purposes. By 1990 nuclear power plants are projected to satisfy 40 percent of its generation requirements, a figure that is planned to increase to 60 percent by the year 2000.

In Hungary in 1986 the last of four 440-megawatt generation units came on line. Phase two in the construction of a 4,000-megawatt nuclear power facility is scheduled to begin at the same location.

In the GDR nuclear power accounted for not quite one percent of its electrical energy in 1970, while the figure has risen to more than 12 percent currently. Two nuclear power plants are operating currently in the GDR. The Reinsberg plant has an installe capacity of 70 megawatts. The Bruno Leuschner plant has an installed capacity of 1,760 megawatts. Four additional VVER 440 reactor units will be on line at this plant by 1990. The GDR is now building the Stendal power plant with four 1,000 megawatt generation units. The first of these will come on line at the end of the next 5-year plan.

Poland does not yet have a functioning nuclear power plant. Plans call for the start up of the Zarnowiec power plant near Gdansk in 1990. The Klempicz power plant is the second scheduled Polish nuclear plant with a planned start up date for its four 1,000 megawatt units of 1995.

In Cuba construction is proceeding on a nuclear power plant with four 417 megawatt generation units. When operating each of these generation units will save 600,000 metric tons of crude oil annually.

Romania is building its first nuclear plants, one of them not far from the city of Cernavod. A second plant, the Moldava plant, has three VVER 1000 reactors and is being built in cooperation with the USSR.

In Czechoslovakia, plans call for roughly 29 percent of our total electric power to be generated by nuclear power plants by the end of the Eighth 5-Year Plan. Between now and the end of the Eighth 5-Year Plan projections call for the generation of 25 billion kilowatt hours of electricity by nuclear power, a quantity that otherwise would require the consumption of about 10 million tons of standard fuel equivalent. Following the power plants at Jaslovske Bohunice and at Dukovany, construction is now under way at the plants at Mochovice and at Temelin. The electricity from nuclear plants will help the Czechoslovak economy to eliminate the current tension between supplies and demand, enable us to convert traditional condensation power plants to heat generation, which in turn will allow us to improve the utilization rates of fossil fuels by 15-25 percent.

The Comprehensive R&D Program for the CEMA Member Countries Through the Year 2000 will provide a base for the preparation of coordinated and in some cases uniform R&D policies. In line with the objectives of the Comprehensive program, the CEMA member countries are pooling their resources to solve the most pressing R&D issues. Nuclear power is one of these critical areas. It is particularly important in terms of dealing with our fuel and power problems, changing our utilization rates of fossil fuels, and protecting the environment.

9276/9738

CZECHOSLOVAKIA

Aspects of Law of Enterprise Discussed by Readers

24000019c Prague HOSPODARSKE NOVINY in Czech 4 Sep 87 p 6

[Article made up of statements by Eng Miroslav Gregar, director of information systems division, Prague 4 District Housing Management Enterprise; Pavel Bolek, technical representative of director of Factory 01, Frydek-Mistek Sheet Metal Rolling Mill; Eng Jozef Bayer, director of pricing economics division, Martin Heavy Engineering Works general directorate; Eng Ivo Dolezel, Prague office of Bratislava Institute of Construction Economics and Organization; and Eng Jaroslav Wiesner, candidate for doctor of science, government commission on questions of planned national economic management]

[Text]

Obligatory Responsibilities

[Statement of Eng Miroslav Gregar, director of information systems division, Prague 4 District Housing Management Enterprise]

As an accountant with many years of practical experience it is my opinion that Section 54 of the Czechoslovak draft law on the state enterprise is not as clearly formulated as the Soviet version of the same law. The Soviet law states clearly that it is forbidden to request the submission of any other complications of socio-economic information than have been designated beforehand. In our draft law reference is made to special regulations.

It is well known that supervisory agencies bury enterprises with requests for reports, bulletins and even for supplementary studies that have never been performed before. This type of request, in particular, is at variance with the theory of information science. Particularly at times when comprehensive analyses of economic performance are being drafted the number of requests by various agencies as to what the analysis should contain grow like mushrooms after a rain shower. Sometimes these requests require only the manipulation of data that is contained elsewhere or negative bulletins about economic realities that the reporting entity has no control over. For example, housing management enterprises are required every year to report that they do not purchase passenger cars for hard currencies, even though they have no foreign currency resources in the first place.

Many times requests are made for information in tabular form, using tables that are set up somewhat differently, but containing the same information, as presented in standard state accounting reports. All such situations involve and increase in the amount and cost of paper work. For this reason no one should be given the power to issue special regulations, which might in certain instances (upon publication or registration in the Laws of the CSSR) become generally binding legal regulations and therefore contribute permanently to increased paper work and the collection of irrelevant information.

I also believe that Section 15 of the draft law contains shortcomings. This section refers to enterprise funds. The maintenance and modernization fund is one fund that should be formed obligatorily by every enterprise. I have been involved in an experiment with a maintenance fund in the housing management area and I consider it advantageous that some industrial sectors have already established such funds. These funds are made up of resources designated for specific tasks. They make it possible, to an extent governed by the standards for making contributions to the funds, to set aside resources for maintaining capital assets and items subject to gradual consumption. This makes it impossible for an enterprise to increase artificially its profitability figures by neglecting maintenance. By neglecting maintenance costs, which are a component of material costs, enterprises can lower their unit costs of production, making their performance appear better than it in fact is.

Clearly, neglecting maintenance on capital assets and postponing minor upgrading projects speeds up the obsolescence of the machinery stock, thereby reducing the quality of production assets and setting the stage for reduced future profitability. For housing management enterprises, which under Section 75 of the draft law stand to benefit heavily from the draft law, a maintenance fund has been shown by extensive experience to be a necessity, because it is the only way to assure that housing stock maintenance will not be omitted totally.

The existence of a maintenance fund does not lock an enterprise into a standard contribution. As with other funds, it makes contributions to the maintenance fund from net profits. It may also obtain subsidies for this fund from its founding enterprise or from the state budget. Such special purpose subsidies for such items as building facades, roofs, and modernization, have proven useful within the housing management sector. I am convinced that society could use these resources to manage development and to focus production in specific directions, as well as to modernize obsolete sectors. For these reasons it does not make sense to leave the formation of a maintenance fund to the discretion of the individual enterprise. Instead it should be designated as an obligatory fund.

The Importance of Personnel Work

[Statement of Pavel Bolek, technical representative of the director of factory 01, Frydek-Mistek Sheet Metal Rolling Mill]

The portions of the draft law that were of greatest interest to me were Section 24, concerning the election of managers, and Section 32, paragraph 4 concerning the election of councils. My feeling is that greater emphasis should be put here on the impact of party organizations and an appropriate way found to implement the rights of party control on the selection of candidates for election to economic functions within enterprises, factories and the council (for functionaries elected to the council in cooperation with union and youth organizations). We cannot permit, after all, people without any real authority to be elected to economic and managerial functions. We must find a way to avoid the assertion of group interest. There is no way to avoid it, people who fear an environment of stricter technological discipline and order will try to elect for themselves more pliable and lenient functionaries. The draft law, to be sure, offers greater authority, but it also increases responsibility for work quality, for meeting contract obligations on time, and for asset utilization efficiency. We cannot simply fulfill plan objectives at any cost. In the search for more effective techniques employees will have to demand more from themselves and each other at all levels of management. For this reason I think that work with the current work force will be of critical importance to the success of the new law.

For precisely this reason the importance of careful work with our personnel is more critical today than at any previous time. We need to improve the trust of people in basic party organizations and the party committee, because these institution will continue to be responsible for personnel policy. Every manager must demonstrate a capacity for creative thinking, a feeling and sense of socialist entrepreneurship. Clearly, many political, union, and youth group functionaries expect this.

It is my opinion, therefore, that we need to emphasize that elections do not mean that the principles of uniform authority are being phased out, but rather that our goal is to strengthen this principle. As long as workers trust managers and council members, they will not expect them to be accommodating, but certainly will expect more from them. Certain individuals are afraid of this. Order, organization, and strict work and technological discipline is certainly not in conflict with the democratization of our life that we are trying to achieve.

How to Handle Legal Identity

[Statement of Eng Jozef Bayer, director of pricing economics division, Martin Heavy Engineering Plant general directorate]

Even a cursory comparison of our draft law on the state enterprise with the Soviet version of this law picks up the difference that our draft law does not contain the same principles governing the economic mechanism that are contained in the Soviet version. This fact implies a danger that our law will involve only a change in the oragnizational structure of the cost accounting sphere. A study of the draft law raises the logical question of why we continue to demand that there be some kind of unity of organizational structure. Previously the basic unit of organization was the VHJ. Now it will be the enterprise, but some enterprises will be just as big as previous VHJ, and they may be designated as medium sized or large enterprises. Given the great variety within our economy, why cannot we have VHJ, enterprises, and plants that coexist with each other. After all, the current law No 91/74, Laws of the CSSR, which recognizes two forms of VHJ, namely trust VHJ and concern VHJ, has been criticized precisely because of its lack of variability. It has become clear that we again need a system of kkombinat units of the type utilized by certain large organizations in the past. Where did we come up with this a priori requirement that an organization integrated into a VHJ cannot have its own legal identity. It is unclear, after all, whether it would be a good idea if enterprises as currently constituted, which may have more than 10,000 employees, should retain their current organization, or if as the draft law permits, they should become factories without a legal identity. If this latter course is adopted, what will become of their current factories?

The principle of management at two levels that is the foundation of the draft law, is attractive. We usually associate a reduction in levels of management with less administrative tasks and paperwork. Most of the excessive paperwork, however, comes from the functional organization of the economy, and particularly interindustrial divisions. This means that a reduction in levels of management will not necessarily lead to any reduction in paperwork. On the contrary, in the past when we had this dual level management, the central sectors had to have so-called main administrations, each responsible for directing specific groups of enterprises. In issue 29 of HOSPODARSKE NOVINY, professor Cervinka stated that the draft law assumes that for a transitional period the central agencies will continue to use binding material tasks and constraints. This means that while we may be eliminating an element in the middle, we are replacing it by having to create an apparatus at the center for purposes of operational management that will have a transitional character. By putting ourselves in the position of having to phase one entity out and also build a new one from scratch we are creating two sources of potential problems. Not only are we creating double work for ourselves but the greatest danger lies in the fact that the central agency that we are proposing would be charged not only with conceptualizing activities, but would also likely be involved with a wide range of day to day operational issues. Our experience shows that when we combine strategic planning and operational responsibility under the same roof the operational questions gradually either completely or substantially force the conceptual responsibilities into the background.

On the question of the size of economic entities one must emphasize that we should leave open the opportunity for the existence of large entities, corresponding to our current VHJ, as well as for medium sized and smaller firms. We need to keep in mind that smaller firms have a place everywhere in the world, and they should also have a place here. On the other hand to view our salvation in the atomization of current organizational entities is not wise, and in some cases could represent a step backward. We need to leave room for the larger entities as well. Their organization should be based on the kombinat principle and not be tied to sectoral or branch identity.

From the information that is available it is not at all clear how we will resolve one of the greatest problems facing us, namely that of establishing integrational links between our economic sectors.

Establishing New Organizations

[Statement of Eng Ivo Dolezel, Prague office of Bratislava Institute of Construction Industry Economics and Organization]

One of the basic problems that the draft law on the state enterprise attempts to codify is the establishment, position, and disbanding of enterprises (Part II, sections 9-18 of the law). Section 39 (socialist entrepreneurship) and Section 57 (enterprise establishment initiative) are also related to this question. It is my view that the above sections of the draft law contain contradictions or at least inconsistencies in their treatment of the establishment function in relation to greater flexibility in decision making at the level of the basic element in production control.

Even though the law does not clearly specify who will fulfill the function of founder or liquidator (in the case of an unsuccessful enterprise) the preamble to the law does contain an answer. The preamble states that central agencies of state administration and national committees will perform these functions. And here is where the conflict lies.

Why are we expanding the authority and increasing the responsibility of the enterprise sphere? So that enterprises can react more rapidly to the requirements of domestic and foreign markets, produce goods at lower cost, begin the production of new goods more rapidly, and simplify cooperative and supplier-consumer relationships. However, we will achieve all these objectives only if we also decentralize the right to found new enterprises. How can a state administrative agency make an expert and objective appraisal concerning either the establishment or liquidation of an enterprise for the production of a specific product line when in most cases it will not have the information needed to make such a decision, or the experts qualified to analyze this information (assuming that we do not want to increase further the payrolls of state administrative agencies). Such an agency may either approve or deny such a request. This takes time, however, during which the situation and requirements may change, or the problem may be dealt with in other ways, such as by arranging for imports.

Delaying the decision to establish an enterprise can result in losses, as we have learned in the past from the delayed start up of production of sophisticated products and the resultant marketing delays as well.

The same applies to evaluating the production efficiency of newly established firms, the system of organization, supply and marketing networks, cooperative relationships, etc. We cannot, after all, apply the better late than never principle of economics unless we want further to reduce the efficiency of our products. The only place where all these questions can be objectively evaluated is at the newly established enterprise itself or at the level of its founding enterprise.

However, because we still face some resource availability constraints on entrepreneurial activity (energy, raw materials, environmental constraints) we should not remove the element of central approval completely from the decision to found an enterprise. It should however, be possible legally to limit this responsibility only to certain types of new enterprises. Criteria for needing central approval could include the size of the enterprise, its location, or its proposed manufacturing activity.

Basically, however, the founding of enterprises for producing most goods, especially consumer goods, should not be limited by the need to obtain administrative approval. The basic criterion should be whether the new firm will meet requirements that are currently not being met on the domestic market or unfulfilled requirements of foreign customers. Only in this way can entrepreneurship evolve successfully in accordance with the needs of socialist society.

Answering Reader Questions

Jan Pichrt from Prague asks: "In what ways will enterprises be forced to sign contracts that specify that the quality and quantity of output will meet customer specifications? Will it be possible for suppliers to refuse to produce products that do not interest them?

Eng Jaroslav Wiesner, candidate for doctor of science, member of the Government commission for Questions of Planned National Economic Management answers.

Enterprises will be forced to sign contracts mainly out of economic self-interest, i.e. because it will be advantageous for them to do so. Contracts are intended to fulfill tasks specified in economic plans (Section 40 of the draft law on the state enterprise). Enterprises will also have to base their own planning projections on contracts they have signed (Section 38). Enterprises will be able to use contracts to negotiate not only general conditions of supply, but also the wholesale prices of the goods in question in situations where negotiated prices apply. Enterprises will also use contracts to specify flexible pricing structures, and the applicability of incentive and penalty payments.

Contracts will be signed under a different economic environment than the one that currently exists. The economic mechanism will give customers an incentive to restrict consumption per unit of output. If they reduce their costs their profits will increase. Vendors will have an interest in improving the quality of their products, to meet customer needs. This will allow them to reduce their fixed costs as a percentage of output, and allow them to obtain higher prices for their goods,both of which will increase their profitability. The position of vendors will change. We must change our "sellers market" into a "buyers market".

This will come about because of the new economic interests of customers and vendors, and from new measures that will break the monopolies held by certain producers. In place of excessively large production entities such as today's VHJ, the production of goods will be organized on the basis of independent enterprises that will market their goods independently. These enterprises will compare their performance with each other and actually compete. If one vendor does not meet your requirements, you may go and find another. This will apply not only to state enterprises, but to enterprises managed by national committees, cooperative enterprises, and in some cases even sole proprietors.

Every enterprise is responsible for the comprehensive and effective satisfaction of the needs of society. Their responsibilities will be governed by the principle that they must meet the needs of the socialist society based on its laws. These laws will provide the constraints of their activities.

The establishment of supplier-consumer relationships will be very sensitive and demanding. We will not be able to take care of them just by issuing a law on the state enterprise. Also involved will be the resolution of the material problems in our economic development, updating the commercial code, etc. Some responsibilities of vendors will have to be specified in subsequent laws. An example is the requirement that a vendor be forced to negotiate with customs about delivery requirements for orders, and to provide written reasons for not accepting orders. Such a law would give the center evidence on the basis of which to intervene with suppliers when necessary, through the use, however, of indirect economic mechanisms and material measures.

The successful establishment of supplier-consumer relationships, the transition to a "buyers market" will depend on our success in achieving balance in our economic development, on our success in matching the demand of customers with the goods offered by vendors. After a certain time it will certainly be necessary for the center to resolve minor and serious disputes that arise in the negotiation of contracts. The details of the updated commercial code will influence both enterprise behavior and potential intervention by central agencies.

9276/9738

Problems of Experimenting Enterprises Viewed

*24000019a Prague TRIBUNA in Czech
7 Oct 87 pp 16-17*

[Interview with Frantisek Vrba, director of the Novy Bor Utility Glass Research Institute, conducted by Rostislav Valesek: "We Are Gaining Experience"]

[Text] The Crystalex VHJ is one of the organizations involved in testing the principles of the Comprehensive Experiment for Increasing the Independence and Responsibility of Economic Organizations for Economic Development. The Experiment is inn turn part of the preparations for restructuring the economic mechanism. We asked comrade Frantisek Vrba, director of the Novy Bor Utility Glass Research Institute, how the experiment was proceeding within the R&D base.

[Question] How would you describe your institute?

[Answer] When the institute was formed some 25 years ago, what was then called the Association of Utility Glass Firm did not have the production capacity to implement the results of R&D programs. The mechanization of production and the enhancement of utility glass was still in its infancy, so we not only had to come up with new solutions to problems, but implement them as well. This is why we have built mechanical workshops right along with the development of the institute. This allows us to maintain a policy that every problem that is resolved includes producing a machine or piece of equipment and installing it on the floor of a production facility. The results of our work do not, in other words, end up in some archive.

[Question] A number of R&D facilities are calling for just such a capability now...

[Answer] We were forced to develop a strong production capability so that we could assure the repetitive production of such items as glass forms, diamond machines, and machinery and equipment for chemical polishing. Actually we are now a monopoly producer of glass working equipment in our republic. We produce tools for other glass producing VHJ as well. By doing so we were reacting mainly to a pressing need and a priority to meet the needs of the Crystalex VHJ. These remain our priorities at the present time.

[Question] I still do not understand where I should look for the bone of contention?

[Answer] Historically our VHJ has had no interest in producing something or offering some service or product on a for profit basis. This means that the equipment that we produced in the institute or activities that we engaged in were costed out assuming a low workshop overhead and no profit. The resulting difference between the real costs and the revenues we obtain through sales of this equipment to enterprises has been subsidized from the beginning by Crystalex.

[Question] So this is the sore point under the conditions of the experiment?

[Answer] Understandably, we entered the experiment along with the Crystalex VHJ, so more than ever before we need to monitor the efficiency of our R&D efforts and try to obtain the best possible results in our production of machines, and equipment.

[Question] One of the yardsticks of efficiency is the ratio between a koruna expended on R&D and the revenues that this generates. What is that ratio here?

[Answer] In a recent analysis conducted for the CSR Ministry of Industry we determined that for every koruna we spent in the past two 5-year plans on R&D 3 korunas in revenues were generated.

[Question] That is not bad. But what are you going to do with the customary subsidies offered to the production of glass machinery and equipment and the offering of services? The experiment prohibits this type of transaction, even among organizations within a single VHJ.

[Answer] For us the new conditions require that we improve the efficiency not only of our R&D activities, but also of our production.

[Question] Has this forced you to re-evaluate your R&D objectives?

[Answer] We were doing this anyway at the end of last year and early this year. We re-evaluated every task, even those that were already in progress, or those that were still in the conceptual phase. At the same time we cooperated with the VHJ and focused on supporting those tasks that are short term in nature, have a clear economic impact, and assist, under the new operating conditions, in rapidly improving the economics of the entire VHJ. We have been focusing our creative efforts on these.

[Question] How have your creative people reacted to these changes? Haven't some of them lost their favorite topic?

[Answer] Of course. Despite the fact that we have been working with a team form of work organization for many years now, we have not resisted a certain amount of specialization. Our re-evaluation of tasks forced some researchers who had been working on specific problems for in some cases several years, to shift to a slightly different problem. But because our researchers are cross trained to a large extent rather than being highly specialized, we have not experienced any serious problems.

[Question] Did you terminate any R&D programs?

[Answer] The schedule of three tasks was slowed down; two new ones were not included in our plans and one was stopped entirely. This means at the present time we are working on eight R&D programs. The re-evaluation considered the stages of individual projects, and extracted the most important tasks from this range. We then have been focusing our efforts on these tasks so we can finish them as soon as possible.

[Question] Are you prepared to base your work schedule only on the requirements of individual enterprises from a VHJ and to sign contracts with these firms?

[Answer] I think we have been quite successful in reacting quickly to the needs of supervisory agencies, VHJ, or their member enterprises. Currently the requirements of the general directorate are most important to us, because they tell us with final authority what we will be working on. I don't think that we will be signing contracts with individual firms any time soon. After all, we have to concern ourselves with projects that will benefit the entire VHJ, not just a single enterprise or plant. A sectoral research institute exists, after all, I would say, as a design engineering base for a VHJ, not for a national enterprise. I admit that this trend is slightly in conflict with the view that under the restructured economic mechanism greater preference should be given to the signing of contracts with individual enterprises, as a way to support our research activities.

[Question] This is just what the experiment is about; giving enterprises greater independence and the possibility to assign tasks to the R&D base.

[Answer] It would probably not be completely healthy if individual enterprises, without regard to the position of the VHJ, began to come to us with their own work, because our facilities are to some extent given and have some very real constraints. For this reason we need to pick only the most important projects from among the many requests. It is also not really possible for either an enterprise or even a research institute to decide what constitutes the most important projects. A supervisory agency, however, should know this without a doubt. I am not saying that this will be the way things are done in the future, but they will be done this way for at least this year and next.

We have of course began to experiment with this concept, but we are still accumulating experiences.

[Question] In the introduction, comrade director, you noted that to the extent that you have problems with the experiment, they are occurring in your production activities.

[Answer] That is correct, we are experiencing many more problems in this area.

[Question] Why?

[Answer] Because in the short term the situation in the production facilities assuring the practical application of our R&D findings will not change. This means that those products that we have developed in our mechanical workshops will continue to occupy our attentions. As I have already said, earlier there were no reasons within the VHJ for us to handle any large amount of money with the enterprises, because our operations were funded by the VHJ. Now we are being asked to stop producing these items at a loss, and to begin making a profit with them if possible.

[Question] What specifically does this mean to you?

[Answer] If we want to produce at something other than a loss while retaining the current cost calculations, without increasing the prices of our products, then the only thing we can do is to cut all kinds of costs.

[Question] Do you have a recipe?

[Answer] One of a number of cost reduction measures is to reduce the number of support personnel while increasing the number of people with a direct impact on revenues. We are reducing support personnel by putting several duties under the same job description. This is happening in the economic section, the MIS section, and in the materials warehouses. We also need to make better use of our computer resources and take other efficiency enhancing steps.

[Question] Will these changes also be reflected in wages?

[Answer] Some of the wages payable resources that we save will be distributed to those people who have gained additional work responsibilities. The aggregation of several functions allows us to save still more costs. While there have been pressures to reduce support personnel levels for a number of years now these requests have been met in the past by various transfers and shifts of personnel. Now we are really going to have to reduce staffing levels.

[Question] Isn't this the case in part because in previous years the institute has been evaluated in part on how full it kept its employment rolls?

[Answer] Prior to the experiment this was indeed the case, but now on one tells us whether to have more or fewer people on the payroll. What is expected of us is to operate without economic losses. We were not forced into taking these measures by a supervisory agency,, in other words, but by the conditions imposed on us by the experiment.

[Question] High levels of efficiency however are not measured in numbers of support personnel. Or am I mistaken?

[Answer] Of course. Also involved are the quality of planning, improved preparations for R&D and production tasks, the elimination of downtime, etc. We have had to do some thinking in this area as well and have come up with a complex of measures that cover all aspects of institute operations. Not a single center or division escaped our notice.

[Question] If it were not for the experiment, then, you would not have taken these steps?

[Answer] I would formulate the question slightly differently. Can we be in general satisfied with the efficiency of our R&D base? Do R&D facilities give society what it expects of them? We all know very well that the answer to these questions is no. Changes in this area require discussions of the highest level party and state agencies. At some point in time, then we would have had to conduct just as strict a re-evaluation of our programs as we have just completed. But it is true that the experiment pushed us in this direction earlier and that it is doing so in a ;very uncompromising way. This in my view is a positive aspect of the experiment.

[Question] Let us then try to find out how the experiment has affected the economic activities of your institute. Six months have passed, so I can now ask how your measures have affected the profitability of your production operations?

[Answer] Our loss at mid-year was half as much this year as last. This shows that the measures we have adopted to make our work more efficient have already begun to bear fruit. We ar all focusing our efforts on meeting the plan target for this year, which is to finish the year with no losses, whereas last year we lost Kcs 970,000.

[Question] Are you satisfied with planning methodologies?

[Answer] When I stated that one of our strengths is our creative and implementational capability, I can also not avoid making a comment that the planning methodology for R&D is cumbersome and highly administrative. We have been hearing about this disease for same time now and from several directions, but it looks as though no one has the authority to make any changes. So despite our efforts and ability to respond rapidly to a production request it often takes us more time to make the administrative arrangements for a project than the actual production. At the same time all the administrative details involve our most creative workers and technicians, which saps our capabilities that could be used to much greater advantage elsewhere. Moreover, these matters at a minimum are exhausting and often turn people off.

Two years ago at the urging of a supervisory agency we began to formulate coordinational plans. Previously we had used to old planning system of technical assignments, the stages of which we formulated in a way that we could make immediate changes to accommodate VHJ requests without great formalities. This was useful when there was a more pressing problem that needed to be dealt with or when the requested change would improve the overall results of the program. Today in such instances we run afoul of a planning methodology that complicates the situation and prolongs the time that elapses from the genesis of an idea to its implementation.

[Question] Since we are on the subject of researchers, how do you motivate them?

[Answer] Bonuses for the resolution of R&D programs are based on the economic benefits to be derived from the innovation, the costs of the program, and the length of time involved to complete the program. Not all R&D programs are of a short term nature, even though those are the ones we try to give priority to. Program duration fluctuates normally between 1 and 3 years. So if we were to attempt to motivate researchers based on final results we would have to wait sometimes for 3 years. We have therefore divided such projects into timed phases. At the end of each phase we review what has been accomplished, and pay partial bonuses accordingly.

[Question] How high are these bonuses?

[Answer] Depending on the economic benefits derived, a researcher may receive a bonus of between 33 and 50 percent of the total bonus for a project upon the completion of one of the project stages. If the results do not warrant it, no bonus is paid. We adopted this approach last year and will continue to use it. I personally am not convinced that this is the best way to determine bonuses, or that it will be used from now on. For the time being however, it provides certain guarantees that researchers will work at high intensity levels, which in turn yield improved project performance for the institute. Last but not least, this technique for awarding bonuses makes it possible to reward good research work better than in the past.

[Question] Did you discuss the principles of the experiment with your entire collective?

[Answer] Yes. From a Party, divisional and economic strategy perspective. We want everyone to be aware of how the experiment is having an impact on our operations. We also formulated a complex of measures and are experiencing greater success than in the past in keeping employees informed concerning the impact of the experiment on the institute. Everyone now knows how their center is doing, how the entire institute is doing, and managers can direct the work of their divisions accordingly.

[Question] You are betting that performance will improve if managers have more responsibility and if your people have more information. How are your employees reacting to these changes?

[Answer] One important aspect of work improvement is the interaction between management sophistication on the one hand and employee understanding and initiative on the other. We are having some specific difficulties with the managerial side of this equation, because senior managers previously were not trained or encouraged to take too much initiative in decision making, or in making creative decisions as to how to achieve their assigned goals. One thing I can say is that the times when goals were met regardless of the costs is behind us. The managerial sphere must accommodate itself to the environment in which we are currently operating. This means that managers must think in terms not only of how to achieve their objectives, but also do so in the most effective manner. This is the problem that we are now facing, and we will not be able to solve it in a week or even six months. We are talking about a process.

[Question] Does this apply as well to the director of the institute?

[Answer] Of course. I am also having to change some of my work techniques. Otherwise, how could I ask others to do it also.

[Question] In your opinion, comrade director, what is most important for the development of employee initiative?

[Answer] They must have a thorough knowledge of the tasks and problems they are involved in. They must be convinced that their work will not be superfluous, and they must understand the role and importance of initiatives. practice has shown that only when excellent management and employee initiatives are combined on the same projects can we be assured of meeting our objectives. Employee initiative alone, without good management, as well as good management without the understanding and commitment of every employee, are not sufficient.

[Question] Do you work according to these principles?

[Answer] A senior manager is responsible not only for informing his people about the overall situation at their work place and throughout the institute, but also for reacting to suggestions and comments from his people. In this way he establishes a close contact, and stimulates an atmosphere in which everyone knows that there are no future guarantees and that work performance is the only thing that matters.

[Question] Aren't you afraid of a negative reaction?

[Answer] The first quarter brought with it some consequences in the bonuses of certain employees. We actually have to begin with ourselves if we expect our subordinates to behave any differently.

[Question] In other words, no anonymity.

[Answer] We are trying to break out essential monthly economic information. This will make everyone aware in what areas we are weak, in which areas of performance our numbers are not where we would like them to be. This is important because if these numbers are right, then the numbers on our paychecks will also be where we want them to be.

[Question] Are people here interested in the work going on at other divisions?

[Answer] We are not a large institute, and previously, as the popular saying goes, everyone could look over everyone else's shoulder. There was no interest in doing so, however. Why? Now our people are interested in such things and have begun to comment openly on the results of individual divisions and the work of specific individuals.

[Question] The Comprehensive Experiment is a part of the preparations for restructuring the economic mechanism. In this context, comrade director, how do you assess the draft law on the state enterprise. After all, many of the provisions of this law would have an impact on the work of your institute.

[Answer] That is absolutely right. The draft law does affect this institute. A number of these provisions are being tested by the regulations and principles of the Experiment. In the area of R&D, which is our primary activity, it seems to me that the statements in section 41 are too definitive. The question is whether the responsibilities contained in this section are sufficient to maintain a legal standard. I think that a more effective integration of R&D results into day to day economic activities would in itself change the economic environment, which in turn would force firms to install the new technology. Hopefully we will achieve this goal once the restructured economic mechanism is in place. Nevertheless we need to keep in mind the fact that people are necessary to implement even the best mechanism in the world. For this reason the actual results will be only as good as the sophistication of management, the level of control and assistance received from party and union agencies, and the amount and quality of the initiatives taken by workers. The draft law and restructuring of the economic mechanism will be accomplished basically with our current work force. We should therefore leave sufficient opportunity for training our people and bringing new employees on board.

[Question] Thank you for the interview.

9276/9738

Futej Argues Against the Proliferation of Enterprise Laws

24000019d Prague RUDE PRAVO in Czech 29 Oct 87 p 3

[Article by Daniel Futej, Law Faculty of Komensky University, Bratislava: "One Law is Enough"]

[Text] The adoption of the laws concerning the state enterprise and cooperatives logically raises several questions. How will these laws affect the structure of our legal order? How will we meet the requirement of integrating legal regulations, especially from the perspective of the commercial code? What role will the commercial code have in economic life as a result of the new law. Currently our commercial code is the only uniform standard of its type in any socialist country. Are we not risking the creation of an excessive number of legal regulations within our legal code, that may make it difficult to interpret the code? Would it not be better to publish these laws in a single legal regulation and solve the problem comprehensively?

Why do I place such emphasis on the concept of comprehensiveness? There are several reasons. For instance, if I want to find out who is authorized to speak for an enterprise, that is, who has the legal authority, the provisions of the law on the state enterprise do not answer that question for me. I have to go to the commercial code. This is true for almost all significant questions and problems, including issues related to supplier-consumer relations, commitments between an enterprise and its supervisory agency, and R&D. One could name many other areas that the law on the state enterprise could have codified in a basic way, because a more detailed, precise and less general codification already exists in other documents. This is why I think it would make sense to update the existing sections of the commercial code with the principles and concepts of the state enterprise and cooperative laws, with the objective of creating a single comprehensive legal regulation.

This proposal would simplify our legal agenda and make it possible to find answers more rapidly and simply. One might object that the Soviet Union has proceeded just as we are proceeding now. It is necessary however to note that in the USSR a commercial code had not existed previously (codifications of economic law were found mainly in the civil code and in the law governing administrative procedures). In this regard Soviet lawyers could learn much from our experiences. For this reason the USSR had to choose another legislative construct which would at least partially make up for the gap left by the absence of a commercial code.

This however does not mean that we should take no notice of the Soviet law on the state enterprise. The contrary is true, because Soviet lawmakers, in contrast to our own, have resolved many problems in a more precise, understandable way. Mainly they have done a better job in the law itself of avoiding the imposition of sectoral interests by resorting to special regulations only in the most necessary instances. The general form of our law is conceptually a mirror image of the soviet legal code in the sense that it gives more responsibility and independence to the enterprise based on cost accounting and self-finance, socialist entrepreneurship and self-administration. However, for us to be able to meet our goals of restructuring we need to resolve within the enterprise law planning, finance, and pricing questions, and not simply refer to other legal regulations, which are mainly of a sectoral character. Who can guarantee that such sectoral regulations will not be based on the narrow interests of their makers? In this case we totally left out the concept that forms the basis of the Soviet law. My feeling, therefore, is that in the final form of specific provisions we did more copying than learning from the Soviet version.

The proposed draft law on the state enterprise does not provide a clear answer to one very important question, namely what structural position should be occupied by this enterprise that is the subject of the entire law? What will happen to VHJ? Will they change into enterprises? This will lead, however, to the association of several enterprises each of which will be a legal entity. Within this association, however, they will have to resolve the question of which of these legal entities will be responsible for managerial functions. However, the preamble to the draft law clearly states that legal identity is indivisible and that the current state of affairs cannot be allowed to continue,namely that one legal entity of the enterprise spheres (the enterprise) is subordinate to another legal entity. If this is the case, how then will entities involving the integration of several enterprise look. Especially since the worldwide trend currently is towards various forms of association among several firms, the association of several firms into a single unit, that gives rise in turn to diverse legal and economic relationships. The final version of the law should also facilitate the establishment of certain associations based on common interests.

The law codifies association agreements, but in the sense of associating resources and activities. In my opinion it would make sense to amend such an agreement with a provision that this legal and economic mechanism could also be applied to an association of enterprises, i.e. that an enterprise could use this agreement if necessary to found another enterprise. The draft law assumes that central agencies make the final decisions concerning enterprise integration. I think that it would be desirable to permit forms of enterprise integration based on voluntary initiatives taken by enterprises alone. Put another way, a fear has arisen of the "strong and uncontrollable" position of the enterprise. I do not consider this a justifiable fear. Among other things the state will still have at its disposal powerful economic mechanisms that it may use to affect enterprise activities. These include state tasks, limits, standards, transfer payments, subsidies, credit, etc. Given these constraints one need not fear that any enterprise activity might grow to have excessive influence solely based on the role of the market. Production systems must be flexible and must be able to adapt to necessary material flows and new production programs. Contracts may be used to provide this flexibility. In addition, within such associations a new economic climate will evolve in which supplier-consumer issues will acquire an internal character.

I think that in the sense of an organization belonging to our economic base, the draft law on the enterprise needs to better define the concept of an enterprise to describe exactly what sort of entity it is covering. More work needs to be done to define the question of the legal identity of the enterprise. In line with world trends we need to refine the treatment in the draft law of integrational relationships involving multiple enterprises to allow associations of multiple legal entities. Finally we need to codify on the basis of contracts the question of joint ventures and the independent founding of enterprises. We need to establish that a central agency may interfere in enterprise activities only to the extent permitted by the law.

9276/9738

Two Alternatives of Foreign Trade Management Discussed

24000018c Prague TRIBUNA in Czech 28 Oct 87 p 16

[Interview with Ladislav Vodrazka, first deputy minister of foreign trade for the CSSR: "Two Variants for Foreign Trade"]

[Text] Individuals and collectives, senior industrial and agricultural managers, and managers at all levels have been participating in the discussion of the draft law concerning the enterprise. The foreign trade sector has been very quiet during this discussion, and has contributed only a minimum of views and suggestions. The impression is that foreign trade and the area of foreign economic relations has been on the sidelines during this discussion.

We therefore requested an interview with Ladislav Vodrazka, first deputy minister of foreign trade of the CSSR, for his opinion on these matters.

[Question] The draft law does not codify directly the principles for enterprise foreign trade activities. It does contain one passage, however, that would appear to suggest two potential ways of managing these efforts. Which of these, in your opinion, is the most advantageous for Czechoslovak foreign trade?

[Answer] Let us review the two possibilities first, for completeness sake. The first variant assumes that an enterprise will be granted the right to engage directly in foreign trade activity. This right will be granted based on special regulations.

Variant two allows enterprises to engage in these activities automatically, usually on the basis of foreign currency profitability and self-finance. The performance will be incorporated directly into enterprise economic activities.

Foreign economic relations constitute an extensive part of this issue, because they involve questions of a commercial-political and legal nature, questions on specific fields of commercial activity, and financial and language questions. All of these areas are diametrically different from the corresponding areas in the domestic economy, and therefore from the normal operating environment to which our firms are accustomed. If now, under the draft law on the socialist enterprise, economic entities are to have greater independence and responsibility for foreign trade as well, then a new situation will be confronting the entire cost accounting sphere. Firms will have to orient themselves to these new conditions, because their performance in the area of foreign trade will have a direct impact on their own management performance. Foreign trade can be a significant motivator provided our exports prove profitable, but it just as easily could lead to a loss of interest by an enterprise in exporting if it losses money at it. Exports account for more than 36 percent of our national income, and imports are equivalent to 39 percent of our national income. One third of the generated national income and more than one-third of our consumed national income comes from foreign trade. We are among those countries whose economy is based on processing raw materials, and as such we cannot survive without foreign trade.

[Question] Let us return to the above mentioned two variants. Our trading partners practice both types of arrangements and both seem to function well. Which in your view is the most appropriate for our economic situation?

[Answer] Variant number one is the one most frequently used by socialist countries. Nonsocialist countries see both variants and combinations of them, although this is something of a simplification and does not take account of various limitations, decrees, orders, and often discriminatory measures.

The ministry of foreign trade is exerting its influence in hopes that the final version of the draft law on enterprises will codify variant number one, for the following reasons. Czechoslovak foreign trade, most of which is conducted with socialist countries, will be conducted through 1990 on the basis of long term trade agreements negotiated at the government level. These agreements will be binding therefore at the highest level, will be very detailed, and will be based on the principle of mutual equilibrium. Variant number one will do a better and more rapid job of transferring this international commitment from the intergovernmental agreement stage to the implementation stage within the enterprise sphere.

[Question] What foreign trade model is currently operating in the Soviet Union? One hears that more and more enterprises are being authorized to trade with foreign firms independently.

[Answer] The Soviet press published information a few weeks ago to the effect that under the 1988 plan (which will function analogously to the law concerning the state enterprise), all Soviet foreign trade commitments will be incorporated into a system of state orders. These orders represent some 60 to 70 percent of total production in the centrally managed processing industry and 100 percent in the area of raw materials.

Our view is that we should maintain the same level of authority over commitments made to our partners in socialist countries. For precisely this reason we consider it simpler to conduct foreign trade under variant number one. I would like to emphasize still another argument. Despite differing organizational structures for foreign trade activity we realize a large percentage of our trade with nonsocialist countries through our commercial network which lives and operates in foreign markets. In these markets concentration processes are under way, with the growth of trade organizations. It is my view that we need to be aware of this trend when building our own foreign trade network. I am convinced that any atomization at all of this effort that might result from variant two would represent a step backwards.

[Question] Recently we have been hearing that we may have to re-evaluate the strict commodity-based division of the individual foreign trade organizations. Production firms should have the opportunity to choose those organizations that they wish to conduct their foreign trade activities. What is your view on this approach?

[Answer] Recently we have been discussing a strategy for foreign trade through 1990 and beyond. This strategy calls for, beginning next year, much more latitude in the choice of business relationships between production organizations and foreign trade organizations. This will undoubtedly be a positive step in the area of cooperation and direct relationships. We would however like to retain positive experiences gained from the specialization of enterprises. We must be aware, however, that this approach has an obverse side, namely that foreign trade enterprises will also have the right to choose suppliers that offer better delivery conditions, and which better satisfy the requirements of foreign customers.

[Question] Should we actually adopt such a policy it would mean reassessing relationships that have been developing for almost four decades. Don't you think that these new regulations might be providing too much latitude too fast?

[Answer] I think the answer to that question is no because this process will not be put in place immediately, across the board, it will be implemented in line with the amount of latitude permitted by the economic plan. The central agency must decide how much latitude it warranted and to monitor compliance with this level.

The new mechanism of national economic management and foreign trade could result in some conflict between the national interest in increasing exports (to maintain equilibrium in our balance of trade) and the natural reaction of the cost accounting sphere both to suppress exports in those areas where domestic operations yield larger profits, and to exert unilateral pressure for increased imports when they do not find domestic producers of certain goods. I think this potential conflict has a logical economic basis and that it therefore is necessary to have in place effective and specific economic mechanisms in this area. This is just the place for activity by a central agency such as the ministry of foreign trade.

This opinion was included in the first variant as written in section 48 of the draft law on the state enterprise. The choice between the two variants and the decision that will be made on the final text of the law after the discussion period concludes represent in my opinion an important element of democracy in the formulation of the law. I am confident that both the enterprise sphere and the foreign trade sector will express themselves on this issue with full awareness of its extreme economic importance and the professional knowledge they can bring to bear on the decision.

[Question] Thank you for this interview.

9276/9837

More Foreign Trade Needed To Intensify Production

24000018a Prague HOSPODARSKE NOVINY in Czech 4 Sep 87 pp 8-9

[Article by Eng Michal Voracek, CPCZ Central Committee Political College: "The Extensive and the Intensive Model in Czechoslovak Foreign Trade Relations"]

[Text] Foreign economic relationships are potentially one of the most important factors in Czechoslovak economic intensification. Based on the current status of these relationships however, there is a significant gap between the potential, and the actual contributions of this area of capital replacement to the intensification process. Senior level party and central agencies have been aware of this problem for some time now. CPCZ documents of the 1970's and 1980's discuss the problem frequently. It is a topic of discussion among the general public and it has been analyzed in depth by economic researchers. This research has raised the question of whether the foreign economic relationships of the CSSR are making any contribution at all to increasing national income. Because we must in the near future turn our foreign relationships into a key factor in intensification we must implement the resolutions of the 17th CPCZ Congress and answer the question why, specifically, our foreign economic relationships did not fulfill their assigned function in the 1970's and 1980's.

Marxist theory has recognized for some time that foreign economic relationships hold a number of potential advantages for intensification. Economic intensification or enhancement (especially in small and medium sized countries) depends on an appropriate tailoring of these relationships by the management mechanisms of socialist economies. Socialist economic management is what turns foreign economic relationships into an important factor in intensification. On the other hand, the level of economic intensification determines the character of foreign trade relationships, which in turn determine the specific contributions of foreign trade to a national economy.

This is the sense in which, since the 1960's, we have been writing about the direct and indirect impact of foreign economic relationships. The direct impact of foreign trade is the amount of national work that is either conserved or wasted. This is calculated as the difference between the total expenditures for the production and sale of the export equivalent of a specific import and the total actual (or projected) expenditures for the domestic production of the goods. The direct impact of foreign economic relations in a socialist economy, then, is based on the conscious exploration of the efficiencies of absolute and comparative advantage from participation in the international division of labor in the open market. Stated concisely, the indirect impact of foreign trade lies in the changes it brings about in domestic production related to participation in the international division of labor. These changes involve the scope, structure and level of utilization of production assets in the economy related to the exploitation of foreign economic relationships. The indirect impact, in other words, involves the formation of the economy over the long term, its structure in terms of effective participation in the international division of labor. A basic element of this efficiency, of course, is the realization of absolute and comparative advantages from it, but at the production level. The most important indirect impact of foreign economic relationships on intensification are the contributions they make to the transformation of domestic economic structure and proportions. Foreign economic relationships can also accelerate the application of other factors in intensification such as the practical application of R&D results. Finally the degree of openness of the economy is the chief determinant of how fully both the above direct and indirect affects of foreign economic relationships are realized.

Openness at Any Price?

For Czechoslovakia, as for other countries, there is a strong connection between the openness of the economy and the impact of foreign economic relationships. At the same time the experience of the Czechoslovak economy in the 1970's and 1980's has shown that the level of openness (as measured by trade volume) may have a differential impact on different aspects of the domestic economy, such as the exchange of goods and actual production. To be sure, the intensity of our involvement in the international division of labor, measured by physical goods exchange, has grown continually. The same cannot be said, however, for the impact that foreign trade has had on the domestic economy. Moreover the level of goods exchange has been developed in a manner that is out of proportion to the so-called functional openness of the economy. Functional openness is defined as the extent to which economic entities make decisions and conduct themselves in ways that take account of (or fail to take account of) the parameters of foreign economic environments. This in turn is conditioned by the type and effectiveness of the economic mechanism.

One may evaluate the evolution of the openness of the Czechoslovak economy in terms of the level of trade in the 1970's and 1980's in a number of ways. Some evaluation techniques characterize the degree of physical openness of the economy as suboptimal (mainly in comparison with developed capitalist countries). Other techniques find the level of openness to be comparable. All techniques, however, depend on the evaluation of traditional indicators: exports as a percentage of national income or imports as a percentage of consumed national income; and appropriate international comparisons. Based on these indicators one may state that the Czechoslovak economy has achieved a significant degree of participation in the international division of labor. During the 1980's both exports as a percentage of national income and imports as a percentage of consumed national income have moved beyond the 20 percent level (in current prices). This calculation is based on data in foreign currency korunas. Using data on exports and imports in domestic currency, which correspond better to actual price levels, these percentages are almost twice as great.

The recent growth rate of the above indicator shows an increase in the value of Czechoslovak participation in the international division of labor. Part of this increase, however, has resulted from a gradual integration of world price levels into Czechoslovak foreign relationships since the mid-1970's. Even though our openness to imports has been increasing faster than our ability to export, (in current prices), in terms of physical volume the exact opposite is true. Monitoring the level of economic openness on the basis of the simple ratios of increases in exports, imports, and in national income is further distorted by the low growth rates in national income in the 1980's. The fact that the growth rate of foreign trade has significantly outstripped national income growth thus does not provide an accurate picture of our true situation.

Exports as a percentage of total sales and of end-user sales of Czechoslovak industry documents this fact. See Table 1.

Table 1. Exports as a Percentage of Total Sales and End-User Sales of CSSR Industry

Exports as percentage of	1970	1975	1985
Total sales	11.8	12.2	12.8

Table 1. Exports as a Percentage of Total Sales and End-User Sales of CSSR Industry

Exports as percentage of	1970	1975	1985
End-User sales	33.0	33.6	37.6

Note: Based on wholesale prices, current price levels.

Source: CSSR Statistical Yearbook [Statisticka rocenka CSSR], Prague, Federal Statistical Office, for the years included in the table.

From this perspective as well exports are a significant share of our foreign economic relations. The percentage has been flat, however, since 1970, which indicates that Czechoslovak industry has not been increasing its involvement in the international division of labor at a fast enough pace (shown by the fact that exports increased from 11.8 to only 12.8 percent of total industrial sales between 1970 and 1985). This has resulted mainly from a loss of competitiveness of Czechoslovak products on world markets. The figure also results from an excessively high percentage of raw materials in our exports and, indirectly, from a low level of cooperation and specialization agreements between our firms and foreign partners. This is further confirmed by a decrease in sales to capitalist regions as a percentage of total industrial sales.

This flat growth rate in our economic openness in terms of exports, especially in potentially key areas for our exports (engineering, electronics) and in terms of the value (price) dimension (as opposed to the use value dimension) of our exports, is a mirror image of the evolution of our openness to imports. The figures for imports increased abnormally because of increased prices for fuels and raw materials. Fuels as a percentage of total CSSR imports in current prices increased from 9 percent in 1970 to 19 percent in 1980 to 37 percent in 1985. This in turn had a highly negative impact on domestic commerce, and particularly on accumulation funds and consumption funds. This trend in our import patterns will not facilitate a transition to intensification. It also reflects our poor export performance.

Despite the limited predictive capability of the above indicators of the quantitative openness of the Czechoslovak economy to imports and exports, to the extent that one considers the growth rate and physical volume of the openness of the CSSR economy to be reasonable, one must do so without citing international comparisons. In fact, over the long term the Czechoslovak share both of international trade, and of trade within the CEMA, has been declining. In terms of per capita foreign trade, the CSSR has slipped to fourth place within the CEMA. The CSSR share of worldwide machinery exports is declining. From 3.8 percent of total machinery exports in the early 1960's our share declined to 2.1 percent in 1970, and to about 1.6 percent currently. Our level of openness to nonmaterial trade is very low. The Czechoslovak share of world exports of services is estimated at 0.4 percent (the figure for Romania is about 3 percent, for Belgium about 4.2 percent). In per capita terms, gross service exports of Czechoslovakia are under 100 dollars, compared to per capita figures for Austria of about 1,500 dollars and of more than 1,500 dollars per capita for Belgium.

This highly concise sketch of the level of openness of our economy in the 1970's and 1980's shows that the fundamental problem is not one of quantity, of the physical volume of our participation in the international division of labor. Rather, we need to enhance our economic openness with desirable qualitative components, to take full advantage of the potential of foreign trade to improve intensification. We should resist increasing our trade volume at any price, without analyzing actual potential contributions. In fact, increasing our volume of trade should only be our second or third priority. Of greater importance for instance is increasing the functional openness of the economy. This is not to say that the physical volume of our exports is not important. In fact, the hemorrhaging of our national resources due to inefficiency is a serious problem. With some degree of oversimplification one may state that in the 1970's and 1908s the above priorities were altered. We placed our major emphasis in evaluating the level of openness of our economy not on how much we took advantage of the potential positive impact of foreign trade on intensification, but rather in terms of increases in dollar volumes of imports and increases in the physical volume of exports. Our ranking conventions were based, in other words, on declining efficiency in foreign economic relationships. This backwards relationship between the level of openness and exploiting the advantages of foreign trade relationships inevitably led to losses in our national economic efforts.

Low Level of Exchange Relations

In statistical terms, the direct impact of Czechoslovak foreign economic relationships is reflected in the evolution of actual exchange ratios. These may be defined as the ratio between the "prices" of exports and the "prices" of imports, in other words as the ratio between the export price index and the import price index. It is well known that an increase in the real exchange ratio index over time must be evaluated cautiously and with regard to other factors (changes in the efficiency of export or counter-import products, declines in the physical volume of exports, etc.), but on the whole positively. An increase in this ratio means that for a given volume of exports one may obtain more imports than in the base period, and vice versa. There is a close relationship between this ratio and the direct impact of foreign trade. When exchange ratios worsen, foreign economic relationships are causing declines in real national income, even though there may be a number of domestic constraints on the predictive capability of this indicator (its relative character, the problem of choosing an appropriate base period, the weights given to the product mix, etc.). In evaluating the evolution of exchange ratios one must also keep in mind that they relate strictly to foreign trade (just as other techniques mentioned here), and have no impact whatever on foreign economic relationships as a whole. While one may base an analysis of the exchange ratios of the CSSR on a number of statistical series, its trend is basically concurrent with a number of other indexes of the evolution of Czechoslovak export and import prices published in the Foreign Trade chapter of CSSR Statistical Yearbooks. See Table 2.

Table 2. Percentage Evolution of Prices and Exchange Ratios for Czechoslovak Foreign Trade (1970 = 100)

Indicator	1975	1980	1981	1982	1983	1984	1985
Export prices	126.0	159.6	173.7	178.4	183.5	184.3	188.5
Import prices	139.4	194.5	221.0	234.6	251.5	276.8	280.1
Exchange ratio	90.4	82.1	78.6	76.0	73.0	66.6	67.3

Source: CSSR Statistical Yearbook [Statisticka rocenka CSSR], Prague, Federal Statistical Office, 1986.

This evolution of exchange ratios indicates that the direct impact of foreign economic relationships on the Czechoslovak economy significantly declined during the 1970's and 1980's. (One may view the figures for 1970 to be statistically "normal"). The need to increase the physical volume of CSSR exports and the resultant critical situation in terms of obtaining the direct benefits of foreign relationships is evident from the fact that for a given volume of imports today we must export approximately 50 percent more in physical terms than in 1970. If one looks at time series data on exchange ratios since 1948, the current level of the exchange ratio is the lowest in post-war Czechoslovakia. The negative evolution of this statistic is not compensated for either by increased efficiency in export production, or by any other factors.

Transferring Use Values Abroad

The evolution of the exchange ratio in the 1970's and 1980's is reflected in the current relationship between national income generated and used at home and helps to determine the material resources available to the national economy. In this regard the evolution of the so-called foreign credit balance provides important statistical information concerning the direct impact of foreign economic relations. This figure, in contrast to the balance of trade figure, reflects both foreign trade and the flows generated by other types of foreign economic activity. It therefore shows the difference between generated and used national income that can be accounted for by foreign relationships. An excess of exports over imports in this formulation means a reduction in resources available to accumulation and consumption funds at home. In contrast to the balance of trade, which is considered positive if exports exceed imports, the foreign credit balance is considered negative when exports exceed imports.

The data in Table 3 show that the direct impact of foreign economic relationships since the mid-1970's on the national income of the CSSR has been negative in terms of the relationship between national income produced and national income used domestically. In the 1981-1985 period alone domestic resources valued at Kcs 88 billion in current prices were transferred abroad. In the 1971-1985 period it is estimated that resources valued at about 20 billion american dollars were transferred abroad. This calculation is based on foreign currency korunas at official annual exchange rates.

Other factors must be considered when evaluating the foreign credit balance. It may be affected, for instance, by a deficit in the traditional trade balance figure. The evolution of the balance of trade from being negative in the 1970's to being positive in the first half of the 1980's is indicative of the necessity of shifting resources in a way that maintained foreign equilibrium even while disrupting equilibrium at home. A positive balance in our credit relationships likewise represents a contribution (an invoice) which under certain conditions may be fairly rapidly turned into revenue. But this has not been the practice recently in the Czechoslovak economy. Resources shifted from disposable national income are completely swallowed up by the unfavorable price ratios between exports and imports. From the viewpoint, for instance, of international political considerations (reducing foreign indebtedness) some steps have been taken in recent years that favor economic development. The transfer at a loss of use values abroad involves mainly with capital assets, but is also practiced to a large extent with consumer goods. Even though in certain instances there are well founded doubts as to the quality of these products, they are nevertheless resources which are absent from the shift to intensification in the domestic economy.

Table 3. Evolution of Generated National Income and National Income Consumed in Relation to Foreign Trade Performance (in billions of Kcs)

Year	NI generated	NI consumed (current prices)	Balance attributable to foreign trade
1975	408.4	408.2	5.8
1980	486.3	477.9	-3.3
1981	473.3	456.3	-12.0
1982	496.0	474.3	-15.2
1983	507.9	485.7	-16.5
1984	541.1	512.8	-22.0
1985	560.0	531.5	-22.4

Note: 1985 data are preliminary

Source: CSSR Statistical Yearbook. Prague, Federal Statistical Office, 1986

Evaluating the absolute and comparative advantages obtained in foreign economic relations (in trade) provides additional information on the scope of the direct impact of foreign trade. A partial estimate of the direct impact of the foreign economic relationships of the CSSR resulting from absolute advantage may be arrived at by comparing labor productivity achieved in the CSSR with labor productivity in those economies that determine the international value of goods. According to such estimates Czechoslovak industrial labor productivity is more than 30 percent below the best world labor productivity figures for the 1980's. Even though international value is not usually measured at this high a level; it is estimated that the Czechoslovak economy achieves little or no savings in national economic effort that may be traced to absolute advantage. Analyses indicate furthermore that only 3-5 percent of Czechoslovak exports meet state of the art world standards.

Moreover, the direct impact from the exploitation of comparative advantage has been suboptimal. For instance, calculations based on value indicators estimate relative economic sophistication, exclusive of social considerations, at the beginning of the 1980's as 100 for Czechoslovakia, 130-150 for Austria, and 150-180 for the FRG, using an identical scale. Moreover, Czechoslovak exports are not chosen based on the principle of comparative advantage. Difficulties in maintaining external equilibrium and in adding higher value added items to our exports have both contributed to the deformation of the comparative advantage principle. Changes in the way Czechoslovakia participates in the international division of labor have been important in this regard. In the 1970's and 1980's practically all traditional areas for realizing comparative advantage had been exhausted, based as they were on raw materials mining and the processing of these materials into finished goods. The loss of this basic comparative advantage vis a vis the countries of the CEMA community is shown by the fact that the positive trade balance in Czechoslovak machinery in the 1980's has not been enough to pay for net imports of fuels, materials and raw materials. In 1985 a positive balance of trade in engineering products of Kcs 26.8 billion was offset by a negative trade balance in imports of fuels, materials and raw materials in the same year of Kcs 32.7 billion. At the same time exports of fuels, materials and raw materials reached Kcs 29.5 billion, thus covering about 50 percent of the value of imports of this type of material.

Poor coordination of the economic policies of the countries of the CEMA (especially their structural policies) and the commercial and political demands of the partners reflected in a growing portion of barter trade arrangements all contribute significantly to this deformation of the comparative advantage of the Czechoslovak economy on the CEMA market. In this context Czechoslovakia's comparative advantage vis a vis the Soviet Union is of critical importance. Even in this key market our position weakened at the beginning of the 1980's. Besides maintaining our comparative advantage in some types of machine tools, we will have to shift our activities to products that require greater amounts of skilled labor.

Structural Impacts Limit Intensification

The unfavorable development of direct impact of foreign economic relations in the 1970's and 1980's has been accompanied by significant failures to take advantage of the indirect impact of foreign trade. The indirect impact of foreign economic relationships, however, that is potentially the most beneficial, since it applies to transformations and changes in economic structure. Our failure to exploit this potential reflects the extreme imbalance of the intersectoral nature of Czechoslovak economic participation in the international division of labor. These shortcomings are also deforming the transformational function of foreign economic relationships. Particularly serious is the narrowing of intersectoral flows with the Soviet Union. In particular, Czechoslovak imports of production assets have declined in favor of increased imports of fuels. This weakens seriously the intensification potential of trade relationships with the USSR and is documented by the polarity between exports and imports of engineering products. Under long term agreements with the Soviet Union for the 1986-1990 period Czechoslovak exports of machinery and equipment are to be 2.5 times higher than its imports of such items. Transformational impacts are weakened also in trade with other socialist and nonsocialist countries. When comparing trade with these groups what stands out very clearly is this polarity in the structure of the goods exchanged. Recently Czechoslovak foreign economic relationships have also been affected by unfavorable changes in exchange rates, especially in ruble to dollar exchange rates.

These aspects of the transformational function of foreign trade relations are incorporated, along with value fluctuations, into the domestic and foreign proportions of the capital replacement process of the CSSR. In terms of foreign trade equilibrium the second half of the 1970's saw a sizable negative balance of trade. As has been stated, in the 1980's foreign equilibrium has been maintained in so-called hidden disequilibrium, and at the price of disruptions in domestic equilibrium. In addition to having a negative impact on the relationship between generated and consumed national income, foreign economic relations do not have a positive impact over the long term on the formation of the desirable proportions in groups I and II of public production. They do not allow for increasing imports of consumer goods, which is one of the reasons for disrupting the relationship between demand and available consumer goods inventories. The development of these inventories has not been in proportion to the ideal "intensification" proportion between the tertiary and other spheres of public production, etc.

One of the critical functions of foreign economic relations for the Czechoslovak economy is the exploitation of opportunities to apply rational criteria to the future participation of this economy in the international division of labor. This means in practice applying the principles of absolute and comparative advantage and making decisions that take account of our natural resources and economic capabilities. Analyses have shown that one of the most serious constraints on the shift to intensification in Czechoslovakia is our ongoing failure to exploit opportunities offered by the international division of labor (structural changes caused by foreign economic relationships). This is shown by the basic macro-proportions of the current Czechoslovak economy, which includes an extremely broad range of machine tools that are not competitive on the world market, the structure of our fuel and power complex, disproportions related to the role of heavy industry in our economy, the significant role played by metallurgy, etc. This is where our failure to take advantage of our foreign economic relations is most evident. In turn, these foreign relationships call attention to the unsatisfactory development of our economic structure and is confirmed by detailed analyses of production factors and the import requirements of our exports. Despite the fact, for instance, that there has been an ongoing increase in output of export sectors that requires skilled labor, the export activities of Czechoslovakia are still by and large dependent on growing capital equipment requirements, unskilled labor, imports to support export production, and imports of fuels.

The potential for exploiting the structural impact of our foreign relations is clear from an analysis of the export participation of specific sectors of the economy. The difference between sectors that are "very successful" in exporting and sectors that are "unsuccessful", in net per-worker foreign currency impact in dollars for exports to nonsocialist markets is on the order of a factor of 20. The same 20-fold differential applies to labor productivity in export sectors and to the export output of the enterprise sphere.

It is only slightly oversimplified to state that there are a number of sectors and products involved in Czechoslovak exporting (the structure of which corresponds to the domestic production structure) whose participation in the international division of labor is not fully justified on the grounds of efficiency. On the other hand there are efficient exporting sectors whose expertise is not being exploited fully by either structural or investment policy. These sectors could be the flagships of Czechoslovak foreign economic relations, but they are not.

It is also economically inefficient for us to export raw materials, materials, and semi-finished goods, all with low levels of value added, to the extent that it would be possible to export related products with higher levels of value added.

Structural changes in the Czechoslovak economy related to the international division of labor are to a large extent conditioned by the growth rate and quality of specialization and cooperation agreements within mainly socialist economic integration, although some nonsocialist countries are also involved. It is precisely in these specialization and cooperative projects that the greatest structural impact should be realized from foreign economic relations. Even though such agreements with CEMA countries have made several positive contributions in the 1970's and 1980's, they cannot be said to have been very effective in facilitating the necessary structural changes in the CSSR economy. The broad range of products that Czechoslovakia produces is one direct consequence of the slow rate at which progressive forms of cooperative production have been developing between CEMA countries.

Foreign and Domestic Reasons

What are the major reasons for our inability to exploit the potential benefits of foreign economic relationships? They include the negative developments in the world economy in the 1970's and 1980's. These developments in the world economy have caused some negative phenomena within the CEMA community. The most severe consequences for the European countries of the CEMA resulted from changes in relative prices on world markets, the economic crisis of the capitalist world, the influence of political factors, and the crisis in the capitalist currency system stemming from the debt problems of third world countries. These external factors accelerated the necessity for CEMA countries to make the transition to economic intensification and forced the issue to changes in socialist economic integration.

Despite the fact that following the CEMA member country conference in 1984 the demanding strategy of socialist economic integration was adopted, extensive development patterns of cooperation (despite some success in implementing the Comprehensive Program of Socialist Economic Integration (1971)) continued to hamper in the 1970's and 1980's our ability to exploit the advantages of our foreign economic relationships.

The extensive environment of international economic cooperation within the CEMA made it impossible to achieve the desired development of socialist economic integration as the foundation of intensification. It was precisely the foreign economic relationships of the CSSR, in fact, that pointed out most clearly the obsolete character of our mechanisms of integration, shortcomings in the production techniques and structures of the CEMA, our problems with R&D cooperation, international specialization and cooperation, and in trade between CEMA countries.

It is the conditions of our domestic economy, however, where we have still not taken significant steps towards intensification, that are the main reason for the inadequate intensification function of the foreign economic relationships of the CSSR in the 1970's and 1980's. The pace of R&D progress remains slow, we continue to have excessive energy requirements per unit of national income, our products continue to be of low quality, we continue to produce too much without enough specialization, and our products have excessively large capital equipment and investment requirements. The material side of the answer to the question of why foreign relationships have not been of more help in intensification is, therefore clear. If foreign economic relationships are ever to move from being potential to being actual factors inn intensification, there must first be a move towards intensification by the entire domestic economy of which these foreign relationships are a part. In this regard intensive foreign economic relationships must be an outcome of the intensification of the economy, not merely one of the criteria of economic success of lack of success. Under current conditions, in fact, with persistent extensive tendencies, the development of foreign economic relationships must actually be conducted irrespective of intensification, because otherwise we will look to them to solve unresolvable problems brought bout by extensive management. For this reason these relationships are characterized by an extensive model. Foreign economic relationships are, however, a highly visible concentration of issues, an area where our steps towards intensification can be compared with world economic trends.

In this regard it is clear that the most common reasons for our failure to take full advantage of the potential inherent in foreign economic relationships (the same as some of the reasons for unfavorable trends in our economic development) concern subjective factors. These include weaknesses in the transfer of theoretical constructions, well known for years now, into practice, that is into the economic mechanism. The answer to the question at hand thus reads: The economic mechanism of the CSSR has in recent years failed to take account of and failed to take the necessary steps to take advantage of the impact of foreign economic relations (mainly of an indirect nature) as one of the major criteria for the allocation of economic resources. The Czechoslovak economy, even though it is open to a significant degree in material terms, does not behave in a corresponding manner. It is not open functionally. The only way to take fuller advantage of the intensification function of foreign trade is for the economy truly to shift to intensive development. Implementing the specific aspects of this strategy, based on significant structural changes supported by R&D progress and greater participation in the international division of labor will not be possible without a truly revolutionary restructuring of the entire society, without also restructuring the economy to make it less international in scope.

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Exporting of Needed Machinery Questioned

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[Article by Ladislav Hlavacek and Jiri Spanel: "Why Are We Exporting Machinery That We Need at Home?"]

[Text] A fundamental objective of the investment policy of the engineering sector is to restructure its production capabilities and complete the transition to an intensive development mode. By restructuring production capabilities we mean not only changing the structure of sectors and product lines in favor of technically more advanced products, but also and primarily a changing the organization of the technical aspects of production relationships both between individual producers and within single factories, and substantially increasing the flexibility of every production entity in reacting to the ever changing requirements of their customers.

We cannot be content, in other words, with merely rearming the "army of machinists," while maintaining the organizational and functional structures of all divisions. What we need is a profound concurrent restructuring of all aspects of the engineering sector. This requires that we obtain adequate quantities of modern equipment and that we develop a systemic environment (management system) that supports the effective siting or transfer of this equipment.

It Is a Good Idea, But...

This objectively correct concept, however, is at odds with the attempts of individual producers (enterprises and VHJ) to build comprehensively equipped, autonomous production units with as little dependence on cooperation as possible. These strategies are the result of long standing problems with supplier-consumer relationships, an overall lack of modern subcomponents (hydraulics, electronics, etc), and many times also inflexibility on the part of a contractor (stemming from existing regulations) to individual requests.

The engineering and the electrotechnical sectors, meanwhile, have almost 350 firms and 1,000 plants. It is neither technically feasible nor economically possible to rebuild each and every one of these facilities with state of the art equipment. Nor is it necessary, because the achievement of world class levels in technology (including design engineering and other preproduction phases) inevitably leads to increased labor productivity in material units by a factor of three to four, and in world prices by a factor of ten.

Restricted materials and power supplies and comparisons with advanced countries make it clear that we must reduce materials consumption, especially of ferrous metals. It is therefore neither necessary nor possible to increase our production capacity for metal working. What we must do is change fundamentally the quality of those metalworking products that we do produce. We can do this by improving labor productivity, flexibility and computerization, reducing waste and eliminating the manual labor now connected with transportation and warehousing.

With this in mind, the Prague Engineering Research and Economy Institute has developed a conceptual plan for the capital modernization of the engineering sector for the 2000-2010 period. Concurrently several divisions of this institute have drafted specific projects related to flexible automation at the worksite, workshop and divisional levels up through the factory level, including the computerization of technical preparations for and the control of production. In this article we discuss the overall concept underlying the central strategy for the Ninth 5-Year Plan and long range planning.

New Machinery

Our first objective is to reduce the life cycle of capital equipment from the current 29 years to 20 years. We define life cycle as the time period within which all the original machinery in a set is replaced. This means retiring from service by the year 2005 all machines acquired prior to 1985. Of course this will include machines that will be replaced after 7-10 years as well as those that will be thirty and more years old. The overriding objective, however, is an across the board speeding up of capital replacement. This furthermore assumes that we will meet our objective of arresting the decline in capital asset efficiency, and maintain this efficiency at the levels of the Eighth 5-Year Plan. At the same time our goal is to double overall engineering sector production by the year 2000. Production of the electrotechnical industry will increase by a much greater factor.

This concept also calls for changes in the growth rates and structure of the labor force. Outfitting our plants with advanced equipment will gradually stop the growth in the work force and by the 10th 5-Year Plan result in a net decline in the labor force. We are already experiencing and will continue to experience a shift in workers from production to preproduction (development, design engineering, technical preparations) and post-production stages (field engineering and service functions). Nonmaterial production will also increase sharply. By this we mean software development production procedures, information management systems, and the like.

Unfortunately the current objectives of VHJ and the schooling system are not in line with this conception. Efforts are being made to achieve ever greater increases in the number of production, and especially blue collar, employees in production, and this is putting pressure on vocational training facilities. These attempts are being supported by favorable population trends (with the largest graduating classes from the years 1970-1975). At the same time there is a lack of graduates from engineering and electrotechnical departments at secondary industrial training schools and colleges. This reflects a lack of interest on the part of youth in studying these subjects.

In conjunction with the above conditions and objectives we are also formulating a concept for capital modernization. We are assuming that roughly one-third of our capital assets, i.e. one out of every three machines, will be removed from service and not replaced. Production will be shifted to the newer machines that remain, and will be supported by qualitative changes in products and the organization of production. Another one-third of current machines will be replaced with moderately improved versions, allowing us to eliminate physically exhausting work and the like, while also achieving some technological progress. Even this moderate step at todays price levels however, requires investment about three times as great as that involved in obtaining the machines that will be retired from service. We should replace the remaining third of our machinery stock with state of the art equipment, though by all means not all of these machines will involve robotized or operatorless work stations. Nevertheless the investment in this area will be on the order of ten times larger than our investment in the original equipment.

Increased Shift Work

Even this thumbnail sketch of this strategy makes it clear that we are proposing significant reductions in our machinery stock. This in itself will go far to solve the problem we currently have of the time utilization of existing machinery and shift work utilization. Blue collar shift work from the perspective of the 21st century does not mean, however, that the number of employees on the second shift will come closer to the number on the first shift, although this may have to be a temporary measure at critical facilities. At such plants we even at times must insist on three fully staffed shifts. Developments plans continue to call for two-shift and three-shift operations. Increasing levels of computerization, however, will make it possible for all human presence to be confined to the first shift, where materials will be prepared for the second and third shifts. During the later shifts it should be possible to run some machines with no operators at all, some with an operator in a controlroom while several other machines may be able to be operated by a single person. In this way we will be able to achieve shift-work coefficients for our machines of 2.0 or higher while keeping the shift work coefficient of our blue collar workers at its current level of 1.3 or lower.

The fundamental modernization of a basic network of facilities is a task that has been outlined first in this qualitative overview. This is a vital necessity for the entire engineering sector and a condition of its further development. The above assumptions, especially the projected life span of machinery of 20 years do not seem to us to be too lenient. Nevertheless, the implementation of this program in the next four 5-year plans will not be simple either financially or materially.

There Are Risks Involved

We are assuming that construction project investment will level off at the levels of the Eighth 5-Year Plan and that the focus of the construction industry will shift to the rebuilding and modernizing of existing facilities. Demands for investment in equipment, however, will be higher than currently. Nor is effective modernization an inexpensive affair, as shown by numerous international comparisons, especially those in environments where labor is relatively cheap and there is a lack of modern equipment.

The particulars of this concept for the capital development of engineering appears to be feasible and efficient. So far we have only emphasized its potential contributions. We also must, however, identify existing factors that either restrict or slow down its rate of use.

In the future we should see a significant increase in internal sectoral and cross sectoral specialization of components and subassemblies, both domestically and on an international scale. this brings a fundamental change to the organization of production. Current practice is just the opposite, i.e., it is dominated by anti-specialization trends. This is why great hopes have been placed in the Comprehensive Program of Cooperation for the CEMA Countries. At the same time both ten engineering and electrotechnical sectors here at home have underutilized capacity.

Also questionable is our assumption that new construction will for practical purposes stop and be replaced by the rebuilding of existing structure. Because we want to remove from service one-third of our machinery stock without replacement, the production of these machines will either have to be eliminated or shifted to production at other, more modern facilities. this will free up floor space and energy resources for the new machinery that will be used to implement the development program. The use of these noncontiguous floor spaces caused by the removal from service of individual machines has not as yet been dealt with adequately either in the area of technological planning or in the focus of construction and contracting capabilities.

Many programs of the Eighth and Ninth 5-Year Plans count on a continuation of construction or new additions. It is also, however, essential to complete several factories for which ground was broken during the Sixth and Seventh 5-Year Plans. For new construction and development strategies to be implemented several obsolete operations would have to be terminated, including their construction components, and the employees transferred elsewhere. The opposite case calls for new investment, to avoid a slowdown in the renovation of existing facilities. This would also involve a scaling back in the degree to which they would be modernized.

Internal Production and Loans

A third open problem is how to generate the resources for the necessary investments in machinery. Conflicts have arisen in meeting the volume targets for the Eighth 5-Year Plan. These have occurred in the interactions between the Federal Ministry of General Engineering [FMVS], the Federal Ministry of Metallurgy and Heavy Engineering [FMHTS] and the Federal Ministry of the Electrotechnical Industry [FMEP] as investors and contractors, but also in the area of imports. The proposed strategy therefore assumes that there will be a sharp increase in the internal production of single purpose machines and in the support of foreign currency repayable loans for the purchase of modern equipment.

Overall, however, we need to increase the production of production machinery at specialized enterprises at a faster pace than that of other products of this sector. Almost one-third of the proposed machinery investments will have to be for instrumentation and computer equipment, power generation and ecological equipment. Moreover, production equipment encompasses not only machine tools and forming tools, but also foundry equipment, for heat treatments and surface finishing, for electronics, and the like.

Part of the solution will clearly involve the optimization of import and export relations. The objectives will be the targeted specialization of production within the CEMA, and increasing the importing of modern production equipment in line with priority objective 02 of the Comprehensive Program of the CEMA.

In the Same Boat

In the Seventh 5-year Plan the engineering and electrotechnical sectors invested a total of Kcs 65 billion, and achieved increases in adjusted value added of Kcs 29 billion. Industries managed at the republic level (consumer goods, chemicals, timber processing...) invested a total of Kcs 61 billion over this same period but achieved increases in adjusted value added of only Kcs 17 billion. This means that one koruna invested in engineering generated almost twice as much impact as a koruna invested in other processing industries.

Investments in engineering in the Sixth and Seventh 5-Year Plans were designated for the implementation of many important programs. In heavy engineering these included the building of a nuclear engineering sector and the development of traditional power generation technologies (steam, combustion, and water turbine), as well as the development of equipment for the surface mining of coal and railway equipment. General engineering was involved in the construction of new facilities for the automotive and aircraft industries, textile, machine, and forming tools, construction and agricultural equipment. The electrotechnical industry invested in the production of color televisions and picture tube, high voltage equipment and electric motors, computer, regulation, and laboratory equipment, as well as semiconductor components.

The implementation of most of these large programs fell behind schedule, however, due to a lack of investment resources and because of well known problems of capital investment. This was especially true of the electronization program, microelectronics and computer technology, as a unit. A number of engineering programs, however, were also either postponed or cut back.

There remain, therefore, only two paths of development. We need either to carry through all these large programs to completion, in which case we need to allocate enough resources to them to accomplish this, or we need to drop some of them from the plan and import the products we need to replace them. At present these plans are still part of plans for technical development and production. The resource requests have also always been in the plan, but they have been chronically underestimated and restricted. Here we can expect some help from the new economic mechanism, but it ;will come only over the very long term. We Are Making Our Own Way

A further issue that is gaining in importance is the capability to self-finance investments. Let us cite an example from 1985. Engineering (both heavy and general) made a profit, mainly from foreign trade, of more than Kcs 38 billion. Depreciation write-offs on capital equipment designated for its replacement were Kcs 7 billion in that same year. Overall investment that year was Kcs 12.5 billion, almost 60 percent of which was covered by depreciation. Only one-sixth of the total profits of the engineering sectors was sufficient to cover the remaining investment requirements. This means that the engineering sector is fully capable of covering its own developmental needs, even after it makes sizable transfer payments to the state budget. Of course there exist firms that do not have such a strong revenue position. Many of them do not even have the financial resources for simple capital replacement, let alone for any development, while other firms have an excess of resources.

One may assert, therefore, that engineering makes a significant contribution to the national economy not only by meeting its material requirements, but also by generating revenues and financial resources. The engineering sectors are also important as producers of foreign currency. These sectors generate far more foreign currency revenues than they require for their own development. it is not out of line, therefore, for the engineering sector to request a relatively larger share of the resources that it creates, both material and financial, for its own modernization.

Without modernization of the production base the engineering sectors cannot fulfill their future tasks, nor will other sectors in the economy be able to modernize. The modernization of the engineering sectors must however be preceded by the modernization of the producers of production equipment and a reduction in the balance of trade in these products. We need either to reduce exports or increase imports. for a long time now engineering has been providing the resources for the development of other sectors in the economy, but at a price of neglecting its own modernization. We now need to make the rapid modernization of the engineering sectors a national priority.

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GERMAN DEMOCRATIC REPUBLIC

Study Provides Details on Inland Waterway System

23000020a East Berlin DDR VERKEHR in German No 10, Oct 87 pp 305-307

[Article by Dr. Uwe Bittenbinder, Office of Transportation Planning of the Halle Bezirk, and Prof. Stefan Noack, Friedrich List Transportation College in Dresden: "Access Points to the GDR Waterway Network—Regional and Branch Structures"]

[Text]

1. Existing Situation

An important thrust of current traffic policy for the GDR transportation industry is the further improvement in the distribution of traffic with respect to economical energy use.

In the Directive of the 11th Party Congress with respect to the Five- Year Plan, the following (among other things) was determined:

"Goods transported by the inland waterway system are to be increased... from 1985 levels by seven million metric tons to about 145

in the year 1990."[1]

Given the increase in intermodal trips which will result from that directive, an effective and quick transfer of freight at the transportation system nodal points will be an absolute prerequisite for the realization of this demanding goal. Those nodal points are comprised of inland ports, shipyards and other loading docks.

Exact information on the condition of existing harbors and loading points as well as their facilities, capacity and application is required, however, for a more economical development of inland shipping loading capacity where it is most needed.

With respect to intensification of transportation and shipping procedures, which means concentration on more intensive use of existing facilities, it would be appropriate to locate excess branch and regional capacity reserves.

The work group "Binnenhafenumschlag" (Inland Harbor Transfer), which was formed in 1984, has given special attention to this problem which has existed for several years.

The existing situation appeared so: neither the Ministry for Transportation, nor the Inland Shipping and Waterways Combine nor the Bezirks' transportation organizations had the appropriate comprehensive or complete information available. As a result, the railroad was and is the primary freight carrier in the GDR, and the waterways are seen as an alternative and extra route for certain goods and situations.

There was in fact no actual need to deal with this problem as a high priority.[2]

The proposed extra-proportional growth of inland shipping required new considerations, especially concerning the qualitative and quantitative evaluation of access points to the waterway system.

For that reason, in 1985 the General Director of the Inland Shipping and Waterways Combine (KBW) ordered the unprecedented preparation, implementation and evaluation of an investigation on harbors and loading points, their facilities, capacities and designated purposes on the inland waterways of the GDR. This was to be done under the direction of the "Territorial Coordination" section of the KBW and the office of the Inland Harbor Transfer Work Group.

The investigation was registered through the National Central Administration for Statistics as a one-time technical report under the registration number 2200/5/069 on 20 December 84, and was in effect until 31 December 85.

Since the evaluation of the expected 13,280 individual bits of data and 1,150 verbal estimates required a large body of personnel which was difficult for the KBW to provide, a cooperative relationship with an academic institution was sought.

Such an agreement was able to be reached in Aug 85 with the Transport- and Business Economics Section of the Transportation College of Dresden (HfV) which allowed for the use of faculty and students for data evaluation.

On the basis of this agreement, a temporary work group was formed to direct and coordinate all the tasks relating to the evaluation of the investigation. Representatives of the College, the KBW and the Inland Harbor Transfer Work Group were in the temporary work group. All goals with regard to content and dates were determined in the work group, which regularly held briefings.

2. Work Phases To Meet Project Goals

2.1 Carrying Out the Investigation

The investigation was carried out by the office of the Work Group.

This concerned the number and location of system access points and the distribution of the questionnaires.

Each questionnaire contained the following information:

a) General Information: Designation of the port or loading point, facility owner and user; location; b) Type of harbor/bank reinforcement: Type of construction; Usable dock length; Structural condition; Year constructed; Average water depth; c) Goods Transfer (Loading/Unloading): Purpose of Transfer; Rail and highway connections; Direction of goods transfer; Equipment; Warehouse and yard facilities; Transfer volume (total, number of ships, important types of goods); d) Other Information: Goods transfer limitations; Causes for stoppages in goods movements; Anticipated demolition-/scrapping work; Anticipated reconstruction/modernization work; Work required to assume/resume goods transfer activities (type, range of costs, time of completion).

2.2 Processing Management Documentation

A directory and catalog of system access points was developed for use by combine management, their suborganizations and the territorial (bezirk and kreis) organizations. Directory and catalog information came from the results of the investigation. While the directory is only available in duplicate to the combine management, the catalog was prepared as a printed publication. This system access point catalog is organized by territory and contains the following information for each system access point in summary form: address and waterway; category and purpose; volume, direction and limitations on goods transfers; transportation connections; usable dock length, load capacity; goods-handling equipment; storage facilities and yards; silos.

In addition, the 1:500,000 (1" = 7.9 mi) scale draft of a new special map of the GDR waterway system was also proposed for the same users' groups as well as for cooperating transportation agencies in the companies of other branches.

Next to the description of the combine management structure, this map also has information on the structure and layout of centrally-run inland ports, shipyards, locally-run ports as well as other goods-transfer points.

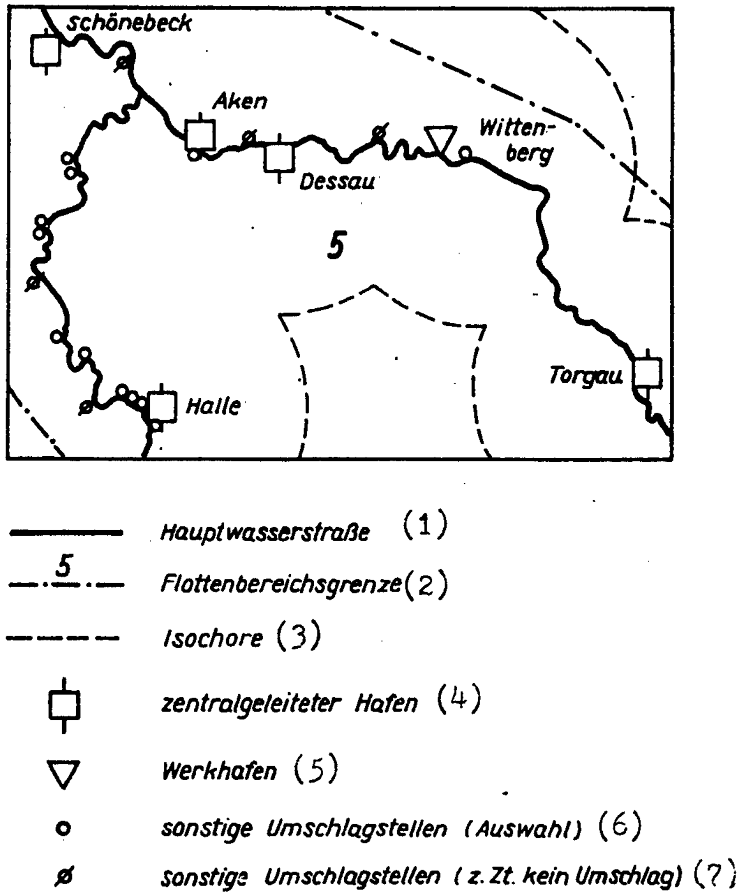

Figure 1: Typical Segment of the GDR Waterway System

Key:
1. Main Waterway
2. Fleet region boundary
3. Isoline
4. Centrally-Run Port
5. Shipyard
6. Other Loading Points (Selected)
7. Other Loading Points (Temp. Out Of Service)

The draft transparent map is at the same scale as the current GDR waterway map. After evaluating the technical and economical alternatives, a combination of the contents of both is planned as a publication of the MfV (Ministry for Transportation).

All the documents could be kept current with an easy system in selected periods, either independently or systematically.

3. Scientific Evaluation of the Investigation

The study evaluation concluded that the analyzed waterway system access points were, as a whole, definitely in position to ensure that the proposed volume increases could be handled with respect to loading and unloading freight.

The investigation also showed, however, that there are considerable regional and modal differences with respect to performance, loading equipment, facilities conditions and reserve capacity. The following data and information are of particular significance:

1. There are 213 waterway system access points in the GDR, of which 134 are on the primary waterway system. They are composed of: 22 centrally-run ports; 5 communal ports; 16 shipyards; 170 loading docks.

The following table illustrates the distribution of the various types of access points within the bezirks (Table 1):

Table 1: Distribution of Access Points by Type and Bezirk

Bezirk	Total	Centrally-run Ports	Communal Ports	Shipyards	Loading Docks
Dresden	8	3	-	-	5
Berlin	32	-	1	-	31
Cottbus	2	-	-	-	2
Halle	15	3	-	1	11
Leipzig	1	1	-	-	-
Magdeburg	8	3	-	-	5
Frankf./O.	25	4	-	2	19
Potsdam	58	3	1	5	49
Neubrand.	13	-	1	2	10
Schwerin	13	1	-	-	12
Rostock	16	-	2	-	14
Total	213	22	5	16	170

According to the table, the access points are divided among 11 GDR bezirks. Ship loading has been suspended at 21 access points, and nine of those are in Potsdam bezirk. The number of access points per bezirk does not have any relation to capacity and volume: as an example, 600,000 metric tons of freight were transferred at the 13 access points in Neubrandenburg bezirk, and 370,000 metric tons of that was in Anklam, whereas the two access points in Cottbus bezirk moved 1,800,000 metric tons.

The reduction from the original 226 access points to 213 resulted from the fact that individual loading docks located immediately next to each other were identified by their owners as independent loading docks (ex: in Halle, there are four grain silos).

2. With respect to volume, the bezirks can be grouped as follows:

a) over 5 million metric tons/year: Magdeburg, Potsdam, Frankfurt/Oder (113 loading docks)

b) 1 million to 5 million metric tons/year: Berlin, Dresden, Cottbus, Halle (57 loading docks)

c) less than a million metric tons/year: Rostock, Neubrandenburg, Leipzig, Schwerin (43 loading docks).

The bezirks of the first group moved 68 percent of the total freight volume over the pier, the second group moved about 23 percent, and the third group only about 9 percent.

To realize the specified growth rates in internal waterway shipping under the present conditions, the concentration of financial and material resources must be directed towards the loading points of the first group, including Berlin. Research should be undertaken into, above all, the harbors of the second group of bezirks, as there is currently considerable reserve ship loading capacity.

Within the realm of economic possibilities and demands, a greater incorporation of selected access points of the third group could also be investigated.

3. Grouping the access points by volume of goods passing over the piers illustrates the following:

a) about 61 percent of all goods moved were transferred at the 11 access points (five percent of the total number of points) which had a volume greater that a million metric tons/year;

b) between 100,000 metric tons and 1 million metric tons/year were transferred at 32 access points (15 percent of the total), and they carried about 32 percent of the total volume of goods loaded;

c) the remaining 170 access points (80 percent of the total) had an annual loading volume of under 100,000 metric tons, and only carried about seven percent of the total volume.

4. In general, the conditions are right at the centrally-run harbors (with respect to material and supply requirements) to handle loading and unloading ships. This is primarily due to the loading equipment available.

Conditions in the communal harbors can be estimated as good to sufficient. Loading equipment, warehouses and storage yards are sufficiently available. One exception is Velten harbor, where the facilities and equipment do not meet the loading requirements. Likewise, the conditions at the shipyards can be characterized as good to sufficient.

The 170 loading docks offer a different picture, however. Loading equipment and storage facilities are often insufficient, about 50 of the docks have no rail or highway connections, and 21 loading docks currently handle only agricultural loading.

5. The various segments of the economy use the waterways and their access points in sharply varying amounts. The grain economy has over 45 loading docks, and the construction industry has over 35 docks.

Ten shipyards and docks have particular significance for metallurgy, as large volumes are loaded in this industry—this also applies to the coal industry loading docks.

6. In the primary waterway system, ship loading concentration points are in the area of the cities of Magdeburg, Eisenhuettenstadt, Berlin, Potsdam, Brandenburg and Henningsdorf. The secondary waterway system has

numerous access points (79), but they load limited amounts of goods. There is only a concentration of loading points in the area of Zehdenick.

7. The following fundamental facts can be concluded from the investigation:

a) dependent upon a specific need to ship goods, the loading centers are to be equipped with equipment depending upon the type of goods to be shipped;

b) selected loading docks in the secondary waterway system should be built up, with consideration of the expansion of the inland waterway fleet and the improvements in the waterways.

The evaluation of the investigation shows on the one hand that the chosen path of intensification is correct, but it also shows that there are a number of detail problems which have to be seriously investigated in continuation of the previous work.

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13071

POLAND

Direct Trade Cooperation Across Polish-Soviet Border

26000029b Poznan GAZETA POZNANSKA in Polish 16 Sep 87 p 4

[Interview with Andrzej Malinowski, Deputy Minister of Domestic Trade and Services, by Waclaw Rogalewicz]

[Text] Deliveries of market articles produced by our own industries are still insufficient and lack diversity. There is a shortage of foreign exchange for "pure" import, thus efforts made by the Ministry of Domestic Trade and Services, which has for a long time now been trying to promote barter agreements and the direct cooperation of Polish trade organizations with their counterparts in socialist countries, are arousing interest. I asked the Deputy Minister of Domestic Trade and Services, Andrzej Malinowski, to talk to us on this subject.

[Question] Mr Minister, the Ministry of Domestic Trade has clearly increased its activities aimed at intensifying the exchange of goods between Poland and foreign trade organizations. Is this a one-time effort, to meet the present situation, or is it the beginning of a specific program?

[Answer] Indeed, there has been great activity in the development of barter trade in the last two years. Compared with 1985, import in this trade rose 38.1 percent, of which 18.8 percent is attributed to the socialist countries, while the figure for the capitalist countries has almost doubled.

We anticipate a further expansion of exchange trade this year, envisaging its growth over last year by almost 35 percent in export and 21.7 percent in import. This numbers indicate that we are not treating exchange as a one-time action, connected with the present market situation. It is one of the elements in the strategy of the development of our domestic market—it supplements and diversifies our offers. The objects being imported are mainly industrial goods, which currently make up over 80 percent. The characteristic feature of the exchange transaction is the achievement of a more distinct market impact in the case of imported goods as compared with exported goods.

According to estimated figures, as a result of exchange the domestic market obtained additional goods last year valued at approximately 20 billion zlotys.

[Question] Does not this kind of exchange interfere with normal trade relations abroad?

[Answer] Of course it interferes, but in the positive sense, because it expands the range of mutual trade contacts through the domestic trade enterprises importing the goods to the specific facilities. An excellent example are the nationality shops. It is true that we sometimes hear that commodity exchange has a negative impact on our foreign exchange interests and thus endangers the classic foreign trade. But these are opinions which are really a defense of the present position and are not substantiated by facts. And the facts are as follows:

—the share of goods imported through exchange is small and constitutes scarcely 9 percent of the total import to our domestic market. And this market constitutes approximately 10 percent in the total deliveries.

—the objects of exchange are exclusively goods which are at the disposal of the domestic trade enterprises, therefore they do not disturb the pool of export goods.

—exchange allows us to supply the domestic market with various types of goods which we cannot buy for foreign exchange because we simply do not have it. An example is lemons, of which there were large quantities on our market as a result of an exchange transaction.

[Question] Thus far, preference is given to the simple form—an exchange of goods for goods. Are the possibilities of broader cooperation in the form of coproduction, for example, being considered?

[Answer] Going from exchange to other forms of cooperation, including coproduction, is one of the important tasks being undertaken by the Minister of Domestic Trade and Services. Here he has extremely favorable starting conditions—in addition to coordinating trade, he coordinates small-scale manufacture and services. The result of work thus far is agreement on expansion of exchange of essential consumer goods between domestic trade enterprises and organizations of the Polish People's Republic and the USSR. This agreement, together with a packet of others signed by the premiers of both countries on 15 October 1986, makes it possible to begin broader cooperation. We have already observed the first results of such cooperation—I am referring to the contacts of the border voivodships with partners from the USSR.

During the recent National Fairs I held talks with the following deputy ministers of trade: F. Spilak, Hungarian People's Republic; A. Yevteyev, Ukraine SSR; minister J. Karakkanov, Azerbaijan SSR; and the personal representative of the RSFSR minister of trade. These types of talks will be continued during the "Coproduction" Small-Scale Manufacture International Fairs in October. I think that their result will be the development of further forms of trade and coproduction exchange, possibly by joint production-trade enterprises or agreements with other countries facilitating cooperation.

[Question] This year for the first time at the National Fairs we exhibited foreign market articles. Is this also the beginning of a certain program or only a one-time event?

[Answer] We want this to be a permanent element in the National Fairs displays. Exhibits of this type provide an opportunity for a comprehensive presentation by all our foreign-trade enterprise partners. They, on the other hand, are able to become acquainted with our proposals. The success—because it was a success, as shown by the number of visitors—of the Vietnam and Nicaragua exhibit tells us that we should go ahead with our plans.

[Question] Thus far, only a few trade organizations are engaged in foreign exchange. In view of this, is the policy of the Ministry of Domestic Trade and Services leaning towards trade intermediaries, or will it give trade a free hand in seeking contacts, simply assisting them in finalizing these contacts?

[Answer] It is our intent to conduct joint action. First of all, we are making use of the political and administrative contacts which are already established. (By the way, we congratulate the Poznan authorities and businessmen for their first contacts with the Kharkov enterprises, with whom they have established friendly relations.)

We see the ministry's role as the creation of the treaty and systems conditions for this kind of cooperation—that is, only up to a certain time, and the rest depends on the efficiency of the trade enterprises and their specialists.

[Question] We already talked about the fact that the present commodity exchange, implemented by the domestic market, arouses resistance on the part of the central foreign trade which is jealous of its own position. What are the ministry's plans on alleviating such frictions?

[Answer] This "jealousy" of which you speak is completely determined by economic conditions. Foreign trade enterprises, the classic ones, are very familiar with the situation on the foreign markets, especially in the capitalist countries. They realize that in a situation of steady surpluses of market goods it is easier to trade goods than to sell themfor cash. Hence the growth of exchange in these enterprises, as well as the appearance of destructive tendencies, attempts to grab contracts by so-called "leading enterprises," or the desire to expand present licenses precisely for commodity exchange. An example of the latter are the attempts (which ended favorably) made by Universal Foreign Trade Enterprise.

The management of the ministry constantly observes the development of commodity exchange. If the necessity arises, together with its colleagues in the Ministry of Foreign Trade, it takes the appropriate measures to correct the improprieties which appear. For example, it has become a permanent practice for joint committees in both ministries to efficiently settle all kinds of problems.

[Question] Do the present results of direct commodity exchange between organizations and enterprises suggest that consideration be given to a broader system of licenses for foreign exchange?

[Answer] I think that there is no unequivocal system here, nor can there be. Every enterprise has its own peculiar features and is not always interested in having a license. The Centrum Department Stores, for example, have agreed on a special system for servicing their interests through TORIMEX Foreign Trade Enterprise. This interesting and experimental, for us, financial and organizational solution is something on the order of a company within a company, because TORIMEX itself is already a limited-liability company.

As the result of an agreement with the Soviet Union, over 90 domestic trade enterprises have received the right to engage in direct cooperation. Others conduct exchange through specialized foreign trade enterprises. The Ministry of Domestic Trade and Services has not imposed, and does not intend in the future to impose, an exchange licensing system on the enterprises for which it is the parent organ. In accordance with the principles of economic reform, the independent enterprise has to make this decision itself, being guided by a cost-effectiveness analysis. If, however, external conditions are to have an effect on this—as has happened in past contacts with socialist countries—we will offer our assistance.

9295

Szalajda on Polish-Soviet Electronics Cooperation

26000029a Katowice TRYBUNA ROBOTNICZA in Polish 23 Sep 87 p 1,4

[Interview with Zbigniew Szalajda, deputy chairman, Council of Ministers, by Andrzej Kruze]

[Text] [Question] Mr Prime Minister, we most frequently associate Polish-Soviet scientific-technical cooperation with the new-generation color television developed by a joint designing team, or with a diesel-engine, 3.5-ton gross weight delivery vehicle. There has even been mention of an entire family of mobile cranes, and of electromagnetic clutches from Ostrzeszow. But is this the end? Can this list of new products which will be manufactured as a result of the cooperation of Polish and Soviet scientists and designers, be continued?

[Answer] Certainly it can. We need only to cite examples of the joint work which has already been completed, or is close to completion. Specialists from the Potato Institute and the Byelorussian Scientific-Research Institute on Potato, Fruit and Vegetable Farming, have already obtained—as a result of cooperation—new varieties of potatoes which have a higher dry-ingredient content, increased resistance to viruses, and a high yield, reaching 450-500 quintals per hectare.

PREDOM Scientific Research Center and the Kiev ELETROBYT-PRIBOR Scientific Production Association are getting ready to start production in 1990 of a new automatic washing machine with an electronic control system. In these same scientific research centers work is being done on the design of a two-compartment refrigerator equipped with an electronic signaling and control system.

Next, cooperation between the Biotechnology Research and Development Center and the All-Union Scientific Research Institute for Antibiotics is aimed at developing new methods for obtaining medicines such as penicillin and erythromycine. Production of the new medicines will begin as early as next year.

Still another example of cooperation—between the Central Mining Computer Science Center and the All-Union Scientific Research Institute for Coal: the Polish scientists have developed for the USSR an automatic control system to weigh and load coal, and the Soviet scientists have developed systems for enriching coal by the deposition method. Electronic engineers have also achieved good results in cooperation.

[Question] What is striking in these examples is the diversity of the fields in which Polish-Soviet scientific-technical cooperation is developing.

[Answer] Indeed, it is very broad. A long-range Polish-Soviet Program for Scientific-Technical Progress signed 2 years ago provides for cooperation in eight areas of primary importance for the economic development of both countries. These are areas such as: electronics, materials engineering, biotechnology, expansion of the machines industry, development of new basic-necessity articles, and biomedical engineering.

[Question] And what concrete tasks in these specific fields do both countries intend to accomplish through this cooperation? Please give us a few examples.

[Answer] In applying electronics to the economy the most important tasks include: establishing a microelectronics subassemblies base, developing computer hardware and software, building automatic production control systems, developing new-design communication devices, etc. In the field of automated production the construction of flexible production systems for the machines industry is anticipated, as well as the mechanization and automation of assembly processes in this branch of manufacture.

However, in the field of the development of production of new market products, Polish-Soviet cooperation is concentrated on developing new technologies and products in light industry. In biocybernetics and biomedical engineering, joint work is being conducted on the design of devices intended to wholly or partially replace lost bodily functions, i.e., artificial organs.

[Question] Thus again, a broad range of problems solved jointly by Polish and Soviet specialists. Does not the dispersal of tasks constitute an obstacle to the efficiency of this cooperation?

[Answer] I would not agree with that opinion on the dispersal of tasks. On the contrary, we are really dealing with a concentration of means on selected priority directions of scientific-technical progress. The number of problems—and there are now 100 of them—in no way negates this. Each of these problems constitutes an indispensable element in the planned chain of progress helping to solve specific tasks in the economic development of Poland and the USSR.

Insofar as the efficiency of scientific-technical cooperation is concerned, its guarantee lies primarily in the method accepted. Joint work is conducted on a so-called "complete cycle," i.e., from the idea until the final product is manufactured. Efficiency is also raised through the development of new forms of cooperation which are based, among other things, on direct contacts between production organizations and research and development centers, on the formation of joint teams of specialists, laboratories and design offices, and in the future also on the establishment of joint scientific-research institutes.

[Question] Precisely. Recently, direct cooperation between producers, scientific-research centers, etc., has come into vogue. We often hear of new agreements being signed on this matter. Does this really bring about the anticipated results?

[Answer] First of all, it is not a question of vogue but of the objective need to raise production and scientific cooperation to a new standard of quality. Until now, there were no contacts on the direct-contractor level. And the effects of this are known. There were many, even every good, programs developed on the intergovernmental or interministerial level, but they were not always completely implemented because this "mechanism of translating" the right decisions into practice was lacking. Now this gap has been filled.

In 1986, the prime ministers of Poland and the USSR, Zbigniew Messner and Nikolai Ryzhkov, signed in Warsaw an "Agreement on Direct Production and Scientific-Technial Cooperation." This was the first agreement of this type between socialist countries. Based on it, organizations undertaking direct cooperation received the right to independently coordinate collaboration programs, deal in nonforeign-exchange trade, sign agreements and contracts, exchange engineering models, documentation, apparatus, etc. Thus far, 88 Polish and 95 Soviet scientific-research centers have signed these kinds of agreements.

[Question] With such a large number of organizations directly cooperating, someone must see to it that the selection of tasks undertaken jointly is—from the standpoint of the country's economic requirements—the best. And someone must see to it that the results achieved agree with the results anticipated. Because certainly this cannot be allowed to just "run loose."

[Answer] I believe that the directly cooperating organizatons are most interested in the economic results of the jointly conducted work and in their usefulness to the national economy. But obviously, there are also organs which fulfill the function of overall coordinator and I can say that they are doing so efficiently.

In the first 6 months of this year, in accordance with the decisions of the 30th Session of the Intergovernmental Polish-Soviet Commission on Economic and Scientific-Technical Cooperation—offices for science and and engineering of both countries, with the participation of the ministries and other central institutions, made a first evaluation of the long-range program. Evaluation is hardly the word, because actually the topics covered by it were defined more precisely and expanded. Technical and economic parameters were described and deadlines for completion of research and development work were established. It was also decided that a data bank would be set up on methods for using the results of the research work in the economy. Estimates were even made of the requirements of both countries for new products which result from cooperation during 1991-1995.

A board of directors of Polish and Soviet scientific-research centers, appointed for this purpose, also sees to it that the long-range program is implemented correctly. Its fourth meeting was held last June and the accumulated experience was discussed. Consideration was given to the possibility of further speeding up cooperation, particularly direct cooperation. Ways of removing official and organizational obstacles were discussed.

Therefore, there can be no talk about any "runnning loose" in this area. Jointly with our Soviet partner, we see to it that the studies undertaken in specific spheres are current and economically useful. And such oversight is essential because after all, both countries have committed an enormous part of their scientific-research potential to this cooperation.

[Question] It also appears from this that they attach great significance to this cooperation. How would you describe its place in the general strategy of the development of Poland's economic relations with the Soviet Union?

[Answer] As decisive for shifting the economies of both countries onto the road of intensive development, for renewing the materials production facilities and achieving world economic indicators in the area of management efficiency. That is, for everything that will determine the position of our countries in the world economy at the turn of the century.

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Direct Trade Contacts With Ukraine Described

26000029c Poznan GAZETA POZNANSKA in Polish 12-13 Sep 87 p 3

[Interview with Anatoliy Yevteyev, Deputy Minister of Trade of Ukrainian SSR, by Waclaw Rogalewicz]

[Text] A delegation from the Ministry of Trade of the Ukrainian SSR, under the chairmanship of the deputy minister, Anatoliy Yevteyev, was visiting in Poznan and we asked the minister for a short interview.

[Question] Mr Minister, during the course of a week, twice—in Kiev and in Poznan—you held talks with your Polish colleague, deputy minister of trade and services, Andrzej Malinowski. What is this enormous growth of activity in both ministries connected with?

[Answer] Our contacts, and also other actions and meetings, are the practical implementation of an intergovernmental agreement signed by prime ministers Ryzkhov and Messner. Broadly speaking, they are to translate the provisions of the agreement into concrete endeavors, and expand and inspire cooperation not only on the governmental level but also on a direct execution level.

That is precisely the reason for our Kiev talks and the Poznan talks which were a continuation of them, and for our visit at the National Fairs. We believe that such contacts will produce a number of new initiatives, self-dependence and a new way of thinking which is, after all, so very necessary in the implementation of the Soviet perestroika and Polish economic reform.

[Question] Could you, Mr Minister, describe the Ukrainian point of view on direct cooperation?

[Answer] We see it very broadly, more broadly than heretofore. We are interested in direct cooperation in as wide a range as possible and on all levels. Thus we see cooperation not only between towns, districts and voivodships, but also between plants, large trade and economic organizations, and enterprises. We also believe that narrowing this cooperation, for example, to the collaboration of district X with voivodship Y, would diminish the potential. We favor each side establishing contacts with several partners—or example, Poznan not only with Kharkov but also with Donetsk and Zaporozhye. Of course, this is only an example, but generally we are concerning with making it possible to take advantage of all opportunities which are favorable for both sides.

[Question] Can these plans now be given more specificity?

[Answer] One of the purposes of the arrival of our delegation is to familiarize ourselves with the situation so as to achieve maximum results in the shortest possible amount of time. We would like to have specific relationships established in no more than 2 years. Experience with the contacts already established convinces us that this can be done. We have already established such cooperation in 13 cases. In eight of them the cooperation is based on the principles of autonomy, and in the others it takes place through the intermediation of TORIMEX and SOYUZPROMIMPORTTORG.

[Question] To what degree have the areas of mutual interest been defined?

[Answer] For the most part we know in principle what we want. But only an increase in direct contacts will enable us to closely define the scope of the commodities and the economics involved. We represent the view that the object of commodity exchange should, for example, be not just the articles of which both sides have a surplus. Obviously, these will dominate, but we are thinking about all kinds of new items, articles attractive to both sides. Anyway, this is what we discussed in our assumptions of cooperation. We will also look for coproduction possibilities, as well as others which have the primary interests of both our domestic markets in view.

[Question] Along with the delegation from the Ukrainian SSR Ministry of Trade, a delegation of businessmen from Kharkow is visiting in Poznan...

[Answer] Yes, we are already practicing what I spoke of earlier. It is no longer a matter of theory—it is a matter of direction action. The presence of the Kharkovians will unquestionably allow us to confirm or revise what we know about each other. The same as our visit at the National Fairs. We looked at them with interest and determined, for example, that your small-scale industry may be very interesting to the Soviet's market, and especially to ours. We already see that the 10-million ruble exchange envisaged for this year will most likely be exceeded. We are now fully convinced that putting into motion everything that is now in the planning stage will enable us to multiply our bilateral exchange in a relatively short time.

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Developments in Aircraft Industry Cooperation With Soviets, 1986-1987

Helicopter, Civil Aircraft Production

26000694a Bialystok GAZETA WSPOLCZESNA in Polish 10 Apr 87 p 3

[Article by Andrzej Adamczewski: "Poland-USSR Bond of Wings"]

[Text] The international contacts of our various branches of industry, in addition to the immediate benefits, such as income, the possibility of utilizing our potential, and the possibility of having the opportunity of coming in contact with the most modern technology and engineering, should be profitable in our introducing more and more modern products of domestic design into our production.

The best example of taking such advantage of cooperation is the close tie between the aviation industry in Poland and the Soviet Union. Close cooperation in this branch of industry began more than 40 years ago, when through joint effort the Polish aeronautical plants were pulled up out of the ruins. The next step was the joint mobilization of production of the Po-2 trainer aircraft.

Next the production of this light biplane made it possible to begin production of trainers of domestic construction, the Junak-2 and the Junak-3.

Their producer, the WSK in Swidnik, after many years, specialized in the production of helicopters.

We could cite many such examples of making fruitful use of cooperation. In fact, all Polish aircraft constructed since the war came into being only as the result of the contacts between the aviation industry in the two countries. The last example of this is the youngest offspring of the designers at the WSK in Swidnik, the multipurpose helicopter, which from A to Z is the result of the work of Polish engineers, the PZL Sokol. At present comprehensive trials of this helicopter are in progress. Its capabilities are being tested under extreme climate conditions. The tests are being conducted in the Soviet Union.

There were many reasons for conducting the tests there. All possible climatic conditions can be found in the Soviet Union. The Sokol tests are also being conducted there, because the Soviet Union will be the most important customer for the helicopters.

Concurrent with the Sokol practical tests is the exceptionally difficult research leading to certification. Only after the document has been obtained can the helicopters be exported to the USSR. The helicopter, after all, will operate with people on board. In this connection, it faces stiff requirements, especially those related to safety and reliability.

There is one more aspect to the fact that the tests are being held in the territory of our Eastern neighbors. It is the direct proximity of our friends the Mill Helicopter Construction Plants in Moscow. The designers there were the first teachers of the Swidnik factory's engineers.

The next area of cooperation is coproduction in building passenger aircraft. For 10 years we have been taking part in the production of the extremely modern Il-86 aircraft. Our contribution to the construction of this aircraft amounts to 16 percent of all the components needed to build it. Among others, the WSK factory in Mielec, as part of the coproduction, is building horizontal and vertical stabilizers, that is, the empennage, components which are extremely important to safety of flight.

It is worth emphasizing that Poland is the only country in coproduction of passenger aircraft with the Soviet Union.

At present the aircraft plants in Voronezh, beginning to produce the modern Il-96 airbus, naturally proposed that the Polish plants participate in the production of this aircraft. Talks are also going on concerning coproduction of the Il-114 aircraft. This will be an aircraft which, perhaps, in the future will replace the An-24 on domestic routes. Then it was decided that the Poles would build the landing gear and the propeller, which will be made from laminates and have six blades.

In 1985 production of the An-28 passenger aircraft began at the WSK in Mielec. It is true that it is incomparably smaller than the above-mentioned Il aircraft, because it will take on board only 17 passengers, but its virtues deserve to be mentioned. It has a short takeoff run and landing distance, and it can take off or land on any surface. The An-28 will replace the An-2. At Mielec more than 11,000 of the An-2 have been produced. It is one of the longest series of aircraft produced in the world Only the American Lockheed plants have produced a larger number of aircraft. This was during the war, and all of the aircraft were produced for the front. Thus, the WSK in Mielec is the largest producer of a single series of aircraft for peacetime uses.

Coproduction Agreement Signed

26000694a Rzeszow NOWINY in Polish 21 Apr 87 p 3

[Article: "Evaluating Kiev Contract Partners"]

[Text] The signing in March 1987, of an agreement for direction cooperation between the Mielec WSK and the famous Oleg Antonov Design Office in Kiev is a decision which is being assessed by the Soviet side too as a matter of great importance for further design and research, according to PAP journalist, editor Leslaw Kolijewicz. As everyone knows, the joint efforts will focus on developing a new large-payload agricultural aircraft and new versions of derivatives of the An-28 passenger aircraft. The special group of specialists undertaking these tasks — and this too is very significant — will work in Mielec.

Here is what the chief designer of the Kiev research facility, Piotr Vasilevich Balabuyev, says on the subject:

"We in the USSR needed aircraft for agriculture, a lot of aircraft. To this end we have entered into cooperation with Poland. The WSK plant in Mielec has undertaken production. The engineers and workers there have done an excellent job of mastering many new technological processes used for the first time in Polish aviation industry. We currently have on tap some questions of further improvement and development of production of the An-28 airplane, which from the current "small-passenger" version should serve still other specialized functions. In the future therefore we will create several dozen modifications for it to be able to serve as an air ambulance, fire-fighting plane, patrol, fisheries observation plane, a plane for geological use, in other words, for all areas of the modern economy. The An-28 is unique throughout the world for small airports. It has a very short landing and takeoff distance. It can even fly off of meadows and land in them. It needs only 500 meters. It is safe in flight at even the lowest altitudes."

Balabuyev says, "I must emphasize that today's "brain trust" at the Mielec aviation plant is a perfect partner. Together we are an exceptional creative force. Our greatest joint project is to design a completely new agricultural aircraft, which will be an idea translated into reality at the beginning of the 1990's but serving in a massive way in the 21st Century. And it must suit the new century. That means that we should foresee the level of science and technology that will have been reached, and it will be necessary to find design solutions for that right now today. This is not an easy thing, because it calls for new engines and providing for great working efficiency, the thrifty use of fuel, and so on. It must be an economical, safe aircraft. Compared to those produced in the past, it should be at least twice as efficient and just as inexpensive in agricultural work. Such an aircraft is very much needed, because the demand for aerial application is increasing. In the USSR alone the An-2 from Mielec is used on more than 100 million hectares. Experts have calculated that because of chemical application performed by these An-2, yields of 3-5 quintals more per hectare are being obtained."

"So we are facing a difficult but very interesting task, professionally, one which together, knock on wood, we shall surely accomplish successfully."

"The WSK in Mielec is the CEMA's major facility developing agricultural aircraft for all countries of the socialist community and, in my opinion," Balabuyev adds, "it will begin to exceed everyone, even our old professionals, in experience and familiarity with the whole complicated problems of airborne services for agriculture, forestry, and the like. With such a partner we too will gain a great deal."

Sokol Tests in USSR

26000694a Warsaw SKRZYDLATA POLSKA in Polish 26 Jan 87 p 2

[Article: "Flying Around the Country: Sokol State Test Flights Begin in USSR"]

[Text] Taking off from the WSK-PZL airport in Swidnik on 4 January was a Sokol helicopter going for government test flights to the Soviet Union. The plant is conducting a series of plant test flights on three other such helicopters in this country. The scope of the research begun a year ago includes specification of the effect of boundary operating conditions on the design. Research near Baku and Dushanbe has already been complete. One of the Sokols is presently based in Yakut, where it will be tested under arctic conditions. The flights will be made at temperatures approaching minus 50 Celsius. The previous very successful run of tests shows the design performance, which considerably exceeds the designers' expectations.

IL-86 Coproduction

26000694a Warsaw SKRZYDLATA POLSKA in Polish 16 Feb 86 p 2

[Article: "Flying Around the Country: Polish Coproduction Deliveries for IL-86"]

[Text] Three Polish aircraft plants, the WSK PZL plants at Mielec, Swidnik, and Kalisz, are taking part in the coproduction of the Il-86. From the Mielec plant the jet airbus is provided with engine mounts, units which hold the engine; the vertical stabilizer along with the rudder, the horizontal stabilizer along with the elevator, and slots, right and left (mechanized components on the leading edge of the wing). The Swidnik plant produces ailerons (right and left) and inboard slots (mechanized components on the trailing edge of the wing). A specialist in metal adhesion techniques is preparing for the Mielec plant what are called structures with a special filler, a composite of high durability and low specific gravity, which are used in the production of control surfaces. The Kalisz plant supplies equipment and mechanisms for the horizontal stabilizer and reduction screw gears for the slots and flaps. Polish plants produced 553 units of the above-mentioned parts for subassemblies of the Il-86 this past year.

Mielec Sales to USSR

26000694a Warsaw SKRZYDLATA POLSKA in Polish 16 Mar 86 p 2

[Article: "Days of the 27th CPSU Congress"]

[Excerpt] During the days of the deliberations of the 27th CPSU Congress, the PZL Transport Equipment Plant in Mielec activated its exports to the Soviet Union. During the first day of the congress three of the most popular multipurpose agricultural version An-2 aircraft flew from Mielec to Lvov. The second day of the congress, another six An-2 aircraft flew the same course. On the third day, three more went. The export of Mielec aircraft to the USSR has increased to 34 during the first 2 months of this year.

Soviet Aircraft Engineers Visit

26000694a Warsaw SKRZYDLATA POLSKA in Polish29 Mar 87 p 2

[Article: "In Brief"]

[Text] A group of Soviet aviation specialists, headed by P. Balabuyev, general designer of the O. Antonov Experimental Design Office, visited Poland on 17-23 March. The Soviet specialists visited the WSK PZL plant in Mielec.

Coproduction Protocol Signed
26000694a Warsaw SKRZYDLATA POLSKA in Polish 4 May 86 p 2

[Article: "Development of Polish-Soviet Coproduction in Aeronautical Industry"]

[Text] More documents were signed in Warsaw this past 19 April to expand the scope of Polish-Soviet economic cooperation. One of the documents is a protocol for previous intergovernmental agreements concerning coproduction of the Il-86 aircraft and technical cooperation between the two countries in the area of development and production of aircraft in Poland.

The current protocol specifies the conditions of the mutual deliveries. Polish aviation industry will continue to produce assemblies, units, and parts for the modern wide-body Il-86 airbus produced in Voronezh. The assemblies produced in Poland utilizing Soviet documentation, engineering, and materials include the empennage, engine mounts, slots, flaps, and screw gear. In exchange, the Soviets will supply Poland with passenger aircraft, which our air carrier greatly needs at present, along with raw materials and other materials for aircraft production. In keeping with the protocol, Polish aeronautical coproduction deliveries will increase by 60 percent during the present five-year period.

Cooperation Benefits Publicized
26000694a Warsaw SKRZYDLATA POLSKA in Polish 9 Nov 86 p 2

[Article: "Journalists in Swidnik and Mielec"]

[Text] The Democratic Party's Friendship ("Przyjazn") Journalists Club and Aviation Journalists Club held a joint session on 23-24 October entitled "The Benefits of the Polish Aviation Industry's Cooperation With the Soviet Industry." There were 20 Polish journalists and five Soviet journalists accredited in Poland.

Before the session, the journalists met with Mgr Jerzy Krezlewicz, director of the PEZETEL Foreign Trade Enterprise, who talked about general cooperation issues.

At the WSK PZL plant in Swidnik, the journalists were presented with the issues of the development of helicopter production in Poland based on scientific, technical, and production cooperation, coproduction, and exchange of organizational information with Soviet plants. The journalists visited the production halls and viewed a flight demonstration of the new Polish PZL-Sokol helicopter.

At the WSK PZL plant in Mielec, on the other hand, they learned of the plant's cooperation traditions with Soviet aviation industry, including matters concerning direct cooperation between Mielec and Voronezh, as well as the long-range prospects for development in both countries, on the basis of mutually beneficial cooperation. After a visit to the production halls, there was a demonstration flight of a new passenger aircraft of Soviet design and Polish production, the An-28.

Extension of IL-86 Contract
26000694a Warsaw SKRZYDLATA POLSKA in Polish 30 Nov 86 p 2

[Article: "Coproduction With Voronezh"]

[Text] On 19 April a document and international agreement were signed in Warsaw concerning an extension of the coproduction of the Il-86 aircraft from 1986 to 1990. Within the framework of these documents, on 14 November a contract was signed in Warsaw for 1987 between the PEZETEL Foreign Trade Enterprise of the Aviation and Engine Industry and the Aviaexport foreign trade center to deliver to the USSR 10 complete assemblies for the Soviet airbus being built in Voronezh. As before, the WSK PZL plants in Mielec, Swidnik, and Kalisz will take part in producing the empennage, engine mounts, and wing control surfaces.

The value of the contract that was signed is about 40 million rubles. The contract also provides for the USSR to supply materials and partly finished products to be used in the production of the airbus assemblies in Poland.

Joint Industry Task Force
26000694a Warsaw SKRZYDLATA POLSKA in Polish 15 Feb 87 p 2

[Article: "Polish-Soviet Coproduction in Aeronautical Industry"]

[Text] A Polish-Soviet Aviation Industry Working Group met in Warsaw on 25-30 January. Discussions were held in seven subgroups. This was the ninth successive meeting of the group. On 30 January, Gen Dyw Prof Dr Hab Engineer Jerzy Modrzewski, undersecretary of state at the Ministry of Metallurgy and Engineering Industry, and Anufrii V. Bolbot, deputy minister of aviation industry of the USSR, signed the final minutes of the session. This document describes the annual working plan for 1987 concerning cooperation between the Polish and Soviet aviation industry. For example, it includes An-28 airplanes, PZL Sokol helicopters, aircraft engines, jointly produced assemblies for the Il-86 and Il-96 airbuses, and questions of new technologies and the application of new materials. The direct cooperation begun between individual Polish and Soviet factories and design offices was a new feature in this area.

Joint Design Team Contract

26000694a Warsaw SKRZYDLATA POLSKA in Polish 5 Apr 87 p 2

[Article: "Cooperation Between Aeronautical Industry in Poland and USSR"]

[Text] While it was in Poland, a Soviet economic delegation with Yuri Masliukov was host on 19 March at the PZL Transport Vehicle Factory in Mielec. Masliukov and Minister of Metallurgy and Engineering Industry Janusz Maciejewicz were witnesses to the signing of an agreement for the Mielec factory and the Oleg Antonov Design Office in Kiev to set up a joint Polish-Soviet design group to conduct design and research projects to develop a new large-payload agricultural aircraft and new developmental versions of the An-26 passenger aircraft. This agreement is an expression of the new efforts at integration.

Details on Design Team Agenda

26000694a Warsaw SKRZYDLATA POLSKA in Polish 19 Apr 87 p 2

[Article: "Aeronautical Industry's First Quarter of 1987"]

[Text] During the first quarter of 1987, among the production accomplishments of the plants of the PZL Aircraft and Engine Producers' Association were three more newly mobilized An-28 passenger aircraft, 83 An-2 multipurpose aircraft, and 59 Mi-2 multipurpose helicopters, as well as 233 GTD-350 turbine engines (for helicopters) and 205 ASz-621R piston engine (used in the An-2 airplane, for example).

Antonov Stages Exhibit

26000694a Warsaw SKRZYDLATA POLSKA in Polish 10 May 87 p 2

[Article: "Flying Around the Country: Soviet Exhibit in Poland"]

[Text] An exhibit entitled "Kiev, Scientific-Industrial Capital of the Soviet Ukraine" was held at the House of Polish-Soviet Friendship in Warsaw between 23 April and 6 May. Among the city's many achievements, there was a display related to the activity of the Oleg Antonov Design Office, which has its headquarters in Kiev. Alongside the color photographs and plans, there were aircraft models of the multipurpose An-2, the Anteusz An-22 turbohelicopter, the An-24 passenger aircraft, the An-26 transport aircraft, and An-72 jet, and the largest jet transport aircraft, the Rusian An-124. Engineer Vladimir Pupyshev served as guide for the aviation section of the exhibition, telling us that in the Soviet Union, out of all the aircraft operated by Aeroflot, aircraft with the An designation carry more than one-quarter of the passengers and about one-half of the freight and mail. In addition, they perform about 95 percent of all the jobs for agriculture and forestry. Antonov Design Office aircraft designs are exported to 42 countries. The exhibit will be on display in Krakow in May.

Antonov's Pupyshev Goes on Lecture Tour

26000694a Warsaw SKRZYDLATA POLSKA in Polish 17 May 87 p 2

[Article: "Oleg Antonov's Designs"]

[Text] A paper entitled "The Antonov Design Office Working on Behalf of the National Economy" was presented by Engineer Vladimir Pupyshev, affiliated with the Oleg Antonov Design Office in Kiev, this past 30 April at the Mechanical Power and Aviation Department of Warsaw Technical University (PW). Development of designs of the An-2/3, An-8/10/12, An-14/26, An-24/26/30/32, An-22, An-72/74, and An-124 was discussed along with that of the most modern hang gliders and motorized hang gliders. Color slides were used to illustrate the talk. At the end answers were given to questions posed by PW academic employees. The talk was also given on 28 April at PLL LOT and 29 April at the Aviation Institute, as well as on 6 May at the WSI in Radom and 12 May at the Krakow Technical University.

CEMA Aerospace Industry Conference

26000694a Warsaw SKRZYDLATA POLSKA in Polish 24 May 87 p 2

[Article: "Meeting of CEMA Countries' Aeronautical Experts"]

[Text] Aeronautical experts met in Jachranka near Warsaw on 6-11 April to discuss the technical operation of aircraft and equipment from Bulgaria, Czechoslovakia, Cuba, the GDR, Poland, Hungary, Vietnam, and the Soviet Union. The meeting was also attended by representatives of the Polish and Soviet aviation industry. Specialists from agricultural aviation enterprises shared their experiences related to improving the technology of operating agricultural aircraft and equipment, repairs, technology of agricultural aviation operations, and the use of new chemical and biological substances in aerial application operations. The experience of other countries in the realm of managing aerial application and insuring flight safety received a great deal of attention. The presence of representatives of the major producers of airplanes, helicopters, aerial application equipment, and engines from Poland the USSR provided an opportunity for them to learn of users' experience and to present information on new products being prepared. The countries of the socialist communities are presently entering a new stage of cooperation and socialist integration, as exemplified by the direct contacts which plants of the aviation industry in Poland and the Soviet Union are making with each other and the cooperation between the Aerial Application Services Plant of WSK PZL in Warsaw Okecie and Agrarflug in the GDR.

10790

ROMANIA

Analysis of World Economic Problems

27000012 Bucharest CONTEMPORANUL in Romanian No 43, 23 Oct 87 p 16

[Article by Irina Dumitriu: "A Particularly Worrisome Aspect of the World Economic Crisis"]

[Text] Even from a historical viewpoint, the first manifestations of the crisis with a worldwide impact were monetary and financial: inflation, instability in rates of exchange, higher cost of credit, and foreign debt. Unfortunately, however, these aspects did not stay in the domain of history but also constitute the main characteristics of the current international financial and currency situation, taking new forms, some more acute than in the past.

At present, the "swelling" of the operations on the currency and capital markets far beyond the real needs of the world economy constitutes a synthetic indicator of the state of crisis, with international monetary and financial flows coming to exceed 14-28 times the volume of the world trade in goods and services. The unprecedented volume of monetary and financial operations creates a false picture of the real economic situation of the capitalist companies, with financial transactions also multiplying due to negative phenomena, such as the massive indebtedness of the firms and governments. For example, the debt of American firms rose to over $2 trillion in 1986, while their own capital dropped by $171 billion. The involvement of American companies in this massive process of indebtedness is also generating big difficulties in the U.S. banking system. The American monetary authorities declared 138 banks bankrupt in 1986 and put under supervision another 1,484 banks out of over 7,000 insured in the national system. In the first 3 quarters of this year, a new postwar record of bank failures in the United States has already been set through the closing of 141 banks. For another thing, in the March 1986-March 1987 period, the stock indices rose 30.6 percent on the exchange in New York, 50.8 percent in Tokyo, 40.6 percent in Paris, and 19.6 percent in London, without this rise being supported by industrial activity, which, to the contrary, was on the decline in the 2nd quarter of last year, but with it being due exclusively to the increase in monetary and financial operations, including of a speculative nature, beyond the real needs for production activity.

Regarding currency markets, on the one hand, the explosion in operations is the consequence of instability, the result of the attempts to counteract the risks generated by the fluctuation of the rates of exchange. On the other hand, the expansion of these markets (caused largely by the fact that currency constitutes a particularly effective instrument that the big financial powers can manipulate in order to promote their interests) is now leading to an opposite phenomenon, that of limiting the control that the industrialized Western countries can exercise over national currency, which increases the instability of the rates of exchange and makes it difficult to evaluate its effects on the economic processes in the world economy.

Moreover, the many attempts at currency stabilization in recent years—the Plaza agreement, in September 1985, and the Paris agreement, in February of this year, later reaffirmed at the high-level meeting of the leading Western countries in Venice and during the meetings prior to the annual meeting of the IMF and the World Bank—have demonstrated that, in practice, the monetary authorities in the leading Western countries have not managed to maintain order on currency markets except for short periods of time. The inability of the central banks to lessen the big fluctuations in the rates of exchange is related to the objective limit of the monetary reserves that can be involved in operations for intervention on the market. For example, the daily average of the volume of currency operations on the markets in London, New York, and Tokyo totals $188 billion, while the total of the official reserves of the member countries of the "Group of Five" (the United States, Japan, the FRG, France, and Great Britain) comes to $202.6 billion.

The instability on the currency markets is discouraging investments and international trade, eroding the confidence in economic activity. The fluctuations in the rates of exchange are causing on the foreign market rapid changes in competitiveness not connected with production and marketing activity proper, which is leading to the escalation of protectionism.

The rapid and extensive changes in the ratios between the Western currencies in which international prices are expressed are creating complex problems connected with the comparability of the value amounts exchanged on the world market, which gives rise to confusion. A comparative analysis of the export and import prices for the main groups of products in the structure of West German foreign trade shows that in 1986, as compared to 1985, the prices expressed in dollars rose 13-40 percent, while those expressed in West German marks rose 4 percent at most or even dropped. Moreover, the evolution of the rates of exchange is leading to real changes in international prices. The strong depreciation of the dollar in the last 2 years in relation to the West European currencies or the Japanese yen has led to a real reduction in prices in the case of many exporters in Western Europe and Japan, which preferred to maintain their quota on the U.S. market through the reduction of business profits. The amplitude of the rate fluctuations in the currencies utilized on the international financial and capital markets is also having a negative effect on the foreign debt of the developing countries. In the case of contracting for loans in one currency with a clause on repayment in another currency, the depreciation of the currency in which the debt is paid in relation to that in which the loan was granted raises substantially the burden of repayment without really producing any change in advantage as a result of the debt incurred.

The evolution of interest constitutes another destabilizing factor in the financial and monetary sphere. Arising initially in 1978-1979 and resuming even more strongly in 1980-1982, the escalation of the interest rate coincided with the other negative phenomena in the world economy—inflation, imbalances in international payments, fluctuations in rates of exchange, and foreign debt in the developing countries—making worse and more and more difficult the task of emerging from the crisis, of eliminating the underdevelopment in which two-thirds of the population of the globe exists. Even if the nominal interest rates are now considerably lower than the record levels of more than 20 percent in 1981-1982, what counts, in particular, is the fact that the real rates (the difference between the nominal interest rate and the inflation rate) have stayed at unjustifiably high levels since the start of the 1980's. Beginning with the 3d quarter of this year, one observes another alarming upward trend in nominal interest rates. The higher cost of international credit has had a strong negative effect on all states, but especially the developing countries, with the burden of higher and higher interest payments reducing their possibilities of paying the foreign debt. Recent calculations made by Latin American economists show that a 1-percent increase in the interest rate now raises by approximately $4 billion the level of the service on the foreign debt of the countries in Latin America. At the same time, the high level of interest has reduced the volume of the net transfer of capital (the capital that can be used by the developing countries to pay for imports and to attain the objectives of development), obliging the debtor countries to use to a greater and greater extent the income achieved from exportation for the annual payment of the service on their foreign debt. Moreover, the interest practiced in the developed capitalist countries diverts to them big flows of capital that could be used, under other conditions, to finance production activity in the developing countries.

It can thus be noted that, in addition to the fact that they represent in themselves features of the crisis in international financial and currency relations, the instability in rates of exchange and the high level of interest are also factors worsening the foreign-debt crisis, which has become in the past decade the most serious form of manifestation of the world economic crisis. Its current level, over $1 trillion, is no longer considered controllable even by the biggest banks in the world and is creating insoluble problems both for debtors and for creditors.

Constituting above all a factor blocking the possibilities of development and progress by the developing countries, their foreign debt is affecting all countries, including the developed ones, in that the efforts at payment are having particularly strong repercussions on the foreign trade of the debtor countries, inevitably leading to the limitation of its volume and, consequently, the shrinkage of the world market. Moreover, the foreign debt of the developing countries has come to be two times bigger than the value of the total exports of goods and services by this group of countries. In the future, the foreign-debt crisis has chances of worsening, since the sum of $400 billion, which represents the long- and medium-term debt falling due, must be paid in the next 5 years. However, the present economic situation and the prospects of moderate growth by the developing countries will not permit the payment dates to be met, leading to the concluding of new agreements on rescheduling.

For another thing, the continual reduction of the possibilities of payment in the developing countries has caused the big credit banks in the United States (also followed by many banks in Great Britain) to substantially increase their reserves for covering the risk in the loans given to these countries this year, a measure that limits even more the loans to the developing countries and can create big financial difficulties in the American banking system.

Under the conditions in which it has become more and more evident that the foreign debt of the developing countries has profoundly destabilizing consequences on the world economy on the whole, the problem of finding solutions for emerging from the crisis has represented in recent years a common concern of the creditors—the industrialized Western states and the international financial organizations—and the debtors. After the austerity programs imposed by the International Monetary Fund on many debtor countries eventually led to an economic slowdown or a recession and, implicitly, to a drop in the standard of living, other solutions have been attempted in the last 2 years, like the conversion of part of the foreign debt into national currency in the form of shares in capital or the payment of the debt through sales of traditional goods. But these methods are also being criticized by representatives of the developing countries as generating inflationary pressure—both due to the transfer from dollars to national currencies that are continually depreciating and as a result of the fact that investors in the industrialized countries can buy parts of the foreign debt of these countries from the credit banks with a disagio of up to 25 percent of the converted debt. In addition, it is felt that an economic climate favorable to the massive entry of foreign investments does not exist in the debtor countries.

In the light of these realities, the need for a radical solution, for the attainment of a new international financial and monetary order, is even more evident.

This is why Romania's proposals for an overall, political and economic solution to the problem of foreign debts and excessive interest, contained in the document presented at the annual meeting of the IMF and the World Bank (29 September-1 October of this year), constitute a particular contribution to improving the world financial situation. Romania supports the necessity of creating a new, fairer international financial system that constitutes a real instrument for stimulating economic activity, an effective support for the developing countries. In the Romanian view, the world financial system must stop being an instrument in the hands of international financial capital, of the developed capitalist countries, through which they unjustly appropriate the labor of other peoples, whose situation is worsening year by year. This position denotes a realistic understanding of the role that international credit must play in the promotion of trade and economic development in general, of progress in the developing countries. In addition, Romania feels that the IMF and the IBRD [International Bank for Reconstruction and Development] must reconsider fundamentally their policy and practices used, democratizing their entire activity, so that the member countries of these organizations, especially the developing countries, have a bigger role in establishing the measures and adopting the decisions. Only in this way can they actively help to promote a fair, democratic financial and currency system and can they fulfill the mission for which they were created, that of playing a big role in maintaining the stability of the world economy, of the financial and currency system. The substantial proposals presented by our country at the annual meeting of the IMF and the World Bank again show Romania's concern for the condition of the world economy, again attest to our country's firm determination to contribute actively to solving the serious problems with which mankind is confronted.

12105/09599

New Railway Line in Country

AU131628 Bucharest AGERPRES in English
1955 GMT 11 Dec 87

[Text] On December 11 the Deva-Brad railway was made operational which is an objective of great economic and social importance meant to improve passenger and freight transport between the Apuseni Mountains and the other towns of the country. This impressive main line includes 77 bridges, 10 viaducts, 4 tunnels. Over 2 million cu.m. of rock were excavated and almost 0.5 million cu.m. of concrete were cast.

0948

New Commercial Ships

AU272233 Bucharest AGERPRES in English
1844 GMT 27 Nov 87

[Text] The first Romanian 85,000-dwt oil tanker, "Prahova", built at the shipyard in Constanta, was delivered to its beneficiary—"Navrom" enterprise in the same town. The ship, that is going to leave on its maiden voyage, is equipped with a rapid 15,200-hp engine built at the mechanical enterprise in Resita, with a speed of 13 knots per hour. It boasts modern equipment—automatic pilot, high-tech instruments, all manufactured in Romania. The shipbuilders in Constanta are producing other types of ships meant for the Romanian commercial fleet. Among them are the 165,000-dwt ore carriers, the largest ships ever built in Romania, as well as 12,000-dwt ferryboats that are to start sea tests. In their turn, the shipbuilders in Braila have launched a new 7,500-dwt cargo, the 23rd one of its series, and will launch the fourth 4,000-dwt multipurpose tanker meant for export. Another ship of the same type is in an advanced building stage and is to be exported as well. Several 15,000-dwt multipurpose cargoes have already been or are to be launched from the Port of Constanta.

0150

New Compressor Station

AU291453 Bucharest AGERPRES in English
1753 GMT 27 Nov 87

[Text] A major unit of the oil industry technological tests have started on a major unit of Romania's oil and gas industry: the Videle-Vest compressor station. It stands out by its performance as well as potential for the extensive use of a modern extraction technology: in-situ combustion that raises the recovery index. In a first phase, the Videle-Vest station will daily supply a quantity of 1.6 million cubic meter of air for underground pumping. Twenty-two wells have already been drilled in the Videle reservoir where in-situ combustion is used. In another oil field, at Suplacul De Barcau, this technology has brought the recovery index to 47.5 per cent, from just 10 per cent. Romania is greatly concerned to improve the oil recovery index. More than 250 reservoirs are now heat and chemically treated. Since 1974, when a higher recovery index programme was adopted, the crude output has increased significantly higher than the average recovery indices were reported at 150 reservoirs. Overall, the recovery index has increased by an average 2.2 per cent. Measures are being taken for the recovery index to average 40 per cent by 1990. New compressor stations, new plant and equipment, the improvement and diversification of the crude extraction techniques are just some of them.

0191

END

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