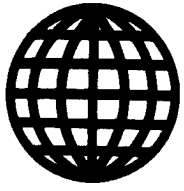


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ALBANIA

Need for Struggle Against 'Sectarianism' in Party Life

21000009 Tirana ZERI I POPULLIT in Albanian
13 Jan 88 pp 3-4

[Article by Halil Lalaj: "Combatting the Sectarianism of Today and Preventing the Opportunism of Tomorrow"]

[Text] Since its birth and throughout its life, the party has been strongly involved in the class struggle; it has fought against and been victorious over external and internal hostile activity; it has combatted and continues to combat alien world-views for our society, whether conservative or liberal; it has never accepted biased sectarian positions. It has not combatted sectarianism from the position of concessions, from opportunism in the class struggle, from the liberal position. In this way, our party's line has been and is always involved in the struggle against these two extremes. Comrade Enver harshly criticized that lack of attention to sectarian attitudes occasioned simply by the sharpness which occurs at certain problematical moments in the fight against opportunism and liberalism. He emphasized that those who underrate the danger of sectarianism, even at such moments, prepare the way for the opportunism of tomorrow.

In life, however, in people's daily activities, not a few alien manifestations are observed and, at the same time, liberal opportunist attitudes are held toward them. Just as many narrow sectarian judgments and actions are made against them. How you judge the effectiveness of the struggle against opportunism and liberalism, as well as against sectarianism, depends upon the concepts that are created for both sides, the concrete manifestations that are exhibited at certain times and the damage that they do; it then depends upon the organizational ways and forms that are used.

The aspects taken on by sectarianism, the forms of its appearance, are not as limited as is often thought in practice. It begins with ideological and socio-political aspects and extends many problems of the work methods of various organs and organisms, of management, etc. At the ninth party congress, Comrade Ramiz Alia pointed out that "Sectarianism as a concept is harmful, because it is attached to the past, it does not see the evolution which has taken place, the transformations which have occurred, the changes in material conditions and in social relations, especially in the intellectual life of society." As such, this practice always deserves harsh opposition, first and foremost from the party organs and organizations.

Sectarian phenomena do not show their true colors. Understandably, it is not easy to catch them immediately and to denounce them as such. Sometimes, they disguise themselves as "exigencies" in the class struggle; at other times, they appear in "prudence," for example,

in elevating young cadres to managerial positions (in these cases, there is no lack of references to the proverb, "Measure seven times and cut once"); in other cases, you encounter a fetish with rules, regulations and past traditions. We are not speaking here about some excessively extreme attitudes, such as occurred some time ago in Puke District, when the apparatus of the party committee communicated to the bureau of this committee its opinion regarding the admission of someone to the party, taking into consideration the former politics of his relatives: During the war, one of his cousins had held views not considered good by the party. This type of sectarianism is easily recognizable and should be criticized. But sectarian manifestations of this type are somewhat camouflaged. They are based on biographies half a century old, sometimes treating them with astounding bureaucracy which divests the cases of the concrete circumstances which occurred in connection with one or another event in the life of certain people. Naturally, we are not speaking of the "archiving" of the political past of the family or relatives. No, this is always taken into consideration. But this does not mean that it should hold incongruous sway. The same should also be said when some old error, erased with time, often appears like a shadow when a decision regarding a communist or cadre is being discussed—to transfer him, for example, to elevate him to a position of responsibility, etc.

Political trust is undoubtedly a fundamental criterion in many areas, such as admission to the party, cadre policy, etc. But if it has evolved as a problem, it has remained somewhat backward as a concept, often taking on sectarian colors. The former political views of parents and relatives are important, but are their views of the past 40 years not a little more important? Are not the personal views of the individual—cadre or communist, young man or young woman—also expressed in political activity? The party has spoken continually about these matters. It is important to understand this correctly, ideologically and politically, to understand the evil that results from every narrow sectarian act. Nothing positive can be expected from someone who commits such an act; it becomes an acute problem when it is not a question of one or two people falling into sectarian positions, but when state or party organs and organisms do so. Practice has shown that these attitudes give rise to the accumulation of dissatisfaction, and where they take root, apathy and indifference often occur, which result tomorrow in an acute form of opportunism.

But we think that the opportunism of tomorrow is served not only by this sort of sectarianism. Some concrete manifestations which we encounter in life lead to needs for more correct and fuller conceptualizations in many areas, for every party directive. Admittedly, sectarianism is frequent in regard to the young. What has been achieved is undoubtedly a great deal. And it would not have been achieved if the party had not aspired so much for youth. That is the general picture. Much has been done, especially in recent years, to elevate young cadres

to managerial positions, for example. Now, it seems quite anachronistic that there should be hesitation on the part of some managers in districts and offices in regard to the circulation of management cadres in a well-known district. But the attitude toward youth is wider and more pretentious than that. Are the specialists properly heard by the party organs and organizations, by the state and economic organs? A sectarian immediately opposes these questions: "Who stifles their voices? Who hinders their independent action?" In a sense, no one. But there is also another truth—that specialists are not properly heard, their potential is not properly "harvested." And when they are not heard sufficiently, that is only a sign of disinterest in their opinions. In other cases, it happens that many able, original specialists develop their opinions with interest, but they are confronted with a wall of indifference, which seems to accord better with old practices than with new problems. Such attitudes then lead to lassitude and a cooling of creative passions.

In the past 2 or 3 years, especially after the ninth party congress, there has been an increased initiative in the movement of youth and the masses, with concrete and massive actions. This has further vitalized not only the life of the youth organization, but has given more vitality to life everywhere. Nevertheless, there has been inadequate attention on the part of party organizations with regard to drawing conclusions from this situation and with regard to advancing this vigor and dynamism of youth and all the masses. There are many such examples throughout various districts and sectors of the economy and culture. We arrive at a concrete example now, the sum of a general situation: the ninth Youth Congress. Among other things, it shows the wisdom that youth possesses. At this congress, observations were made and opinions given which have great value for various ideological, political, economic and social spheres, as well as with regard to organization, etc. The apparatus of the BRPSH [Union of Working Youth of Albania] has been attentive to these opinions. But rarely have their state organs, ministries, party organizations, etc. approached our young comrades with the proper attention to correct quickly one or another observation by young people at the congress. This is a sign of lack of concern.

An initiative, an action and especially a movement needs to attract as many people as possible, as well as a wide range of opinions. Otherwise, it would become dangerous. Only our system, socialism, gives a great deal of room to initiative and independent action, because they serve it. It is true that the masses in our country have learned by actions and initiatives. And when they have been made on a massive scale, they have had a great effect, particularly with regard to innovations they have brought.

There are outstanding examples in the area of cattle herding in agricultural brigades. Their progress has been varied. It seems to us that there is a need, here and there, for greater dedication. And it is precisely here that sectarianism is felt as well, so that there should be no

lack of discussion of the importance of party directives. The role of the brigade collective and the village is a determining one. What could a brigade do if it were given an old cow? What could a brigade do if it were not given enough land on which to plant crops or hay? Some managers say that poultry should be raised in yards, that peasants should have more meat and not lack eggs. But does this comrade in a district or in a cooperative struggle forcefully to implement these instructions, setting things in motion, even with regard to veterinary service, for this purpose? It is not only these things that ensure implementation of directives, but you must be closer to the issue, you must assist in this movement, wherever your workplace is—in a cooperative or in a district, in a ministry or in other central apparatuses.

On the basis of all of this, what way is left open for the opportunism of tomorrow? It is difficult to have a more acute opportunism than that which, not being based on the new and maintaining a passive attitude in revolutionary initiatives and movements, thus yields ground to the old, becoming an advocate of the backward. The masses, for example, selected a way of herding cattle in brigades in order to realize, as quickly as possible, an objective of the congress. But it happens that someone is not stimulated, is not encouraged to support this with all his strength, thinking it entirely "the work of others." This will mean that a task is comprised which is considered to be one of the most important in the party's program to increase the well-being of the people.

The party organs and organizations must confront sectarianism directly, distinguishing more clearly where and how it manifests itself, who nourishes it and is responsible for the damage it does. The ninth party congress emphasized that the sectarian, not being in a position to understand the dialectic of life, falls into conservatism and dogmatism. It is also well known, the congress repeatedly pointed out, that unlike the true proletariat, the petit-bourgeois has a tendency toward sectarian judgments and actions. In this respect it is completely understandable that somewhere, a civil servant, who cares more than anything about a corner chair he has placed—one "embroidered" with the unforgettable traits of his old grandfather and great-grandfather—does not forget his in-laws or his relatives, but forgets the essential features of the man about whom he is talking. On the other hand, it is necessary that the party organizations should remove that man who stimulates the class struggle artificially. It may happen that a manager gathers around himself incapable and mediocre individuals, because they "follow orders," but the party organizations are obliged to interfere in order to correct such a practice. The sectarian is attached to the old and looks doubtfully on the new. The first thing he will do is to collect examples of defects in what is new, as though nothing good existed in it. Again, it is the party organizations, as organizations of progressive and courageous communists, which must become a strong foundation for the new, for the creative initiative of the masses.

There are also other concrete phenomena which, at a keen glance, lead to sectarian activities. Not fulfilling tasks in a sector and taking responsibilities lightly, not taking any punitive measures—that is a liberal, opportunist attitude. On the other hand, a preference for correcting a situation with administrative measures alone is nothing more than a sectarian solution. In the mines of Bulqize, a few cadres find that they are not punished for nonfulfillment. Have all of them done the same? Another phenomenon. If someone does damage, he must make restitution. This requirement must undoubtedly be applied correctly. But forced restitutions in an enterprise are limited almost exclusively to the workers, when the managers are often also not blameless. Is this not sectarianism? In trade, deficits and surpluses occur. Sometimes those responsible are caught and punished. But why are those who have been placed in control almost always let off? Even worse, there are cases where nothing is learned from what has occurred. It has even happened that these cases have not been analyzed by the party organizations. This means that the effects are not complete, it means that responsibility again has no organization or control. Then this causes cases of violations to be repeated elsewhere, and next, other fines are observed again, expulsions from the workplace or graver punishments. Understandably, all this aids the opportunism of tomorrow.

Sectarianism does not appear in ready-made forms, nor is it combatted with prescriptions. It is important that a true revolutionary environment should be alive everywhere with concomitant social warmth. Such a climate cannot accept opportunism, liberalism or sectarianism. And if these evils appear somewhere, it is this militant thought which will curb them, since they are based on the new.

12249/9604

Shortcomings in Cultural Education in Vocational Schools

*21000008 Tirana ZERI I POPULLIT in Albanian
19 Jan 88 p 3*

[Article by Besnik Mustafaj: "Broader General Culture in Secondary Vocational Schools"]

[Text] While speaking at various work and production centers in which there is a more or less a considerable number of young workers with secondary education who are attending vocational schools with separation from work, the question of what sort of cultural education they have was answered, in summary form, in this way: "Vocational education is much more thorough than general cultural education." Naturally, equipping pupils with a good vocational education is one of the great achievements of our new schools and constitutes a great contribution to the modernization of production. This is a fact of our well-being and we will not pause to discuss it here. But the contradictions encountered between the level of vocational education and the level of cultural

education of pupils in these schools points up an important problem which requires attention and study, together with all the obvious improvements that have been made during the last 5 years.

Before stopping to analyze the problem concretely, let us briefly consider the consequences encountered today in practice, through the enterprises where the former pupils of these schools are working. The directors of youth organizations say that for the most part, the desires of young people for organized activities are limited to evening dances and athletic activities, and there are almost no requests for activities involving art books or encyclopedias, symphonic music or architecture, archeology, history, etc. Certainly, evening entertainment or athletic activities are requirements of the age and we do not want in any way to deny their importance, but everything should be in proportion, and there is a need for a much wider range of likes and interests. Similarly, the libraries of enterprises are almost totally unused by them in an individual manner, just as the National Library, neighborhood and other city libraries have a much more limited number of readers from this group. Although these young people have generally studied a foreign language for 8 years in school, there are actually very infrequent instances where one of them is able to use foreign artistic or technical and professional literature. It is apparent that they follow the movies, but their taste often runs to Albanian films or foreign ones which are not thought by critics to be among the most prominent achievements. Consequently, the conclusion is that where we do not have broad and generally solid culture, there is great danger of destruction and vulgarization of the tastes of youth, a narrowing of their cultural interests, which also has damaging results in their attitude toward work, since it creates a narrow technicalism in their manner of life and impoverishes it. Understandably, there is involvement here of many party levers which recognize that there is room for tangible improvement, but we are only considering the school, as one of the major centers where our attention must be directed.

In all the secondary schools to which we have gone, it seems that an important change has begun during the last 5 years. How far has this change progressed until now? Many programs in vocational subjects have had excessive and unnecessary weight removed, leaving more room for general cultural education. This work has also been based on a study carried out by the Institute of Pedagogical Studies. It is truly a pleasure to see that such fundamental subjects for general cultural education of youth as mathematics, physics and chemistry receive a broader application and a deeper treatment. Nevertheless, this still cannot be said for all socio-political subjects. For the sake of comparison, we will take three subjects studied in these schools: Marxism, literature and foreign language. Together, during 4 years, they are studied for a few hours more than physical and military training. This is only one example to illustrate that the program still has room for reconsideration. Particularly now, after the task set by the party to avoid narrow

specialization and pursuing broad specialization in secondary vocational schools, it is a matter of studying once more, as a whole, what can be done for the general cultural education of these pupils. We must emphasize that the problem is not being discussed in comparison with the educational program of secondary general education schools. The two school systems function for two different purposes and are defined quite specifically. But some subjects, such as foreign language, for example, do not enter into these specifics, so that there is no reason for using different textbooks or for the number of study hours to be much less than in secondary general education schools. Similarly, many teachers of literature and Marxist-Leninist subjects in secondary vocational schools say that there is a need for the study of the history of Albania, which is lacking in their hours. We are not in a position to say that one or another vocational subject is being given too much emphasis. But even in a few brief conversations with teachers, they say that within the existing program there are particular sections and themes which are studied both in physics and chemistry and in other vocational subjects, despite the fact that the content is the same. We give this thought in order to say that there are unused reserves.

Pursuing the problem, it is evident that one major defect is the mechanical teaching of the pupils. The weakness seems to us to lie basically and chiefly in the manner of instruction, which does not arouse in the pupils a love of concrete writing, it does not reveal, convincingly, the benefits of artistic literature to the reader. While weaknesses in the best possible assimilation of vocational subjects are grasped more easily, the practical aspect is more obvious. Consequently, a situation has been created which aids the unjust division of subjects into those of primary importance and those of secondary importance—into which it is precisely many of those subjects of general culture which have been inserted. This very harmful concept begins with the pupils, but is also furthered by many lazy, unenthusiastic teachers, and even by school principals. Controls exercised by the Ministry of Education indicate that in many schools, such principals cannot even monitor foreign language study for the minimum number of hours.

But outside the teaching program, do there exist other ways of extending the horizon of general culture for these pupils? We mean that within the framework of the school there are possibilities created by the party by means of increasing and strengthening the means of mass information, which are always a great help for this category of youth. "After meeting the writer, Nasho Jorgaqi, there have been many pupils who have been stimulated to read his books," says Ledine Picari, secretary of the youth committee of the Tirana secondary electrical school. Sami Xhango, a literature teacher in the "7 November" secondary industrial school, confirms this. "But," he adds, "such meetings occur only during literature month, when the League of Writers and Artists has been interested in having the activities." Drita

Caushi, a teacher of Marxism and a head of the commission for this subject in this school, says that "a meeting which took place a short time ago, with a lecturer, about the truth of the restructuring in the Soviet Union was followed with great interest not only by the pupils, but by the teachers as well." All the better! Then why not develop such meetings and talks in a systematic manner? When weaknesses have been seen, how can the initiative be left outside the school? We think that the establishment of an extended lectorate must be made in an organized and focused manner by the teaching departments of districts, so that it may have a continuity and so that the themes to be treated may not be left to chance; they should also be relevant and supplementary to the teaching program. All the possibilities exist. The olympiads and competitions are not only a national activity under the direction of the Central Committee of the Youth Organization and the Ministry of Education. They need to be continually varied, first directly within the schools and in a circle among schools, since it has been seen now that such activities stimulate the pupils greatly to reading other works. Nevertheless, this is not done in a proper manner, just as in many cases the "Young Person of Letters" clubs or other extracurricular clubs concerned with general cultural subjects are still anemic and formal. It is evident, therefore, that if they are sought, there are many ways to resolve the problem.

In contrast to the secondary general schools, the pupil in a secondary vocational school must study—and study equally well—two curricula: vocational education and general cultural education. Due to the types of information they each treat, there are few points of intersection.

In conversations with pupils and teachers, as well as with specialists at the Institute of Pedagogical Studies, the question arises as to whether it would be appropriate to study the need for different time frames for secondary vocational schools and secondary general schools. Perhaps an additional year for the former would make it easier for both the pupils' work load and the enlargement of the number of general cultural education subjects. A concrete study of this problem seems to us to be advantageous, as the time has come to decide on a studied, programmed, unified basis for the whole issue of further training through centers of production for specialized workers with secondary vocational education, a program which would be organically connected to the amount of knowledge achieved by them in school and an extension of this knowledge. On this basis a new possibility would be created to review the program of vocational subjects in school, the study of which there is no reason to see as a closed cycle. The times require, therefore, that all ways should be considered and used as well as possible, so that pupils completing secondary vocational schools will have a broad cultural horizon as citizens.

BULGARIA

Pollution Problem in Ruse

22000021 Sofia NARODNA KULTURA in Bulgarian
12 Feb 88 p 3

[Appeal by Bulgarian Painters' Union: "A Cry for Ruse"]

[Text] "I do not want more chlorine! When there is chlorine I feel sick, I vomit, my head aches, I cannot breathe and my eyes become inflamed!"

Boryana, 12 years old.

Creators of Bulgarian culture:

For the past 5 years the population of one of the most beautiful Bulgarian cities has lived in a chemical warfare situation. We cannot even imagine the real extent of the damage.

Children are stillborn or else their chances of reaching adulthood are small. Gradually but inevitably nature is perishing: leafless trees, dead birds, lack of air.... The people of Ruse are being condemned and doomed to a situation marked by constant fear and concern. Atmospheric pollution has exceeded all admissible thresholds and standards by several hundred percent. The people are losing faith in institutions, managements and, above all, in the forces of human mutual aid and solidarity.

Some positive steps were taken lately. It was reported that the plant has stopped production for reasons of reconstruction. Some departments, however, are continuing with their deadly output. Once again, recently, Ruse was covered by a thick poisonous cloud. The responsibility which all of us bear, particularly those among us who have creative talents and the social opportunity of exerting some influence is self-evident. That which cannot be expressed officially must be voiced in such a way as to be heard and realized. The voice of art has always had the power of the truth. More than ever, this voice must now thunder like an alarm bell.

The city of Ruse, the fate of its people, are putting to a test the conscience of the nation and the Bulgarian painters, writers, journalists, composers, actors, architects and performers. No one will forgive us for our lack of information as to what is taking place, for tolerating more than human dignity allows, for having been less citizens than artists! The creators of spiritual values have no right to be indifferent. Silence hurts worse than poison gas!

"A cry for help!" Such are the opening words of thousands of letters written by Ruse mothers. Here are some of them:

"...We want the shutting down of these chemical plants!

"Will you allow similar cases after Chernobyl and Bhopal?"

"Do we, the 250,000 people of Ruse, have no right to a future?"

"We want to live and work normally, without fear.

"Support our demand!"

"...I feel fear, horror and pain. What if there is an accident? I live along the river. My twins attend school. At the last PTA meeting the homeroom teacher said that she will be sending back children who show up in class without masks in their bags. Is this the way we have to live?! The children themselves are beginning to fear for their lives.

"Where is this clean air to be found?!"

"...We have had enough of the 5 years during which we were being poisoned with chlorine, we have had enough of miscarriages, still-born and crippled children! Stop! For a long time we have been stewing in this bucket of chlorine silently, in the hope that the air will be cleaned.

"Our patience has been exhausted. We believe that, like all other citizens of our republic, we have the right to live with a feeling of having a future, of building the future of our children and grandchildren.

"The chlorine plants must be stopped. This is the demand of all mothers who want to protect their children's lives....

"We beg and hope for support! Please, support us!"

The Bulgarian creative workers must respond to this cry for help through their art, their social presence and authority. Together we must create an atmosphere of mutual assistance and solidarity with the citizens of Ruse. Socialist Bulgaria has the power and possibility of guaranteeing the lives of its citizens. We do realize that the problem has its political side, but when it becomes a question of the lives and destinies of people no other considerations are or could be valid. There is no policy higher than that of Man, a policy proved through action and not words! Ruse's fate is the fate of the nation!

Ruse must not perish!

The people must live!

5 February 1988

Administrative Council of the Bulgarian Painters' Union

The editors of NARODNA KULTURA add their voice to that of the letter-appeal of the Bulgarian Painters' Union. You, the creators of culture, must support it! The city of music, the city of Baba Tonka and Zakhari Stoyanov, the city of Bulgarian-Romanian brotherhood deserves it!

A copy of this letter was sent to the Romanian Painters' Union.

05003

CZECHOSLOVAKIA

Central Committee Rules on Membership Discipline

24000063 Prague ZIVOT STRANY in Czech No 2, 1988 pp 5-8

[Article: "Instruction of the CPCZ Central Committee on Disciplinary Proceedings and Decisions in Membership Matters in CPCZ Agencies and Organizations Approved by the Seventh Session of the CPCZ Central Committee on December 18, 1987"]

[Text] The Communist Party of Czechoslovakia is a tried and true militant vanguard of the workers' class and of other working people, and the leading force in our socialist society. To further intensify its role as the advance guard, the communists must continuously observe the party's statutes and fulfill their tasks stemming from the decisions of the party's congresses, authorities and organizations. Their acts and examples will galvanize the working people for the fulfillment of the party's strategic policies for an accelerated socio-economic development of our society.

One of the essential preconditions for the fulfillment of such challenging tasks is scrupulous party discipline which must always be the focus of attention of our party authorities and organizations; they must constantly strengthen their ideological, organizational and operational unity, and boost the fighting power of basic organizations and communist activities and involvement; they must protect the party's revolutionary, pristine character and the good name of the communists, and to that end, uphold the principles in disciplinary proceedings.

When taking disciplinary action and dealing with membership problems the party authorities and organizations will proceed consistently from applicable articles of the party's statutes.

Basic organizations, party authorities and the control and audit commissions must consider and discuss the information and complaints submitted by the communists and other citizens about improper actions and

conduct of party members (candidates). Party investigation, which is not a disciplinary action, serves to examine the veracity of the charges, so that an objective attitude to them may be adopted.

Party investigation is initiated by an appropriate party authority or by a membership meeting of the basic organization. As a rule, it will be conducted by a committee or by appointed members of the basic organization; with members and candidates of party agencies it will be conducted only with the knowledge of those agencies or of authorities on higher levels of the party structure. The grounds for the initiation of party investigation must be discussed without delay with the member (candidate) in question who must be accorded an opportunity to express his standpoint.

Party investigation will be closed by the same authority or organization by which it was initiated. If the investigation determines that the member (candidate) has not violated any party regulations, the charges will be rejected. If the information of complaint is confirmed, but if it does not represent any serious violation of the party's statutes, then the member (candidate) will be subjected to comradely criticism, admonition or instruction, his errors will be pointed out to him, and measures to correct them will be stipulated.

If a serious violation of the party's statutes is confirmed, a membership meeting or an appropriate party authority will decide to initiate disciplinary proceedings. A membership meeting or a competent party authority may adopt party decisions even without initiating disciplinary proceedings, if the investigation has clearly established and duly confirmed the charges, and if the member (candidate) was able to state his position on the ascertained facts. In such instances party penalties may also be imposed because the initiation of disciplinary proceedings would be a formality. The party authority will inform the basic organization in question of its decision to initiate party investigation and disciplinary action with the ensuing consequences.

Disciplinary actions help enforce party discipline and observe party regulations, laws and adopted decisions; their effect is educational. On its basis the motivation and the extent to which the principles have been violated are determined and the violators are called to responsibility. A membership meeting of the basic organization or a party authority on a higher level of the party's structure will decide by an absolute majority of votes of the members present at the meeting that disciplinary proceedings be initiated. The basic organizations may also introduce disciplinary actions against their members (candidates) appointed by the party to serve in state, economic and public agencies and organizations. They must inform about the initiated action the party authority in whose nomenklatura these members (candidates) are classified; with their knowledge they will determine the penalty, up to the expulsion from the CPCZ.

Authorities whose officials these members (candidates) are, or party agencies on a higher level of the party structure will decide to initiate a disciplinary action against members or candidates of district committees, higher party authorities and against the members of the control and audit commissions. A competent party authority may authorize the basic organization to conduct the disciplinary action. It will proceed from the nature of the offense and from the possibility of a comprehensive examination of that offense. It supplies its findings, data and specific assistance to the basic organization. The basic organization may impose party penalties up to reprimands with warnings, of which it will inform the appropriate authority. If the basic organization proposes expulsion from the CPCZ or removal from the party office, it will submit to that authority the findings of the disciplinary proceedings.

Municipal, local, factory-wide and enterprise committees which do not enjoy the prerogatives of district committees in membership matters, and partial organizations do not have the right to introduce a disciplinary action and to impose party penalties; however, they may suggest to a party organization that a disciplinary action be initiated against individual members and candidates. They will submit their findings to basic organizations which will examine and discuss them, and then announce their decision. If need be, they may be appointed by district committees to assist in the deliberation of disciplinary matters.

The motion for the initiation of disciplinary proceedings on the level of the basic organization is submitted at a membership meeting by the committee of that organization which will ensure that the member (candidate) against whom the disciplinary action will be conducted be promptly informed about the motion, and that he is duly invited to participate in the membership meeting. If he refuses to attend, the membership meeting will discuss the charges and announce its decision even if he is not present. For the disciplinary action the membership meeting will appoint usually a 3 to 5-member disciplinary commission chaired, as a rule, by a member of the committee. Party authorities and the party's control and audit commissions on a higher level of the party structure will appoint similar commissions composed of their members, members of the working committee and functionaries of the party apparatus.

Party agencies and their executive boards on higher levels of the party structure will order the initiation of disciplinary proceedings against their members and candidates, and the control and audit commissions and their executive board against their members. The motion will be presented to the agency by its executive committee, to the executive committee by the secretary in charge, to the control and audit commission by its board, and to the board by its chairman. Territorial administrative and party authorities may appoint control and audit commissions to conduct disciplinary proceedings against the nomenklatura cadres.

The disciplinary commission must inform the member (candidate) of his rights and obligations, examine his actions, determine the motivation that resulted in the violation of the party's statutes, explain and prove the offense committed, and draw appropriate consequences. It will collect documentation about the member's (candidate's) conduct that contradicts the party's statutes, and the statements about the presented facts made by the member (candidate) himself and by the members of the commission. It will draft a record of the disciplinary hearings, which will be signed by the member (candidate) and by the members of the disciplinary commission. It will examine every document and evidence of violations of the party's statutes, and draft a report which will include basic data about the member or candidate and the articles of the statutes that were violated, and propose a decision. The member (candidate) against whom the disciplinary action was initiated has the right to take part in the discussion and to express his view about the report drawn by the disciplinary commission.

The membership meeting or the party agency will discuss the report submitted by the disciplinary commission, and vote on its proposal. The member (candidate) must be duly invited to this membership meeting or to the session of the agency. If he fails to appear without a valid reason, the meeting may be held and a decision announced even if he is not present.

The basic organizations and party authorities which initiated the disciplinary proceedings will bring them to a conclusion even if the member (candidate) has meanwhile transferred to another party organization.

If the disciplinary action establishes that the member (candidate) has not violated any party statutes and laws, it will be closed without imposing any party penalty. If an offense is confirmed, the following party penalties may be imposed pursuant to the party's statute: admonition, reprimand, reprimand with a warning, or expulsion from the party, which represents the ultimate party penalty. In justified cases the party may penalize a member (candidate) by recalling him from the office to which the party has appointed him.

According to the type of the offense, the recall from the office to which the party has appointed him may be imposed with or without an additional party penalty. If this concerns a deputy in one of our representative bodies, he may be recalled from the office by the communists in appropriate agencies of the National Front. In public organizations the communist members of those organizations will make such decisions. A recall from an economic office is made by appropriate economic authorities.

If the member (candidate) of the party who holds a nomenklatura position is subjected to a party penalty in the basic organization, the agency of which he is an official according to his cadre rank must deliberate whether in addition a cadre judgment may not be necessary.

Disciplinary proceedings and their results are a school that teaches every communist. Party authorities, membership meetings, committees of the basic organization and party agencies must draw consequences for their further activities from the circumstances that led their member (candidate) to violate the statutes.

If a member (candidate) is brought to responsibility and if consequences are drawn from his violations of the party's statutes, laws and norms of our socialist state, it not only teaches but also systematically purges the party of all those who deviate from its ideology and organization and who damage its unity and interests.

Party punishment is one of the instruments that teach and cleanse the party's ranks. Party authorities and organizations may issue their decisions and resolutions about party penalties, if more than one half of their members are present at the meeting. As a rule, they assign tasks, along with penalties, which enable the member (candidate) to correct his error.

The decision about the imposition of party penalties, such as admonitions, reprimands, reprimands with warning, and recall from a party, public or economic office or from an office in a public organization, becomes valid if approved by more than one half of the members present at the party meeting or deliberation held by the party agency.

The decision about expulsion from the party becomes valid if approved by at least two-thirds of the members present at the membership meeting or at the session of the party agency, and if confirmed by the executive committee of the district agency or of a superior authority which will announce within two months the decision reached by an absolute majority of the present members.

Until the expulsion is confirmed by the executive committee of the district agency or by a higher authority, the member (candidate) has the right to attend membership meetings and sessions of the agency of which he is a member (candidate). If he fails to attend the hearing by the agency at which his expulsion was confirmed, a representative of that agency will inform him about the date and the gist of the judgment. The member (candidate) will confirm the receipt of that information with his signature. He must surrender his membership card (or the candidate's ID) to the basic organization which will then remove him from its roster in accordance with the regulations. Relevant information will be entered in disciplinary records. Furthermore, the decision to confirm the expulsion from the party will be conveyed to the basic organization and to the appropriate lower party agency.

If party authorities consider it necessary, the decision about party penalties, including expulsion, or about reviews of unfounded penalties may be published in party press.

A superior party authority will examine whether the disciplinary hearings were conducted in accordance with the party's statutes and regulations of the CPCZ Central Committee, and whether the expulsion was commensurate to the actual offense. It may approve or reject the decision about the expulsion of a member (candidate), or change the decision from expulsion to cancellation of the membership (deletion from the roster of candidates), or impose a lesser party penalty. The decision to change the penalty to cancellation of the membership will not be submitted for approval to a higher authority. Prior to the action for approval of the motion on expulsion, higher party authorities must hold hearings with the penalized individual, and make a record of such hearings.

If the member (candidate) does not agree with the imposed party penalty, he has the right to appeal the decision to a higher instance, all the way up to the CPCZ Central Committee, and to request that the decision be reviewed; the appeal must be submitted in either case one month from the date when he was informed about the decision. He may appeal the expulsion only after it was approved by appropriate party authorities. Any appeal submitted before the expulsion is confirmed will be treated as a complaint or information. The decision about party penalty remains in force until a higher party authority issues another decision.

Appeals submitted to party authorities will be examined by appropriate control and audit commissions which will announce their decision within two months. For that purpose task force groups will be organized. They will collect all documentation and data related to the penalty, and carefully examine whether the party's statutes have been violated, whether the offense has been duly established, and whether the degree of the imposed penalty is in conformity with the actual violation of the party's statutes or of the laws of the republic. They will examine the party, public and political profile of the appellant, and consider whether their approach is conducive to an objective assessment of his activity. If necessary, they may invite to the investigation representatives of a subordinate party agency or of the basic organization. They will meet with the appellant in person and if need be, investigate the newly ascertained evidence and acquaint every [appellant] with the contents of the report and with proposed consequences. They will submit to the control and audit commission by which they were appointed a report about the outcome of their investigation and propose a decision.

The control and audit commissions or their executive boards will convey their decision to the basic party organization, an appropriate district committee and the party authority which imposed the penalty. Furthermore, they will inform of their decision the individual who appealed the party penalty. He will confirm with his signature that he was informed of the decision.

The control and audit commissions will regard appeals submitted after the stipulated term of one month as complaints and information.

The basic organization will enter the party penalty in the membership card of the penalized member. It will forward (in the list of changes in the roster of members and candidates) information about every penalized member to the district committee which will enter the penalty in the member's file card.

If a higher party authority imposes a party penalty, it must inform the member (candidate), the basic organization and the district committee about the grounds for the penalty and about the extent of the punishment.

If a member (candidate) has filed an appeal, or if a higher party authority has modified or cancelled the decision, reports and records will be submitted in the same manner as above.

One or two years after the imposition of party penalty the party authority or the basic party organization will ascertain whether the party member has corrected his errors. If it is established that he has corrected his errors, a membership meeting or an appropriate party authority may decide to delete the penalty. The deletion of the penalty does not apply to the expulsion from the party. The member (candidate) himself may request a review of the penalty and its deletion; in case of penalties imposed by a party agency, the request is moved by a membership meeting of the basic organization.

The basic organization or the party agency must ensure that the hearing about the deletion of the penalty not be the continuation of the disciplinary action. It will examine whether the member (candidate) has corrected his errors and how he fulfills his party duties. It will make every effort to use the hearings on the deletion of the penalty as an instrument of political education to manifest greater concern about individual members and to further intensify the ideological and organizational unity of the party's ranks.

The motion for the deletion of the penalty is approved by the vote of an absolute majority of the members present at the membership meeting or at a session of the agency. The party authority will convey its decision to the basic organization and through it, to the member (candidate). The decision of the party authority or of the membership meeting of the basic organization to delete the penalty will be entered in the membership card and in the file card. The basic organization will report (in the list of changes in the roster of members and candidates) every deletion of penalty to the district committee.

If the party authority or the membership meeting of the basic organization refuses to delete the penalty, the member (candidate) may appeal to a higher party agency.

Suspension of membership in the party does not constitute party penalty. It is applied in exceptional cases, if the ramifications of the member's or candidate's offense are not known, but if there is any danger that the party's reputation may be damaged in the public eye.

A member (candidate) whose membership has been suspended can neither fulfill his party obligations nor enjoy party privileges, except for participating in the hearings that decide his case. He will surrender his party card (or candidate's ID) to the basic organization for safekeeping by the district party committee.

A membership meeting or a higher party authority will announce its decision about the suspension of membership. The motion must be approved by an absolute majority of the members present. In justified cases the committee of the basic organization may decide to suspend the membership; however, it must report its decision to the next membership meeting and request its approval. Party investigations or disciplinary actions will be initiated along with the suspension of membership.

Immediately following the review of the grounds for the suspension of membership, the conduct of the member (candidate) in question must be examined and the party must close the case within 2 months. The suspension of membership is closed with a hearing about the outcome of disciplinary proceedings and with the adoption of the party's decision. Suspended membership does not justify an extension of the candidacy period; after its expiration the basic organization will decide whether the candidate should be admitted to the membership in the party or whether he should be deleted and rejected.

The cancellation of the party membership does not constitute party penalty. At its membership meeting the basic organization will discuss the case of party members who, without any serious reasons, have remained inactive for a period of 3 months and who, despite repeated reminders, failed to pay their membership dues, or who cannot meet their obligations to the party for personal or other reasons. If it may be established that the party member has completely lost contact with the party organization and does not wish to resume it and to fulfill his duties, but if he has committed no offense, his membership in the party will be terminated. The member himself may request that his membership be terminated. He must state compelling reasons that prompted his decision.

The basic organization must ensure that the membership is not terminated in a case where the member has seriously violated the party's statutes and the laws of our socialist society. In such instances a disciplinary action will be initiated and its outcome will determine the party penalty.

The basic organization will proceed with consideration against comrades who, having once dedicated their lives to the party, cannot fully participate in the party's activities anymore because of their advanced age or chronic illness. Those communists need our comradely attention and continuous information about the party's life and the activities of their organization. Communist ethics do not permit the termination of their membership for the above reasons.

The motion for the termination of membership is approved by the vote of at least two-thirds of the present members of the basic organization. The basic organization will submit its decision about the termination of the party membership for approval to the executive council of the district committee which will reply within 2 months. The party member does not have to be present. If the agency changes the decision from termination to expulsion, it will submit its decision for approval to a higher party authority, and inform the basic organization of its decision. Higher party authorities also may order that a membership be terminated.

If the conditions stipulated by the party's regulations have not been observed in the process of the termination of membership, the member has the right to demand a review by a higher party authority.

If during his candidacy period a candidate fails to prove himself, the membership meeting of the basic organization will delete him from the roster of candidates for the membership in the CPCZ. The procedure of hearings on the motion in the basic organization is similar as in termination of membership, including the confirmation of the termination.

If the vote of those present at the membership meeting does not constitute a two-thirds majority in favor of the acceptance of the candidate to membership, he will not be accepted as a member. Because the period of his candidacy has expired, he ceases to be a candidate for party membership and thus, he will be deleted from the roster of candidates. The decision of the membership meeting of the basic organization concerning his non-admission to party membership becomes valid when confirmed by a higher party authority.

If the district committee rejects the decision of the membership meeting concerning a candidate's admission to membership, his admission is invalid, and as of that date, the basic organization will delete him from its roster of candidates. The district committee will appoint a representative who will inform the membership meeting of the basic organization about the reasons for its decision.

The candidate or the basic organization may request a review by a higher party authority. In that case, however, the candidate can no longer participate in the party's activities because the period of his candidacy has expired and the party's statutes do not permit its extension.

The apparatus of party organizations and agencies plays an important role in matters concerning disciplinary actions and solution of membership issues.

Individual departments of the party agency in whose competence the disciplinary action against a party member (candidate) is conducted will furnish the disciplinary commission with the documentation for its investigation. However, they assume neither the duties nor the responsibilities of the disciplinary commission. They will notify the department about the outcome of the disciplinary hearings and about the conclusions proposed by the disciplinary commission. The departments will present the results of the disciplinary proceedings and the conclusions proposed by the disciplinary commission for decision to party agencies through the department for political organization.

After the disciplinary commission and the party agency have concluded the disciplinary action, the department in charge will forward to the department of political organization the documentation and the decision issued by the party agency with a record about the delivery of the notification about the penalty to the party member (candidate) so that they may be entered into standard records and filed; in case of nomenklatura cadres, it will present an extract which will be entered in the cadre register. The procedures in party investigation and in suspension of membership are similar.

The decision of expulsion from the party (termination of membership, deletion from the roster of candidates) made by lower party agencies will be presented for confirmation to higher party authorities through the department for political organization. When confirming expulsion from the party (cancellation of membership, deletion from the roster of candidates), party agencies will proceed in accordance with applicable stipulations of this instruction. The department for political organization will inform its subordinate agencies and organizations about the adopted decision.

The decision of the basic organization concerning the expulsion from the party (termination of membership, deletion from the roster of candidates) will be submitted by appropriate departments through the department for political organization, to the district committee for confirmation; the department for political organization will inform the basic organization about the decision adopted by the party agency.

The department for political organization or sectors of membership records will provide standard evidence, and enter in its files the materials and documentation about disciplinary actions and about solutions of membership issues. In cooperation with other departments they will analyze the grounds for deletion from the roster of candidates, for cancellation of membership and for party penalties and their deletions. They will regularly examine the results of disciplinary proceedings and submit them for review to party authorities at least once a year.

The control and audit commissions will study the appeals and present their determination to appropriate party authorities.

Party organization and agencies must ensure proper documentation concerning disciplinary proceedings and solution of membership issues, and enter them in their files.

This instruction of the CPCZ Central Committee applies also to political agencies, basic organizations and control and audit commissions of the Czechoslovak People's Armed Forces, the Border Patrol of the OSH, the National Security Corps, and the Correctional Training Corps. Instructions of the CPCZ for the work of political agencies and basic party organizations in the Czechoslovak People's Army, National Security Corps, and the Correctional Training Corps will specify certain particularities in terms of the principles which guide the building of our armed forces and of the conditions of indivisible command authority.

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Prague Spring Leaders Severely Rebuked

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[Article by Karel Horak: "In the Service of Anticommunism"]

[Excerpts] The 20th anniversary of the January 1968 plenum of the CPCZ Central Committee and particularly the developments which followed it have become a welcome opportunity for bourgeoisie propaganda to stir up again a campaign about the crisis years in our country. Even after two decades it is still apparent that the anticommunist centers, which had an important share in the preparations for and the course of the attempt at the liquidation of socialism in Czechoslovakia in the years 1968 and 1969, took it hard that the rightist forces were defeated and that they felt greatly disappointed that their efforts at an "anti-February" revolution failed.

They, therefore, attempt to impart a false picture of the events in the crisis years to the world public and our citizens as well, just as they have done throughout the past. They make defenders of socialism out of those who distorted the resolutions of the January plenum of the CPCZ Central Committee in 1968, that is out of those who gave a revisionist content to the post-January policies and joined up with antisocialist forces, but those who strove for a true correction of errors, who stood firmly on Marxist-Leninist positions they call "dogmatists" and "conservatives" who allegedly sabotaged the implementation of the resolutions approved. They are substantially still working for the same things, which is to cover up the basic fact that the revisionists in the leadership and in the plenum of the CPCZ Central Committee carried out a revision of the general policy of the party for the construction of socialism, that with the

active participation of right-wingers in the party they created an antisocialist bloc which unleashed a struggle for power, and that in the summer of 1968 our country stood on the brink of a counterrevolution.

To confuse ideas and present "black as white" and the opposite, they make use of the fact that the attack against socialism was begun and led by people, most of whom had a party card in their pockets and held important jobs in the party agencies, including the CPCZ Central Committee and its presidium, such as O. Sik, F. Kriegel, J. Spacek, V. Slavik, C. Cisar, Z. Mlynar, M. Vaculik, J. Smrkovsky, F. Vodslon, V. Boruvka, V. Prchlik, J. Pelikan, Z. Hejzlar, and a number of others, as well as the fact that the first secretary of the CPCZ Central Committee at that time, A. Dubcek, became a pawn of the right-wing forces through his lack of principles and readiness to capitulate.

From the bourgeois media we hear the same old song continuously, whether from the pens of their own commentators or those of some former representatives of the right-wing forces: How could it have been a counterrevolution when A. Dubcek and his coworkers were striving for the democratization of society, the creation of conditions for the actual participation of the people in their management, the application of a Leninist attitude and party role in society, intensification of the national economy, a struggle against bureaucratic attitudes and excessive centralization, and a better informed public...? However, the facts show that this was all just a bunch of slogans which covered up the revisionist, antisocialist nature of the actions, the decisions taken, and the specific policies. It was the old tactic of revisionism: Talk about problems which actually exist, point out real shortcomings, and use Marxist terminology, but give the theoretical premises and the practical policies which are supposed to lead to overcoming them, a revisionist, petit bourgeois, and bourgeois democratic, that is, antisocialist content.

We must constantly keep in mind this substance of the process which took place in our country during the crisis years. Indeed, even today in the restructuring we are creating the conditions for increasing the participation of the people in management, whether within the national committee framework or through the election of self-administering agencies of the work collectives and directors and we are getting rid of the bureaucratic attitudes and administrative forms of management, along with formal approaches and activities. Even today it is a matter of making the public more thoroughly informed and having the people take an active role in jointly making decisions about the solutions to problems which affect them. Briefly stated, it is a matter of democratization in society. We are also carrying out reforms in economics. The substance of a new economic mechanism has been approved in which the independence of the enterprises will be increased and primarily economic tools of management will be introduced along with self-financing, *khozrazchet*, etc.

The basic, qualitative difference between this restructuring and the developments after the January plenum of CPCZ Central Committee in 1968 is that in implementing the restructuring, as was emphasized at the 7th Plenum of the CPCZ Central Committee, "we start from the basic, generally applicable principles of socialism, society's ownership of the means of production, planned development of the economy, distribution according to the results of labor; from the necessity for broad participation of the workers in management, and from the leading role of the working class and its vanguard, the communist party." The CPCZ is in the forefront of the restructuring and uses as a starting point our own experiences and also teachings from the experiences of the fraternal parties, especially the CPSU. In carrying out the revolutionary changes today, we are building on these precepts and principles, while the revisionists and antisocialist forces in 1968 frantically attacked them and gradually did away with them.

The campaign which bourgeois propaganda is currently conducting against us and into which representatives of the right-wing forces from the crisis years have also actively joined has, however, reached a new dimension in comparison with previous years. In the various statements, interviews, presentations, and articles of the exponents of the "Prague spring" (for example, J. Pelikan, O. Sik, A. Dubcek, C. Ciser, Z. Mlynar, and others) they "prove" the affinity or comparability of the developments in the crisis years in this country with the restructuring which is being carried out by the CPSU. For example, in an interview for the AFP press agency, O. Sik states that "in both cases the goals laid out and the basic actions taken to achieve them are substantially comparable...." J. Pelikan also avows that "the Prague spring and perestroika and glasnost in the Soviet Union have a striking similarity." Z. Mlynar again declares that "Soviet perestroika has de facto rehabilitated the reform program of the Prague spring."

In reading these various statements, one is astonished at the arrogance of their authors. The people who 20 years ago got rid of the party and socialism in Czechoslovakia are calling themselves the forerunners of today's restructuring in the USSR, whose goal is to strengthen and further develop socialism. It does not bother them that they were the ones 20 years ago that unleashed a hateful anti-Soviet campaign and wanted to change our foreign policy orientation and to sever our ties with the Warsaw Pact. They also have had only words of slander and insult for socialism and their motherland throughout the past years. And today they again are defending the revisionist Action Program which they themselves cast away like a stillborn child; the activation and actions of the antisocialist forces in 1968 are called fringe phenomena; according to them, there were no attacks against socialism, the party, or the socialist political and economic system in this country; a process of renewing socialism was taking place....

Finding analogies and parallels between the developments after the January plenum in 1968 in this country

and the Soviet restructuring is supposed to make it possible for them to parasite off the new course in politics which the CPSU has taken since the April plenum in 1985 and to exploit it to obscure their activities in the crisis years and to rehabilitate themselves and the politics which they implemented. They want to achieve a recognition of continuity between the crisis years and restructuring and to cast doubt on the justification for and the legitimacy of the developments which followed their political defeat.

And in this spirit they also give us advice as to what it is necessary for us to do to be able to talk about a restructuring in this country. It is mainly cancelling the "Lessons from the Crisis Developments in the Party and Society after the 13th Congress;" rehabilitating those who were expelled from the CPCZ for their antiparty activities and making it possible for them to return to political life; abrogating all agreements signed with the Soviet Union after 21 August 1968; and continuing with the political lie which was "interrupted" by the international assistance of the fraternal socialist countries.

These people who today represent themselves as the most qualified interpreters of restructuring and the "defenders" of the CPSU's policies, however, took themselves out of political life through their factional activities directed against the party and all the basic building blocks of socialism and have revealed themselves in the last two decades as apologists for the revisionist and bourgeois politics.

Let us just look briefly at what kind of politics are supposed to continue. Let us take, for example, the so-called democratization of the political system which the right-wing forces carried out. In the youth organizations (where the destructive process began), they laid out a slogan of recognizing differences. In reality, however, it was a matter of breaking up the unity of the CSM (Czechoslovak Union of Youth) and rejecting its socialist nature and the leading role of the CPCZ. The consequence of the "democratization process" in the CSM was the abolishment of the unified youth organization and the creation of 18 independent children's and young people's organizations, of which some, (especially their leadership elements) such as the Union of High School Students of Bohemia and Moravia and the Union of Youth Clubs, took counterrevolutionary positions and others were formed on the basis of revisionist programs. In addition, other youth organizations began to appear or to renew their activities such as Orel, Sokol, YMCA, the Union of Young Czechoslovak Churchgoers, and the section of young members of the socialist and people's party which proclaimed their activities to be tied to the period before February 1948. A similar process took place in the trade unions as well where the right-wing forces likewise broke up their unity. New organizations also sprang up there such as, for example, the Federation of Locomotive Workers which became a support for the antisocialist forces. The National Front also began to be

changed to some kind of bloc of political parties without the leading role of the CPCZ which all the newly appeared or "revived" organizations rejected.

Simultaneously new organizations sprouted up like mushrooms after a rain and asked for legal status and the ministry of the interior under the leadership of Gen Pavel willingly gave them its concurrence for activities. By the middle of June 1968, 70 of them had submitted requests for registration. These included the Club of Involved Non-Party Members (KAN), K 231 (an organization uniting people convicted of antistate activities), the Club of Independent Writers, preparatory committee of the social democratic party, and the Club of Critical Thought. Other organizations which were still waiting on their requests for legal status also became active, such as the agrarians, the people's, the ensigns, the Kramar national democratic party, etc. For example, the former representatives of the fascist organizations gathered in the Community House on 18 May 1968 and discussed the new form of the state after the "fall of the communists."

The Club of Involved Non-Party Members, whose manifesto was made public in March 1968, pursued similar goals, though more decently. It was supposed to become an alternative to the CPCZ. It was emphasized in its program that on the basis of "possible diversification of viewpoints and other political aspects" in Czechoslovakia it could be transformed into a political party within the framework of the founding of new political parties. And the goal of the action was also made clear: "There are 10 million of us. We demand trade unions and national committees without communists. Likewise the parliament and the government...." The "spiritual father" of the Club of Involved Non-Party Members, J. Svitak, did not even conceal the fact that it was necessary to put an end to dealing with the CPCZ, its members, and socialism even at the price of a civil war.

The tactics which the Club was supposed to use were developed in a speech which was published in the STUDENT magazine, No 18/1968: "Norbert Wiener once tried to determine exactly how a small animal the size of a dachshund can win over snakes many times stronger. He studied filmed records of fights in detail and determined that the mongoose wins because it has a much higher type of system of signals than snakes do and that in the fight it constantly retreats and maneuvers and attacks only in a single situation. Then it attacks fatally the vulnerable point of the snake and makes use of the advantages of its short reaction time and intelligence. We have a good sensory system, we know how to retreat before the snake of dictatorship, and so far we have not lost...." KAN also developed widespread contacts with foreign anticommunist organizations and political parties. And its organizational network was spread throughout the entire republic.

Even the reemerging social democrats who were organized by their former right-wing officials did not conceal their antisocialist intentions. A member of the preparatory committee, J. Siska, expressed their goal as follows:

"In Czechoslovakia an opportune situation has been created for removing the communists from power. The social democrats now have the opportunity to give the communists the final blow...."

The direct instigation of the use of force and the destruction of the socialist system was also the counterrevolutionary appeal "Two Thousand Words," whose authors were representatives of the antisocialist forces. Its publication on the eve of the okres conferences of the CPCZ was a manifestation of an open and coordinated drive by the reactionary forces. Their proceedings were also influenced by the election of delegates at the kraj conferences, especially since the right-wing members of the party leadership sabotaged the presidiums position of rejecting this reactionary document and expressed instead its support for it.

The counterrevolutionary drive took place with the concurrence of the right-wing representatives in the party. Indeed, F. Kriegel was the chairman of the NF (National Front) Central Committee, Z. Mlynar was secretary of the CPCZ Central Committee who was responsible for the political system and also for the ministry of the interior for a certain period of time, J. Pelikan was the director of Czechoslovak television, and Z. Hejzlar director of Czechoslovak radio broadcasting, J. Smrkovsky chairman of the National Assembly, C. Cisar was the secretary of the CPCZ Central Committee responsible for culture, propaganda, and the media, etc. None of them, not even A. Dubcek and the other right-wing officials in the CPCZ Central Committee, stood up against this destructive activity, and even though they had plenty of authority for it, did not take any actions which would stop this counterrevolutionary process. None of them prevented attacks on the CPCZ, on honorable communists, or on socialism. On the contrary, Z. Mlynar, F. Kriegel, C. Cisar and other representatives of the right wing held discussions with the officials of the counterrevolutionary and right-wing organizations and openly supported their actions. Today these people unabashedly declare that it was a matter of a process of "democratization" of the socialist society and that we should return to and continue with the policies which they implemented in the period after January 1968.

Just as Dubcek, Cisar, Mlynar, Pelikan, Sik and others spoiled the chance which the party and society had after the January plenum of the CPCZ Central Committee in 1968, they also want to spoil the restructuring whose principles were worked out at the 7th Plenum of the CPCZ Central Committee. Even today they would like to imprint the developments in this country with their revisionist concepts and directly or indirectly establish themselves in politics and disrupt our socialist society. To what are we supposed to return? To chaos, coercive actions, the negation of socialist values and Marxist-Leninist ideology or again to open the doors to antisocialist forces? This is just what is involved here. They again are "recommending" to us that we restore the

political pluralism of the bourgeois democratic type, abolish central planning of the national economy and clear the path for free action of the market economy; again they "prove" that the leading role of the party is in conflict with the independence of the enterprises, the activities of the agencies of self-administration of the work collectives, etc. We were sufficiently convinced as to where that path leads in the crisis years. Anyone who again tries to revive the bankrupt politics of the right-wing forces is deliberately serving the anticommunist centers of imperialism.

6285/7310

HUNGARY

Party's Decisionmaking Mechanism Faulted
*25000138 Budapest PARTELET in Hungarian No 3,
Mar 1988 pp 62-66*

[Article by Tibor Folkmayer, Deputy Director of the Trade Union Theoretical Research Institute: "Problems of the Decisionmaking Mechanism"]

[Text] In the interest of progress and of socialism's future, the causes that prompted the halt in our social development must be revealed. In performing this high-caliber task we must not overlook any essential element. Thus, in addition to reviewing external factors and the effects of changing objective conditions, we must also confront our own mistakes and weaknesses.

In searching for the causes of slowdown in development, this question frequently surfaces: In addition to the objective circumstances, was it mistaken decisions or delayed, improper implementation that played a decisive role in bringing about our difficulties? Even if there exist views which can be simplified, we are fortunate to have transcended by now the one-sided perception according to which good decisions were invariably followed by poor implementation. A viewpoint which holds that there is a need for a complex, in-depth review of the decisionmaking process, and for an analysis and modernization of the decisionmaking mechanism as a whole, is taking shape and gaining strength.

The function of leadership and management is a dialectic process in which all elements are closely related to each other. Within that process we cannot divorce decisionmaking from implementation, and we cannot restrict ourselves to an isolated examination of the relationship between the two only. Both decisionmaking and the organization of implementation are leadership functions; it is the leadership's function to see to it that appropriate decisions are made and that those decisions are realized.

Two factors play a decisive role in the functionality and the state of the art of decisionmaking systems. These are the democratic character and the scientific foundation of decisionmaking processes.

Thus, one of the main trends in the modernization of a decisionmaking process is the development of democracy. The level of democratic development is often measured by the extent to which the rights to make proposals and to comment are secured. However important these features may be in the legal context, in my judgment this measure amounts to a limited interpretation of the issue. Nothing short of institutionalized participation in decisionmaking assures democratic decisionmaking. Only the one who has an institutional authority to make decisions concerning human, material and ideological relations in society can feel that he possesses power.

No separate proof is needed to say that people ordained to participate in decisionmaking will make far greater efforts [than those not ordained to do so]. Making use of people's experiences in the decisionmaking phase substantially improves human conditions for implementation, so much so that such people are motivated to overcome obstacles arising in the course of implementation. The one who must "live with" a decision will have an increased sense of responsibility, and this is yet another advantage. One cannot distance himself from his own decision as one could from a decision made by others, even if that decision has unfavorable effects. On such occasions, standing up, arguing, and the acceptance of responsibility can be truly expected from those who took part in making the decision. And the opposite is also true: the one who was not included in the making of decisions, the one who was unaware of the anticipated consequences will generally refuse to accept responsibility. Finally, it is worth mentioning that societal utility does act as a motivator for all of mankind. Since a decision has the greatest impact upon the lives of the smaller or larger communities, awareness of usefulness embues to the greatest extent those who took part in making the decision.

The question of whether participation reaches to the merits of decisions is tied to a number of important conditions. Information, people's familiarity with the background of the decision being formed, the societal context of the decision-in-making is one decisive link in the chain. Irrespective of how broad the opportunity to comment, one cannot expect substantive participation in decisionmaking in the absence of essential information.

The quality of information is determined by its realism ["reality content"]. The requirement to provide objective information concerning the manner in which conditions take shape applies also to the period of implementation. Accordingly, it will not suffice to provide a true picture only about the decisional situation. Selective provision of information at any phase of decisionmaking or implementation carries the danger of manipulation. The question is, however, what size group should be provided information. Is there sense in providing thorough information not only to those actually drawn into the decisionmaking process, but also to public opinion at

large, by providing more thorough information concerning the reasons and background of decisions? Reality provides us an affirmative answer to this question with an increasing emphasis. From a political standpoint it is of tremendous significance that a broad cross-section of society is familiar with the information base upon which the leadership decides issues affecting its fate, and that it knows that the leadership was aware of the facts and of the manner in which those facts were weighed. Disregarding this need, people will have doubts even about the best founded decisions. Thus, it is hardly justified to talk about information that "disturbs" public opinion, as long as the information provided is factual. Similarly, the view which monopolizes information in the name of democratic centralism is distorted.

The availability of information is an indispensable condition for participation in decisionmaking; nevertheless, in and of itself it does not constitute actual participation. Substantive involvement begins with democratic preparation for decisionmaking. Situation analysis is a rather important element in this preparation. As practical experience shows: the most critical feature of our situation analyses is that they generally conform with [party] resolutions. In other words: frequently, the goal of analyses is to prove correct our stated positions regarding one or another issue. It frequently occurs that when practice evolves in a manner different from what the resolutions contain, we engage ourselves in a protracted struggle with "objective obstacles." Delayed reactions are beginning to become characteristic as a result. It is perhaps for this reason that we suffer most from the fact that preparation for decisionmaking was made by a narrow group of people. As long as situation analyses are made by those who previously recommended that a certain decision be made, those people will obviously be interested in proving correct their decision. It is gratifying that recently a practice has spread by which several unrelated collectives—scientific workshops, scientific bodies—are requested to make the analyses which serve as foundations for the situation analysis.

One important guarantee for the avoidance of one-sided, self-justifying evaluations may be if situation analysis work is continuous, and if shortcomings and contradictions are surfaced systematically, without artificially "holding back" information. No one can argue about the significance of the leading party's congresses in socialist construction. Nevertheless, we must recognize that the "canonization" of evaluations made by these congresses strongly disturbs and retards adjustments to changes, systematic situation analyses as well as flexible reaction to new phenomena. There is a need for continuous situation analyses even if things are going well. This is so because below the surface new trends may be emerging already, while the leadership—precisely because it perceives congressional resolutions as having "mandatory validity"—endeavors to artificially sustain the earlier processes.

Another matter that needs to be changed in today's decisionmaking mechanism is that the attention of those

participating in decisionmaking is overly concentrated on plans and proposals worked out by various apparatuses, rather than on the resolution of practical problems. If a member of a party organ forces an issue that is not part of the proposal, that member's action is frequently viewed as an "insult," or at the minimum is qualified as "extraneous." Related to this adverse outlook is the classification of proposals as "confidential" or "secret," which makes it inappropriate or prohibited for decisionmakers to consult on subjects thus classified even with their own constituents. If they take the classification seriously, that is.

Behind endeavors opposed to preparation for decisionmaking, and to the democratic nature of decisions there exists a peculiar system of interests. It is apparent that it is not inessential what kind of accountability exists between those who prepare the decisions on the one hand, and the actual decisions on the other. This relationship of accountability becomes truly important when a decision must be made because of the inappropriate implementation of an earlier decision, for which those who prepare the [new] decision are responsible. In such instances a certain kind of "adverse interestedness" prevails, irrespective of the preparedness and intent of the preparers. Not much can be changed in this respect as long as the preparatory system for decisionmaking is left unchanged. We can step out of this "magic circle" only if the democratic character of decision preparation is not limited merely to a more open situation analysis, but instead we would make it possible for mutually independent "proposers" to prepare decisional alternatives. This degree of democracy would better ensure that debate preceding decisions indeed addresses the merits of issues.

Insofar as decisionmaking is concerned, under our circumstances a proven democratic solution offers itself in the form of collective decisionmaking. True, the application of the collective principle has surfaced a number of problems also, but for those problems alone we should not reject the principle of collective decisionmaking. Instead, our practice should be developed further, adjusting it to the needs of our times.

One of the most frequent shortcomings is that collective decisions obscure individual responsibility. In this relation we should state that the reason for the fading of individual responsibility is not that the members of the party organ "hide" behind the collective, or that they do not accept their "personalities." These effects are only the consequences of collective decisionmaking. The problem is far deeper and has far more components. Namely, in today's decisionmaking system representatives are able to distance themselves or to make themselves independent from the interests of their principals. Some find no problem in this situation, because this is the only way they can think in "national terms." [Note,] however, that interest representation and higher level political thought are not mutually exclusive. An even greater danger exists if a representative unattached to

any specific interest removes himself from reality on grounds that he is thinking in terms of greater, national contexts, then willingly or unwillingly falls captive to the bureaucracy and in the final analysis represents no one. Accordingly, it is highly justified that members of party organs be personally tied to the interests of their constituencies. Consistent democratic practice may serve as an obstacle to interest representation turning into narrow particularism, and may motivate representatives to consider the goals of the collective, and to tolerantly endeavor to reach the best compromise.

The formal act of deciding within party organs has also become rather rigid. The great significance of the secret ballot remains unchanged, even though there are some who argue this on grounds of openness. They are mistaken, in my judgment. The trouble is not with secrecy, but with the mechanical application of secrecy. Issues to be decided should be more differentiated, and should be weighted pursuant to the qualification that emerges as a result of the secret ballot. Issues in regards to which the decisionmakers' position has been firmly established should be further debated already in the open, then subjected to a vote. There also exist some unusual group decisional processes—e.g., public opinion research, testing by way of questionnaires, etc.—which could be adapted for use in the most diverse areas of leadership.

The application of the simple majority principle is the source of numerous contradictions. A 50 to 49 vote veils compromises whose inner tensions are hard to resolve. According to a long-recognized relationship, interests excluded from decisionmaking would prevail in the implementation phase. We must not think in a way that the discipline required under democratic centralism would cast minority interests into the background. Since we cannot deal with the minority, frequently a large part of forces prepared to act is cast in a subordinate position, and is forced into passivity. This can be remedied only through the mechanism of so-called gradual approximation. Using feedback one must broaden the compromise until a significant percentage of the minority is integrated into the decision.

We do not have satisfactory democratic methods to deal with the opposition either. In this relation uncertainties pertaining to principles exist, the primary uncertainty being the issue of whether the opposition has a right to exist at all. Experience has clarified two issues: in part, hostile opinion cannot be viewed as opposition, and in part, our own "self-opposition" is insufficient for a decisional consensus. Dealing with the broad "field" between these two concepts is hindered mostly by the fact that our practical approach to the opposition has not matured. More open debate concerning diverse views, and simultaneous determined action to discontinue gaps in matters subject to criticism represent a constructive step forward. Nevertheless, one should not expect the "discontinuation" of various opposition groups to result from this either. "Discontinuation" would not be useful

anyway. As a result of more open debate one can expect even more so an effective orientation of the broader public opinion, and an increase in the functional sphere of party organs.

The responsiveness of collective decisions to specific societal interests is greatly enhanced also by conscious efforts to apply direct forms of democracy while retaining representative forms. With respect to the highest caliber societal issues, social debate, or even the popular vote can prove whether the workings of the leadership are in harmony with the endeavors of the masses.

The democratization of control must not be left out from the democratic development of the decisionmaking mechanism. The leadership acts in a democratic spirit only if it publicizes the expected consequences of decisions, just as it publicizes the specifically demonstrable material and moral effects of implementation, and if it makes clear that considering all this, it accepts responsibility for the decisions. Particularly severe consequences may result if public opinion is forced to guess: are the leaders aware of one or another phenomenon, do they take upon themselves the responsibility for the adverse consequences of decisions? Guessing may challenge society's sense of security, its confidence and preparedness to act—effects which are far more difficult to stop and to reverse than to accept the sharper conflicts of a clear-cut decisional situation, or to unequivocally accept of responsibility.

Experience appears to prove that by now it will not suffice to aim for the periodic evaluation and control of every specific decision. Personal and organizational accountability for actions must be made the functional cornerstone of the entire political mechanism. This, of course, hinges upon a number of conditions which bear on the past functioning of the political system. Above all, we must ascertain that the sphere of responsibility of various organs shall not be obscured, and that the special functions of these organs not be dissolved. This is not an issue that pertains to jurisdiction only. Instead it is closely related to the fact that within various party organs one frequently finds the same group of people holding discussions and deciding. Although the functions differ by collective, the accumulation of roles renders the appropriate fulfillment of the diversity of functions both psychically and physically impossible, not to mention the fact that taken as a whole, the resultant overload hinders the practical gathering of experience as well as keeping in step with events. Contradictions implicit in the accumulation of functions are not resolved even by social committees surrounding the members of the decisionmaking body—committees which serve information based on reality to the members, so they say. The leaders' outlook is determined by their actual situations and their personalities, their personal activities exert an effect on their situations. If conditions are unsettled within the fundamental organizational elements of the political mechanism, the democratic "building in" of the environment will not resolve

the problems. It may present an appearance of everything being in good order: the leaders function under constant democratic controls. These anomalies can be avoided or their effects may be diminished if we separate the functions of various party organs, and radically reduce the assignments given to any one person.

The enforcement of collective and personal responsibility is further hindered by the fact that in practice the problem of recall of representatives serving in party organs by way of grass-roots initiative is virtually unresolvable. Only those organizations are capable of mobilizing several thousand, several tens of thousands of voters, which initiated and administered the elections. This concern could be ameliorated if the political mechanism would include a systematic evaluation of the workings of party organs and of their members. Such evaluation would qualify activities. A system like this could also be built from the top down. Repeated condemnation could result in automatic recall.

The broadening of the democratic character of the decisionmaking mechanism requires patient, circumspect work. This, however, must not serve as cause for delay. Even more so, because the modernization of the mechanism itself would hardly result in an immediate qualitative change. Development of the citizenry's political culture, an increase in the state of preparedness primarily through the adventure and experience public roles which can be actually practiced, are indispensable.

12995

Conference Calls for Public Involvement in Environmental Protection
25000133 Budapest HETI VILAGGAZDASAG in Hungarian 6 Feb 88 pp 51-52

[Unattributed article: "Professionals and Laymen: Environmentalist Meeting in Budapest"]

[Text] What possibilities do National Assembly representatives and their constituents have with respect to the preparation or thwarting of actions and investments which represent environmental risks; to what extent do authorities examine the full contexts of possible environmental damages; how far does the responsibility of representatives and experts extend? Representatives, experts, and environmental activists tried to answer these questions last week at a meeting organized by the Endre Bajcsy-Zsilinszky Friendship Circle at the Eotvos College auditorium.

"I am aware of the fact that a great many cases related to environmental protection were not resolved without social pressure. For this reason our newly created ministry continues counting on the forces of the population," according to Kalman Abraham, deputy secretary of the Environmental and Water Resource Management ministry. A number of former and incumbent representatives participated in the almost six-hour marathon

debate whose motto was "The Responsibility of Representatives for Environmental Protection." Among the representatives present were Bruno F. Straub, Gyorgy Banffy, Attila Zsigmond of Budapest, Laszlo Czoma of Keszthely, Imre Hajmer of Dorog, and Laszlo S. Hegedus from Szentendre. Hegedus made it clear: Pollution of the environment continues in the Carpathian basin; for the time being the situation is deteriorating, and this process should be stopped.

But how? Imre V. Nagy, chairman of the PPF environmental protection committee claimed that his committee's environmental protection debates should receive more publicity. Many dislike the viewpoints expressed in the committee, and, therefore, for the time being, there is no appropriate publicity. Although the PPF has no veto power over environmental investments and expenditures, sooner or later the PPF can enforce its views, even if those views are swept off the table once or twice. A good example for this kind of situation is the Austrian garbage that was dumped at Mosonmagyaróvár: discontinuation of the undesirable import took place at the price of temporary existential risks.

The professor also discussed investments which carry environmental risks. He explained, that for now, citizens affected by such investments are confronted countless times with accomplished facts: In many instances experts charged with the assignment of locating places for investments, and with the preparation of investment programs exclude public opinion from the decisionmaking process. Although since 1984 a decree requires the preparation of environmental impact statements regarding investments larger than 50 million forints, as of today they are still debating the related methodology, while impact statements are not being prepared.

A question was asked from Imre V. Nagy: what's the situation regarding nuclear waste dumps in Hungary? The professor asked chemical engineer Attila Takacs, the subject expert in this field to respond. Takacs stated that radioactive waste produced in Hungary is being buried in Puspokszilagy near Vac, a place where a plant that processes radioactive isotope waste has been operating for a long time. Regarding the waste produced by the Paks nuclear plant: the burnt-out heating elements are being stored under water, then, after a while they are being shipped to the Soviet Union for reprocessing.

Another kind of waste, the so-called highly active waste remains in the reactor area, according to the expert. In 500-600 years after the closure of the plant, the waste will lose its radioactive power in the concrete-enclosed chamber. Another isotope dump is being prepared at Magyaregry in the Mecsek area, pursuant to a decision. Radioactive materials, which at present are still stored in the auxiliary facilities of the Paks nuclear plant, will be deposited there under appropriate security measures.

Research engineer Csaba Ferencz called attention to the fact that investments which in any way upset the environmental balance or threaten nature should not be left to the sole discretion of experts. Equally, in case of failure, it is inappropriate to blame only the experts, since experts present only the system of arguments that emerges from their narrow field of expertise. The most severe ecological damages cannot be professionally predicted. These are natural disasters—the results of human error. So-called uncalculable risks must be brought to society's attention.

In what way can laymen voice their opinions related to the environment? Professor Bruno F. Straub stressed the fact that he is fighting for the establishment of a national environmental protection association. This is necessary, since true environmental protection can come about only if society also undertakes the effort. Lacking society's support, the effectiveness of expenses related to environmental protection remains at low levels, according to the professor, chief of the environmental protection and community development subcommittee of the National Assembly.

Deputy secretary Kalman Abraham made several remarks at the meeting and repeatedly confirmed the need for public pressure, for a social base, since each year soil, water and air pollution causes enough damage to represent a substantial freeing of resources, if the cost of damages were to be translated into savings. He specifically referred to agricultural production: at present the prime consideration is not the amount of production. Of at least equal importance is the question of the extent to which the ecological balance is endangered.

Peter Czajlik, department head at the Ministry of Agriculture and Food Products addressed the issues of concern to forestry. Although forests represent natural resources, profit serves as the chief motivator for forest management. One could say that forests are the greatest workshops for environmental protection. Nevertheless the destruction of trees is far greater, far more advanced than what is known to public opinion.

The subject of water resource management was one of the highlights of the evening. There emerged the idea of publicizing a list that shows which of Hungary's 3,000 settlements have poisoned drinking water—places to which drinking water is brought in from faraway places in bags. Kalman Abraham agreed with the suggestion and said that public opinion must be aroused. It was said that in the end, the sewage processing investments related to the Bos-Nagymaros hydroelectric plant will receive funding this year. Earlier the National Water Bureau [OVH] had slated to forgo this investment, thus producing some savings. The needed money is being reallocated from the sewage processing investments at Miskolc, Debrecen and Pecs. At the same time engineer Istvan Molnar called attention to the fact that if the Miskolc water purification improvement fails, the water

quality of the Kiskore reservoir will continue to deteriorate as a result of the constant pollution of the Sajo and Hernad rivers. This would threaten the drinking water supply of Szolnok. Sooner or later Debrecen's sewage has the potential of destroying the water supply throughout the Plains. The Hont-Berettyo main canal is covered with a thick layer of duckweed, and the water system of the Harmas-Koros river system is also endangered. Thus costly irrigation plants would become unsuitable for irrigation purposes, according to the hydraulic engineer.

Professor Imre V. Nagy called an end to the conference which progressed in an orderly manner. This took place at a point when the subject of discussion turned to the Bos-Nagymaros investment. Nagy said that one must recognize the fact that the power plant is complete to an extent of 50 percent on the Slovakian side, and to 20 percent on the Hungarian side. In Nagy's view new efforts should focus on the potential consequences of peak operations—on the manner in which the plant will be operated. He proposed that the Group of Operational Environmentalists assign 10-15 experts who would participate in an open debate series to be held at the PPF conference room, together with an equal number of citizen associates from the PPF and with representatives of water authorities. The proposal was generally favored. It was in this way that this mundane meeting came to an end. It is hoped that such meetings will soon become everyday events.

12995

POLAND

Ministerial Reductions Do Not Necessarily Signify Reform

26000202 Warsaw PRZEGLAD TYGODNIOWY in Polish No 6, 7 Feb 88 pp 1,4

[Article by Leszek Bedkowski: "Reductions and Promotions" subtitled "Have the Ministries Reorganized or Reformed Themselves?"]

[Text] Throughout the Office of the Council of Ministers the common consensus is that the year 1988 will be the benchmark year for central-government personnel. It is thus interesting to consider whether this special nature of the coming months has been taken into consideration when staffing the newly established agencies. In October 1987 the Sejm created several new ministries (Industry; National Education; and Transportation, Navigation, and Communications) and restructured several others ([the ministries of] Internal Market and Foreign Economic Cooperation) by merging together and eliminating some 15 other ministries (ultimately nine members of the Government Cabinet were thus eliminated). In connection with this reorganization of national agencies, personnel cuts were forecast. (We had written on this subject in PRZEGLAD TYGODNIOWY, No 44, 1987, in the articles "Structures, Questions, Castling [as in chess]" and "Behind the Shoulders of the Ministers.") At

the time it was predicted that every fourth member of the civil service at the national agencies would be discharged, the number of departments would be slashed, and the personnel of the ministries untouched by the reorganization would be reduced.

Let us at once disclose that more than 90 percent of the personnel of the new ministries come from the old ones. This may point to the longtime experience and accomplishments of these officials, but it may also signify that the criteria followed in the year that is supposed to be the benchmark year will hardly differ from those employed in the past. At any rate, the admonitions that "new tasks require new people" and "an injection of fresh blood has never yet harmed anyone" were not heeded.

This does not mean at all that merit-based reorganization should be accompanied by a personnel purge, because this would not be tolerated by any organization of labor. Still, at any rate, the figure of 90 percent says something for itself.

Until mid-November 1987 personnel reviews continued throughout the national agencies and covered 12,700 persons. Each of these persons was evaluated. The highest evaluation, the one with distinction, was earned by 22 percent of the employees, with this figure varying in discrete agencies from 6 to more than 50 percent. The specific figures for each agency are not being disclosed by Pawel Chocholak, director of the Personnel Office at the Office of the Council of Ministers, because he would have to take into account the thoroughness and conscientiousness of the activities of discrete evaluation commissions.

Whatever its course may have been, the fall review of personnel served as a way of staffing the personnel of the new ministries. That is why the evaluation forms contained a section in which the suitability of each person for particular posts was specified. For it was assumed in advance that about 20 to 25 percent of the personnel for staffing the new offices or even constituting their core were thus to be identified.

The review was summed up by a specially established party-government commission which became a "personnel bank." The staffing of the new offices was commenced last November. The principle followed was that only part of the employees receiving the best evaluations would be hired appointively, with the remainder to be hired on the basis of temporary labor contracts, which would be important in the event of the termination of their employment.

The disbanded ministries had employed slightly more than 6,000 persons, whereas a total of 3,100 job vacancies was envisaged for the new ministries. There used to be 563 department directors and deputy directors; the new total was envisaged at 216. Executive posts (ministers, vice ministers, and general directors) had been held by 100 persons; now there would be 45.

Last January not all the vacancies were staffed yet—2,500 out of 3,100, of which 183 out of the 216 vacancies for department directors and deputy directors. As for the executive posts, they had by then practically all become staffed. Of the more than 6,000 employees of the old ministries, at present 3,500 are working in their new posts (of which 2,600 in the central and local administration and 800 in industry, education, science, and culture. About 600 persons availed or intend to avail themselves of their right to retirement. A few (several score persons) decided to commence postgraduate studies or take qualifying courses (while receiving their previous salaries). As of the present, only 20 government employees intend to go into private enterprise, which the Office of the Council of Ministers attributes to their lack of capital.

Approximately 1,600 others are still waiting to be employed. To this group should be added about 900 persons discharged from the nonreorganized but "thinned" ministries; many of them have, however, already found employment in the new ministries.

Altogether, so far as numbers are concerned, the reduction in force did indeed extend to every fourth civil servant and, secondly, 2,500 persons are still looking for work. Specially appointed mediators have solicited offers of employment for these persons. Altogether, as many as 7,000 such offers have been received; thus, the demand greatly exceeds the supply. But that is because chief province administrators are anxious to offer executive positions to architects, geodesic experts, and financial experts, but then trained personnel in these professions has been scarce in the central government, too. Likewise, there is a demand for cultural administrators. But the persons discharged from the national agencies are mostly engineers and technicians trained in particular, narrow fields.

Krzysztof Dymitrowski, director of the Personnel Department, told us in Warsaw's City Hall, "So far we have succeeded in finding jobs for three persons from that group. Yet we have quite a few job offers."

The fact that the supply and demand do not match is attributed by Director Dymitrowski to the difference in salaries. Persons working in national agencies are paid much better than those working in local administration. Even the considerable increase in salaries last year and the possibilities for receiving special awards—measures considered successful—have not increased the attractiveness of employment in these places. Director Dymitrowski pointed out that the situation may change within a few months. The employees of national agencies who are being discharged are currently "on notice," and subsequently can expect to receive 6 months ["unemployment"] pay. Many of them are working at present "without the obligation of providing labor," and thus for the time being it is not worth it for them to consider other job offers.

But it is the ordinary office jobs that are the most difficult to staff. This observation may somewhat alleviate the disparity between the official complaints about administrative overemployment and the fact that actually clerical job vacancies abound. The situation is even worse at borough and gmina offices. This may account for the belief that these are among the least desirable jobs.

"On the national scale the number of those rified is not large," Director Chocholak explained the problems with employing the discharged officials, "but in relation to Warsaw Voivodship it is large, because the majority desire to keep on living here."

At the Office of the Council of Ministers it is admitted that the entire operation did not proceed without conflicts and problems. Many people faced the prospect of "arranging their lives anew." Others felt unneeded. Others still could not accept it that, while they were good in the previous structures, they are not good for the new ones. This may be demonstrated by the fact that even in the group of the 1,150 officials who received the top evaluations during the personnel review, 160 have not yet commenced working.

We repeat, the figures are correct. But let us glance over the shoulders of the ministers. We have previously noted in PRZEGLAD TYGODNIOWY that Jerzy Bilip, the current minister of industry, when asked about his personnel preferences several hours prior to his appointment, admitted that there are two ways: either persons from the disbanded ministries can be appointed or, this being his personal preference, associates should be selected in accordance with the principle of "minimizing age and maximizing experience."

[Bilip's] newly appointed secretary of state, meaning first deputy minister, is Zdzislaw Miedzinski, previously director of the Cegielski [Locomotive Plant]. As for the newly appointed undersecretaries, they are: Division General Jerzy Modrzewski, previously undersecretary of state at the Ministry of Metallurgy and Machinery Industry; Stanislaw Klos, previously first vice minister of chemical and light industry; and Andrzej Wroblewski of the Planning Commission. The status of Eugeniusz Szatkowski, previously vice minister of metallurgy and machinery industry, whom Minister Bilip is introducing as his deputy, but who has not yet been officially appointed, is unclear. This team is complemented by Krzysztof Szewczak, a Democratic Party activist from Radom, in his capacity as general director at the Ministry of Industry.

The four ministries merged into the new one used to employ about 2,000 persons, the new ministry will employ about 600. Several score old departments were merged into 12. The new ministry will be housed in the building of the former Ministry of Chemical and Light Industry. To this end, the current tenants of the building

will move elsewhere; for example, the POLLENA Association will move to the adjoining building housing the former Ministry of Metallurgy and Machinery Industry.

The employees of the four disbanded ministries received a 3-month notice as of 1 January. Some of them are cleaning out their desks while others stay home "next to the telephone," meaning the aforementioned "exemption from providing labor."

The new Ministry of Transportation, Navigation, and Communications is being installed in the building of the former Ministry of Transportation. Its minister is Janusz Kaminski, the previous minister of transportation. He has five deputies: Andrzej Golaszewski, Andrzej Markowski, and Adam Wieladek—all previously vice ministers of transportation, as well as Jerzy Tomaszewski, previously a vice minister of communications, and Adam Nowotnik, previously minister-director of the Office of the Maritime Economy. The director general is Zbigniew Palczewski, previously a deputy minister of transportation.

Let us add that the 50 previous organizational sections were combined into 15 and the number of positions reduced to 490 from 968. Some 150 persons chose retirement, while more than 250 found, as we had expected (PRZEGLAD TYGODNIOWY, No 44, 1987), employment at the general directorates of the Polish State Railroad and the Polish Post, Telegraph, and Telephone.

This way of "thinning" the central administration—by changing the plaque—has become popular. Consider the associations formed by the government following their statutory acceptance by the Sejm. But other things too are happening behind the backs of the ministers. For example, the Main Office of Geodesy and Cartography, which employed 110 persons, was disbanded, but as early as toward the end of last November the new minister of land use management and construction appointed a task force for establishing a new office of that kind, so that on 22 December was formed the Main Center for Geodesy and Cartography, which is to employ 150 persons (if it absorbs the Information Center for Geodesy and Cartography). Moreover, the abovementioned ministry has established a department for geodesy, cartography, and land use management (18 staff positions). The director of the new geodetic firm was given the office of the chairman of the old firm. All that is missing in the new department is a refrigerator.

The validity of all these organizational and personnel actions will be verified by an audit ordered by Prime Minister Zbigniew Messner last week. The fundamental question is: are the ministries reorganized or reformed?

OPZZ Seeks To Reinforce Role in New Industry Ministry

26000218a Warsaw RZECZPOSPOLITA in Polish 15 Dec 87 p 2

[Unattributed article: "Trade Unions in the Ministry of Industry"]

[Text] A working meeting between Deputy Prime Minister Zbigniew Szalajda and Chairman of the OPZZ [National Confederation of Trade Unions] Alfred Miodowicz with the chairman of the National Federations of Trade Unions operating in the new Ministry of Industry was held on 14 December in the Chancery of the Council of Ministers.

Views regarding the guidelines for cooperation between the ministry and the trade unions were exchanged. The tasks awaiting both sides in the negotiation of new collective labor contracts were also discussed. Minister of Industry Jerzy Bilip, Minister of Labor and Social Policy Janusz Pawlowski and Minister of Finance Bazyli Samojlik attended the meeting. Deputy chairmen of the OPZZ also took part.

9761

Polish, French Trade Unions Set Cooperation Limits, Framework

26000218f Warsaw TRYBUNA LUDU in Polish 23 Dec 87 p 2

[Article by (bab): "Polish-French Trade Union Cooperation"]

[Text] At the invitation of the Warsaw Confederation of Trade Unions, a delegation of the French General Confederation of Labor (CGT) led by General Secretary of the CGT Departmental Union in Val-de-Marne Jean-Pierre Page visited Warsaw.

The trade unionists established a framework and forms of cooperation for the coming year. Among other things, sharing the experience of trade union work and conclusions following from the defense of the interests of the working people, as well as propagating the initiatives of the Polish trade union movement in France and publicity for the achievements of the CGT in Poland, were envisaged. After a visit to the Child Health Center in Miedzylesie, the French trade unionists also offered to establish direct contacts with the CGT union members in the Gustave Roussy Medical Institute.

9761

Sejm Calls for Concrete Action on Debt, Expenditures

26000224 Warsaw PRAWO I ZYCIE in Polish No 11, 12 Mar 88 p 7

[Article by Ryszard Czerniawski: "A Call for Specifics" under the rubric "In Sejm"]

[Text] At the end of last year our indebtedness amounted to US\$39.2 billion. The average exchange rate of the dollar last year was 265.20 zlotys. Thus, in terms of zlotys, our foreign indebtedness is reckoned at 14,700 billion zlotys or 70 percent of our national income. Such an indicator has not been reached by any other country in the world.

As late as 17 years ago Poland was practically debt-free. For in Gomulka's times foreign credit was viewed very mistrustfully and utilized only in exceptional situations. The emphasis was chiefly on our own resources. Subsequently, the administration of E. Gierek and P. Jaroszewicz decided that an escape from economic stagnation and a narrowing of the gap dividing us from, to say the least, West Europe would be inconceivable without hard-currency borrowing. This premise was logical. To be sure, part of the loans would be earmarked for consumption, but most of them were to be utilized to strengthen our economy with modern technologies, machinery, and equipment. The resulting quantitative and qualitative improvements in output would, in their turn, serve to both improve the market supply and repay—through the export of the thus manufactured products—the loans.

These premises turned out, however, to be relatively unrealistic and the credit stimulus operated only partially. The system of economic management proved to be incapable; the investment projects were hardly ever completed, and when finally something began to be produced, it was necessary to import raw materials, either because the foreign machinery would not work with domestic raw materials, or because it was more convenient to import than to extract and produce them in this country. In its turn this required unplanned additional credit. The failure to attain the envisaged revenues from exports made it impossible in its turn to repay previous loans. Hence, new funds were borrowed in order to repay the interest and principal on old loans. The new loans, however, were much more expensive than the old ones. As a consequence, the US\$8.4 billion debt of 1974 mushroomed in 1981 to US\$23.5 billion. This was also influenced by the decline in output and exports.

In 1980 81 percent of the state's foreign-exchange revenues was earmarked for the payment of interest and principal. Such a situation could not long continue. To be sure, the then minister of finance asserted that we would spit blood but repay our debts, but the method he proposed was not adopted. In March 1981 we unilaterally suspended the payment of interest and principal. The coffers of the Commercial Bank proved to be empty,

and the loss of creditworthy status caused considerable complications in even high-interest, short-term borrowing. The imposition of martial law was followed by practically total blocking of credit by the Western countries. In such a situation, since the beginning of the 1980s we have been performing 95 percent of transactions on cash basis, which is an event on world scale.

Since 1981 negotiations have been under way with our creditors concerning the deferral and restructuring of payments. They have produced partial effects resulting in a temporary formal settlement of our situation, but the indebtedness not only persists but is growing, and at a continually faster rate at that. The principal reason (in addition to the change in the exchange rate of the dollar) is the failure to pay in toto the interest on previous loans. During 1982-1987, when interest totaling US\$17 billion was due, we paid only US\$8 billion. This is problem number one from the standpoint of our foreign economic relations. For the position of the creditors is clear: what they say is, "Of course we understand your problems and difficulties, and we agree that multiplied interest is a heavy burden on the debtor. But the terms of the agreement have to be kept, do not they?"

The creditors demand above all the full payment of interest and they consider it a prerequisite—like other potential credit grantors—for granting new loans or assisting in revising the terms for the repayment of old loans. The acceptance of such a solution would, in its turn, mean to us the necessity of achieving a positive balance of payments on the scale of US\$3.5 billion dollars annually, and over a prolonged period of time at that. At the moment we are nearly half a billion dollars short of this amount. We plan to reach a balanced foreign trade in 1991. The creditors do not want to wait that long. What next?

During a session of the Sejm's Commission for Foreign Economic Cooperation to discuss the effect of the indebtedness on Poland's economic contacts, Minister of Finance Bazyli Samojlik declared, "The talks with the Western countries indicate that progress in normalizing relations is extremely difficult. The West does not intend to participate in covering the payments gap relating to the full servicing of the indebtedness. It demands that Poland fill this gap on its own and says that only after this is done our country can count on the assistance of commercial banks, governments, and the World Bank. Given the current status of the indebtedness, the cost of its servicing, and the lack of credit, this is not a feasible task. We would prefer it if concern for participating in reaching a full balance of payments were to replace this issue as a requirement."

This is one thing. Another relates to our export possibilities. Now these are modest. For what else other than raw materials (coal, copper, sulfur) can we offer to foreign customers? Not much. Our industrial products often are obsolete and shoddy and we do not adhere to delivery schedules.

In the opinion of Professor Stanislaw Raczkowski, who at the session of the Commission represented the Taskforce of Sejm Advisers, halting the growth of indebtedness requires the preparation and implementation of a long-range program of action, a program that would allow for the growth in exports in convertible currencies not only for servicing the debt but also for financing the imports of the producer and investment goods assuring a proexport reorientation of the economy. Prof Raczkowski said, "It is not possible to relegate to a secondary plane specific measures for halting the growth of indebtedness. Such postponement is the more costly the longer the loan repayments are stretched out. It is a delusion that postponing the repayments makes it possible to preserve the level of social consumption. In the long run this is not possible, for it results in a decline in that consumption."

As submitted by the ministries of foreign economic cooperation and finance, the reports on the current payments situation of Poland and the proposed directions of its change have not either met with enthusiasm among the Sejm deputies.

Deputy Ryszard Szunke declared, "I feel that these reports do not constitute any attempt to remedy the existing situation. The proposal for borrowing more credit, as contained in these reports, elicits numerous doubts. For it is not known how our partners will react in a particular situation. The servicing of burdensome indebtedness can be variously resolved. Two extreme instances are that of Romania, which decided to service its indebtedness rapidly and repay it completely (without regard to the far-reaching effects on domestic living standards — R.C.) and that of those countries which decided to halt their debt payments. We on our part are making varied efforts to consistently repay our debt, but even so it is continually growing. Do we then intend to reach a situation in which the size of our indebtedness will cease to matter to us because we will be unable to repay it anyway?"

"The presented reports," said Deputy Jerzy Surowiec, "document a complex and hardly optimistic picture. They, moreover, contain only facts and no proposed solutions. In their comments, the heads of ministries expressed their regret that our creditors refuse to consider our difficult situation. On my part, if I were in their shoes, I also would demand regular payments of interest at least."

"The proposals for capitalizing the indebtedness do not solve the problem," said Deputy Manfred Gorywoda. "We must at any price explore solutions based on export-oriented production. Awareness of this is scanty. Instead, we are, as it were, waiting for some miraculous rescue from the indebtedness."

"So far, the foreign exchange sent in by our compatriots residing permanently or temporarily abroad have been of great assistance to servicing our indebtedness. The

amounts they transfer are at present the main source of funds for servicing the indebtedness. In 1985 fund transfers from our "Gastarbeiters" [guest workers] amounted to US\$600 million and in 1987 to as much as US\$1.4 billion. This is more than the balance of our foreign trade."

However, we owe money not only to the West but also to the East. In the opinion of government representatives, this does not affect markedly our economic cooperation with these ["socialist"] countries. The Sejm deputies and advisers were of a somewhat different opinion. For last year we had made interest payments totaling 265 million transfer rubles, plus 700 million in payments of principal. To pay that 700 million, we had to borrow additional credit. Our ruble indebtedness at present is 6.5 billion transfer rubles.

The deputies presented their opinion on this matter in writing. Judging from their comments during the discussion, however, a call should also be made for specific measures, for the development and consistent implementation of a program for reorienting the economy toward exports. To be sure, the negotiations on the terms of the repayment of our debt are highly important. But are they most important?

1386

Katowice Studies High Costs Associated With Alcoholism

26000218h Warsaw ZYCIE WARSZAWY in Polish
30-31 Jan 88 p 2

[Article by PAP: "How Much Do the Drunks Cost Us?"]

[Text] With the participation of physicians, NIK [Supreme Chamber of Control] experts and functionaries of the Social Anti-Alcoholism Committee, the Workers' and Peasants' Inspection has reviewed medical leave granted to employees of socialized enterprises because of alcohol abuse in Katowice province.

Among other things, it was ascertained that, in the 6 localities inspected, 119 employees received such leave for a total of 1,573 days during 3 months (June through August) of last year. The average duration of medical leave for reasons of alcohol abuse amounted to 13 days. For the same reasons, 50 persons stayed in the hospitals for treatment lasting between 1 and 46 days depending on the kind of illness and injuries suffered as a consequence of drunkenness.

Social costs of this phenomenon are great. They include the cost of hospital stay (at least 2,000 zlotys daily at the lowest rate), costs of outpatient treatment, disability payments and loss in production.

At the Chorzow city hospital, 17 patients stayed for a total of 128 days for treatment of alcohol-related injuries. The cost of their stay and treatment came up to 256,000 zlotys. Likewise, at the city hospital in Sosnowiec the cost of treating 19 patients amounted to 236,000 zlotys.

9761

Reform, Self-Management Democratization Efforts Favored Among Workers

26000225a Warsaw ZYCIE WARSZAWY in Polish
6-7 Feb 88 p 3

[Article by Alicja Matynia-Bonik: "Workers: Views and Behavior"]

[Text] Quite frequently the needs and aspirations of workers are treated in discussions on the draft socio-economic reforms as a constraint or an obstacle to economic measures. This issue is a major preoccupation for many scientists, and especially sociologists. Along with the observed behavior, surveys of the opinion and views of the workers and the values they subscribe to serve to discover the truth. It is questionable whether the values to which an individual subscribes correspond with his actions. Some sociologists maintain that the linkage is weak, others—that it is significant.

What do we know about the values the Polish workers hold? There is a lot of information on this subject. Recently, the detailed 7th volume of a monograph on the needs and aspirations of workers, prepared by the Institute for the Research of the Working Class of the ANS [Academy of Social Sciences] has contributed such information. It enables us to trace changes in the orientation of the working class following from the changes in its internal socio-demographic structure and determined by historic transformations in the economic and political system of Poland, and to discover the roots and find the reasons for the current views and behavior of the workers.

Small-Scale Stabilization

Dr. Adam Bartoszek recalls that in the 1970s the hierarchy of values promoted closely tied success in a career to training and initiative, making them one of the primary criteria in bestowing more or less respect on individuals. The role model postulated for a worker was a man who came to the enterprise right out of school and was positively disposed towards technical and organizational changes and towards the leadership. Training and work were the main factors in advancing yourself socially and financially during that period of time. In the mind of the workers, training was a prerequisite for better conditions on the job, a more attractive position and even moving into another professional group.

Among general values, income was next to training, followed by access to culture and, at the bottom of the list, achieving a managerial position. In 1962, young workers believed that interesting and attractive work was the most important, followed by happy family life. At the time, the workers eagerly took advantage of additional training at courses and enterprise training facilities. However, differences in income and place in the management hierarchy began to gain in importance.

The gap between social expectations of the workers and the degree to which they were met began to widen slowly. It was increasingly difficult for the workers to implement the values they had a preference for. Accumulating tension brought about the demonstrations of the workers in the Maritime region.

Aroused Aspirations

The new policy of vigorous development aroused a desire to improve the financial conditions of existence. Meanwhile, ideological motivation gradually levelled off. In 1983, young workers already appreciated, along with a job well done, a quiet existence and stable family life, socializing and entertainment. The values skilled and unskilled workers opted for began to differ. Education and improved skills were a value which workers trained at a vocational school opted for considerably more often than those with incomplete or complete secondary school education. Even at that time, money was not considered to be a sufficient or decisive source of satisfaction with work.

The role of training and work as the determinant of one's station in life is declining, whereas the significance of access to power and of illegal practices is growing. In 1974, nationwide research of the opinion and attitudes of workers found a decline in the ranking of work as a value. The share of workers emphasizing the financial aspect of work grew twofold. At the time, they recognized health, one's own and his family's, financial standing, money, secure existence and satisfaction with family life to be the most important issues in human life. A profession and satisfying work ranked as low as 4th and 5th in this hierarchy of values. At the same time, having training and skills ranked in one of the last positions.

The difference between the attitudes of skilled and unskilled workers was becoming more apparent. Those with fewer skills were concentrating entirely on achieving job security, because wages and family and children were the most important for them. For those skilled, wages were not the only important thing; they also wanted an awareness that their work was meaningful and that they were not wasting time and materials. This is why they attached much significance to the organization of work.

However, unequal opportunities and obvious privileges to some at the expense of others caused increasing frustration. Financial motivation in attitudes to one's profession increased.

At times, the workers are accused of materialist orientation, lack of political experience and susceptibility to demagoguery due to the above considerations. Supposedly, these were the consequence of the [numerical] preponderance [within the working class] of masses with low skills and part-time farmer-workers. However, such interpretations ignored basic attitude-forming factors, in particular, treatment of employees in their places of employment. All researchers agree that it was exactly in the 1970s that the ethic of worker's labor took shape: diligence, dependability in work, improvements on the job. Meanwhile, in the opinion of leadership cadres of that time "the workers only made demands, but made none on themselves." This is how the stereotype of "a slowpoke worker" developed.

Prof. Adam Sarapata quotes the statements of workers themselves, an overwhelming majority of whom maintain that satisfaction with life is not possible without satisfaction with work, that those who are not satisfied with their job work worse. In 1978, the workers expressed the opinion that satisfaction with work is a decisive influence on what is done, on relationships with friends, relationships with superiors, and only in the 4th position did they mention wages as a factor of satisfaction.

At that time, the requirements of workers with regard to physical and organizational conditions on the job were also changing. These requests were not without foundation. Over one-half of the workers surveyed described their work as "physically demanding," 70 percent—as "nerve-wracking," and about 60 percent—as a health hazard and being dangerous. Almost all of them stressed that it required much attention. At the same time, the workers were aware of numerous privileges for the leadership cadres and inequities in the distribution of rewards and bonuses. Their prevailing conviction was that the steps made to improve their own situation and conditions on the job either "did not pay" or "made no sense."

A withdrawal to the sphere of family life, a rapid transfer of one's own aspirations to his children and rejection of a vision of self as a subject of these aspirations set in. Family values provided compensation for failures or powerlessness in other social roles.

This was the environment shaping the attitudes of workers on the eve of the most serious political and economic crisis.

Renaissance of Activist Attitudes

Social justice, equal opportunity in life, respect for the dignity of man, genuine control over the exercise of

power and truth were the values which motivated striking work forces. Applying an egalitarian principle of equalizing and increasing salaries and setting up independent trade unions were the basic means for implementing these values.

Universal moral considerations rather than those of political struggle were at the root of these demands. Along with the rise of new forms of action by the working class, a renaissance of activist attitudes occurred, emphasizing the values of the good of other people, responsibility and the feeling of influence on the social system. The deepening economic crisis increasingly limited the meeting of everyday needs, thus pushing these needs to the first place in the hierarchy of most important issues. This, however, is not to say that more general values were abandoned.

Authors of the survey "The Poles'80" report that, among the most essential problems to be solved in their enterprises, the workers mentioned in the first place the problems of the enterprise—supplies, tools, raw materials, organization of work—before employee issues—occupational safety, social conditions, wages. Of course, in the second place they laid emphasis on the conditions of work, because this was also a factor in smooth operation of the enterprise, and subsequently—work organization.

Authors of the survey "The Poles'81" stated that only 13.7 percent of the populace accepted the prevailing centralized power system, and 19 percent were waiting for some other strong power, whereas, almost 34 percent of respondents were in favor of pluralistic, decentralized power. However, the workers for whom the NSZZ Solidarity was the guarantor of agreements and who were the main force supporting its activities (67 percent of those accepting it) increasingly often faced the competence barrier. They lost the feeling that they understood the processes under way, which began to assume the form of acute political struggle. Seventy percent stated that they had no influence on the course of events, and one-half failed to classify their views.

Surveys carried out in the second half of 1984 by Dr. Marek Ziolkowski in four large industrial enterprises (A. Warski Shipyard in Szczecin, the Warsaw Iron Mill, the Cegielski Metalworking Enterprise in Poznan and the Clutch Plant in Kozuchow) concerned, among other things, the system of values and, within it, the vision of a good system in the spheres of economy and social justice. A majority came out in favor of a state where work should be rewarded in a differentiated way and incentives for more efficient operation should be provided. A private sector, especially in agriculture, should be allowed. Individuals with the best vocational training and higher education lend the least support to the idea of a welfare state, which they personally need much less, on the one hand, while on the other hand they desire the greatest possible opportunity for individual advancement and making money based on the principles of

competition. Workers with primary and secondary education place more emphasis on the protective functions of the state and would like to restrict income, especially the segment of it considered unjustified, at a relatively lower level.

The Price of Quiet Life

As many as 68 percent of respondents said successful family life is the most important of all values in life. Interesting work which one likes came in second, selected by almost 57 percent of respondents. It was mostly important to younger workers. Peaceful and secure existence without surprises ranked second, with 46 percent of workers, largely with primary education, expressing a preference for it. Securing a satisfying job and an adequate living standard, striking roots among loving family and well-wishing friends have become the most widely desired value.

M. Ziolkowski maintains that the emphasis on these values testifies to a certain fear, feelings of frustration and dread, reluctance to set more ambitious goals for yourself because of the awareness that there is little chance to achieve them. These values involve survival rather than development, protection rather than growth. Developmental and active values rank very low in the hierarchy. This involves first of all values associated with achieving a better individual standing. Financial success, selected somewhat more often in the younger age brackets, ranks low, promotion and achievements on the job—even lower. Knowledge and education, which are not regarded as a value worth achieving by these social groups, ranked in the very remote third slot from the bottom. The statement on the declining status of education in Polish society is thus confirmed. The opportunity to influence the affairs of young people and the state as a value was selected by about 16 percent of the respondents, mainly party members.

In light of the survey, there is little indication that the working class at present possesses some stable and internally cohesive concept of consciousness based on the intended shape of the political system in our state. After all, on the one hand, there is a great need among workers for expanded institutional guarantees of civil liberties, while on the other hand, an interest in active participation in political life is lacking. Therefore, the dilemma continuous to occur, in that motivation for political activity by workers is observed to be declining, while, on the other hand, we are dealing with far-reaching hopes for systemic reforms in the sphere of defined declarations and proclaimed values. The proreform and pro-self-government political preferences registered among the workers provide an opportunity for democratizing the political and economic system and their active participation in these processes.

**Roundtable Discusses Socialism; Theory, Errors
in Renewal Process**

26000208 Warsaw *KULTURA* in Polish No 6,
10 Feb pp 4-5, 15

[Discussion chaired by Andrzej Pawlik; date and place not specified: "...We Don't Exactly Know What Is Socialism"]

[Text] We invited specialists from various fields—economists, political scientists, and representatives of the humanities—for discussion of the past of the socialist world, its development roads so far, and the occurrences which have cumulated to a point at which the countries of the socialist system nowadays have to face the necessity of accomplishing revolutionary transformations.

The economic sciences were represented by: Professor Pawel Bozyk (Institute of International Economic Relations, Main School of Planning and Statistics), Professor Michal Dobroczyński (Polish Institute for International Affairs), and Professor Mieczyslaw Mieszczankowski (Institute of Economic Sciences, Polish Academy of Sciences). The political sciences were represented by Professor Edward Erazmus (Academy of Social Sciences) and the humanities by Professor Witold Nawrocki (Academy of Social Sciences and the Institute of Literary Studies, Polish Academy of Sciences, editor-in-chief of *KULTURA*). Also accepting the invitation to the discussion was Dr Eugeniusz Mozejko, a columnist for *ZYCIE GOSPODARCZE*. The editorial board of *KULTURA* was represented by Andrzej Pawlik.

ANDRZEJ PAWLIK: You may be surprised that *KULTURA* has invited to this roundtable discussion a group in which economists predominate numerically. This is due to the belief that finally, after dozens of years of uncertainty, a certain socialist dilemma has been resolved, and that it has been resolved by so-called real life or actual practice. This dilemma reduces to the uncertainty as to what has primacy and in respect to what: the economy over politics or politics over the economy. I think that we would not object greatly to agreeing on one thing: that it is precisely the economies of the socialist countries, their low productivity and effectiveness, that are making it both desirable and necessary to accomplish changes, and fundamental changes at that, in both the economic and the political domains as well as in political thinking about the economy.

The economies of the socialist countries have lost their growth dynamism and it is precisely this "state of loss" that has become a stimulus of present-day changes or even is underlying them. This has therefore revealed the actual, hierarchic relationship between politics and economy. I am therefore asking you all to try and analyze the causes and determine the duration of the loss of growth dynamism in the economies of the socialist countries in

face of the fact that the thesis of the superiority of the socialist economy to the capitalist one had been propagated for a long period of time.

PROF MICHAL DOBROCZYNSKI: Real socialism existed and exists chiefly in the underdeveloped countries and those with a medium degree of development. Aside from Czechoslovakia and the GDR, neither at the outset of socialism building nor at present does any socialist country belong in the group of highly developed countries. The distance between us and the West has shrunk somewhat, in relative figures, but if it is viewed in terms of per capita national income it has definitely widened, even despite our somewhat faster growth rate. This is due to the differences existing at the starting point.

True, our incomes have multiplied. But the West has displayed a tremendous adaptability and developed in a manner which, by comparison, tangibly demonstrates the deficiencies in our economic mechanisms. The economic system of socialism has not at all been as productive as it had originally seemed; the transfer of new technologies to underdeveloped countries has only [at first] often produced extremely high percentile effects.

Many of our accomplishments in the past were due to earmarking for investment a substantial part of national income by means of administrative-political pressures. The resulting investments have not been too productive, but they did produce additional effects. In reality, however, no socialist country ever has proceeded from a favorable starting point, although pride was taken in fragmentary quantitative indicators. Socialist countries have rarely provided the world with innovative new products and what standing they have on international markets is due only to their raw materials and semifinished products.

PROF PAWEL BOZYK: The operating system of the socialist economy at present has much in common with the operating system of a wartime economy. A near-wartime economy was introduced in the Soviet Union in the 1930s and in Poland in the early 1950s. Later it had been decided that it should be perpetuated, and this was the fundamental error in reasoning; contrary to the thesis of dialectics, no dialectics was ever applied to this system.

When viewing the system of the socialist economy through the prism of promoting a high growth rate and structural changes, its pluses should be emphasized. In this field the socialist countries have accomplished significant changes, especially during the first 20 years. The share of these countries in the world's gross national product, industrial output, and many other fields, has increased.

But we cannot assess the traditional operating system of the socialist economy from the standpoint of qualitative changes in that economy, because it has never, to this very day, been suited to such changes.

PROF EDWARD ERAZMUS: It seems to me that the problem lies in answering the question of how to activate new internal motive forces for growth under socialism. What forces? Should merely the previous mechanisms be restored, that is, the commodity-money economy, the [open] market, and competition? Or should new mechanisms be activated and old ones filled with a new content, with new original elements that can operate under socialism? This has been discussed, if memory serves, since 1956.

It seems to me worthwhile to use the problem of ownership as the starting point of the discussion, since in this field major deformations have occurred. The ideology includes the concept of socializing the means of production. In legal terms, this means nationalizing the means of production. And it is this that has been reflected in the Decree on Nationalization, which so far no one has rescinded nor probably ever will rescind. In reality, however, means of production have become the property, as it were, of the administrative apparatus. Since 1948, until 1980 inclusively, there had been no differentiation of the concept of ownership. The sole administrator of property has been the state and economic administration, which thus became a kind of a dominant force, since it holds in its hands the material means of influencing even the party and other social groupings.

It is thus necessary to reconsider the problems of the socialization of ownership, its diversification, greater flexibility, and enrichment of its forms.

I think that in the past we had been dealing with two issues: one was the lack of concern for identifying—or the reluctance to identify—actual social processes, because their knowledge could disturb our complacency. The other issue was that academic treatment of complex problems may not always have been effective. Thus there had arisen a twofold cognitive dissonance, convenient to both sides, the more so considering that there existed—and surely still exist—certain unsurmountable dogmas of theory which functioned and function in the domain of ideology, but which also, this being more important, exist in the domain of theory. This means that a process of identification of ideology with theory has set in, and the individuals who had other views of theory could be—and were—considered dissidents. We have not, for example, to this day overcome the dogma of the primacy of heavy industry over light industry. We had the dogma of the superiority of state ownership to cooperative or communal ownership. There also exists the dogma of the primacy of politics over economics.

Dogmas tend to be simplifications, regardless of time and conditions. This last principle may after all be variously construed: as authorizing direct intervention

in the economy or as the ability for indirect, parametric intervention. I believe that we are maturing sufficiently to understand the latter interpretation of that principle. In a word, the need exists to rethink various dogmas, including the debatable dogma of the infallibility of the state in the economic domain.

There appears to be a need for a critical view of the question of the leading role of the party as a force which outlines development directions but which may also make mistakes—not only mistakes as to the direction of the [development] program but also, and most often at that, mistakes as to ways of implementing the program.

DR EUGENIUSZ MOZEJKO: The widespread awareness that this country is not developing as it should has arisen fairly late, and practical conclusions were drawn even later. For quite a long period of time we had been living in the belief that our growth rate is higher than in the West and that the gap is narrowing.

But now there arises the question of evaluating the quality of this progress. To be sure, the socialist countries have industrialized themselves, built themselves iron and steel plants, heavy industries, etc., and produced a great deal of steel, but at the same time [such simple things as] nails not available in stores. I think that that system had been efficient and produced satisfactory results so long as the issue was to accomplish an industrial revolution; then, it served to mobilize the means needed to accomplish it. But if its effects are considered from the present-day viewpoint, all these processes have always been relatively ineffective and provided no chances for achieving the quality of life we are concerned with nowadays.

The awareness that the command-directive system in the economy is not meeting certain objectives had appeared early; our attempts at reform after 1956 [year of workers' bread riots in Poznan] ensued from this awareness. Later, for dozens of years we had been reading in the newspapers about the "travails of inventors," which has long been a signal that this system does not absorb or generate innovations. While proclaiming positive appraisals of these periods, which enabled us to attain progress, we have at the same time been aware that this is not a model meeting all the expectations of the society.

PROFESSOR WITOLD NAWROCKI: Observation of cultural processes corroborates, as it were, the comments made so far in this discussion. There has been a quantitative increase in cultural contributions and the level of general education has risen, but, even then, at the same time we became acutely aware that all the growth elements produced a relatively small effect on the development of culture as a whole; the cultural level of the broad masses has been markedly declining and the gap between them and the cultural elite growing. The barriers to access to culture, which, according to the theory of socialist development, should shrink, have been growing, and in a rather alarming manner at that. This has been

discussed as early as in the mid-1970s when the number of cultural institutions began to decline and the existing institutions often operated in a make-believe manner.

All this has been accompanied by a far-reaching dogmatization of the manner in which the entire domain of culture, and especially the domain of autotelic, artistic culture, is controlled from the top. This was characteristic already in the 1960s, and in the 1970s the first effects of the administrative and directive treatment of culture had already appeared in the form of the bifurcation of autotelic culture into official and unofficial cultures, with all the negative consequences thereof, which objectively reinforced the mechanisms of political struggle and ideologically diversionary activities in culture.

Or consider another inefficiency of the system, and one which to some extent exists to this very day: we have been promoting culture and raising artists which and who could offer proof that the methods for art education are effective. But at the same time we failed to create suitable mechanisms enabling these artists to function in our cultural conditions, in our cultural organizations. Properly speaking, since the 1970s we have been facing the growth of emigration of the talented, including scientists as well. At one time statistics on the number of professors and docents of the [Polish] Academy of Sciences who had left for the West were compiled; they were appalling. And as for artists, to this day we have failed in creating such economic mechanisms as would assure their success. To this day the artist is still treated as a rank-and-file toiler and even the talent of a great singer or a great musician is defined by the same official criteria for economic success as those applied to the talent or a government clerk or an assembly-line worker.

PROFESSOR MIECZYSLAW MIESZCZANKOWSKI: The indubitable fact is that, during the last quarter-century, socialism has not availed itself of opportunities for growth. Can it resolve this situation and accept the challenge of the modern world, augment its development rate?

As regards the first question, the causes of this phenomenon have already received considerable publicity both in this country and, as we all probably agree, in the other ["socialist"] countries. I have tried to consider it in terms of the Marxist category of the law of motion, which says that when a society is developing (meaning the growth of production and all other domains, inclusive of education and culture) in the absence of changes in economic interpersonal relations and in relations of production management, it inevitably begins to experience—at a certain stage of development—a structural crisis. A structural crisis means that the economy is incapable of increasing its growth rate and elevating living standards to an extent satisfying the society.

It can be considered certain that for nearly 40 years interpersonal economic relations, the system of economic management, and the political system as well

(political-social superstructure) were to a great extent petrified. The hypothesis, therefore, can be advanced that, as a result, the economies of nearly all the socialist countries had entered upon the stage of structural crisis.

It should be explicitly stated that the two causative factors behind this phenomenon are: erroneous theories of the exercise of power and erroneous theories of management, treating the economy as one big enterprise that is centrally administered by the state. I have always pointed to the existence of a great paradox between Marx's assumption that the working class did count for something from the standpoint of management under the capitalist system of society and the failure of theory under socialism to reflect this, owing to its underestimation of the primacy of that class. Textbooks of economics have not endowed the working class with this attribute. And de facto this has not been recognized in practice either. All attempts at forming worker self-government [at enterprises] have soon been ending in failure.

And hence erroneous theories of economic management as well as erroneous theories of the exercise of power. It has been acknowledged—because this was proclaimed to all and everywhere—that the exercise of power by the working class and its leadership definitely does not engender any contradictions, that there can be no alienation of the authorities from the society (how could there be any alienation, it was pointed out, considering that hundreds of thousands of people participate in people's councils and other bodies?). Against this background arose political and economic arbitrariness, curtailment of democracy and self-government, and an authoritarian system of exercise of power.

I do not know whether my interpretation is valid, but I consider the principal causative factor of these phenomena, i.e., of the curtailment of democracy and of the crisis of our economy (and of the economies of other [socialist] countries as well) to be the conservative forces or, as Mikhail Gorbachev puts it, the socialist conservatives. It is they who paid homage to erroneous theories of the exercise of power and management, guarded them, and were the principal force torpedoing attempts at reform in the past.

PROF MICHAL DOBROCZYNSKI: In a large number of cases theory has been adapted to practice for narrow purposes, chiefly to political practice. I refer here to Stalinism and its reflection in our reality, particularly after 1949.

Stalinism caused the elimination of all the basic attributes of the socialist system, such as people's rule and control of the leadership by the broad masses. It is simply that the fundamental economic law of Stalinism was the interests of the ruling group, with practice being adapted to that law. And whoever was of a different opinion met with the same end as a majority of the delegates to the party congress in 1937, or a majority of the people who had been Lenin's closest associates.

At present we want to abandon the traditional, inefficient model of economic management, but such abandonment will not be possible if the reform is carried out in the economic domain alone.

PROF PAWEL BOZYK: Let us be accurate as regards the past so as to avoid producing the impression that everyone has from the outset been opposed to command-directive socialism. Oskar Lange, an advocate of market socialism, had imagined as far back as in 1936-1937 that under socialism there would arise some uncannily wise governing center, planning commission, or central planning office, that would centrally fix all prices. Lange's views were supported by the left wing of the Polish Socialist Party. In my opinion, viewing the whole history of command-directive socialism from the vantage point of 1987 is a kind of oversimplification. Allowance should be made for those times as relating to the coeval discussion of theory and coeval realities and climate. Nowadays we feel certain that our predecessors were wrong, but at that time that was the reality; they had visualized socialism differently from us today.

PROF MIECZYSLAW MIESZCZANKOWSKI: The impression should not be produced that the blame for the system that arose rests in any way with economic theory, and especially with Lange's theory. That would not be consonant with historical truth. More even, beginning with 1956 economists, and also, as I wish to emphasize here, sociologists and philosophers, have been proposing reform programs whenever the circumstances were favorable, but their proposals had been consistently rejected; no, not just rejected but condemned, as revisionist, as submission to the pressure or influence of alien ideological forces, as the official formulation went.

PROF MICHAL DOBROCZYNSKI: I am of the opinion that it was the political factor rather than theory that had been decisive in recent Polish history. We know besides what happened to Professor Lange; after 1949 he was removed from any position of influence. It is no accident that at that time nearly all the socialist countries departed from the more rational triple-sector [state, cooperative, private] model. Is it that all theoreticians have suddenly matured in the same year [i.e., recently]?

I agree that every period has to be viewed from the historical standpoint, and I believe that part of those who had then been young hoped that the new system would be effective. But I doubt very much that Minc [Polish government minister in the immediate postwar years], who had witnessed the performance of Soviet merchandising apparatus, eliminated private and cooperative trade in the belief that this would enhance the efficiency of [state-owned] trade and elevate the level of services. It was precisely the political factor, or even the careerist factor, that had been decisive.

PROF EDWARD ERAZMUS: The command-economy system arose in the late 1920s and early 1930s. Lenin had not conceived it. Afterward came the stage of accelerated socialism-building. It was the coeval theoreticians that had developed that concept. It may be that social conditions, the manner of production, which at the time had been at a low level, the organization of production, the productive forces, and the production relations necessitated precisely such a command-directive system. And finally that system found ideologues of its own in, e.g., the person of Stalin, who substantiated its principles and went farther than needed. A virtue was made out of a necessity. After all, command-economy socialism also operated without Stalin. Stalinism without Stalin. Perhaps this is some infantile disease of socialism-building?

PROF MIECZYSLAW MIESZCZANKOWSKI: We still are not familiar with all the archival records, but it is a fact that during that period in the Soviet Union had existed two development concepts, that the first 5-year plan completely diverged from its fulfillment and was abruptly terminated at the October [CPSU Central Committee] Plenum in 1929—a plenum whose records are unknown. We can only guess the reasons, but undoubtedly there was a conflict between two different development concepts within the party. The one we are discussing emerged the victor.

PROF MICHAL DOBROCZYNSKI: Owing to particular political relations this system became nearly identical in countries as backward as part of Russia and Mongolia. But by what miracle did an identical system arise in Czechoslovakia? What was a necessity in one country and under specific circumstances, in another became a reflection of a particular alignment of political relations.

Socialism cannot be identified with what had existed heretofore; socialism is social justice, meaning a social justice combined with a high living standard and a high labor productivity, and also with proper political relations at that. Socialism building can be very effective even when the cooperative and private sectors are markedly broadened, particularly in the domains in which the state sector has not proved itself.

The very concept of the nature of the system also is perplexing and requires discussion. The traditional attitude toward cooperation with the outside world as well as the scale and nature of contacts with countries of the other system need to be revised. Unless we cooperate with the highly developed economies, we cannot make up for our lag.

DR EUGENIUSZ MOZEJKO: The present conditions has also been greatly influenced by theory, but let me observe that in this domain the situation is rather paradoxical: If we leaf through any textbook on the economics of socialism, we find that it does not question the issues we are discussing today. Neither is the operation of the law of value or of commodity-money relations

under socialism being questioned. Yet, in practice all this somehow went unperceived; practice is different. Practice has been based not so much on some crystallized theories as, frequently, on pseudotheories or dogmatic postures. Even when the need for reforms was perceived, they were not carried out, if only because the traditional system was useful to the authorities and various interest groups. I would say in general that the widespread dogmatism served these groups as a highly effective means of resisting the reforms.

These dogmatic prejudices persist to this day regarding such questions as the market, its role in the economy, and competition. Nowadays, to be sure, most of those who express their opinions on this topic have no doubts, properly speaking, that the market should play a role, that competition should exist, and that money should also play a role. But we still exist in a stage in which not everyone is clearly aware of the roles to be played by these instruments and of the scope of their application. We exist in a stage which requires an augmented effort of theory in order to reach a new definition of even socialism itself in terms of all the categories I mentioned above. And this is a highly important moment, because dogmatic thinking and attitudes, combined with vested interests, represents a barrier that is very difficult to surmount. Being aware that we should reform the socialist system—or at any rate the economic system—we may, owing to weakness of theory, while still not losing outright the struggle for the reform, allow the reform to be implemented inefficiently, in face of resistance, over too long a period of time, and thus essentially forfeit the opportunity it is affording.

PROF WITOLD NAWROCKI: Nowhere it is more explicit than in the domain of culture. The reform, market mechanisms of the reform, and self-financing of culture are being continually mentioned, but at the same time all kinds of freak measures, oddities, are being carried out, perhaps because the ideas of the reform are being translated into reality without any contact with economic theory. For example, persons who contribute to culture in Poland are almost ceaselessly being subsidized. Film artists, opera artists, theatres, etc., all are being subsidized. Yet the creative cultural contributions they make are disseminated like consumer goods, become a market commodity. Even though I am a total amateur so far as economic questions are concerned, I can see this as a disruption of a natural logical process whereby it is not the seller but the producer of a commodity that is responsible for its success on the market.

PROF PAWEŁ BOZYK: The Polish reforms in most cases make me think of an attempt to train a heavyweight for a 100-meter race. Various tricks are resorted to, e.g., slender thighs are painted on him, but this won't help make him willing to run. The crucial question is, why?

Mention has been made here of conservatism resisting the reforms. But is this enough? Because contemporary discussion usually ends by treating this subject in the past tense inasmuch as the Ninth Congress supposedly put an end to it and henceforth it will be days of wine and roses.

But I would look for conservatism not only in the economy but also in politics and ideology. That is because all attempts at turning economic reforms into technocratic measures dependent on economists have so far ended in failure. Consider the 1946-1949 period, the most reformist period in the Polish economy. What had characterized it? Four factors: diverse forms of ownership, the market as the basis for the operation of the economy, indicator planning, and a multiparty political system.

If we wish to identify the economic reform solely with the application of commodity-money instruments to the economy, all other assumptions remaining unchanged, let us not feel surprised because this is not feasible.

The first question is: do we indeed want to assure equality of different forms of ownership?

In the discussion held at "Intraco" Convention with 170 companies from the world over, the issue was put as follows to our reformers: "If you want greater participation by foreign capital, allow us to invest in the manufacture of passenger cars instead of toy cars for kiddies." Well then, what should be the extent of private ownership? Tiny, somewhere within the range of 5-10 percent, or in a proportion as large as that of state ownership?

There exist many other dilemmas on which a position must be taken. For example, can the average citizen buy shares in a company, or cannot he? Or: should unemployment be an instrument accelerating a rise in labor productivity, or should it be merely a consequence of poor management? Or: who is to decide on economic development? Politicians or economists?

PROF WITOLD NAWROCKI: Let me point out that in Poland, and not only in Poland, there arises the phenomenon of, I would say, conservatist apprehension of the future, an apprehension that is to some extent irrational, because some people do not understand—or do not receive a sufficiently understandable explanation of—the necessity and prospects of changes. In addition to the "ideological conservatives" there exists a sizable number of people prompted by a natural conservative response ensuing from fear of the future, fear of pauperization which may be brought by an unclear future. This is the key for understanding various kinds of attitudes in certain countries of our camp, including the USSR. This key lies in the mentality of the society rather than in some concepts. This appears highly perilous to me, because groups existing in the condition of political or

ideological fusion and having specific programs of action can be politically, ideologically overcome but these mechanisms are tremendously difficult to direct.

PROF EDWARD ERAZMUS: Conservatism as a social movement looks for its niche in particular institutions, where it institutionalizes itself. And both conservatisms are menacing—the social conservatism and, even more so, the conservatism lodged in institutions of the state and perhaps also the party administration, and in science, and hence also in the domain of political theory or management. And I have the right to believe that nowadays this conservatism has its state structures.

DR EUGENIUSZ MOZEJKO: I would consider that social conservatism to be to some extent justified by the weakness of the theory of the reform itself. We cannot indicate any specific prospects to the society, and we cannot define the meaning of that reform to the society. And that is why it is so mistrustful.

ANDRZEJ PAWLIK: Gentlemen, I see that, following a broad and deep exegesis of the past, you intend to analyze the present and its perils. But let us postpone the discussion of this fascinating topic of the present and the future till another occasion, to which I invite you all even now.

To conclude the present round, I take the liberty, as if to point up our entire talk, to quote a certain passage: "I wish to emphasize, though, that I consider the expression 'socialist countries' to be a conditional one. For, properly speaking, we do not know exactly what is socialism; we lack a contemporary definition. We employ extremely simplified and often distorted concepts of socialism that are based more on propaganda slogans than on solid scientific research covering the entire contemporary knowledge. We base ourselves on various statements pronounced from high on that such and such development level of socialism has already been attained. My attitude toward such statements is very restrained but this does not mean that I can offer my own definition, because that requires work, thought, and a broader exchange of views."

The author of this passage is Feodor Burlatskiy, a Soviet philosopher and sociologist who also is prorector of the Academy of Social Sciences under the CPSU Central Committee, political commentator for *LITERATURNAYA GAZETA*, and moreover an associate and adviser of Mikhail Gorbachev.

It ensues unambiguously from your judgments of the past and from the above passage that socialism is not yet a conclusively jellied social, political, and economic formation, that it continues to be a system "in statu nascendi," although for many dozens of years it has been treated as a fully formed system of society in every domain, and a system in practically a state of excellence.

I thank you for participating in this discussion and renew my invitation to a dialogue about the future.

1386

'Struggle, Martyrdom' Council Phone-In Elicits 'Blank Spots' Discussion
26000225b Warsaw RZECZPOSPOLITA in Polish
19 Feb 88 p 3

[Article by J. Trylinski: "To Honor the Memory and Think About the Future"]

[Text] An open-phone session last Friday with Gen Div Roman Paszkowski at the RZECZPOSPOLITA phone aroused so much interest that it ran several times longer than expected. Several dozen of our readers talked with the chairman of the Council for Preserving the Memory of Struggle and Martyrdom. Therefore, we cannot relate the course of all conversations. Out of necessity, the following report on this phone-in reflects the most frequently raised issues.

A visit by the delegation of the council to the USSR last year aroused much interest. With reference to perestroika and openness in the USSR and the declaration signed by the leaders of our two countries, our readers, among others, Stanislaw Kubiak from Zdunska Wola, Danuta Sikorska from Warsaw and Kazimiera Szmagiel from Poznan, talked about the need to clarify "blank spots" in our history.

"In the months to come," stated Gen Paszkowski, "a delegation of the council will embark on a trip around Lithuania and Belorussia. After all, pursuant to a recently passed law, we must work to commemorate the events from our history in its entirety. This is why we are planning to visit cemeteries, including Lyczakow in Lwow and Wilno on the Rosa where the ashes of great Poles are entombed."

Meanwhile, a group of specialists—architects, artists, sculptors—is heading to Katyn as early as April in order to consider right there a worthy way to commemorate that location. In this instance, it should be recalled that for years representatives of the Polish Embassy have been laying wreaths and flowers in Katyn on the occasion of state holidays and anniversaries.

Delays with beginning construction of the Monument of the Warsaw Uprising are causing much emotion, especially among the inhabitants of Warsaw. This was also discussed during the session. "I believe," said the chairman of the council, "that we are at the stage of finishing work. After all, the need to erect such a monument is beyond any doubt, but controversy has arisen with regard to its format and the artistic message."

Several of those calling stressed the need to pool the efforts in the cause of preserving the memory, e.g., Andrzej Tyszka from Brwinow. He is the author of a

work on about 1,200 commemorative plaques located in the churches of the capital city voivodship, for which he cannot find a publisher. Gen R. Paszkowski invited his interlocutor to the office of the council in order to get a better idea of the issue. On this occasion he explained that we are no longer honoring the memory selectively and are abandoning divisions whereby certain events and individuals are commemorated only in religious buildings, while others in other public places. At present, preliminary talks are under way with representatives of various churches and denominations on their participation in the work of the council.

Observance of the 70th anniversary of regaining independence this year and of the 50th anniversary of the September [1939 Campaign] next year provided an occasion for our readers to request that personalities and events of the II Republic be recalled and subsequently duly honored. For example, Anna Maslowska from Warsaw and J. Kuc from Olsztyn inquired about the possibility of bringing the ashes of Gen Sikorski and Gen Sosnkowski to our country. Gen R. Paszkowski informed them that talks are under way; however, resistance by some Polonia groups is the main obstacle.

Many people said that these highly significant anniversaries bring out the need to view politicians such as J. Pilsudski, R. Dmowski or Gen J. Haller objectively, without political and dogmatic partisan spirit. We should finally separate the good from the bad in their actions and show their indubitable contribution to returning the name "Poland" to the map in 1918. After all, argued the interlocutors of the RZECZPOSPOLITA guest, we have already discontinued disparaging, for example, Witos or Paderewski. Now is the turn for other personalities from our modern history.

In response, Gen R. Paszkowski stated that an objective, *sine ira et studio* [without anger and prejudice] evaluation by historians is definitely needed. Only then will the Council for the Preservation of Memory and its committees in the voivodships be able to undertake appropriate actions.

Many of the callers spoke very warmly about cooperation established between the council and its equivalents in various countries, among others, Great Britain, Belgium and Italy. Visits to Polish cemeteries along the combat route of the Second Corps, the Armor Division of Gen St. Maczek, as well as visits at the tombs of Polish flyers who died in "the Battle of Britain" remind societies in these countries of the role of the Poles in helping them gain freedom on the one hand, while on the other they eliminate the still lingering classification into better and worse soldiers.

"We proceed from the assumption—and this is the main guideline for further activities—that blood spilled in defense of the motherland is equally valuable regardless of front or unit," said Gen R. Paszkowski. "Polish graves can be found in 65 countries the world over. This is why

such visits will be continued, and contacts will be expanded. A provision of the new law also obligates us to engage in such undertakings, as well as to enhance cooperation with the Polonia, for which it is naturally easier to take care of Polish national memorials abroad."

These telephone conversations showed that there is a group of activists concerned with national memorial locations. Stefan Zolnierczyk talked about this, among other things, describing how Olszynka Grochowska was defended against attempts to put in various utility lines.

We should also note several statements which, while not directly involving the scope of activities of the Council for Preservation of Memory, nonetheless touch on the issue of significance of struggle to regain independence or survive in time of oppression. One of those was by Janusz Pilecki from Warsaw, a former tankman from Gen Maczek's division. He suggested embarking on broad and uncompromising polemics with the endeavors and ideology of such pseudo-pacifist groups as "Freedom and Peace." "After all," stated Janusz Pilecki, "if this had been what the Poles thought, we would still be partitioned [among adjacent nations]. The army is, and in the foreseeable future will be, necessary to protect the safety of us all."

This necessarily short report cannot fully reflect the scope and array of issues raised during a phone-in session at RZECZPOSPOLITA with Gen Div R. Paszkowski, chairman of the Council for Preserving the Memory of Struggle and Martyrdom. It turned out that these matters, weighty and frequently emotional, are close to the hearts of many.

9761

Voivodship People's Councils Meet

*26000218b Warsaw TRYBUNA LUDU in Polish
7 Jan 88 p 2*

[Unattributed article: "Sessions of Voivodship People's Councils"]

[Text] A session of the Voivodship People's Council evaluated the status of culture in the voivodship and discussed directions for its development until 1990. The councilmen stressed that the position of the region on the cultural map of our country has improved in recent years. Funds allocated for cultural activities have increased. The lack of space and of adequately qualified cadres are particularly obvious.

Councilmen of the Voivodship People's Council in Legnica analyzed the program of development for rural areas until the year 2000. In their estimation, the social and housing conditions in rural communities remain at a low level, and the condition of the socio-economic

infrastructure is unsatisfactory. The program analyzed by the councilmen emphasizes the elimination of disparities in the conditions of work and life in rural and urban areas before the year 2000.

Evaluating the operations of primary-level people's councils was the main subject at a session of the Voivodship People's Council in Radom. The work of township, city and city-and-township councilmen received a positive evaluation despite disproportions indicated in the activity of individual councils and ad-hoc commissions. Much attention was paid to the issues of cooperation between the basic-level councils and the PRON [Patriotic Movement for National Rebirth], trade unions and social organizations.

9761

Local People's Councils on Budget, Living Standards

*26000218c Warsaw TRYBUNA LUDU in Polish
30-31 Jan 88 p 4*

[Unattributed article: "Voivodship People's Councils' Sessions on Economic Plans and Budget"]

[Text] Voivodship People's Councils have met in many voivodships. Socio-economic plans and voivodship budgets were on the agenda. The documents adopted strongly favor an improvement in the conditions and living standards of the populace. It was stressed that greater support from and involvement by the populace are a prerequisite for carrying out the plan. Representatives of the Council of State took part in the sessions of Voivodship People's Councils (Zenon Komender in Zielona Gora and Kazimierz Morawski in Gorzow Wielkopolski).

9761

People's Councils Focus on Handicapped, Housing, Budget

*26000218e Warsaw TRYBUNA LUDU in Polish
13 Jan 88 p 2*

[Unattributed articles: "Sessions of Voivodship People's Councils"]

[Text] Caring for children and handicapped young people was the subject of the Voivodship People's Council session in Katowice. The councilmen charged voivodship authorities with improving the situation in this field, suggesting that first a statistical register of handicapped children be established in order to assess the needs more precisely and determine how they can be met.

A session of the Voivodship People's Council in Kalisz evaluated the status of construction. In the resolution, the councilmen stressed the need to simplify the procedure of preparing investment projects, that is to say,

their siting, purchasing the land, preparing documentation etc. The suggestion by the governor to discontinue reports to the Voivodship People's Council on the status of construction was turned down. Councilmen of the Voivodship People's Council in Zamosc adopted the voivodship plan and budget for 1988. They acknowledged the development of agriculture and the food industry to be one of the most significant goals. Besides, construction of 65 kilometers of water mains in rural areas was included in the annual plan.

9761

Voivodship Governors' Convention Held

*26000218d Warsaw RZECZPOSPOLITA in Polish
15 Jan 88 p 2*

[Unattributed article: "Proceedings of Governors' Convention"]

[Text] Yet another meeting of the Governors' Convention was held in Kielce with Sergiusz Rubczewski, the governor of Kielce, in the chair. It was devoted to, among other things, discussing the organizational guidelines for the offices of local government agencies and enterprises and institutions under the second stage of the economic reform. Matters of the communal economy, implementation of regional policy, streamlining legal regulations and improving services to the populace were also presented in the discussion. The need to further reinforce the agencies at the primary level was emphasized.

The convention familiarized itself with proposals aimed at improving the system of inspections in the country and with the operative issues of the Territorial Inspection of the Chancery of the Council of Ministers. The views of the Governors' Convention in these matters will be presented to the chairman of the Council of Ministers.

Secretary of State at the Chancery of the Council of Ministers Zygmunt Rybicki and Inspector General of the Chancery of the Council of Ministers Gen. Bde. Edward Drzazga took part in the proceedings.

9761

Constitutional Tribunal Finds Coal Allocation Law Unconstitutional

*26000261 Warsaw PRAWO I ZYCIE in Polish No 13,
26 Mar 88 p 3*

[Article by Iwona Jurczenko: "Cake for the Farmer"]

[Text] "They don't have bread? Let them eat cake," said Queen Marie Antoinette when informed of protests by the starving French people. On listening to the unfolding of dramatic portrayals of the freezing farmer, Public Prosecutor Teresa Koza declared to the Constitutional Tribunal, "They're short of coal? Let them use methane or solar energy."

During the hearing at the Constitutional Tribunal, the Office of the Council of Ministers tenaciously defended the questioned provisions of the Resolution No 108 of the Council of Ministers concerning restrictions on the sales and consumption of consumer fuel, which fixes the quotas for coal sales depending on whether the farmer is or is not a private farmer. The representative of the Office of the Council of Ministers claimed that the Constitutional principle safeguarding the equality of civil rights could not have been violated inasmuch as coal sales are commercial transactions rather than a constitutional principle. Moreover, he argued, the needs of discrete consumer groups in town and in country are simply different and hence there can be no question of discrimination against particular segments of the population by virtue of their socio-occupational standing.

The Procurature General, speaking at the Constitutional Tribunal as the spokesman for law and legality, was of the opinion that the provisions of the Resolution are consonant with the Constitution, and especially with the principle of equality and social justice. This means that in principle it is possible to differentiate among citizens according to their characteristics if these characteristics are not specified in the pertinent article of the Constitution which forbids such discrimination (or such privileging), and that citizens' rights have their limits, these limits being represented by the law and by the level of the country's economic development. The representative of the Procurature General claimed that the criteria for differentiating among the needs of coal users are not the characteristics of fuel users but the possibilities for coal conservation and the access to substitute fuel.

"We don't question the competences of the Council of Ministers for controlling allocations, nor do we question that necessity. What we question is the approach to the allocations," interjected the representative of private farmers.

A plea for declaring the aforesaid Resolution to be inconsonant with the PRL [Polish People's Republic] Constitution was submitted to the Constitutional Tribunal by the Polish Truck Gardening Association and the National Association of Agricultural Circles and Organizations, which have long been attempting to obtain a revision of the coal quotas allocated to farmers. Resolution No 108 of the Council of Ministers fixed the quotas for sales of fuel to consumers depending on differing criteria for urban and rural dwellers—for urban dwellers, 1,000 to 2,200 kg of coal per dwelling depending on the number of its rooms, and for private farmers owing farms with a surface area of more than 0.5 hectare as well as for greenhouse growers—that is, for the private farmers among them, too—1,300 kg of coal regardless of the size of dwelling.

This means, the farmers argued, that, in order to heat the same five-room dwelling, the private farmer receives 1.3 tons of coal whereas a non-farmer receives 2.2 tons. This is discriminating against citizens by the occupational group to which they belong.

The principal argument of the government was that farmers allocated fuel for production purposes can utilize it for personal consumption. The response of the farmers was that no such fuel surpluses could be conserved. First, because the quotas for the allocation of coal for production purposes are in themselves already inadequate, and second because farmers are allocated coal not for production but only after they sign a procurement agreement. Thirdly, certain truck-gardeners are excluded from receiving coal allotment for production purposes (e.g., fruit growers, vegetable, flower, and berry growers, and seed growers). Fourth, even when such a surplus is possible, on many farms the heating systems for production purposes differ from household heating systems, and, moreover, greenhouse growers usually keep their greenhouses warm by means of furnaces adapted to coal fines or brown coal, whereas it is chunky black coal that is needed [for personal heating].

The Constitutional Tribunal examined the case thoroughly and very penetratingly. The hearing lasted nearly 5 hours. It was attended by eminent representatives of the juridical disciplines, including also other justices of the Constitutional Tribunal. The hearing was also attended by farmers, government officials, and secondary school students.

When Justice of the Tribunal Professor Dzialocha discussed with Director Graniecki of the Legal Office of the Office of the Council of Ministers the legal foundations of the Resolution as based on legal formulas and provisions, some of the audience gravely nodded while others, who did not grasp the arguments too well, had the impression that they were witnessing how the high Tribunal was pressing against the wall the legal services of the government, which were defending themselves desperately though not convincingly. Justice Dzialocha asked why the Council of Ministers referred to the decree on energy management as the legal foundation for its resolution, considering that said resolution, while permitting restrictions on fuel consumption, does not delegate to the government sufficient powers for determining the principles for the allocation of fuel to consumers, instead of referring to the Decree on the National Socioeconomic Plan which delegates such powers. Was not the reason because the Decree on the National Socioeconomic Plan imposes on the government the obligation of submitting to the Sejm an annual report on "allocation measures," while the decree on energy management does not directly specify such an obligation? Director Grackiewicz resolutely denied this.

After the hearing lasted 2 hours, Director Grackiewicz began, however, to employ the formulation "This may perhaps be imprecisely worded, but...." when referring to the provisions of Resolution No 108 and to the written response of the Office of the Council of Ministers sent to the Tribunal, "which the audience interpreted as defending positions that were already lost. As for Public Prosecutor Teresa Koza, she was subjected by the Tribunal to

a brief examination on her knowledge of constitutional law, inasmuch as when interpreting narrowly the principle of the equality of citizens she had referred to the doctrine of constitutional law. Professor Dzialocha asked her, therefore, whether she had meant the overall accomplishments of that doctrine or only certain highly simplified textbooks on it.

The Constitutional Tribunal allowed evidence from the opinion of an expert on constitutional law, Docent Stanislaw Biernat of Jagiellonian University. Docent Biernat explained the relationship, as based on law theory and Polish law, between the principle of justice and the principle of equality, as well as the relation of the question of the equality of citizens before law to the distribution of material boons by the state.

"Equal treatment does not mean the apportionment of equal shares of distributed boons," the expert testified. "However, it means the application of the same criterion to all those interested in receiving the distributed boons, the evaluation of their situation on the basis of uniform criteria, and the devotion of equal attention to their needs and interests."

Further, in discussing specific criteria for differentiating among citizens when distributing scarce goods, Docent Biernat declared, "Legislative work should be pursued rationally so as to establish certain definite patterns, a certain consistency in formulating the rules for the distribution of material boons. Hence, solutions whereby the lawgiver 'violates' the established criterion for the distribution of these boons by applying a distinctly different criterion to one group of citizens as opposed to other groups existing in the same situation, are to be viewed critically." In their concluding speeches, the representatives of the interested parties declared:

"This appears to be a multiple violation of the principle of equal treatment of citizens." (Dr Leslaw Kostorkiewicz, attorney for the Polish Truck Gardening Association.)

"This represents a continuation of certain solutions applied for years in which economic difficulties justified neglect of the solution of fundamental consumer problems." (Antoni Trylski, attorney for the National Association of Agricultural Circles and Organizations.)

"In this decree the issuing agency resorts to duress to promote conservation," said Teresa Koza, attorney for the Prosecutor General, who submitted that the petition of the farmers be rejected.

"Is it just, meaning is there equal treatment? Any principle should be interpreted from the standpoint of the country's socioeconomic situation, economic possibilities, and social relations," said Maciej Graniecki, attorney for the Council of Ministers, who supported Attorney Koza's position.

Zbigniew Bicki, chief inspector of Energy and Fuel Management, who also represented the government, presented a virtual entreaty to the Tribunal, imploring it not to waive the provisions of Resolution 108 inasmuch as there is a shortage of coal anyway, so that increasing allotments to some people means that this shortage will be compounded. He estimated at 34 million tons the extraction of so-called chunky coal in 1987 (a year in which extraction increased slightly for the first time in 8 years), and at 43 million tons the overall domestic demand in that year. The shortage is augmented by an additional 1.8 million tons in already existing arrears owed to farmers. The government has taken many specific measures to reduce the shortage, and it estimates that in the not distant future they will produce tangible effects. But were the quotas of coal for personal consumption by farmers to be increased now as a result of waiving the provisions of Resolution 108, this would require the extraction of an additional 3 million tons of chunky coal. Thus also, instead of a gradual shrinking of the shortage, it would increase. Zbigniew Bicki ended these arguments by making the surprising statement that waiving the provisions of Resolution 108 would force the government to take certain legal steps to resolve this problem.

The Constitutional Tribunal then recessed to confer privately for only 1 hour. "All rise! The Tribunal is coming!" and the expectant audience heard the ruling: "The provisions of Paragraph 3, Point 1, of Resolution No 108 of 17 July 1987 of the Council of Ministers Concerning Restrictions on the Supply and Consumption of Fuel for Personal Use During the Years 1987-1990 are, in connection with Point 1, Point 2, of the Supplement to that Resolution, hereby declared to be inconsonant with the provisions of Paragraph 5, Point 5, and Article 67, Paragraph 2, of the Constitution of the Polish People's Republic."

The solemn silence reigning among the public, which had previously throughout the hearing reacted in a lively manner to each speech, was not at that moment disturbed by the least noise. The Constitutional Tribunal delivered its ruling. The gravity of this moment was too great to permit the manifestation of joy over a victorious cause.

Explaining the ruling, the presiding judge, Justice Stanislaw Pawela, declared that, among other things, not only a curtailment of basic civil rights but also a curtailment of other rights, rights to benefit from certain material goods, may be a manifestation of violation of the equality of citizens. The very fact that the apportionment was not equal in itself still is not tantamount to discrimination, but the protested provisions of Decree No 108 of the Council of Ministers distinguished between two segments of the population existing in the same situation and having the same personal needs. An inequality of this kind is in the nature of unjust differences in the distribution of staple material boons, and it is difficult to justify them.

The Constitutional Tribunal also implied that, given the presence of continuing limitations on access to consumer goods and other material boons, determining the principles for their allocation requires appropriate legislation rather than a governmental resolution. Moreover, Resolution 108 contains no provisions governing the procedure and principles for offsetting the disproportions and inequalities in individual cases, and it does not provide for the participation of self-government bodies and socio-occupational organizations of farmers in consultations on and amending of the principles of allocation.

Shortly after the hearing was over, the Chairman of the Polish Truck Gardening Association, Jacek Kalinski, declared without showing any gratification:

"The need to submit this case as high up as to the Constitutional Tribunal clearly demonstrates that our opinions, the opinions of private farmers, were not taken into consideration when this decree was drafted. The Tribunal demonstrated the validity of our rationale, but this has not assuaged the bitterness felt by the peasant community, which has always been unfairly treated when it came to the allocation of various material boons (butter, meat, gasoline, etc.). Only in the allocation of cigarettes and alcohol we have received equal treatment."

The government is considering the possibilities for appealing this ruling to the full membership of the Constitutional Tribunal, but it has not taken a decision on this matter as yet. The government press spokesman declared that implementing this ruling, that is, augmenting the allotments of coal to farmers, would at present require a reduction in exports of coal and a concomitant loss of US\$200 million. This would be detrimental to, e.g., the imports of ingredients of artificial fertilizers and crop protectants or of raw materials needed by industry.

"This ruling is directly aimed against the constitutional legality of all sorts of differentiation in allocations and controls in Poland, based on varied criterions besides," claimed Minister Jerzy Urban. "The government's legal advisers will certainly evaluate the applicability of this ruling of the Tribunal to the various allocations in kind received by diverse occupational groups. [However,] generally speaking, we are gradually abandoning the allocation system, the allotments of and controls on various material goods, in favor of the principles of [free-]market purchase and sale, and the government desires to accelerate this process."

1386

Sikorski Memorial Monument in Rzeszow
26000218g Warsaw *RZECZPOSPOLITA* in Polish
15 Jan 88 p 2

[Unattributed article: "Monument to Gen Sikorski To Be Erected in Rzeszow"]

[Text] In Rzeszow, a cornerstone of the monument to Gen Wladyslaw Sikorski was laid.

A Polonia association dedicated to the memory of Gen Sikorski initiated the erection of the monument. Rzeszow is the city of W. Sikorski's youth. He was born in Tuszow Narodowy in the vicinity of Mielec, and attended a high school in Rzeszow.

9761

ROMANIA

Dumitru Released From Ministry of Foreign Affairs Post

27000072b Bucharest *BULETINUL OFICIAL* in
Romanian Part I, No 14, 3 Mar 88 p 2

[Text] The President of the Socialist Republic of Romania decrees:

Sole article—Comrade Gheorghe Dumitru is relieved of his position as state secretary in the Ministry of Foreign Affairs.

Nicolae Ceausescu, President of the Socialist Republic of Romania Bucharest, 2 March 88, No 23

/06662

YUGOSLAVIA

1987 Foreign Trade Results Discussed

28000089 Belgrade *EKONOMSKA POLITIKA* in
Serbo-Croatian 1 Feb 88 pp 14-16

[Article by D. Zmijarevic: "Foreign Trade: Continuation of 1986"]

[Text] It is difficult, almost impossible, to write anything about foreign trade or exports in 1987 without repeating what has been said, seen, formulated, and explained countless times already. Aside from the figures regularly received from the Bureau for Statistics for certain events during the year which are no longer anything new and for some time now have actually constituted the framework of the situation that has been determining this area, there are no new factors one might speak about, especially positive factors. That is why composing a recapitulation at the end of the year becomes a thankless job for a newspaper, but here we can be encouraged by an observation made by Borislav Skegro of the Economics Institute in Zagreb, who, when asked to write something about the exchange rate of the dinar, first noted that it was difficult for him to find any motivation at all to speak again about something which had already been stated, analyzed, and defined so many times already, but then he simply said to himself: I know that, but this is my job come rain or shine. And "what would it actually be like if everyone did his job and knew what his main product was and which product was secondary, would it then be possible for people to suffer from the uncomfortable feeling that all of this has already been seen somewhere?"

We have used this digression at the very outset not only as an alibi because what you will read is something which will not enrich you with new knowledge, but also to suggest something that would be like the object lesson of the story itself.

Yugoslavia's foreign economic situation in 1987, in spite of all the declarations about the extreme importance of exports and the stimulation of the inflow of foreign exchange, was distinguished above all by an inertia which was not halted and which was given its momentum by the previous year, so that it can be said that last year was only an inglorious continuation of 1986, while certain essential elements deteriorated. This applies above all to the status of foreign exchange liquidity, which last year fell to a critical point: at one moment payments of obligations to creditors were even suspended, the economy traveled further and further toward a shortage of production supplies, and on the domestic market shortages of certain products, indeed even products referred to as vital to supply of the public, became more frequent.

The statistical data on the variation of exports and commodity trade, which is the most important segment of foreign economic relations, offer, however, a different picture. Exports, with a total of \$11.4 billion and more than \$8.5 billion to the convertible area, seem to have begun to come unstuck from the figure they have hewed to for years without any considerable change (in recent years they have ranged about \$6-7 billion). After the 1st quarter, which recorded an appreciable drop of total exports (8.4 percent) and when exports to the convertible area rose 4.7 percent, the 2d quarter in the year brought surprising improvements, and the 1st half of the year ended with a 4.5-percent increase in total exports, while exports to the convertible area soared to rates of about 15 percent, maintaining this high rate of growth throughout the entire year. Toward the end of the year fluctuations in exports began to occur, mainly with a drop in total exports to very low rates, but exports to the convertible area stayed firm. In the end, the year finished quite satisfactorily according to the official statistics with a 5.3-percent growth of total exports and a growth of all of 17.6 percent in exports to the convertible area.

This kind of success with exports and the problems with liquidity might seem to be incompatible, but there was also no shortage of explanations as to what was hidden behind these favorable statistics: Changes between foreign currencies (the dollar's drop against the leading Western currencies in which Yugoslavia conducts a large portion of its trade) concealed the true state of exports paid for with convertible currencies, which were actually much less than indicated by the statistics. According to what they have calculated in the Economics Institute of the School of Law at Ljubljana University, the actual growth of convertible exports was only 7.2 percent over the first 11 months of last year.

At the same time, exports were dropping steadily from the previous year, which had a favorable impact on the trade balance and the balance of payments but an adverse effect on the supply and operation of the economy. One could not even count all the reports coming in from various parts of the country about how production has been held up by the shortage of imported raw materials. The economy has thus definitively entered the state of chronic shortage of foreign exchange which some people were predicting back in 1986 when the present law on foreign exchange transactions took effect. Exporters were at that time deprived of any right to dispose of foreign exchange, what amounts to waiting lines for foreign exchange were created, and these lines stretched out endlessly as obligations came due for repayment of loans and the government strove to speed up payments and thereby win points with creditors. Even the vigorous exporters themselves had a hard time getting "their own" foreign exchange even for the smallest payments, and this, of course, had an adverse effect on their exports.

Woven as it is into the tangled scheme of administrative distributions and redistributions of foreign exchange, the present foreign exchange regime has thus begun to display its most adverse repercussions: it has turned organizations away from exporting, which has become an uncertain business. Some of the enterprises have found a way of making the indispensable purchases abroad through so-called one-for-one "transactions," which by some estimates represented all of 38 percent of total trade last year. Some of the statistically measured exports, then, did not bring in any foreign exchange at all.

At midyear it became clear that something had to be done with that kind of foreign exchange system, but right up to the end of the year the matter stood where it began (a decision of the Federal Executive Council on the system which will be valid only until the end of March is expected any day now), and we will not repeat here the tale about everything that has happened to the amendments of that law.

However, for a long time now in the economy, at least that part of it which knows the art of exporting and selling on markets where competition is a basic and implicit element, and among economists there has been absolute agreement that Yugoslav exports (and thereby the ability to import as well, will not improve essentially regardless of the quality of foreign exchange regimes and similar enactments. The problems with Yugoslav exports run far deeper, and their causes are not just a question of the regime or the conditions of the market. The problem is above all and basically an economy that is shut off and is uncompetitive, an economy which for a long time has been in a position to ignore what is happening outside its borders and has been supported by the entire economic system and economic policy for long years. It can even be said that the present discussions and resistance to the granting of larger rights to exporters originate in the

almost built-in conception that going outside the borders of the Yugoslav market is only a necessary evil, a passing phenomenon, and that the disposition of foreign exchange is a "privilege." After all, exports are discussed primarily in the context of repayment of the debt, and their importance to development of the national economy itself, the fact that without exports there is no technological development either, one does not get a look at the know-how of others, and that one lacks the only comparison from which it is possible to get an impetus for one's internal development, are altogether overlooked. In that kind of comparison the Yugoslav economy looks dramatically poor. A static and extremely anachronous product mix, whose change is spoken about, but there is no evidence of a single specific step aimed at changing it, is every day separating the Yugoslav economy more and more from that part of the world market to which its ties are now mainly negative (debts). The small number of products which Yugoslavia exports to the world market, the poor and deteriorating structure of exports, the low and uneven product quality, and the production costs which are high because of domestic inflation are the reasons why Yugoslavia is lagging more and more behind its (potential) competitors on the world market. It is no new datum that when producers from Yugoslavia export to the OECD countries they get only between 30 and 70 percent of the prices which their competitors from the advanced countries.

These points remain altogether in the background of discussions concerning changes in the economic system and other systems which are conducted here from time to time. However, the estimate that by 1990 40 percent of trade on the world market will consist of products and services which do not even exist as yet today indicates how necessary and increasingly urgent it is to get structural changes started, especially in an economy which is inert to the extreme.

07045

Conviction of Hungarian Author Termed Miscarriage of Justice

28000096 Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 20 Mar 88 p 27

[Commentary by Biljana Jovanovic: "Words, Sentences, Instances"]

[Text] Karoly Vicei, writer and translator, was sentenced to 2.5 years in prison late last month under Article 134 of Yugoslavia's Criminal Code by decree of the superior court in Subotica. Article 134 served in this case as a stand-in for the infamous Article 133.

First of all, the State Security Service had regularly maintained a file on Vicei. How? "Between 1978 and December of 1986, in Senta, in his own apartment, in acquaintances' apartments, and in other places" (so begins the indictment) "he commented in conversations" concerning the interrelationships and status of the

constituent peoples and other ethnic groups living in Vojvodina province. The State Security Service attempted to recruit 40 persons. It persuaded 10 persons. The statement by the public prosecutor lists 10 witnesses and 36 sentences blamable on Vicei. The indictment referred to 7 witnesses and 19 sentences, while the verdict reduced this arbitrary game of "witness" and "sentence" to 4 and 7. Four witnesses and seven sentences. Of these, one witness "remembers" four sentences, the other three witnesses one sentence each.

The witnesses "remember" that Vicei "said": "people with surnames ending in -ic or -vic [Slavs] find jobs more easily"; that he had "had enough of that mountaineer southerner music" (Serbian folk music); "that the Hungarian ethnics is gradually disappearing, a process encouraged by colonization and mixed marriages"; and that he "does not like working with Serbs in the same office."

Vicei denied all counts of the indictment during interrogation and in court. The court ignored the denial, relying instead on witness statements collected for years by the State Security Service. The witnesses spent hours at the State Security Service several times for the sake of the indictment, mostly at night, as the customs of the service require. The prime witness, who "remembers" what Vicei said, could not recall in court to whom Vicei was speaking. Many witnesses were told that they must repeat in court their statements under interrogation. One witness says, "They compelled me to give a statement against Vicei." Also: "I think that the statement that I was compelled to give is more their statement than mine" (citations from court records).

When the courts were putting people in prison because of sentences from books banned and destroyed, or sentences from letters (supplied by the post office or by acquaintances who become witnesses), or sentences from diaries confiscated by policemen from the apartments of accused persons, or words from scraps of paper "discovered" on a citizen's table, the innocent authors were able to counterpose their own texts to the interpretations of the police and courts—unsuccessfully, or course.

In this instance, there is no basic text! There are no written traces; police cassettes are not yet brought into court. Various statements and "statements," commentaries and "extracts" from commentaries, compose our everyday life (often fog and illusion), which is entirely secure and guileless.

So there is no text to interpret. Only the "interpretation" of the police and the court exists. The sentences for which Vicei is blamed are not sentences at all, nor commentaries, nor statements. The basic text is the indictment, composed not of "statements" by witnesses but of "more than their statements."

They why was this person chosen as a "player" in this police-court game?

In the late 1970's, Vicei served 2 years in prison just for "expressing himself favorably" concerning the author of a banned text in the journal UJ SIMPOZION. The chief judge at that trial is the investigative judge in Vicei's new trial. The background of the earlier trial was Vicei's involvement in establishing the Senta Experimental Theater. Where is the crime in that? The crime is that the idea of establishing an amateur theater then (how about now?) did not please the authorities. In the 1970's, Vicei was sentenced (and served his full term) on the basis of a statement by one witness. In February of 1988, on the basis of statements by four witnesses. The background of this trial is the earlier trial.

It remains for us to hope that the court in Novi Sad will judge justly: by acquitting Vicei. A person who has translated Kulenovic, Bosko Ivkov, Stevan Tontic, Beckovic, and others from Serbian into Hungarian cannot be sentenced for "spreading ethnic hatred," especially not on the basis of a phony indictment and nonexistent words and phrases, which even if truly spoken and not "spoken" cannot be a matter of criminal liability, nor can anyone commit a crime with those imaginary statements, words, and phrases.

/9738

CZECHOSLOVAKIA

CSSR Army, CGF, Locations, Units, Training Detailed

23000049 Frankfurt/Main SOLDAT UND TECHNIK
in German Jan 88 pp 14-48

[Text]

The CSSR Army Today

Now—almost 20 years after the “Prague Spring”—the “Ceskoslovenska lidova armada” (CSLA)—the Army’s original Czechoslovak designation—has once again become completely consolidated and, as demonstrated by its modern equipment, also enjoys once again the confidence of the Soviet Union.

Relative to the country’s population (15.6 million), with its total of roughly 205,000 soldiers, it is the strongest of all non-Soviet Warsaw Pact armies in terms of personnel. It maintains ground forces alone with a strength of 145,000 men, i.e., about 20,000 men more than the GDR with its 16.7 million inhabitants; the latter, however, must deploy more border troops to prevent “illegal flight” from the GDR.

The CSLA military services are:

—the ground forces with their branches of service, special-purpose forces and services and

—the air forces/air defense with their flying personnel, anti-aircraft missile forces, and “special purpose radio technical troops” (radar units). More than half of all soldiers of the armed forces, i.e., 118,000 men, are draftees, in the ground forces as many as just under two-thirds (100,000).

The total number of trained reservists, who are subject to compulsory military service up to age 65, is in the neighborhood of about 1.8 million. The important part of the reservists whose tour of duty occurred less than 5 years ago—and who therefore are familiar with weapons and equipment available in the forces—numbers about 280,000 men, including 250,000 reservists who have served in the ground forces.

The Top Leadership Echelon

The leadership organs of the national defense of the CSSR and the CSLA are set down in the Constitutional Law of the Czechoslovak Federation of 27 October 1968 and in the constitutional law on the “National Defense Council” of 31 January 1969.

According to the above the “Federal Assembly,” i.e., the Parliament, as highest organ of state power and sole legislative body, formally has the right to conclude international treaties for the safeguarding of the CSSR defense and to approve a declaration of war.

However, in practice the “National Defense Council” looks after the central management of all defense and security measures. It determines the basic concepts of national defense and of the forces buildup and makes all decisions when the Federal Assembly is unable to make decisions. Chairman of the Council is the general secretary of the CSSR Communist Party and CSSR president, Dr Gustav Husak. The armed forces general staff is a working and technical organ of the Council in the function of a secretariat.

The members of the National Defense Council are appointed and removed by the CSSR president, Dr Gustav Husak. Husak as president is at the same time supreme commander of all of the country’s armed forces. He proclaims—formally on the recommendation of the government—the state of war, orders mobilization, determines the appointment of the top military service positions, appoints and promotes generals and approves the most important service regulations.

The defense councils formally existing in the two sectional republics have a sham function: Their chairmen and members are appointed by the chairman of the (superior) National Defense Council, thus again by Dr Husak. The federal government of both sectional republics, as supreme organ of the executive is responsible for the practical preparations and organization of the national defense. It determines the top strengths and the other armed organs that can become a part of the national defense. It can change the duration of the basic military service by decree. If the CSSR president is unable to perform his duties or if the office is vacant, the supreme command over the armed forces passes to the chairman of the federal republic, the prime minister.

Ministry for National Defense

The “Ministerstvo narodni obrany” (MNO), the Ministry for National Defense, is the supreme military command organ for the CSLA and the civil defense forces subordinate to it since January 1976.

It is responsible not only for the personnel and military equipment, education and training, operational planning of the armed forces as well as the military intelligence service and the security of the CSSR airspace, but also for the principles of the military education and the military training of the entire population.

Army General Milan Vaclavik now heads the MNO as defense minister. In January 1985 he assumed the position of the then deceased Army General Martin Dzur who had held the position since April 1968.

In accordance with the Soviet model, the MNO consists of the general staff, whose chief is one of the “first deputy ministers of defense,” and a number of “main administrations,” independent “administrations” and “departments.” The decisive role for the internal structure of the CSLA—as in all Warsaw Pact armies—is

played by the "political main administration," which has the rights of a department of the CPCZ Central Committee. Its chief is Col Gen Jaroslav Klich.

Directly subordinate to the MNO are:

—the military district commands WEST and EAST whose dual function is especially dealt with in the section on "ground forces";

—the 10th Air Army in Hradec Kralove, which is simultaneously the supreme command authority of the CSLA air forces;

—the 7th Air Defense Army in Stara Boleslav northeast of Prague, which is simultaneously supreme command authority of the CSLA air defense forces;

—a series of telecommunications and communication intelligence units with tasks transcending military services as well as railroad and road construction engineer units which are assigned to the "military transport system" transcending the military services.

The CSLA Ground Forces

The CSLA ground forces have a strength of about 145,000 men. They are under the command of the WEST and EAST military district headquarters. Their respective areas of competence are as follows:

—that of the WEST military district (staff headquarters in Tabor), the entire area of the Czech Socialist Republic, i.e., Bohemia and Moravia,

—that of EAST military district (staff headquarters in Trencin), the entire area of the Slovak Socialist Republic, in other words, Slovakia.

In peacetime, the military district commands are at the same time also the territorial command authorities for all other CSLA units, organizations, and installations and beyond that are responsible for military recruitment and for all manpower and material mobilization measures.

The following major formations of the CSLA ground forces are stationed in the command area of the WEST military district:

—In the area across the border from the FRG there are stationed the 1st CSLA Army with one tank division and three motorized rifle divisions and their army forces. The units of the 1st CSLA Army all belong to category I, thus are fully manned in terms of personnel and material.

—In the area across the border from Austria are stationed the 4th CSLA Army with 2 tank and 2 motorized rifle divisions and their army forces. The units of the 4th

CSLA Army predominantly belong to category II, i.e., they possess the complete equipment but their manning is only between 50 and 75 percent.

For support of both armies and for massed concentration, the following combat and combat-support forces are directly subordinated to the military district command:

—an artillery division

—an SS-1c/SCUD B surface-to-surface guided missile brigade,

—SA-4/GANEF surface-to-air missile brigade,

—an airborne regiment,

—a bridge-building engineer brigade, and

—a construction engineer brigade.

The combat and combat support forces of both armies include:

—an artillery brigade each,

—an SS-1c/SCUD surface-to-surface guided missile brigade each,

—an SA-6/GUIDELINE surface-to-air missile brigade each,

—a tank destroyer regiment each,

—an attack helicopter regiment each,

—a bridge-building engineer regiment each, and

—an engineer brigade each.

In the command area of the EAST military district only two tank divisions are now stationed which belong to category III, i.e., they are cadre units. Furthermore, an engineer brigade is subordinate to the EAST military district. For unit designation and locations see force organization and deployment map.

In case of war, the WEST military district—possibly together with the group staff of the CGF—forms the staff of the southwest front and takes over the operational command of both armies of the CSLA ground forces stationed in its command area and of the majority of the CGF divisions as well as the air forces and air defense forces available for their support and for the protection of their area of operations.

In this connection parts of the military district staff are being assigned to handle territorial duties.

The EAST military district forms the staff of a third CSLA Army. It can be employed at the earliest as part of the second echelon of the front after full manning of two cadre tank divisions and setting up of probably three additional motorized rifle divisions from the permanent staff of the ground forces schools as well as from called-up reservists, and using stored weapons and equipment of older type of construction.

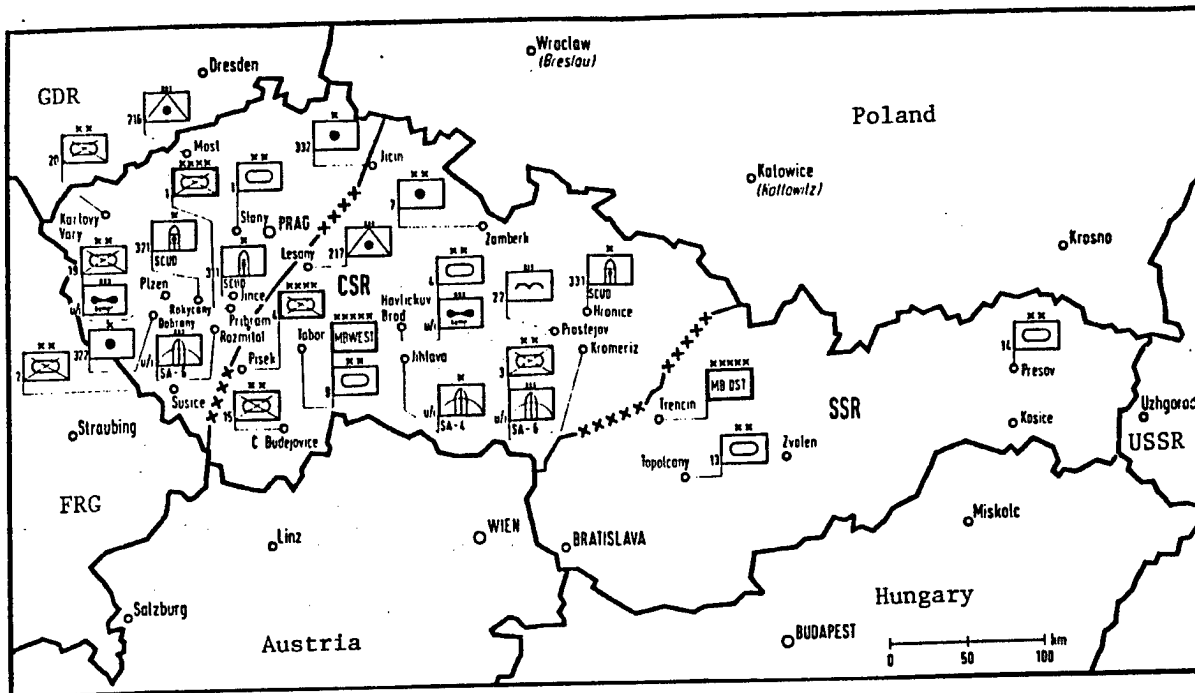


Figure 1 Deployment of the CSLA Ground Forces

Disposition of Forces of the CSLA Ground Forces

WEST Military District (Southwest Front)	Tabor
7th Artillery Division	Zamberk
311th Surface-to-Surface Guided Missile Brigade	Jince
u/i Surface-to-Air Missile Brigade	Jihlava
22d Airborne Regiment	Prostejov
7th Bridge-building Engineer Brigade (Warsaw Pact terminology: pontoon bridge brigade or regiment)	Hodonin
32d Construction Engineer Brigade	Horni-Pocably
1st CVA Army	Pribram
1st Tank Division	Slany
2d Motorized Rifle Division	Susice
19th Motorized Rifle Division	Plzen
20th Motorized Rifle Division	Karlovy Vary
322d Artillery Brigade	Dobraný
321st Surface-to-Surface Guided Missile Brigade	Rokycany
u/i Surface-to-Air Missile Regiment	Rozmítal
216th Tank Destroyer Regiment	Most
u/i Combat Helicopter Regiment	Plzen
71st Bridge-building Engineer Regiment	Kostelec n. L.
51st Engineer Brigade	Litomerice
91st Engineer Brigade	Litomerice
4th CVA Army	Pisek
4th Tank Division	Havlickuv Brod
9th Tank Division	Tabor

Disposition of Forces of the CSLA Ground Forces

3d Motorized Rifle Division	Kromeriz
15th Motorized Rifle Division	Ceske Budejovice
332d Artillery Brigade	Jicon
331st Surface-to-Surface Guided Missile Brigade	Hranice
u/i Surface-to-Air Missile Regiment	Kromeriz
217th Tank Destroyer Regiment	Lesany
u/i Combat Helicopter Regiment	Havlickuv Brod
u/i Bridge-Building Engineer Regiment	Kamyk n.V.
1st Engineer Brigade	Pardubice
EAST Military District	Trencin
13th Tank Division	Topolcany
14th Tank Division	Presov
6th Engineer Brigade	Sered

Equipment

Just as the other non-Soviet Warsaw Pact ground forces, the CSLA ground forces do indeed rank clearly behind the Soviet army with respect to up-to-dateness of the equipment, but, together with the GDR "National People's Army," considerably ahead of the other non-Soviet Warsaw pact armies.

Because of its efficient armament industry, which produces not only a number of important Soviet weapons

systems under license but also manufactures a number of noteworthy developments of its own, the CSLA even has an advantage relative to the National People's Army in partial fields, at least as far as independence and cost effectiveness are concerned. Under these general conditions the equipment of the CSLA ground forces now looks as follows:

—Battle tanks: After initial equipment with the basic model of the T-72 battle tank produced in the USSR, the T-72 M version is now being produced under license in the CSSR. The tank regiments of the 3 tank divisions of the 1st and 4th CSLA Army have thus far been equipped with the T-72/T-72 M. Re-equipment of both tank divisions of the EAST military district is likely to follow.

However, for the time being the tank units of the motorized rifle divisions will continue to be equipped with the T-55 battle tank whose combat value is being upgraded by a new fire control system with laser-E meter and cross-wind sensor (CSSR designation: "Klavido" = hammer).

—APCs: In the motorized rifle regiments of the tank divisions, the tracked APC BMP-1 (CSSR army designation: BVP) thus far produced in the CSSR under license is gradually being supplemented or replaced by the more effective BMP-2 produced partly under license.

The wheeled APC OT-64, jointly developed by the CSSR and the Polish People's Republic, will continue to serve the motorized rifle regiments of the motorized rifle divisions as standard equipment. —Reconnaissance tanks: The wheeled armored reconnaissance vehicle BRDM-2 and to some extent the OT-65, developed in conjunction with the Polish People's Republic and the Hungarian People's Republic, are used as armored reconnaissance vehicles on regimental and division level. But the OT-65 will probably be removed from the active units. The presence of the Soviet tracked armored reconnaissance vehicle BRM/BRM-1 is possible but thus far it has not been possible to prove it.

—Guns: The equipment of the CSLA with artillery greatly deviates from the known picture of the GSG and of the National People's Army. While on the regimental level the Soviet 122-mm 2S1 self-propelled howitzer is being introduced, the artillery regiments of the divisions and the artillery brigades of both armies are being equipped not with the Soviet 152-mm 2S3 self-propelled howitzer but with the 152-mm Sf M-77 gun howitzer, the "Dana," which has been developed by the CSSR armament industry and makes use of the TATRA-815 undercarriage produced in the country as carrier vehicle.

In addition to these self-propelled guns, which continue to be added, towed guns are also used: on regimental level, the 122-mm M-30 howitzer; on divisional level,

the 100-mm M-53 gun from CSSR production and the Soviet 122-mm D-30 howitzer; and in the artillery brigades of the armies, the CSSR 100-mm M-53 gun as well as the Soviet 122-mm D-74 and 130-mm M-46 field artillery pieces.

Particularly notable is the equipment of the artillery brigade of the 7th Artillery Division which is directly subordinated to the WEST military district: It has the Soviet 203-mm SF 2S7 gun as well as the 240-mm Sf 2S4 heavy mortar—2 systems which so far have never been publicly shown by the Soviet army and which thus far could not be discovered in any other non-Soviet Warsaw Pact armies.

—Multiple rocket launcher: In place of the Soviet 122-mm BM-21 multiple rocket launcher, the CSLA uses the 122-mm RM 70 multiple rocket launcher coming from CSSR production. This launcher, equipped with automatic reloading device, uses the same ammunition as its Soviet counterpart, but surpasses its firepower. Aside from its RM-70 used on division level the CSLA also employs its obsolete 130-mm M-51 multiple rocket launcher (32 tubes) as weaponry for an additional battery on regimental level, next to the artillery battalion equipped with the 2S 1 self-propelled howitzer or the M-30 howitzer.

The multiple rocket launcher brigade of the 7th Artillery Division is equipped with the 122-mm RM-70 multiple rocket launcher.

—Surface-to-surface missile systems: On divisional level, at least with the 1st Tank Division, the FROG-7B weapons system, with which all CSLA divisions are equipped, was replaced by the modern SS-21/CARAB guided missile system. Continuation of the re-equipment is to be expected.

The SS-1c/SCUD B surface-to-surface guided missile system continues to be deployed on the army and military district (front) level.

—Anti-aircraft guided missile systems: Different from the ground forces of the National People's Army, only the anti-aircraft missile brigade of the WEST military district (Southwest Front) is equipped with the SA-4/GANEF anti-aircraft guided missile system. The anti-aircraft missile regiments of both CSLA armies are, however, equipped with the SA-6/GAINFUL anti-aircraft guided missile system. On divisional level, first of all for the 1st Tank Division, the SA-8b/GECKO weapons system has been introduced, which is likely to replace the SA-6/GAINFUL in the tank divisions of the 4th Army in the near future.

On the regimental level the SA-9/GASKIN anti-aircraft guided missile system—again starting with the tank divisions—is being replaced by the SA-13/GOPHER system.

—Antitank Weapons: The CSSR 100-mm M-53 gun, which has been mentioned in the artillery category, serves as antitank gun in the tank destroyer regiments of the armies. The majority of the tank destroyer battalions of the divisions and of the tank destroyer companies of the combat regiments are still equipped with the AT-3/SAGGER C antitank guided missile system on the chassis of the BRDM-2 armored reconnaissance vehicle. Its replacement by the modern AT-5/SPANDREL on BRDM-2, by which the guided missile SPIGOT can also be launched, has started.

In the motorized rifle battalions equipped with the wheeled APCs, the portable AT-3/SAGGER systems are being replaced by the portable version of the AT-4/SPIGOT system. The principal armament of the motorized rifle battalions equipped with tracked APCs—depending upon vehicle equipment—is the AT-3/SAGGER C (BMP-1) system or the AT-4/5 (BMP-2) system by which optionally SPIGOT or SPANDREL guided missiles can be launched.

As one-man antitank weapon, the CVA uses the domestically produced RPG-75 panzerfaust, which corresponds to the Soviet RPG-18 panzerfaust.

—Small arms—In addition to domestic pistols (9-mm VZ-75 pistol) and automatic assault rifles, the CSLA mostly uses Soviet rifles and machinegun models produced under license. It is especially noteworthy that the CSLA also includes the Soviet 30-mm AGS-17 automatic grenade weapon in its equipment.

—Engineer and repair equipment: A whole series of these CSLA devices are CSSR developments or modifications of its own industry. They include the MT-55 (CSSR bridge on T-55 chassis) armored bridge-laying vehicle, the reserve bridge transporter on truck TATRA-815 belonging to it, the AM-50 collapsible bridge on TATRA-813 truck, the PMS collapsible floating bridge (copy of the Soviet PMP collapsible floating bridge on TATRA-813 carrier vehicle), the DOK universal engineer vehicle, and the MT-55 tank recovery vehicle.

—Motor vehicles: With regard to transport vehicles the CVA primarily depends on trucks from its own production, especially on truck types PRAGA V3S (6x6), TATRA-138 (6x6) or the further developed version TATRA-148 (6x6), TATRA-813 (8x8) and finally—as the most up-to-date vehicle—the latter's successor, TATRA-815 (8x8).

Overall, the picture shows the CSLA ground forces have given priority to bringing the major units of the 1st CSLA Army deployed across the border from the FRG to the most up-to-date level of equipment, and the modernization of the equipment of the 4th CSLA Army follows this trend. The older equipment becoming available as a result will probably be used to modernize the equipment of the cadre units in the EAST military district and of the mobilization divisions. The latter's "old equipment"

finally can be delivered as arms assistance to the insolvent "socialist" states in the Third World or can be utilized by the "People's Militia."

Military Training Areas

Apart from the garrison training areas and smaller training areas with an area of less than 100 square kilometers, the national and Soviet forces stationed in the CSSR have at their disposal 11 large and medium-sized military training areas and 3 water/engineer training areas. The three largest areas are:

—the troop training area in Doupov, in Bohemia east of Karlovy Vary in the Doupovsky Hory, with an area of about 320 square kilometers,

—the Mesto Libava troop training area, in Moravia northeast of Olomouc, with an area of about 310 square kilometers, and

—the Malacky/Turechy Vrch troop training area, in Slovakia north of Bratislava, also with an area of about 310 square kilometers.

While the Doupov and Malacky/Turechy Vrch areas are used for the most part only by the CSLA, the Mesto Libava area is also used by the CGF.

Used almost exclusively by the CGF are:

—the Mimon troop training area, located east of the locality by the same name in Bohemia, with an area of about 190 square kilometers, and

—the Oremov Laz troop training area, with an area of about 130 square kilometers, located southeast of Zvolen in Slovakia.

Other medium-sized troop training areas are:

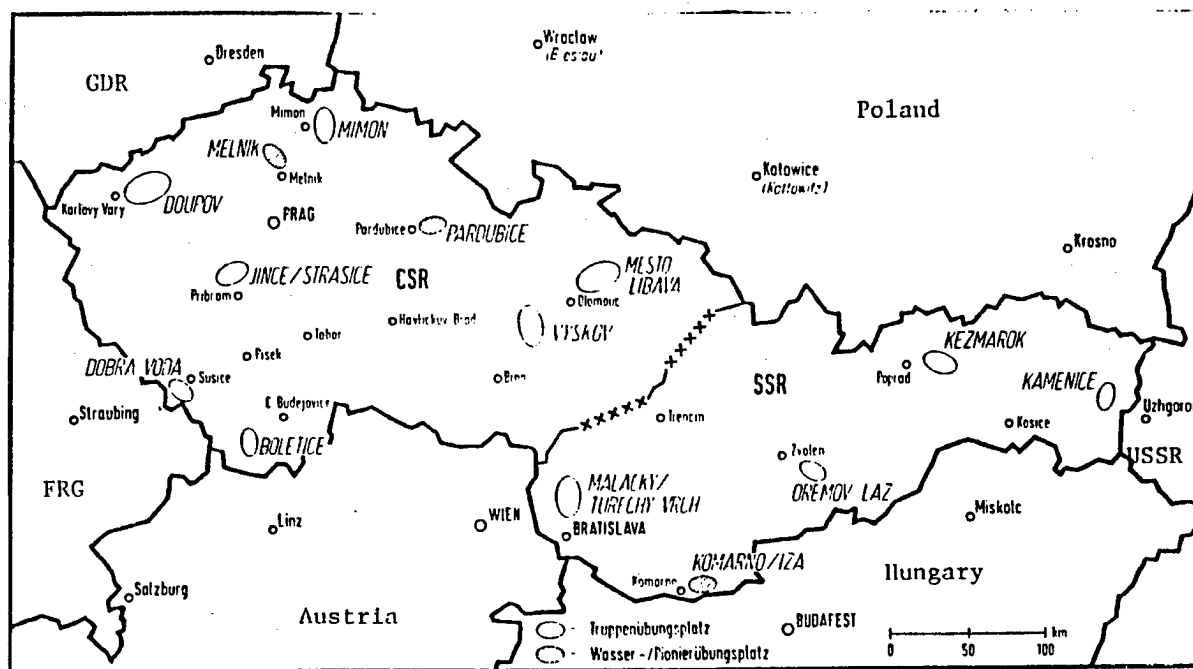
—Boletice, southwest of Ceske Budejovice, with an area of about 150 square kilometers, —Dobra Voda, southwest of Susice, with an area of about 120 square kilometers,

—Jince/Strasice, northwest of Pribram, with an area of about 200 square kilometers,

—Kezmarok, east of Poprad, with an area of about 170 square kilometers,

—Kamenice, at the eastern most edge of Slovakia, with about 170 square kilometers, and

—Vyskov, west of Olomouc, with an area of about 120 square kilometers.



Military Training Areas in the CSSR

In addition there are the water/engineer training areas of Melnik and Pardubice located at the Elbe and the engineer/water training area of Komarno/Iza located at the Danube.

The Doupov, Jince/Strasice, Malacky/Turechy Vrch, Mimon, and Vyskov training areas also serve as aircraft firing ranges and training areas with parts of the air forces of the CGF and CSLA. An additional firing range for the air forces is located in Cban northwest of Plzen. The troop training areas in the CSSR take up a total of about 2,200 square kilometers. With a total area of the CSSR of 127,860 square kilometers, these training areas are about 250 square kilometers smaller than in the areawise somewhat smaller GDR (108,174 square kilometers total area, 2,450 square kilometers of troop training areas) but anyhow 750 square kilometers more than in the FRG which is almost twice as large (248,553 square kilometers area, 1,450 square kilometers of troop training areas).

The Czechoslovak People's Army—The CSLA Air Forces/Air Defense

In the CSLA, as in all non-Soviet Warsaw Pact states, the actual (offensive) air forces and the air defense forces, i.e., the fighter aircraft units and the anti-aircraft missile units designated for national air defense, are concentrated in one military service.

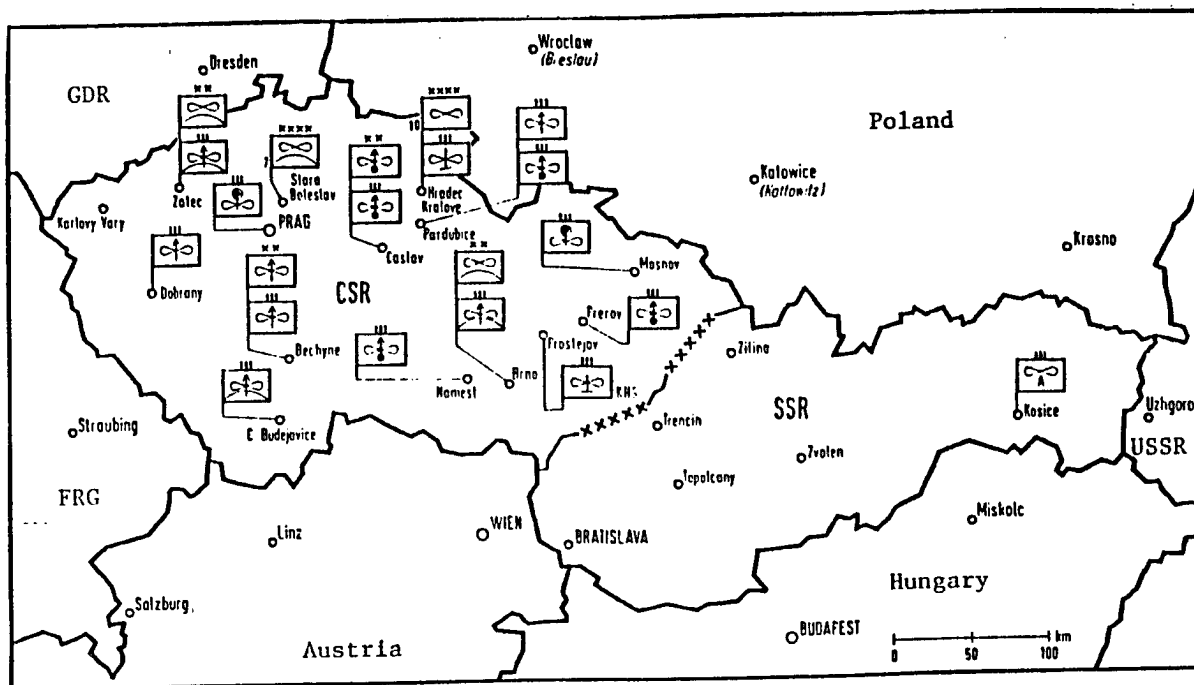
Two air armies are subordinate to the military service, directly headed by the MNO, which has a strength of about 60,000 men:

—the 7th Air Defense Army with headquarters in Stara Boleslav to which the fighter aircraft units and the anti-aircraft missile units earmarked in their first operational role for air defense are subordinate, and

—the 10th Air Army with headquarters in Hradec Králove to which the air attack and air support units are subordinated, which are earmarked for indirect and direct support of the ground forces. (For the assignment of the attack helicopter units see details in the section on "CGF Air Forces".)

The 7th Air Defense Army with its forces forms a link in the Warsaw Pact's defense belt. Two mixed air defense divisions with a total of 3 fighter aircraft regiments and a total of 5 anti-aircraft missile brigades as well as radar components are subordinated to this army. The air defense division earmarked for the protection of Bohemia, in other words of the northwest area of the CSR have their staff headquarters in Zatec. The air defense division intended for the protection of Moravia, in other words the eastern area of the CSR, has its staff headquarters in Brno.

No separate air defense forces seem to exist for the SSR. It is possible that the about 75-kilometer-wide gap between the CSSR and Hungary at the Slovak-Austrian border is jointly covered by the CSLA air defense and the Hungarian air defense. As part of the creation of an anti-aircraft missile belt extending far beyond the borders of the Warsaw Pact states towards the West, beginning in 1984 a start was made in the GDR, the CSSR,



Deployment of CSLA Air Forces/Air Defense

and the Hungarian People's Republic to improve sectors covered by the SA-5/GAMMON anti-aircraft guided missile system. This weapons system, which in the Soviet armed forces is part of the equipment of the "air defense forces" and prior to that had not been deployed in the Western territory in front of the main battle line, with its slant range of about 250 km and an effective ceiling of about 30 km, apparently represents a reaction to the introduction into service of the AWACS NATO early warning system.

In the CSSR such emplacement areas are to be established in the Prague region and are to be operational with national (Czechoslovak) crews under Soviet supervision.

The 10th Air Army is operationally subordinated to the southwest front. For indirect and direct support of both armies of this front it has the following at its disposal:

- 4 fighter-bomber regiments,
- 3 fighter aircraft regiments,
- 2 transport aircraft regiments, and
- a combat helicopter regiment.

In contrast to the combat helicopter regiments subordinate to the two CSLA armies—the above combat helicopter regiment is a major unit also operationally assigned to the CSLA air forces/air defense at the disposal of the southwestern front.

The deployment of this combat helicopter regiment and its equipment (see section on "Equipment") permits the conclusion that it is intended especially for use of the CSLA airborne regiment.

The CSLA air forces/air defense maintain a flying personnel training regiment for the training of their "military flying personnel" in Kosice in Slovakia which is associated with the "Slovak National Uprising" military college (officers college) of the air forces/air defense.

(Concerning deployment of the flying formations of the CSLA air forces/air defense, see disposition of forces and map.)

Disposition of Forces of the CSLA Air Forces/Air Defense

10th Air Army	Hradec Kralove
Fighter-bomber division with fighter bomber regiment	Caslav
with fighter bomber regiment	Caslav
with fighter-bomber regiment	Pardubice
with fighter-bomber regiment	Namest
	Prerov
Fighter aircraft division with fighter regiment	Bechyne
with fighter regiment	Bechyne
with fighter regiment	Pardubice
	Dobruany
Reconnaissance aircraft regiment	Hradec Kralove
Transport aircraft regiment	Prague

Disposition of Forces of the CSLA Air Forces/Air Defense

Transport aircraft regiment	Mosnov
Combat helicopter regiment	prostejov
Flying personnel training regiment	Kosice
7th Air Defense Army	Stara Boleslav
Air defense division with fighter regiment	Zatec
with fighter regiment	Zatec
with anti-aircraft missile brigade	Ceske Budejovice
with anti-aircraft missile brigade	Prague
	Pizen
Air defense division with fighter regiment	Brno
with anti-aircraft missile brigade	Brno
with anti-aircraft missile brigade	Brno
with anti-aircraft missile brigade	Olomouc
	Bratislava

Equipment

Over the years the types of aircraft used have repeatedly changed in the CSLA air forces/air defense, too. In this process existing basic types were replaced by modern versions as well as completely new models introduced. In view of the constant replacement of the basic types by more modern versions and the general substitution of older models by more modern ones, the holdings and reequipment trends present themselves as follows:

10th Air Army

The 4 fighter-bomber regiments have about 165 aircraft. The squadrons of the regiments are equipped with various types of aircraft. They included in mid-1987:

—about 30 MiG-23 BN/FLOGGER H,

—about 10 Su-22/FITTER K,

—about 30 MiG-21 MF/FISHBED J, and

—about 50 Su-7 BM/FITTER A.

The Su-7 BM/FITTER A, which meanwhile are getting on in years, are apparently being replaced by the ground-attack Su-25/FROGFOOT, of which about 35 were already being held by the 10th Air Army in mid-1987.

The 3 fighter regiments of the 10th Air Army are equipped with a total of about 120 fighter aircraft of type MiG-21/FISHBED (various versions) and about 10 MiG-21 UM/MONGOL B trainers which can also be used for combat missions.

The reconnaissance aircraft regiment has about 45 aircraft. It has about 20 MiG-21 R/FISHBED H, about 10 Su-22/FITTER K and 15 L-29 "Delfin" (NATO designation: MAYA) from CSSR production as photo-reconnaissance aircraft.

The 2 transport aircraft regiments have a total of about 40 aircraft. They include:

—about 12 IL-14/CRATE, which are being replaced by incoming An-26/CURL,

—about 16 An-24/COKE and An-26/CURL,

—about 7 L-410 M "Turbolet" from CSSR production, and

—one Tu-134 A/CRUSTY for VIP use.

The attack helicopter regiment carries about 50 aircraft of various types: Predominantly Mi-24/HIND D attack helicopters and Mi-8/HIP C transport helicopters, but also a few older Mi-2/HOPLITE.

Finally the training regiment for flying personnel in Kosice has about 60 trainers of types ZLIN 526 (beginner's training) and L-29/MAYA (jet trainers) as well as training versions of the aircraft used by the units.

7th Air Defense Army

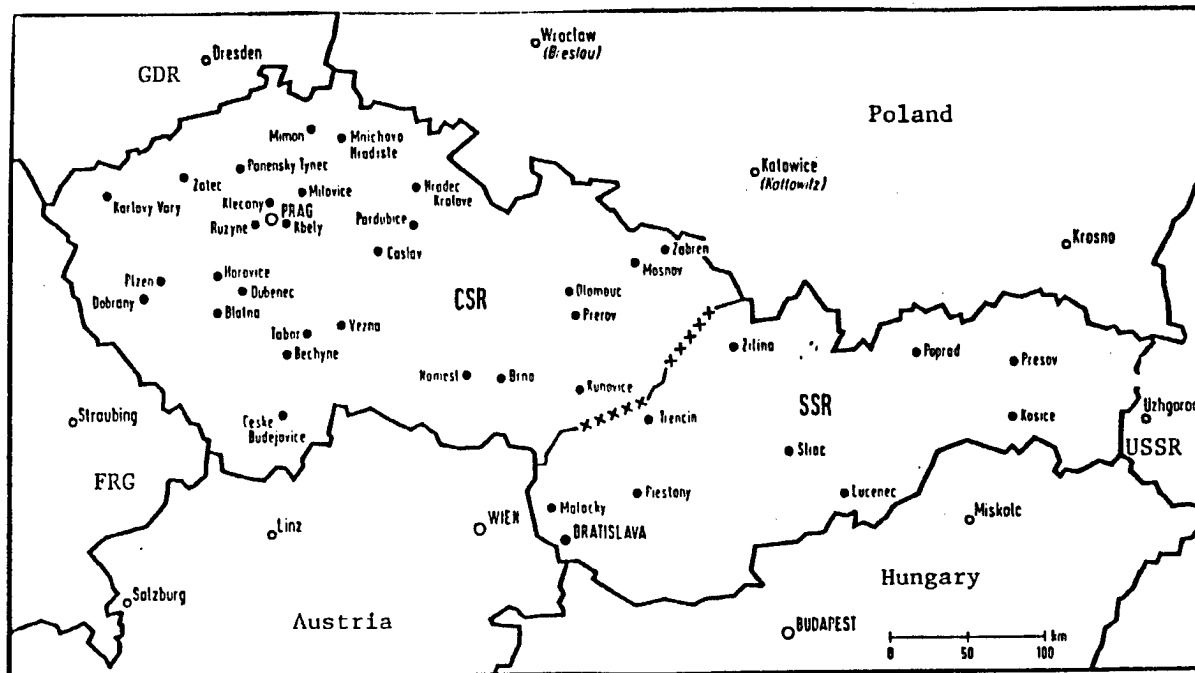
The 3 fighter regiments have a total of about 140 fighter aircraft and about 15 trainers usable for combat missions.

Most of the units are still equipped with aircraft types MiG-21/FISHBED (predominantly of versions MiG-21 PF/FISHBED D, MiG-21 PFM/FISHBED F and MiG-21 MF/FISHBED J) and—as trainers—MiG-21 UM/MONGOL. However, the MiG-21/FISHBED versions are being replaced at an increasing rate by the MiG-23 MF/FLOGGER B and the modern version FLOGGER G, of which about 35 aircraft had been received by mid-1987.

The five anti-aircraft missile brigades are equipped with the repeatedly upgraded SA-2/GUIDELINE and SA-3/GOA anti-aircraft guided missile systems. They have about 270 SA-2 and SA-3 launch devices which are deployed in about 40 deployment areas. The SA-3/GOA, already effective against very low-flying targets (starting at about 50 m), complement the long-range SA-2/GUIDELINE which are to be used primarily against air targets at great heights (up to about 27,000 m).

Infrastructure

The CSLA air forces/air defense and the CGF air forces have at their disposal about 40 militarily usable medium and large, fully prepared airfields on CSSR territory, three-quarters of them in the area of Bohemia and



Militarily Usable Airfields in the CSSR

Moravia. The majority of them are equipped with hardened parking areas. In addition there are many unhardened emergency airfields which can serve as alternate airfields. This assures frequent shifting of the units and the rapid shifting forward of aircraft and helicopter units from Poland and the USSR.

CSLA Military Schools

Highest CSLA military educational establishment is the "Antonin Zapotocky" Military Academy in Brno. It serves the further education of the intermediate and higher officer corps in military and technical fields and at the same time is the center of military science research. Attending its assignment-oriented and advanced training courses is a prerequisite at least for promotion to colonel or general.

Equally high rank is enjoyed by the "Klement Gottwald" Military Policy Academy in Bratislava whose function is the further education of the political officers and party secretaries and social-science research (in line with Marxism-Leninism). Affiliated with the academy as an independent "school" is a political officers college in which officer candidates are educated to become political officers in 4-year courses and complete social-science studies.

There had been a "Klement Gottwald" Military Policy Academy in Prague already prior to 1968. It was dissolved in 1969 because of the "Prague Spring" support coming from it and was replaced by a military-policy

faculty at the "Antonin Zapotocky" Military Academy in Brno. The present Military Policy Academy in Bratislava was not established from it until 1972.

Officers Colleges

In addition there are the following independent officers colleges (military colleges) for the training of the new officers generation:

—The "Army General Ludvik Svoboda" Ground Forces Officers College in Vyskov (on the Morava), at which platoon leaders and technical officers for the branches of services of the ground forces (except for troop air defense and communications forces) are trained.

—The "Slovak National Uprising" Air Forces Officers College in Kosice at which pilots and technical air force officers are trained for the air forces/air defense.

—The "Czechoslovak-Soviet Friendship" Military-technical Officers College in Liptovsky Mikulas at which platoon leaders and technical officers overlapping the various military services are trained for the anti-aircraft missile forces of the ground forces and the air forces/air defense as well as for communications force units of both military services.

The new officers generation for the "military transport system," thus especially for highway and railroad construction engineers, is trained at the military school of

the Transportation and Communications College in Zilina; for future sports officers the Prague Charles University offers a separate course of study.

The training at the officers colleges for command officers as a rule lasts for 4 years, for technical officers for 5 years. The training is concluded with the appointment as a lieutenant and the awarding of an academic degree.

Additional higher military educational institutes are also the military medicine training and research center in Hradec Kralove and the military veterinary medicine training and research center in Kosice. At these institutions physicians and veterinarians are given further training for use in the CSLA following conclusion of their study.

Chairs for Military Affairs

For the education of reserve officers there are so-called "chairs for military affairs" at all CSSR civilian colleges. Through them, starting with the third year of study, the male students fit for military service are brought in for a period of 4 semesters once a week for military training. (Students who do not participate in this training must complete the full military service following conclusion of their study.) As a concluding act at the end of the civilian study, an additional 5-week summarization was conducted in a training camp and "practical troop training."

The special military training imparted in addition to the general military training is—if possible—adapted to the civilian course of study. Thus the students of technical colleges receive engineer or communications training, while at nontechnical colleges predominantly reserve officers for the motorized rifle troops are trained. Following successful completion of study and reserve officers training, the graduates are appointed second lieutenant; graduates who are not sufficiently qualified are given an NCO rank.

Warrant Officer and NCO Schools

The CSLA maintains a series of "military technical intermediate schools" for future warrant officers and career NCOs, schools at which the candidates for these careers are trained as NCOs and for special technical assignments.

The schools involved are located in:

—Martin (artillery weapons, engineer equipment, other ground forces equipment),

—Nitra (tank and motor vehicle repair),

—Liptovsky Mikulas (equipment of the unit air defense and of the air defense forces),

—Nove Mesto (communication and other electronic equipment),

—Presov (aircraft technical equipment),

—Roudnice (military music),

—Vallasske Mezirici (highway and railroad construction equipment), and

—Zilina (NBC defense equipment, equipment of logistic troops).

The period of training at these schools is 3 years. In some of these schools, secondary school graduates are trained as reserve officers in one-year courses and after successful completion are appointed second lieutenant. At some of these schools courses are also held for female CSLA military personnel.

Military Secondary Schools and Military Intermediate Schools

A special feature of the CSSR are the military secondary schools and military intermediate schools into which male youths are accepted even before reaching military service age and are prepared for the subsequent CSLA assignment.

The 4 military secondary schools which have been established in Prague, Opava, Moravska Trebova, Banska Bystrica are boarding schools in which the pupils entering at 14 years of age (9th school year) receive in 4 years, in addition to the curriculum of civilian secondary schools, also a sound military training. Included are, in addition to field, marksmanship, and tactical training also driver training with acquisition of a driver's license as well as stays in military bivouacs. Successful attendance at a military secondary school constitutes an entitlement to subsequent attendance of a military college.

The military intermediate schools accept male youths following completion of the intermediate school and impart to them over a 4-year boarding school period technical training adapted to military requirements. Completion of such a school corresponds to that of a "military technical intermediate school," in other words of a warrant officer or career NCO school, and thus makes possible the entry into these careers. For this reason the military intermediate schools are combined in training centers with the military technical schools in the same location.

The Other CSSR "Armed Organs"

Aside from the police, the other CSSR "armed organs" include:

—the "national Security Corps" (Sbor narodni bezpecnosti = SNB);

—the "Border Guard Troops" (Pohranicni straz = PS); and

—the paramilitary “People’s Militia” (Lidove milice = LM).

The “National Security Corps”

The SNB is the special protective force of the CSSR regime. It was created as early as 1945 as the “power base” of the Ministry of the Interior, which was taken over by a communist in the very first postwar government. From the very start the corps was recruited from among reliable CPCZ followers. It made a decisive contribution to the success of the communist coup in February 1948 by occupying all important public buildings.

For a time the corps was subordinate to the Ministry for State Security, which was abolished in 1968. Thus the SNB corresponds to the MfS (Ministry for State Security) forces of the GDR or the MVD forces of the Soviet Union. Its formations are concentrated in the national capital, Prague, and in the Slovak capital, Bratislava, and are used for the protection of the party and government headquarters, for the personal protection of the prominent state and party figures as well as for representation tasks. According to the legal regulations, the corps may participate in the defense of the CSSR and in the protection of its borders and may perform police duties in the entire country. A colonel general heads the National Security Corps.

Color and style of the uniforms and the insignia of the SNB correspond to those of the CSLA, but the epaulets and the ribbon of the cap are red. An emblem with the letters “SNB” is displayed on the epaulets.

The “Border Guard Troops”

The German border with the CSSR is a border that has developed historically. Its origin goes far back to the time of the border settlement by Bavarian and Slavic tribes and since then has run—despite some disputes—along the ridge of the Bohemian Forest between Bavaria and Bohemia. After the breakup of the Austro-Hungarian Empire as a consequence of World War I, the Treaty of Versailles ordered that the Bavarian part of the border between the newly established Czechoslovakia and Germany be formed by the old border between Austria-Hungary and the German Reich. Following a new survey and an exchange of relatively small areas, a comprehensive border treaty was initialed in 1937 but was not ratified. Therefore it never went into effect.

The annexation of the Sudetenland based on the “Munich Agreement” in September 1938 then temporarily suspended this border until the victorious powers decided in Potsdam in 1945 to accept the condition of 1937 for this border. The “German-Czechoslovak Treaty” ratified by the German Bundestag in June 1974 finally declared the Munich Agreement “null and void” and recognized the inviolability of the existing border.

The character of this border, which had always been open for centuries, fundamentally changed after World War II: As early as June 1945, “guard detachments” started to be set up at the Western border; in July 1948, after the communist seizure of power, three “border guard detachments” developed therefrom. The former tax officials of the frontier control service were replaced by the “Border Guard Troops” of the “National Security Corps” starting in 1948.

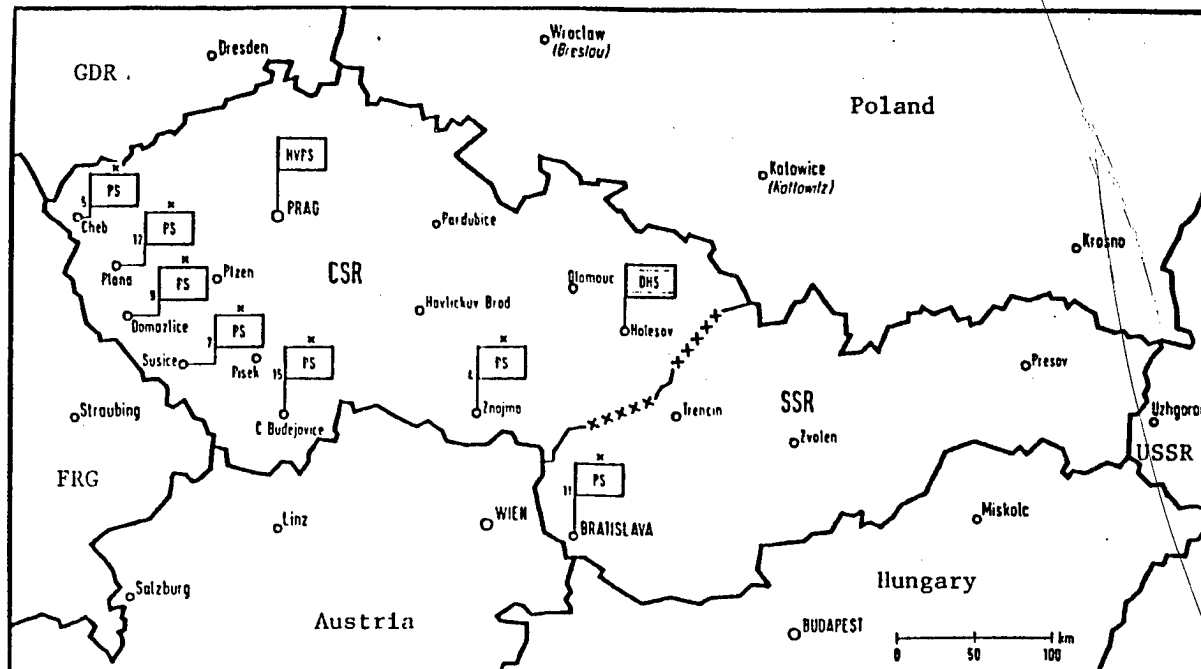
The links between the people living on both sides of the border and the infrastructure that had developed were abruptly destroyed. As a result of measures on the Eastern side almost all road and railroad connections were closed, obstacles and barricades were set up and localities near the border which were abandoned because of compulsory resettlements and could not be converted to military or other purposes—including many churches and other historical monuments—were leveled. Five road crossings (Schirnding, Waidhaus, Furth im Wald, Eisenstein, Philipsreuth), two railroad crossings (Schirnding, Furth im Wald), one railroad crossing for freight traffic (Selb), and three lumber import points (Neuhausen, Maehring, Haidmuehle) now once again cross the otherwise closed border.

After issuance of the “Law for the Protection of the State Border” in July 1951 the Border Guard Troops, which were deployed at all borders to neighboring states, were separated from the SNB. But all 10 PS brigades continued to be subordinated to the Ministry for National Security. When the latter was dissolved in 1953 then the 25,000 man force was transferred to the command authority of the Ministry of the Interior until it was subordinated to the Ministry of Defense (MNO) in early 1966. The latter ministry reduced the force strength to 11,000 men and limited its border security duties “as a result of a thorough analysis of the political and military situation” to the borders with the FRG and the Republic of Austria. Only weak border control forces remained at the other borders.

Starting in January 1972, the PS was again made subordinate to the Ministry of the Interior and since then—probably in view of the MBFR negotiations—is officially no longer counted as part of the armed forces.

In the Ministry of the Interior, the PS and the passport control service are subordinated to the “Main Administration for the Border Guard and for the Protection of the State Border.” Together with the “troops of the Ministry of the Interior” this main administration is subordinated to the deputy minister of the interior who at the same time is the commander of the troops of the Ministry of the Interior.

The PS headquarters in Prague is supported by a security battalion. Six border brigades at the borders with the FRG and Austria, a construction battalion, and a training brigade are subordinated to the headquarters.



Deployment of the CSSR Border Guard Troops

The following are deployed along the 356-km German-Czechoslovak border:

- the 5th Border Brigade in Cheb,
- the 9th Border Brigade in Domazlice,
- the 7th Border Brigade in Susice with 2 battalions,
- the 12th Training Brigade in Plana.

While the general training takes place in the training battalions of the border brigades, training battalions which train reserve officers and NCOs and soldiers for special assignments, such as motor vehicle drivers, signalers and dog handlers, are subordinated to the training brigade in Plana. The new officer generation of the PS is being trained in 4-year courses of study at the SNB officer's college in Holesov/Slovakia, a construction battalion consisting of two companies is stationed in Dolni Zandov; the battalion is used for new construction and repair of quarters.

Aside from a battalion of the 7th Border Brigade (Susice) three additional border brigades are deployed along the 570-km Austro-Czech border:

- the 15th Border Brigade in Ceske Budejovice,
- the 4th Border Brigade in Znojmo,
- the 11th Border Brigade in Bratislava with a border guard boat detachment on the Danube.

Three operational battalions, each with an average of 6 border companies and a training battalion for the 2-month basic training (with temporary cadres), are subordinated to the PS border brigades. Moreover for support the border brigades have a headquarters company, a security company, a signal company, and an engineer company. The latter is responsible for construction and maintenance of the border barrier installations. At present 47 border companies are deployed at the border facing the FRG, each having a strength of about 60, in exceptional cases up to 100 men. They carry the main burden of securing the border.

Equipment and Border Security Installations

Aside from hand guns and wheeled motor vehicles suitable for cross country operation, the equipment of the Border Guard companies includes 2 APCs, type OT-64 (A and C versions), panzerfausts (RPG 75) and recoilless 82-mm antitank guns, CSSR type M-59/M-59A. The PS border barrier installations correspond to those of the GDR in their construction. Although there have never been any mines or self-firing devices, there was a 5,000 volt 3-row barbed wire fence until into the 1960's.

The border barrier installations since changed and here, too, designed to prevent flight from east to west, have been erected up to 5 km from the actual course of the border and in most sectors cannot be observed from the

Western side. The barrier installations constructed irregularly comprise a signal fence, a 3-4 meter wide track strip, paved vehicle roads, trip wires equipped with signal devices, observation towers, alert points, ground bunkers, and light barriers. The signal fence and the observation points are connected with the border warning system. In general, the CSSR border barrier installations are indeed technically simpler and less expensive than those of the GDR, but fulfill the same purpose in a terrain which anyhow already flight more difficult. The GDR apparently has patterned the new concept of its border barrier installations, which are staggered deeper away from the border, along the lines of the tested Czechoslovak model.

The PS regulations concerning the use of firearms correspond to those of the "GDR Border Troops." Here, too, they shoot without prior warning if the legally prohibited "departure from the republic" cannot be prevented in any other way.

In contrast to the GDR, the troops of the "National Security Corps" and the CSLA have certain rights of participation in safeguarding the border. The CSLA makes use of the area bordering the FRG to monitor the patrol activity and the communications traffic on the FRG side and to familiarize itself with the appearance of the German and U.S. monitoring forces.

Furthermore it is part of the general Warsaw Pact practice for "volunteer border helpers" and "young border watchers" to support the Border Guard Troops in their "scouting" duties.

Style and color of the uniform and the PS rank insignia correspond to those of the CSLA. In addition to the green color of the peaked cap, the sleeve insignia and the "VMV" (=Troops of the Ministry of the Interior) emblem on the epaulets (except for rank-and-file men), the metal dog's head on the collar patch of all uniforms is the characteristic mark of the PS. The dog's head, once the seal of the medieval Chods, is the symbol of loyal devotion and constant vigilance.

The existence of the Border Guard Troops and the expansion of the border barrier installations indicate that the CSSR, too, must incur considerable expense in manpower and funds to prevent the flight of citizens dissatisfied with the regime. Feeling of national solidarity and the language difficulties to be expected in the West do make the "pressure on the borders" less than in the GDR, but the number of "defectors" during legal East-West travel shows that the "People's Democracy" even 40 years after the assumption of power by the communists cannot do without sealing off of its borders with the West. (In 1985 the Bavarian Border Police registered 164 CSSR citizens as "defectors" during travel to the West; in 1986, the number was already 212; and in the first half of 1987 alone, 192. Moreover, many citizens of other East Bloc states also try to flee across

this border. As in the case of the GDR, the border barrier installations of the CSSR are without any military value whatsoever. Because of their light weapons, the Border Guard Troops can be used only for tasks of maintaining order and for protective tasks in the rear area or as security forces in the combat zone.

The "People's Militia"

The "People's Militia" (Lidove milice (LM)) was formed from among party members upon the decision of the CPCZ of 17 February 1948 to put the bourgeois government, then still in the majority, and State President Benes under pressure.

The militia, to start with consisting of only 15,000 to 18,000 men, of which, however, one third was concentrated at the seat of government in Prague, was equipped with weapons by communist workers of the Brno armament works and by communist officers. The militia "protest marches" through Prague, for which security was provided by the communist-led "National Security Corps," made possible the overthrow of the government and the communist seizure of power in February 1948.

The "People's Militia" is the model of the GDR "Workers Militia." But—in contrast to the "Workers Militia"—it consists exclusively of CPCZ members and candidates. The "People's Militia," which is regarded as especially reliable, therefore has a strength of only about 90,000 men (GDR "Workers Militia": about 500,000). The People's Militia is directly subordinated to the "security" department of the CPCZ Central Committee. Thus its supreme commander is the CPCZ General Secretary Dr Gustav Husak. Operation command lies with the "commander of the CSSR People's Militia," who has the rank of a 3-star general, and his "main staff of the CSSR People's Militia." Below the federation level there are—assigned to the respective CPCZ party leaderships for operational command—in each sectional republic a "commander of the People's Militia" (of the CSR or SSR) with a "National People's Militia Headquarters." Below that there are, in the 11 regions of the CSSR and their counties, regional and county commands of the People's Militia, to which finally are subordinate motorized militia battalions as mobile operating forces and to which are subordinate militia companies and platoons formed for the protection of fixed objects on plant level.

The motorized People's Militia battalions comprise a communications platoon, three infantry companies and a heavy [weapons] company. They are equipped for the most part with trucks having crosscountry capability. In addition they have wheeled OT-65 and OT-64 armored reconnaissance vehicles and APCs, for the most part older versions released by the CSLA. In addition to small arms, their arms also include mortars, recoilless antitank guns and light anti-aircraft guns.

The composition of the People's Militia and its place in the command structure make its main task evident: As armed arm of the party it is to be employed for fighting internal unrest and for protecting key enterprises and key objects on a regional level.

Officially the People's Militia is a component of national defense which is to be employed for securing the rear area against airborne actions, enemy forces and sabotage units that have broken through.

For representation of party power, the People's Militia members wear a grey-blue uniform and a black beret.

For "field service" they have a field uniform in camouflage colors. On both uniforms they wear a scutiform sleeve insignia with the letters "LM".

The ZVAZARM Organization

The organization for cooperation with the CSLA, camouflaged as a civilian organization, was established in November 1951 on the basis of the "Law on Premilitary Training." Like the GDR "Society for Sports and Technology" and other premilitary training organizations of the non-Soviet Warsaw Pact states, it is an imitation of the Soviet "Voluntary Society for Cooperation With the Army, Aviation, and Fleet" of DOSAAF.

SVARZARM comprises over 10,000 basic organizations, especially in enterprises and villages and officially has about 900,000 members. Its present priority task is to prepare the CSSR youths subject to military duty starting at completion of age 18—for the most part in their leisure time—for military service in general during the first year of training and in the second year of training specifically for their future assignment in the CSLA. The ZVAZARM county training centers make the most important contribution in this respect.

The chairman of the organization, allegedly elected by the methods of "socialist centralism," is a CSLA general.

The CSSR Armament Industry

Even prior to World War II the Czechoslovak Republic had an efficient armament industry; e.g., the Skoda Works in Plzen had international standing.

After the occupation of the Czechoslovak Republic by the German Reich, the Czechoslovak Works were used for the German Armed Forces. For example, the tank destroyer "Hetzer" was produced in the "Reich Protectorate" (Skoda Works).

After seizing power, the communists officially declared the use and expansion of this potential, rich in tradition, as their goal and continued to expand the CSSR armament industry. While neglecting the needs of the people, the share of the armament production in the total machine-building production increased from 4 percent

in 1950 to nearly 27 percent in 1953. (According to "The Czechoslovak People's Army," published by Militaer-verlag der DDR, 1979, pages 127-129, a quote from this text reads: "These successes were achieved at the cost of great sacrifices and, in subsequent years, this entailed considerable economic problems.")

As early as 1952 armament products had a 29 percent share in the total CSSR export to the other Warsaw Pact states. (Also cited in "The Czechoslovak People's Army", page 130, where this share is described as an exception.)

The CSSR armament industry in the Warsaw Pact area is now in second place behind the USSR, although, of course, separated by an enormous distance. Under license, it produced not only Soviet battle tanks, such as the T-55, and Soviet fighters, such as the MiG-15, for the CSSR's own demand but also for export to other Warsaw Pact states and states of the Third World. Moreover it also developed and built—sometimes in cooperation with Poland and Hungary—a number of weapons and equipment, such as the multirocket launcher RM-70, the 152-mm SF M-77 "Dana" gun howitzer, and the RPG-75 panzerfaust, which were or are superior to Soviet weapons for the same purpose.

For its ground forces and probably also for export to other Warsaw Pact and Third World states, the CSSR now produces the T-72M battle tank and the BMP-1 and BMP-2 APCs. Furthermore it produces for its own demand and for export a series of heavy military trucks and special motor vehicles. While the GDR stopped its production of aircraft and the Polish aircraft industry limited itself primarily to trainers and sports aircraft for its own demand, the CSSR aircraft industry has been able to conquer a market with trainers and light transport aircraft within the East Bloc as well: Its trainers, the older L-29 "Delfin" (NATO code name MAYA) and the modern L-39 "Albatros," are being used by the air forces of the USSR as well as those of the GDR and its light transport aircraft LET 410 M was acquired by the Soviet "Aeroflot" and the GDR "Interflug."

Evidence of the use of new technologies are CSSR developments such as the "Kladivo" fire control system with laser-E measuring instrument and crosswind sensor to raise the combat effectiveness of T-55 battle tanks as well as of modern radio and radar equipment. The most important CSSR armament factories include:

- the tank factory in Martin (Slovakia)
- the Skoda factory in Plzen (tank engines and transmissions, artillery weapons),
- the Zbojovka factory in Brno (small arms),
- the Tesla factory in Pardubice (radar and other electronic equipment),

—the LET aircraft combine with headquarters in Uherske Hradiste near Brno and factories in Letnany and Vodochody near Prague as well as in Otrokovice near Gottwaldov (formerly Zlin) in Moravia,

—the motor vehicle factory PRAGA in Prague, TATRA in Koprivnice in Moravia and BAZ in Bratislava.

Summary Assessment of the CSLA

In relation to the total CSSR population of 15.6 million people, the CSLA with its 200,000 soldiers and about 270,000 "other armed organs" represents the numerically strongest armed force of all non-Soviet Warsaw Pact armies. Owing to the country's highly developed armament industry—the most efficient of all non-Soviet Warsaw Pact states—the CSLA is also the best equipped among them. It has about:

- 2,600 battle tanks (including about 360 T-72),
 - 1,000 tracked APCs (BMP-1/2),
 - 1,000 wheeled APCs (not including command radio vehicles),
 - 500 armored reconnaissance vehicles,
 - 1,200 guns and mortars of calibers 100 mm, 122 mm, 130 mm, 152 mm, 203 mm, and 240 mm, including about three-fourths self-propelled howitzers and self-propelled guns,
 - 250 multirocket launchers, 122 mm and 130 mm,
 - 70 surface-to-surface short- and medium-range guided missile systems,
 - 430 mobile anti-aircraft rocket systems of the troop air defense with short, medium and long range (not including infrared-guided manportable anti-aircraft missiles),
 - 250 portable anti-aircraft rocket systems of the air defense troops with medium and long range,
 - 150 combat/transport helicopters (not including command radio and liaison helicopters),
 - 490 fighter aircraft,
- and has high combat capability.

But the 1968 "Prague Spring" has shown that even a 20-year ideological indoctrination and all reeducation attempts were unsuccessful. No reasons are discernible for the assumption that better successes have been achieved during the subsequent 2 decades. It required and requires "temporarily" stationed Soviet forces to keep the Czechs and Slovaks, who are close to the democratic value concepts and belong to the Western culture complex, in the system of existing socialism.

The CSLA combat effectiveness in case of a war in central Europe is apparently being qualified as a result of this political situation and thus the operational options of the Soviet armed forces stationed in the CSSR appear to be narrowed. However, these qualifications become irrelevant if the mass of the CSSR people and soldiers see no promising alternative to remaining on the side of the USSR because of the military-political situation at the time in question.

It is this "worst case" on which the NATO planners must base their assumptions.

The "Central Group of Forces" (CGF)

23000049 Frankfurt/Main SOLDAT UND TECHNIK
in German Jan 88, pp 25-35

[Article by Lt Col (ret) Guenter Lippert]

[Text]

Reaction to the "Prague Spring"

The Soviet Army forces stationed in Austria and Hungary at the end of the war in 1945 were originally designated as "Central Group of Forces." Its staff had come from the field staff of the 1st Ukrainian Front.

In 1955 the CGF was formally deactivated in connection with the signing of the Austrian state treaty. The forces remaining in Hungary after the removal of the Soviet forces from Austria were designated "Southern Group of Forces" (SGF), a designation which had been used for the Soviet forces stationed in Bulgaria and Romania until 1947.

The present CGF came into being as part of the Soviet invasions of the CSSR in August 1968. It was established under the command of the then Lt Gen A. M. Mayorov especially from the formations that had entered Slovakia from the area of the Carpathian Military District.

Its stationing was formally justified by an "Agreement on the Conditions of the Temporary Stay of Soviet Forces on the Territory of the CSSR" of 16 October 1968.

As if to show contempt, this agreement excluded the very thing that happened as a result of the invasion: interference in the internal affairs of the CSSR.

As justification for the establishment of the CGF, the "Soviet Military Encyclopedia" states: "The establishment of the CGF became necessary to ensure the security of the socialist states under the conditions of the increased aggressiveness of imperialism."

CGF headquarters is now the former German training area at Milovice near Prague which housed, among other units, the senior grade officer cadet school VII of the army of the German Wehrmacht in 1944/45.

Including its air forces, the group has a strength of about 83,000 men.

A corps headquarters stationed in Olomouc and the following 5 combat divisions are subordinated to the group:

- the 15th Guard Tank Division in Milovice,
- the 31st Tank Division in Bruntal,
- the 18th Guard Motorized Rifle Division in Mlada Boleslav,
- the 30th Guard Motorized Rifle Division in Zvolen, and
- the 48th Motorized Rifle Division in Vysoke Myto.

Austrian sources, in addition, assume the existence of a further tank division in the Turnov area whose existence is possible but thus far unconfirmed.

Further subordinate to the group are the following combat and combat support forces:

- an artillery brigade in Jesenik,
- a surface-to-surface SS-1c/SCUD B guided missile brigade in Turnov,
- an SA-4/GANEF anti-aircraft missile brigade in Kurivody,
- a bridge-building engineer regiment in Olomouc,
- an airborne battalion in Oremov Laz, and
- an engineer battalion in Milovice.

For direct and indirect air support of the combat formations, the following are operationally subordinate to the ground forces:

- a combat helicopter regiment in Sliac and
- five mixed combat, transport, and command radio helicopter squadrons which are assigned to the CGF divisions. They are stationed on the airfields of Olomouc (two squadrons), Mimon, Milovice, and Sliac.

According to a Soviet announcement, "operational-tactical missiles of long range" were deployed on CSSR territory around the turn of the year 1983/84 in response to the implementation of the NATO force updating. The reference here was to SS-12/22/SCALEBOARD surface-to-surface guided missile systems (900 km range), of which a brigade with 12 weapons systems is assumed as

the extent of the supply. Location of the brigade headquarters is the locality of Hradice east of Olomouc in Moravia. The bulk of the brigade is probably stationed on the nearby Mesto Libava training area.

It can be assumed with a high degree of probability that the SCALEBOARD brigade is only under administrative command of the CGF; however, for employment it is under the command of the superior command staff of the Soviet Army. The SS-12/22/SCALEBOARD belongs to the Soviet shorter range intermediate range missiles which must be removed and destroyed according to the INF agreement of December 1987.

Disposition of Forces of the CGF Ground Forces

CGF Group Headquarters	Milovice
15th Guard Tank Division	Milovice
18th Guard Motorized Rifle Division	Mlada Boleslav
48th Motorized Rifle Division	Vysoke Myto
u/i artillery brigade	Jesenik
u/i surface-to-surface guided missile brigade	Turnov
u/i anti-aircraft missile brigade	Kurivody
u/i combat helicopter regiment	Sliac
u/i airborne battalion	Oremov Laz
u/i engineer battalion	Milovice
Headquarters 28th Corps	Olomouc
31st Tank Division	Bruntal
30th Guard Motorized Rifle Division	Zvolen
u/i bridge-building engineer regiment (Warsaw Pact terminology: pontoon bridge regiment)	Olomouc

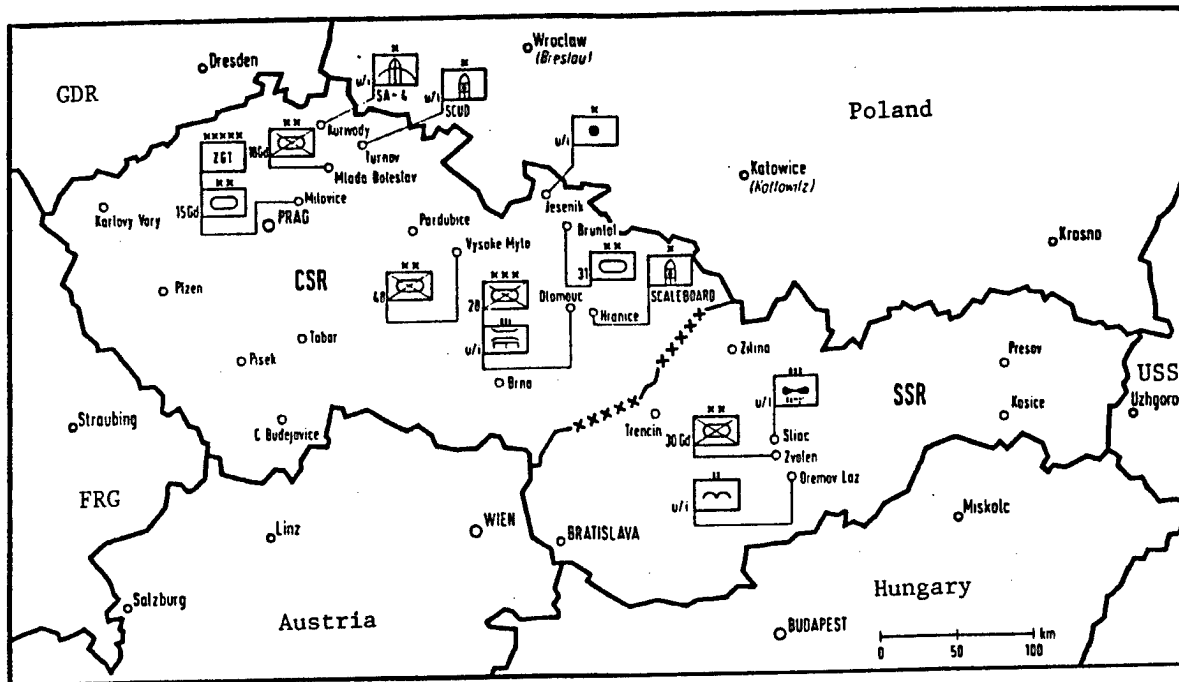
Organization and Equipment

The organization of the CGF combat divisions essentially corresponds to that of the combat divisions of the "Group of Soviet Forces in Germany" (GSFG) (see organization and equipment charts below).

As regards the up-to-date nature of the equipment, the CGF ranks behind the GSFG; there is especially an interesting difference in the equipment with tanks: neither the T-64 A/B nor the T-80 has thus far been noted with the CGF. Moreover, its motorized rifle regiments are still predominantly equipped with the BMP-1.

Organization and equipment of the combat and combat-support forces directly subordinated to the group corresponds that to those which are assigned to the GSFG armies:

- The artillery brigade is equipped with 36 152-mm SF 2S5 guns and with 36 152-mm D-20 gun howitzers and further has in its arsenal—presumably for antitank defense—an additional 12 field guns of the ancient 76-mm ZIS-3 type;



Deployment of the CGF Ground Forces

—the surface-to-surface guided missile brigade has 12 SS-1c/SCUD;

—the anti-aircraft missile brigade has 27 SA-4/GANEF;

—the combat helicopter regiment is equipped with about 60 helicopters of types Mi-24/HIND D/F and Mi-8/HIP C;

—the combat transport helicopter squadrons of the divisions have in their arsenal about 20 helicopters each of various types, including the Mi-24/HIND D/E/F, the Mi-8/HIP C, and the command and radio version HIP D/G as well as individual Mi-2/HOPLITE and Mi-6/HOOK;

—the bridge-building engineer regiment is equipped with PMP collapsible floating bridges, TMM collapsible bridges, and PTS-M or PTS-2 tracked amphibious cars; and

—the group's airborne battalion is probably equipped with about 30 BMD-1 airdroppable APCs.

No information is available on type and equipment of the group's engineer battalion.

Different from the GSFG, the CGF does not seem to have an independent tank regiment available to it.

CGF Air Forces

Compared with the GSFG, the CGF air forces are relatively weak.

They have a strength of about 4,500 men and comprise a mixed air force division, whose headquarters is located at the location of the group headquarters in Milovice, as well as an air reconnaissance squadron and an air transport squadron. While the reconnaissance aircraft are stationed in Sliac in Slovakia, the transport aircraft are stationed in Milovice near the group headquarters.

Subordinate to the air division are:

—a fighter regiment with headquarters in Milovice and

—a fighter-bomber regiment with headquarters in Mimon.

The fighter regiment is equipped with about 45 MiG-23/FLOGGER B aircraft and with about 5 MiG-23 UM/FLOGGER C trainers that can also be used for combat missions.

The fighter-bomber regiment is equipped with about 45 MiG-27/FLOGGER D/J aircraft and also possesses about 5 MiG-23 UM/FLOGGER C trainers.

The reconnaissance aircraft squadron has about 17 Su-17/FITTER H aircraft.

Key for Diagrams I and II:

- Aufkl Pz = armored reconnaissance vehicle
- B/B-LFKSys = surface-to-surface guided missile system
- FH = field howitzer
- FlaLFKSys = anti-aircraft guided missile system
- FlakPz = self-propelled anti-aircraft gun
- Kpf Hubschr = combat helicopter
- Kpz, KPz = battle tank
- Mann = men
- MfRakW = multirocket launcher
- oder = or
- Pak = antitank gun
- PzAbwLFKSys = antitank guided missile system
- PzH = self-propelled howitzer
- SPz = APC

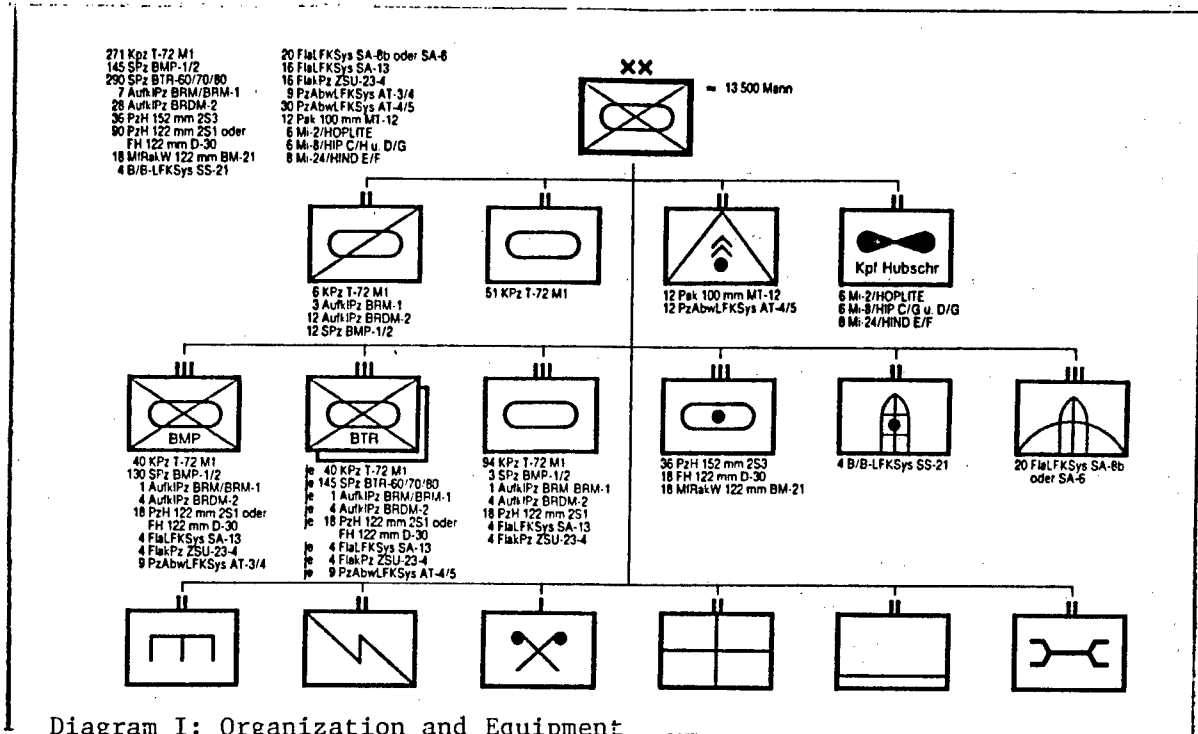


Diagram I: Organization and Equipment of a CGF Motorized Infantry Division

The small transport aircraft squadron has about 5-10 medium and small transport and liaison aircraft which serve the group headquarters for internal group supply and command tasks.

The combat helicopter regiment stationed in Sliac, which organizationally belongs to the air forces—just as the mixed helicopter squadrons assigned to the five combat divisions—is operationally subordinated to the

ground forces as a component of the "Army air forces" as part of a structural change in all Warsaw Pact armed forces, which has not yet been fully clarified and apparently is still continuing.

Of the about 40 militarily usable CSSR airfields, especially the Milovice, Mimon, Olomouc, and Sliac airfields are used as operational airfields by the CGF air forces. Redeployment exercises within the CSSR and exchange

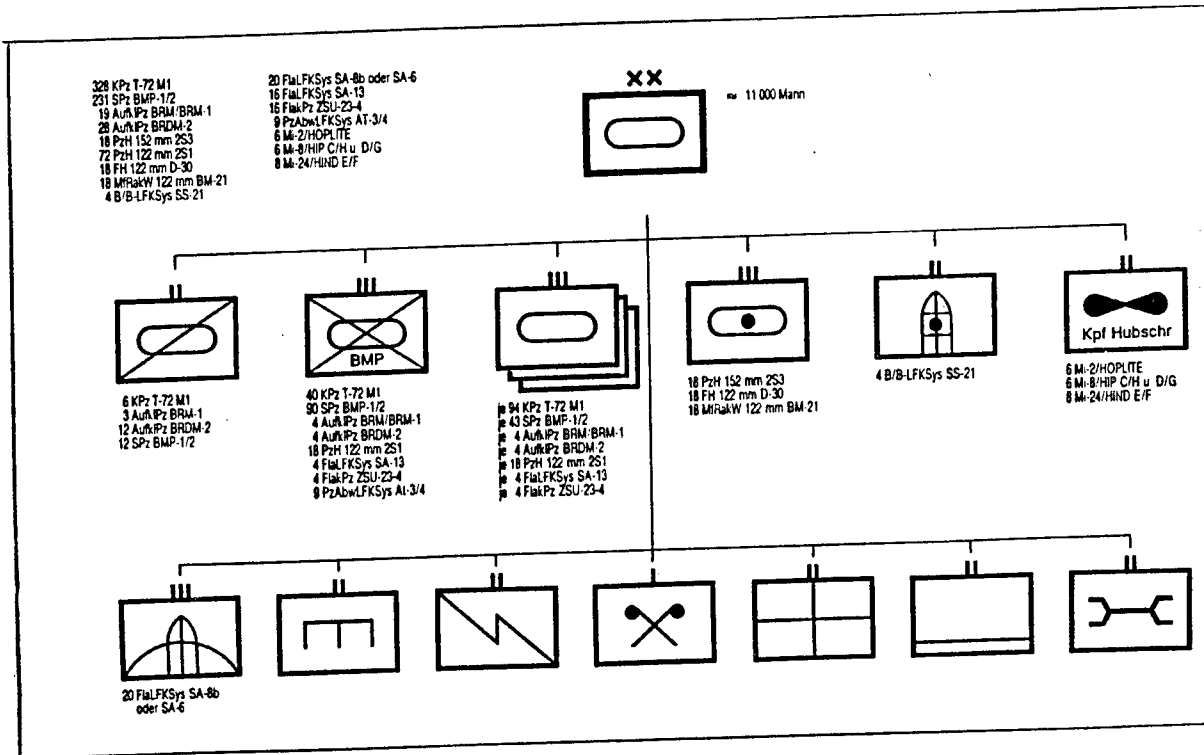


Diagram II: Organization and Equipment of a CGF Tank Division

of squadrons with the GSFG, the SGF, and the Polish People's Army air forces are part of the peacetime routine.

Alert squadrons of the fighter regiment together with radar and anti-aircraft missile positions of the troop air defense of the CGF ground forces are employed as part of the "ready-alert system" which, together with the corresponding CSLA forces, performs permanent standby duty in the frontmost warning and defense belt of the air defense system of the Warsaw Pact states, which is centrally controlled by Moscow.

There are indications of close relations between the CGF air forces and the headquarters of the Carpathian Military District in Lvov. It is possible that in case of war air forces from this military district will be supplied to the CGF as reinforcement forces, as possibly CGF ground forces could also be reinforced by forces of this area.

Even without reinforcements the CGF air forces with their roughly 120 combat aircraft make certain that the Soviet ground forces stationed in the CSSR have at their disposal a national air defense/air support potential of their own independent of the CSLA air forces/air defense.

Manpower, Training, and Manpower Replacement

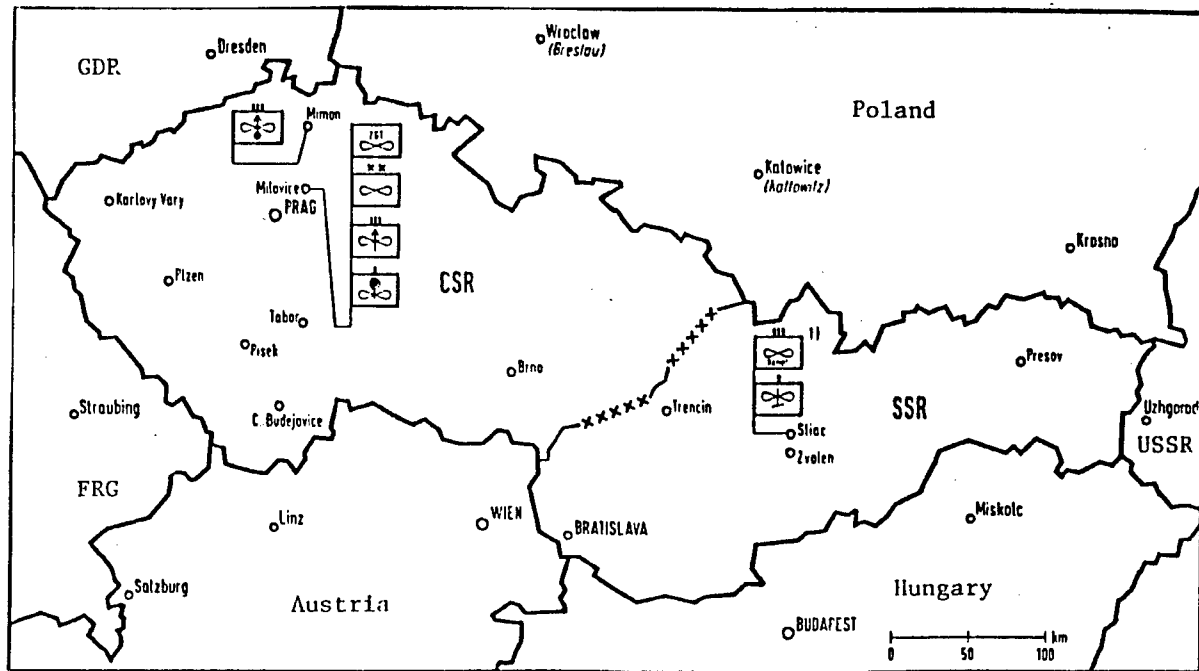
Composition and training of the CGF manpower of the ground and air forces do not fundamentally differ from

those of the GSFG and of the usual situation in the Soviet armed forces in general. Different from the GSFG ground forces, the CGF ground forces do not appear to maintain either training units of their own or a warrant officer school of their own but are—like the air forces of both "groups of forces"—dependent exclusively on training facilities in the USSR as regards the training of their NCOs, specialists, warrant officers, and officers.

Addition of new draftees and the departure of the veterans ready for release from military service, as with the GSFG, in each case takes place during the months of March/April and October/November. This semiannual manpower replacement here, too, for the most part is accomplished by air with AEROFLOT aircraft. To handle the respective manpower replacements, about 140 flights take place on the average. By using large capacity aircraft, the replacement period has been reduced to about 10 days in recent years. The Kosice, Milovice, Mosnov, Prerov, and Pardubice airfields are mostly used for incoming and outgoing transports.

Training Areas and Exercises

For national training and exercise projects the CGF uses for the most part the training areas exclusively reserved for it at Mimon east of the locality by the same name in Bohemia, and Oremov Laz southeast of Zvolen in Slovakia, as well as the large Milovice garrison training area.



Deployment of the CGF Air Forces

In addition, the large Mesto Libava training area, north-east of Olomouc in Moravia, is jointly used by the CGF and the CSLA. For engineer training, in addition the CSLA water/engineer/training areas of Melnik and Pardubice are jointly used.

The purely national exercises of the group, which in the CSSR, too—apart from the approach phase and strictly march exercises—are carried out on the shielded training areas, are as a rule a mixture of command post exercises and field exercise. In them a large-scale exercise scenario, in which the neighboring operations staffs in the GDR, Poland, and Hungary, as well as operations staffs in the USSR are also included, is linked with field training exercises.

In addition, parts of the CGF regularly participate in "friendship exercises" with CSLA forces which are commanded by CSLA commanders.

Such an exercise was, e.g., the "Druzhiba'86" exercise, which took place in September 1986 in northern Bohemia, especially on the Doupov training area and included the Melnik water training area, under the command of the WEST Military District commander, Lieutenant General Vacek. About 25,000 men participated in this exercise, to which observers from Western states also were invited for the first time since 1979. In addition to CGF and NVA formations, a smaller contingent of the Hungarian People's Army also participated. A further joint CGF and CSLA exercise, to which observers of all 35 states participating in the Stockholm

"Conference on Confidence-building Measures and Disarmament in Europe" were invited, took place under the designation of "Druzhiba 87" in July 1987.

Moreover, the CGF of course always participates in large-scale exercises which take place under the command of the Warsaw Pact military organization and with participation of contingents of all Warsaw Pact states (except for Romania) in rotation in the CSSR, too, and predominantly are propagandistic in nature (most recently in the CSSR in 1982).

The CGF and its Environment

Even more than the GSFG troops in the GDR, the CGF forces, deployed for the most part in remote localities and on training areas in Bohemia and Moravia's north-east and east and in remote areas of Slovakia, thus in the CSSR border areas, are isolated in their quarters and largely insulated from the country's public life. The official contacts with the neighboring CSLA units and the "friendship meetings" guided from above change little in that, especially since the year 1968 has not been forgotten by the populace.

Assessment

The "Central Group of Forces" "temporarily" stationed in the CSSR constitutes the second strongest Soviet grouping of forces, after the CSFG, in the USSR's western approaches. In contrast to the GSFG, it is numerically weaker than the national armed forces of the

country in which it is stationed. However, it has a higher degree of readiness and is better equipped than the CSLA. Its armament consists of approximately:

- 1,500 modern battle tanks,
- 1,600 wheeled and tracked APCs (not including command-radio versions),
- 240 armored reconnaissance vehicles,
- 400 122-mm and 152-mm guns (predominantly self-propelled howitzers and self-propelled guns),
- 120 multirocket launchers,
- 50-60 surface-to-surface short- and medium-range guided missile systems,
- 210 short-, medium-, and long-range anti-aircraft missile systems,
- 60 combat helicopters (plus about 100 combat, transport, command-radio and liaison helicopters of the squadrons of the combat divisions), and
- 120 combat aircraft.

The CGF history indicates that in the first place it is an instrument of power politics.

The allegedly "temporary" stationing took place because of the necessity of keeping an ally in line whose reliability had become questionable.

As a "side effect," with the stationing of the CGF the Soviet Union achieved a considerable strengthening of its forward forces.

The presence of the CGF ground and air forces in the CSSR at the same time also affirms Soviet dominance in the command area of the southwest front and of the CSLA air defense.

It is assumed in the West that in case of a Soviet attack against Western Europe, the CGF would be deployed as an army of the southwest front and in its framework would form a Soviet point of main effort for widening a CSLA success.

For the "peace mission" as well as in case of war, the few supply routes leading from the Soviet sphere of power over the Carpathians, the Sudeten and Erzgebirge into the CSSR are a handicap for the group. Its sole direct railroad connection with the USSR is the line leading from Ivano-Frankovsk in the Ukraine by way of Uzhgorod into eastern Slovakia, a line which has been developed in the border area into a zone for change of the

railroad gauge. However, a large number of depots set up in the CSSR makes up for CGF logistic difficulties and provides it with a logistic self-sufficiency for a period of about 2 months.

Summary Assessment of the Warsaw Pact Armed Forces in the CSSR and Their Operational Options

23000049 Frankfurt/Main SOLDAT UND TECHNIK in German Jan 88, p 48

[Text] The CGF and CSLA forces combined under the command of a Soviet-led or at least dominated Southwest Front—despite the weaknesses discussed—with their total of at least 13 operational divisions that can be deployed as a first echelon and their air forces that can be quickly reinforced constitute a serious threat to the FRG southern area and thus to the southern flank of the NATO Europe-Center command area.

On the Western side they are faced only by the comparatively small forces of the 2d (FRG) Corps in a thinly occupied, overly broad combat zone.

If the Soviet Union decides to attack Western Europe, in Western estimation the Southwest Front could carry out its attack with two main axes of effort:

—with a northern axis of effort, which, proceeding from Bohemia's northwest via Nuremberg and the Neckar hill country, could have the Rhine sector on both sides of Karlsruhe as its target of attack, and

—with a southern axis of effort, which, proceeding from the area south of Plzen via Regensburg and Ulm, seeks to gain the Rhine sector west of Freiburg and the so-called "Muehlhausen Gateway" as a target of attack.

In addition it is regarded as an option of the Southwest Front to proceed—violating Austria's neutrality—with a part of its forces from the Ceske Budejovice area along the Danube to thrust into the southern flank of the CENTAG army group of the 2d (FRG) Corps on both sides of Passau.

The ground and air forces of the CGF and at least the 1st CSLA Army and the CSLA air forces/air defense after a short period of preparation are ready for such operations, while the 4th CSLA Army requires a few days to bring the manpower up to T/O strength and to establish a functioning constellation of forces. It takes longer to establish the operational readiness of the 2 tank divisions and the CSLA mobilization divisions deployed in the EAST Military District which therefore probably will be employed at the earliest as part of the second echelon of the front.

HUNGARY

Restructuring Expected To Cause Consumer Trade Setbacks

25000145 Budapest FIGYELO in Hungarian
24 Mar 88 p 8

[Article by Antal Seres: "Reorganization and Inflation: Restructuring in the Consumer Sector"]

[Text] By the stroke of the pen, the new tax system changed the situation of business income. To top it off, the standard of living is declining significantly; the consumption structure will also change as a result.

Higher food prices at the beginning of the year touched the most sensitive nerve of consumers. True though: one may be assured that demand will continue to be satisfied at levels heretofore accustomed to. The situation is different with respect to industrial goods, however. In examining contractual receipts pertaining to some 200 kinds of select products one finds that supplies will be available at levels accustomed to in previous years only in regards to 81 percent of these select products. As a result of limited import opportunities, and because of strong export orientation, demand for 14 percent of these products cannot be satisfied, supposedly not even in quantitative terms.

Procurement will decisively rely on domestic production, and the role of socialist imports will increase. One cannot count on an increase in convertible currency imports, moreover, in this respect a small reduction may take place.

Interest in increasing the sales volume of several products diminished. This is so because certain enterprises count on the stagnation and reduction of demand, and therefore do not feel justified in maintaining the earlier proportions of large quantity procurement. In theory, however, diminishing demand will encourage commercial organizations to more effectively enforce their need for quality and choice from producers.

The events of the past months, however, do not bear out the above [prognosis]. In theory, changes in the price mechanism provide greater freedom for the formulation of enterprise pricing policies. Price differentials are determined by individual business establishments. For this reason, the question whether the annual price level increase remains within 15 percent largely depends on the conduct of business establishments, such as commercial enterprises and cooperatives, in addition to dependence on the price consultation system. Unfortunately it appears that most firms prefer to take advantage of price increases.

According to central computations consumer consumption has declined by 2.0-2.5 percent. Food consumption is expected to remain at the previous year's level, while demand for clothing, consumer goods and public catering services will decline. Viewed as a whole, the volume of mixed industrial goods sold will be reduced to a lesser extent; this reduction, however, will appear in a differentiated manner. A larger decrease in demand can be expected in the durable consumer goods market. In this category, part of the population made its purchases of household machines, household equipment and technical items during last year's buying-up spree already, while such purchases were originally scheduled only for 1988.

Under these conditions it may be assumed that enterprises whose business policies focus on qualitative factors (e.g., choice, quality, and the continuity of supply), or which are capable of offering further advantages to consumers as compared to customary merchandising methods, will attain advantageous positions. In the course of merchandising plan preparations it would be useful to take into consideration the "psychological" effect of the tax system which can be expected to last from 4 to 6 months, before the population becomes somewhat accustomed to new price ratios. For this reason it would be advisable to develop separate merchandising strategies for the first and for the second half of the year, as well as for individual product categories.

One may assume that within the retail volume structure earlier trends will change as a result of diminishing real income. It is likely that the past annual increase of the market share of mixed industrial goods will come to a halt, paralleled by a growing food retail sales volume. The consumer goods sales volume decline thus far experienced, hospitality services and clothing can only decline further, in regards to the hospitality industry there may be a drastic decline.

One of the main goals of modernizing the tax system is to strengthen the relationship between market positions and profitability. Accordingly, it would be also beneficial to base enterprise strategies on this relationship. A large part of enterprises and cooperatives should change their customary system of turnover, sales, organization and interestedness which has been applied thus far.

Such change, however, was not noticeable during the first quarter. One should not expect individual firms to make that change however, since at present they are trying to preserve their existing market positions with the least sacrifice, within their own narrow scope. Momentarily there exists a deep abyss between central ideas and enterprise practice. Beginning in April, that abyss will most likely deepen.

ANTICIPATED MERCHANDISE VOLUME IN CONSUMER GOODS COMMERCE PURSUANT TO CENTRAL CALCULATIONS				
Sub-branches	Volume Index		Value Index	
	<u>1987</u> 1986	<u>1988</u> 1987	<u>1987</u> 1986	<u>1988</u> 1987
Consumer goods wholesale	103.9	96.4	112.1	107.0
Semi-wholesale	107.0	94.0	113.4	111.6
Retail shops	105.5	97.2	113.6	110.1
Pharmaceuticals retail	106.9	105.1	107.9	106.3
Hospitality industry	96.0	95.0	109.2	110.7
Mixed activity commerce	104.0	96.5	112.8	110.4
Total consumer goods commerce	104.4	96.4	112.7	109.5

Source: National Planning Office Statistics
According to central computations the sales volume of the state
hospitality industry will be reduced by 7 percent.

12995

POLAND

Polish-British Joint Venture Company Registered
26000229a Warsaw RZECZPOSPOLITA in Polish
6-7 Feb 88 p 2

[Text] Yet another company with foreign capital investment began operations. Yet another enterprise with mixed capital, a joint venture—Polish-British company “Furnel International Limited” was registered in Warsaw. It was set up pursuant to the law of April 1986 on companies with foreign participation. From the Polish side, 8 partners are taking part: the Hajnowka Timber Industry Enterprise, the Krakow Furniture Plant, the Great Proletariat Enterprise in Elblag, the Wood Chip Panel Plant in Jaslo, the District Administration of State Forests in Bialystok, the “Mera-Elzab” Computer Equipment Enterprise in Zabrze, the Foreign Trade

Enterprise Metronex, Ltd. and the Foreign Trade Organization PAGED, Ltd. The British side is represented by the computer company International Computers, Limited (ICL).

9761

Polish, GDR Electronics Industry Cooperation
26000229h Warsaw ZYCIE WARSZAWY in Polish
16 Feb 88 p 4

[Article by (KK): “Offer of the GDR Foreign Trade”]

[Text] “The Information Days of the GDR Foreign Trade in the PPR” are now getting under way in Warsaw for the 12th time. On the occasion of their inauguration (the days will be held on 16 through 18 February), a press conference was held in Warsaw in the Club of Technical Publications, Journals and Books “NOT—Sigma,” 12 Mazowiecka Street. At the conference, Commercial Attache of the GDR Embassy Horst Joergens reviewed Polish-GDR cooperation in the field of electronics and electrical engineering and prospects for its development.

For the first time, the electronic and electrical engineering industry is presented in a comprehensive fashion at this year's "Information Days of the GDR Foreign Trade in the PRP." The industry comprises 15 combines and 250 enterprises with a work force of 49,000. As many as 25 percent of them have a college education. Products of this industry are exported from the GDR to 50 countries of the world. Cooperation with Poland in this field has been developing very well. Overall, foreign

trade turnover increased by 33 percent between 1984 and 1987, whereas trade in electronic and electrical engineering products—by as much as 50 percent. As a result, the share of these industries in overall turnover increased from 17 percent in 1984 to 19.5 percent last year.

9761

Fishing in Swedish Baltic Waters Permitted
26000229e *Warsaw ZYCIE WARSZAWY in Polish*
5 Feb 88 p 2

[Article by PAP: "Polish Fishermen Can Fish in the Swedish Sector of the Baltic"]

[Text] Determinations have been made concerning the fishing quota for Polish fishermen. This year, Polish fishermen will be allowed to catch in the Swedish sector of the Baltic 13,300 tons of herring and 150 tons of other species of fish, among other things, sprats and cod.

Cooperation is being developed on the principle of reciprocity. Swedish fishermen will be allowed to catch about 3,200 tons of cod and 60 tons of salmon in the Polish sector of the Baltic this year.

9761

February Strike Detailed at Wroclaw Railroad Repair Shops
26000237 *Warsaw PRZEGLAD TYGODNIOWY in Polish*
No 11, 13 Mar 88 pp 8-9

[Article by Krzysztof Spychalski: "Time Flies Faster" subtitled "For Some Time Henceforth the Officials [of the Official Trade Union] at the Railroad Repair Shops Are Going To Ask Themselves Difficult Questions"]

[Text] Mrs. Halina believes that each metier has its own secrets. She herself, for example, has been sitting for 8 years behind the window of the gatekeeper's lodge and knows that what matters most is knowing how to talk to people. All kinds of people pass through the gate of the Wroclaw Railroad Repair Shops (ZNTK), and sometimes foreigners as well, so that the gatekeeper has to know what to say to whom.

Mrs. Halina certainly will not talk with a stranger about any worrisome problem. She knows nothing, or whatever she knows she keeps to herself. As a last resort, she comments, glancing from under her eyeglasses, "It's not that bad. People want to work, but sometimes they demand their rights." This opinion has a calming effect—on Halina Magdziarek, too.

Wojciech Zmyslony has nothing to hide. A director not only manages the plant but also represents it—and the host should simply know how to retain his dignity. The need for calmness, especially when the plant's machinery is standing idle, can be understood.

On 22 February Director Zmyslony had to interrupt his vacation. On that day the first flyer appeared in the plant. Its message was brief: "As of 22 February 1988 the Provisional Plant Committee of the NSZZ [Independent Self-Governing Trade Unions] 'S' [Solidarity] declares a strike alert for the employees of the Wroclaw Railroad Repair Shops.... The workforce fulfilled the 1987 plan 108 percent, yet it had received no incentive bonuses for

the third and fourth quarters of that year. Later it was awarded symbolic compensation payments and wage increases which do not alleviate the effects of the price increases. And now unfair '13th-month' [the annual one-month bonus] rules for 1987 have been announced.... In view of this we appeal to the workforce to refrain from collecting the 13th-month bonus and to join in a strike once it is announced by the Provisional Plant Committee."

This flyer was signed, "Provisional Plant Committee of the NSZZ 'S' at the Wroclaw Railroad Repair Shops," something which was no surprise to the plant director, considering that on 28 December last year the three-member [Solidarity] Founding Committee had applied to the Voivodship Court in Wroclaw for registering the Solidarity plant trade union at the ZNTK. On 1 February 1988 the Court rejected that request.

This time the arguments contained in the flyer mattered more to the management. After all, the subject of incentive pay, pay increases, and the 13th-month bonus had already been discussed with the workforce during the production conferences at the individual departments last fall. This was coordinated with the NSZZ of ZNTK Employees. On Tuesday 23 February the director once more explained the whole situation to the workforce through the plant radio system. He said that the awards from profits will be paid as planned on 27 February. According to Wojciech Zmyslony, on that day 60 percent of the workforce picked up their money.

On Monday morning 29 February Railroad Protection Service personnel checked more thoroughly than usual the documents of those entering the ZNTK. At 0730 hours an employee of the plant order-keeping service brought to the director a flyer found in one of the factory rooms, "Communique No 2. As of 0900 hours on 29 February we announce a strike of Wroclaw ZNTK employees. At the same time, we declare that this strike is a purely economically motivated protest and should not be identified with political demands." Next, the flyer elaborated the rationales of its predecessor. The principal accusations concerned the absence of incentive bonuses for the third and fourth quarter of 1987, the January 1988 wage increases averaging 1,500 zlotys monthly per employee, and the "unfair" rules for 13th-month pay for 1987.

It was to these rules that the communique devoted most space. The specifics of the distribution of bonuses were described: the director general of the ZNTK received a bonus equal to 18.9 percent of his annual pay; the other directors, a 13.4-percent bonus; department heads, a 9.45-percent bonus; and rank-and-file employees, a 6.3-percent bonus. The flyer concluded, "These are the facts. A total of 99 million zlotys was set aside from profits in order to pay the bonuses for 1987 to the 2,100 employees of the plant. Accordingly, each employee should have received about 47,000 zlotys, but in reality they [the

rank-and-file] received some 15,000 zlotys apiece....” The summation included also a non-economic demand for forming a Worker Council following the conduct of democratic elections.

The breakfast break at the ZNTK lasts half an hour, until 0930 hours. Following the breakfast, the workers of four of the enterprise's six departments did not begin work. Machines stood idle in three repair departments, PW1, PW2, and PW3, and in the Traffic Maintenance Department TMW. Twenty-four hours later, while describing what had happened, Director Zmyslony could not avoid an euphemism. He said, “Approximately 500 employees took part in the work stoppage. That was somewhat more than 50 percent of those employed in the first shift at these departments.” Since then, time at the ZNTK has been flowing more quickly.

Several minutes before 1000 hours the director asked shop delegates to meet him in the conference room. Whoever wanted to come, came. People delegated themselves. At 0950 hours more than 30 persons had gathered. The director began his talk. He did not ask for anything. He provided some explanations and reminders about things that at least part of the workforce was bound to know earlier.

Last year's [gross] profits of the ZNTK totaled 856,672,000 zlotys. The sales of products and services exceeded the planned volume by 8 percent, but it is true that the wages since last January increased only by an average of 1,500 zlotys monthly, not counting the nationwide 6,000-zloty compensation payments [compensation for price increases]. It could not be otherwise. At the beginning of the year the ZNTK had to pay 27,645,000 zlotys in taxes on norm-exceeding wage increases. The plant was thus “punished” for exceeding its wage fund by 5 million zlotys owing to the higher work-clothing allowance for its employees. On the average, last each employee received 11,598 zlotys to buy his own work clothing, and it would be no problem had not it been for the sudden change in regulations.

The work-clothing allowance was paid according to clothing prices fixed by the minister of transportation. Last fall the validity of the adopted decisions was confirmed by the “Decision of 7 September 1987 of the Minister of Finance Concerning Exemption of Norm-Exceeding Payments Work and Service Uniforms in 1987 from Tax on Norm-Exceeding Wages in the Central Annual Plan,” which allowed plants to increase these payments. In December, however, the ZNTK received “Guidelines and Principles for Determining the Increases in Tax-Free Remuneration” which nullified the Decision of September 7. By December it was too late to circumvent this. Hence the tax of more than 27 million zlotys and the wage increase of only 1,500 zlotys monthly.

That is why, precisely on 15 February of this year—7 days before the first flyer was distributed—the management of the ZNTK requested the minister of finance for an exemption from the assessed tax.

All this was explained at the outset by the director to those present in the conference room. He added that, if the request meets with a positive reply, the plant will have an additional 5 million zlotys for profit-sharing bonuses, because he believes that any money the plant earns owing to the labor of its employees should be distributed among them instead of “lying around uselessly.” This also is to happen to the 40 million zlotys which at the moment constitutes the reserve wage fund. If experts confirm the balance sheet, that money can be paid out in the form of awards or wage increases. By the end of March this matter is to be coordinated with the NSZZ of ZNTK Employees as well as with the 30 persons delegated for the talks, because, as Wojciech Zmyslony said, “I consider them to be representatives of the workforce.”

The problem of the incentive bonus was quickly resolved. A majority of those present remembered that that money had been absorbed by last year's August wage increases. At that time, the average employee got his pay increased by 1,000 zlotys monthly.

The 13th-month bonus stirred the most emotions. Profit-sharing awards at the plant were indeed differentiated in amount. On the average, they amounted to 19,000 zlotys apiece, but “average” does not mean equal apportionment. Employees with considerable sickness-caused absenteeism received 15,000 zlotys apiece; brigade members and manual workers, 19,000 to 29,000 zlotys; and department heads and top management, 25,000 to 40,000 zlotys. The general director of the ZNTK in Wroclaw will receive 80,000 zlotys, if this is approved by the Supreme Board of the ZNTK in Warsaw. After complete stillness began to reign in the four struck departments, the director asked those who came to talk with him, “Is the stomach—even assuming that everyone has the same stomach—the determinant of a man's action?” [A play on words, since the Polish saying about everyone's having the same stomach can be idiomatically translated as meaning that everyone should be entitled to three square meals a day.] The others looked at him and shook their heads, but concluded that the answer was yes. It was the umpteenth time in recent years that they discovered the concept of equality. The director offered two job vacancies for foremen, to be filled immediately. There were no takers, not even for the price of a higher 13th-month bonus. They all agreed, however, that the regulations should be updated so as to reduce the disproportions, without any longer insisting on egalitarianism.

During the meeting a reminder was offered also about the production conferences at which this subject had previously been discussed. The workforce's opinion, 3 years ago, on the subject of the Worker Council, which at

the ZNTK would lack any competence, also was recalled. It would lack any competence because it would not be a legal entity, since no provisions assuring this right apply at enterprises of the Polish State Railroads. A couple of years ago the employees had understood it and acknowledged that they did not need such a self-government body. On the last Monday in February 1988 the discussion of this topic did not introduce anything new.

At 1200 hours the delegates returned to their departments. There they recounted the course of their meeting with the director. Some people did not understand, while others swore in the "male" manner, but the machines did start operating at 1230 hours. On Tuesday March 1 only about 15 persons still failed to pick up their 13th-month bonus.

The director asserted that everything was really calm that Monday. No one concerned insisted on making additional comments, and no one was obstructive. In the conference room, the only [official] other than the director was the Chairman of the Board of the NSZZ of ZNTK Employees Jozef Bonczynski.

Milling-machine operator Zygmunt Golabek had attended the meeting with the director. Later he explained to others that it was time to begin work. Yet, 5 days earlier he had been of a completely different opinion. On 24 February he was one of the three workers who had signed the following letter: "To the Director of the Wroclaw ZNTK. The NSZZ Solidarity Founding Committee of Employees of the Polish State Railroads ZNTK, which had applied for registration with the Voivodship Court on 28 December 1987, supports the just demands of the workforce and declares its solidarity with it." This letter was also signed by the welder Stanislaw Swiderski. Both were willing to be interviewed, on cautioning, "We did not organize the strike. The Founding Committee which we represent has merely declared its solidarity."

Golab admits that the director used the right arguments, and he thinks that Wojciech Zmyslony became the director of their plant precisely in order to demolish the "barriers" surrounding it. He does not know just how to define that "demolition" but claims that the economic system under which the ZNTK operates is bad. The management is not blameless, because "It does not do anything about it." Stanislaw Swiderski offers a more concrete accusation: the point is that he considers the preferences in the distribution of bonuses to be admissible but he believes that they should ensue not from percentile disproportions but from the differences in the principles on which the distribution of bonuses is based. In short, the director would anyway get a higher bonus than the rank-and-file worker because his regular pay is higher. Golab offers the rather generalized conclusion, "The point is not the money; the point is justice." As if he did not know that in this matter it is difficult to get a patent.

Both have many objections to the [government-supported] trade union operating at the ZNTK. For while on Monday the members of that union had also joined in the work stoppage, according to Golab, practically everyone had joined in it anyway.

In their December plea to the Voivodship Court the petitioners referred to, among other things, Article 10 of the Trade-Union Decree, which runs as follows: "The right to form trade unions pursuant to the provisions of this Decree is safeguarded, without requiring a prior permit." But they do not mention Article 60: "During a period whose expiration shall be determined by the Council of State, only one trade union may operate at any one plant." So far the Council of State has not changed its views and, irrespective of the fact that the founders of the new trade union at the ZNTK appealed to the Supreme Court, under the law they still do not constitute a trade union.

They use eloquent terms. But words, like people, die. If abused, they lose their power. Golab spoke of attachment to the name [Solidarity], and Swiderski spoke of loyalty, but they probably are aware that those who are absent are in the wrong. Even a strike can be declared in Poland pursuant to or outside the law. The Wroclaw [as published—probably the Wroclaw Court] defines the second of these concepts: the Trade Union Decree specifies who may proclaim a strike and how. The proclaimer must be a legally operating trade union and, secondly, the proclamation has to be preceded by negotiations, arbitration proceedings, court arbitration, and a vote among the workforce. Were the events at the ZNTK to be interpreted exclusively from this point of view, the strike would have been nonexistent. Except that such an interpretation reeks of sophistry. The logic of real life and the logic of law are two different things. This cannot be changed by even the noblest intentions.

The NSZZ of ZNTK Employees did not support the strike. Bonczynski, its chairman, said, "The Board did not undertake this challenge." It appears that there is little in general that it has "undertaken" in this matter. Such are the facts, at any rate. The first flyer reached the Board on 22 February and the second in the morning of 29 February. In the intervening period the Board did not attempt even once to meet with the workforce. Vice-chairman Eugeniusz Wawrzyniak is reluctant to discuss this topic. He claims that the chairman of the Board is the person to discuss it with. But he admits, "We knew what could happen, but we did not know when." It turns out that the leaders of this trade union found it hard to believe that anybody would decide to go on a work stoppage and not collect his bonus. Chairman Bonczynski confesses that he "had believed in the others' common sense."

Does not the fact that all this had happened outside the structures of this [government-supported] trade union point in general to the limitations on its possibilities for action? Is not this a kind of slap in face? Jozef

Bonczynski denies this, "The slap would happen if the ZNTK could afford higher bonuses and our trade union would fail to force the management to pay them." He considers it unimportant that the members of his trade union also had joined in the work stoppage, inasmuch as "It is rare that anybody fails to support wage demands owing to organizational considerations."

In Bonczynski's opinion what matters more is the actual causes of the event. The head of the trade union simply does not believe in economic motives. This is belied by the discussion between the director and the delegates, or more exactly, by the workforce's reaction following that discussion. The arguments used in the flyers, meaning precisely the economic arguments, could not stick because they were unjustified, he claims. Moreover, Bonczynski continued, another reason is that the authors of the flyers proclaimed two lies—first, that the award fund has 99 million zlotys in it, whereas the actual figure is 53 million, and second that the Wroclaw ZNTK employs 2,100 persons, whereas the actual figure is 2,800. The result of the division of a larger amount of money by a smaller number of persons provides a more suggestive picture.

The wages at the ZNTK are pretty good, the trade union claims. Statistics provided by the Federation of the Trade Unions of Railroad Maintenance Employees show that in this respect the ZNTK ranks fifth in the subsector. Last January the average monthly wage per employee in the industrial group was 31,881 zlotys and in the nonindustrial group, 24,784 zlotys—not including, of course, the 6,000-zloty compensation payments [for price increases].

"Compared with the management, the employees have no reason to feel discriminated against. But in relation to prices," here Chairman Bonczynski pauses for a moment, "calculations show that they are short about 11,000 zlotys monthly. Could we go out and explain this to them? Could they be persuaded that their wages are high?"

No one among the trade-union officers "went out" and discussed this with the employees. Vicechairman Wawrzyniak even tried to justify this: "The secretariat lacked an authorization from the Board." But the shadow persists. The vicechairman began to think aloud, "Perhaps we were too passive?" Who knows whether active intervention by the trade-union officers would have changed anything. At any rate, some time afterward the members of the ZNTK trade union will begin to ask themselves these and other, more difficult questions.

These doubts will not trouble the calm of Mrs. Halina the gatekeeper. After all, she received a 13th-month bonus of 18,400 zlotys, and as of last January her hourly wage was raised by 3 zlotys. She does not know how this figure was arrived at, but that is unimportant. She is grateful to God that she still can work. In June she will retire, and that precisely is her biggest worry: "Will they include the

6,000 zlotys [compensation payment] in my pension or not?" This is what she thinks about most. And also about the problems of retiring and staying home. In the gatekeeper's lodge it is warm and many people always come in and out, so that one can always hear something interesting. It will be difficult to get accustomed to missing this.

1386

Balancing Reform Policy Structures, Defense Procurement Needs

*26000229f Warsaw ZOLNIERZ WOLNOSCI in Polish
2 Mar 88 pp 1, 5*

[Article by Col Antoni Nowak: "High Quality of Military Equipment"]

[Text] Reliability of equipment, enforcing timely deliveries, quality of servicing, participation in price setting—those were the main issues at a conference of representatives of military quality controllers. The proceedings were chaired by Inspector General of Materiel of the Polish Armed Forces, Deputy Minister of National Defense Gen. Arms Zbigniew Nowak.

Representatives of interested ministries, institutions, commands of armed services and industry associations took part in the conference.

Col. Prof. Dr. Tadeusz Grabowski from the Military Political Academy reviewed the socio-political and economic problems of our country. Subsequently, Aviation Technology Chief Gen. Bde. Prof. Dr. Mieczyslaw Sikorski presented, in a topical report, the issues in filling orders and deliveries of military equipment in environment of changes in the organization of the highest economic organs of the state and in the system of managing the industrial sector. He evaluated the status of fulfilling the tasks of industry in the sphere of defense to be good. While analyzing the work of military quality controllers, he stressed positive results of their work in enforcing required technical standards of products and proper cost calculations.

Issues of improving the organization of military quality control and of cooperation with enterprise quality control units were raised in the discussion. The supply of materials to the plants was indicated to be the weakest link in the production process. A need to reinforce technological and design services was indicated. Poor quality of iron and steel goods used for production and the high qualitative level of many final products were mentioned, as well as the negative phenomenon of demands for hard-currency "inputs." Propriety in price setting remains an open issue. A stimulative role from military controllers is needed in this matter. These issues were raised by officers Michal Waszkiewicz, Waldemar Sztompke, Stefan Wyszynski, Leon Letkiewicz and Mieczyslaw Handerek.

In the conditions of following the directions for the second stage of the economic reform, new contractual links arise, while the previous links weaken and sometimes disappear. Drastic economic factors call for actions increasing efficiency which are targeted on export-oriented and consumer products. However, this should not happen at the expense of meeting defense needs and of the quality of related products. "Despite an improvement in the international political situation, stated Gen. Nowak summarizing the results of the conference, continuous reinforcement of the defense capability of our state remains a necessity. This calls for, among other things, raising the qualitative level of production. Improved quality must be accompanied by a stabilization in prices of consumer goods and of those for the armed forces. Military controllers have a responsible role to play in steering such processes appropriately."

9761

Currency Convertibility, Common CEMA Exchange Discussed
26000241 Warsaw TRYBUNA LUDU in Polish
26 Feb 88 p 5

[Interview with Stanislaw Dlugosz, deputy chair, Planning Commission under Council of Ministers, by Jerzy Sieradzinski: "On the Road Toward a Convertible Zloty"]

[Text] The major economic problems on which the attention of the Polish society is focused include not only aspects of improvements in the living standards, halting of inflationary processes, and ways of solving the problem of our foreign indebtedness but also the question of the convertibility of the zloty. This means making our currency an international currency.

Where is our country located on the road toward that goal? This was the question with which TRYBUNA LUDU commenced its interview with Stanislaw Dlugosz, deputy chairman of the Planning Commission under the Council of Ministers.

What Is Currency to the Economy?

[Answer] Attaining convertibility of the zloty is one of the most complex and difficult economic problems if only owing to the global nature of currency as an instrument of a country's active economic policy. This is a particularly important and difficult task in our conditions. After all, as known, until recently the socialist economy had been reducing the role of currency exclusively to that of an accounting and recording instrument, without utilizing its creative role in the whole of the growth processes of the economy.

Fortunately, this is already in the past. However, from the standpoint of both theory and practice, we are at present dealing with a backlog which cannot be overcome quickly. This has to be a long-term process, closely linked to profound systemic changes throughout the economy. It thus is impossible to give a specific date on which the convertibility of our zloty will become a fact. This cannot be "decreed."

We commenced this process at the very outset of the reform in 1981 and at present, under the program for the second stage of the reform, it has become one of the systemic premises that are being consistently implemented.

[Question] What are the conditions for making the national currency convertible in relation to other currencies, and are there any formal constraints on the scope and nature of the convertibility?

[Answer] Properly speaking, there exist four criteria for full and total convertibility of a currency. There must exist a legally established procedure for the free convertibility of a given currency. There should be no restrictions on the purposes for which the currency is exchanged for another currency. All the universally recognized criteria on whose basis the worldwide exchange rate, that is the price of one currency in another, should apply. Lastly, there must exist the possibility of exchanging one's currency for any other selected (also convertible) currency.

In present-day world such an ideal convertibility meeting all these criteria simply does not exist. A system close to the ideal had functioned in the past when currencies were based on the gold standard. This ended after World War I when a large number of major restrictions was imposed on the free exchange of currencies.

Nowadays there exist major limitations on the freedom of convertibility, depending on whether a tourist trying to exchange the currency of his country for that of another is concerned or whether we are dealing with revenues and expenditures directly related to the flow of goods and services among enterprises from various countries. In the latter case, as a rule, there is a maximum permitted freedom of currency exchange.

As for the strictest controls, these are imposed by most Western countries on the flow of capital for investment abroad.

Three Planes of Action

[Question] In our Polish conditions, on what does attaining even that limited convertibility of the zloty depend? On what are we focusing our activities at present?

[Answer] We are accomplishing this great economic task in three planes. The first is domestic measures serving to facilitate access to foreign exchange for production organizations and enterprises. It can be defined as "internal convertibility." The second is bringing about the mutual convertibility of the currencies of CEMA countries as well as their transfer-ruble convertibility. The third plane of action is measures to determine the correct relations between the zloty (as well as the transfer ruble in its capacity as the international currency of CEMA) and the convertible currencies of the Western countries.

These three planes of action are closely meshed and condition each other.

[Question] Let us thus characterize the measures taken on the first issue mentioned here—domestic measures, in this country, to facilitate access to convertible currencies for our enterprises. Could you tell me whether experience confirms that our economy consistently tends toward convertibility of the zloty by proceeding precisely along this path despite the tremendous problems it is facing now?

[Answer] There is no doubt whatsoever about it. Besides, this is a fact confirmed by Western experts from the International Monetary Fund and the World Bank, who systematically keep track of and assess the changes we are introducing in our foreign trade operations.

An unusually important factor, speaking in general, is the growing awareness of our producers and merchandisers that the principal way of obtaining their own foreign-exchange reserves is through exports to countries of both I and II payments areas ["socialist" and "capitalist"]. A particularly positive factor here is the ROD [Retained Foreign Exchange] regulations which enable enterprises to retain part of their export incomes in foreign exchange. The revised decree of December 1986 of the Council of Ministers broadened markedly the rights of ROD owners to dispose of their foreign exchange. It provided for the possibility of an orderly transfer of foreign exchange among owners of ROD bank accounts, payments in foreign exchange to their suppliers, etc. In addition, a nucleus of a future market in securities has been formed in this country. It was initiated by introducing foreign-exchange certificates.

At the same time, as the list of centrally imported goods paid for from the State Treasury is being reduced, the scope of self-financed imports by exporting enterprises is broadening. They thus have to earn on their own the foreign exchange they need to pay for their imports.

And lastly, in recent years, domestic foreign-exchange transactions have become a way of facilitating access to hard currencies. There exist two organized forms of these transactions. One is conducted by the Export Development Bank on the principle of a nearly free interplay of supply and demand between offerers and buyers. The other was envisaged for the first time in the 1988 Central

Annual Plan, which provides for financing imports of goods previously named on the "Central List" for the hard currencies to be purchased by the best performing enterprise by means of such transactions.

[Question] But it is precisely such foreign-exchange transactions that are causing sharp discussion and controversy among experts. Their reservations concern the question of who should have access to the transactions conducted this year, and whether a totally free interplay of supply and demand should be allowed for such transactions. For there exists a fear that the occasionally very high exchange rate applying to discrete transactions may influence an artificial spiraling of the basic exchange rate of the dollar and thus heat up inflation. Is this fear justified?

[Answer] So far as the transactions organized this year by way of an experiment are concerned, I believe that initially they were justly confined to the socialized sector. For the future, however, I foresee no reasons why other sectors of the economy should not be allowed to engage in them.

I don't either consider it necessary to introduce some ceiling on exchange rates in domestic foreign-exchange transactions. For such "interventionism" on the part of the banking system could result in obstructing this avenue for the flow of funds in the economy. And besides we are dealing with an experiment.

On the other hand, I would definitely caution against any automatic transfer of the information on foreign-exchange transactions to the practice of correcting the basic exchange rate of the dollar. After all, in our economic conditions, these are two different matters. In practice we are still far removed from a universal stock market in foreign exchange that could be regarded as the determinant of the level of the basic exchange rate of the zloty in relation to convertible currencies.

Of course, our foreign debt, and especially its current servicing, complicates greatly our endeavors toward convertibility of the zloty. For it greatly curtails our modest reserves of hard currencies. The inflationary processes in this country, with their varying intensity, are another impediment. They complicate determining an objective rate of exchange of the zloty into foreign currencies, which are, as known, "a scarce commodity."

In sum, however, viewing the matter as a whole, I wish to emphasize that since the early 1980s, and especially in the recent period, we have made considerable strides in the direction of free access of enterprises to accumulating and disposing of hard currencies. And from the standpoint of domestic measures, this is a basic prerequisite on the road toward convertibility of the zloty.

A Common Currency of CEMA Countries

[Question] Do we note equally rapid progress in the second plane of action, namely, as regards achieving mutual convertibility of the national currencies of CEMA countries? What obstacles exist here, and why is this issue so important to the economies of our countries?

[Answer] The problem of the mutual convertibility of CEMA currencies was not a new problem conceived during the preparations for the recent 43rd Session of CEMA, which took place last year and took important decisions on aspects of the operation of financial and currency mechanisms. This topic was first discussed much earlier. Consider, for example, the pertinent provisions of the program for promoting socialist economic integration, adopted early in the 1970s.

In practice, however, not much had been accomplished since then in order to cause an at least partial convertibility of national currencies among discrete CEMA member countries and in relation to the transfer ruble. As a consequence, this was a factor in impeding multilaterality of clearings of accounts, and it resulted in consolidating an inefficient price-shaping system. The absence of an objective price mechanism complicates efficiency measures and prevents introducing competition among producers. Thus, such major shortcomings operate nowadays as substantial obstacles to integrative processes in our economies.

In a word, unless convertibility of the national currencies is introduced, it is impossible to objectivize the conditions for multilateral cooperation and magnify mutual trade. The awareness of this need is becoming increasingly widespread in our countries, despite the continuing differences in approach to its more specific aspects.

At the aforementioned 43rd Session, seven CEMA countries (including Poland and the USSR) resolved to introduce partial mutual convertibility of their currencies and in relation to the transfer ruble within the next few years (this concerns clearing of accounts between enterprises and other economic organizations). At the same time, it was recommended to experts that they work out many technical problems relating to the fundamental restructuring of the operation of financial and currency mechanisms. This work has already started.

Various concepts and methods of a gradual introduction of this difficult operation are being considered in the context of a long-range refinement of the other instruments of economic integration, which should result in the formation of a common, integrated market of the socialist countries.

Of course, mutual convertibility of our national currencies can be introduced in various ways. One way may be, e.g., periodic convertibility of a part of the balance of payments in bilateral trade. Once every 3 months, or

once a month, it would then be possible to offset the balances of payments in multilateral trade. This approach had once been used by the European Payments Union.

Another and perhaps more feasible solution would be equalizing the yearend balance of payments by means of either hard-currency goods (e.g., raw materials and fuels) or payments in convertible currencies. This would be the so-called method of gilding the balance of payments, which had first been considered by CEMA as long as 20 years ago.

[Question] Many proposals offered years ago have never been taken up. How then can we be sure that nowadays the issue of convertibility of our currencies is more resolvable than it had been long ago?

[Answer] Above all, two new and highly important elements are beginning to appear in the treaty practice of CEMA countries. This refers to the adoption of flexible contract prices and the introduction of value-based standards in intergovernmental agreements in lieu of the previously employed exact material specifications (quantity, unit, ton, etc.).

Another very strong stimulus for currency convertibility within CEMA is the growing—though at a slower rate than we might wish—activity of joint enterprises and production organizations which establish direct coproduction ties. After all, they have to operate with a convertible national currency facilitating an operative clearing of accounts.

In sum, thus all this makes for a totally new quality.

Many elements composing the longrange model of the financial-currency mechanism of CEMA will be applied in practice already within the next 5-year plan (1991-1995). The work on this model is done with the participation of teams of experts from all the countries concerned. At the same time, bilateral agreements are being concluded to promote a more rapid adoption of agreed-upon decisions. However, the matter is not simple. It has to be considered that a broad introduction of currency convertibility means applying the efficiency factor as a stimulus which will affect negatively enterprises which are inefficient coproducers.

The Zloty Versus the Ruble and the Dollar

[Question] We discussed the convertibility of the currencies of CEMA countries, mutually and in relation to the transfer ruble as an authentic international currency of the socialist community. Is this possible considering that at the same time a correct relationship has not been established between the transfer ruble and the convertible currencies of the Western world, and primarily the United States dollar (despite its weakened position)?

[Answer] I agree that this would be impossible! Besides, this concerns not only determining the correct relationship of the transfer ruble to these currencies but also the creation of a mechanism that would systematically and continually streamline and adjust this relationship. However, I do not mean here, as yet, a free and complete **convertibility** of one currency to another; what I mean rather is their mutual "adjustability." In itself this would be a highly important stage of refining our financial and currency relations not only within CEMA but also in economic contacts with the world as a whole.

Complete convertibility of our currencies (including also the transfer ruble) into dollars, marks, or francs, seems to me nowadays to be more distant than is being perceived by certain Polish or Soviet economists. I don't believe that it can be attained before the halfway mark of the next decade. I rather tend to think that it will happen sometime during 1996-2000. For not everything depends solely on us, on our will and aspirations.

I would gladly scuttle this relatively pessimistic prognosis if the West were to adopt the new way of thinking proposed to it by Mikhail Gorbachev and recognize that economic cooperation based on equal rights with the countries of socialist community, inclusive also of our efforts to achieve convertibility of our national currencies, is objectively advantageous to both sides and deserves support. Then the objectives which I perceive as attainable in a still distant perspective may indeed prove to be closer in time. I wish it would happen.

[Question] Thank you for the interview.

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Dollar Fluctuations, Foreign Exchange Effects on Polish Markets

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14 Feb 88 pp 2-3, 10

[Article by Piotr Aleksandrowicz: "The Dollar Quake"]

[Excerpts] Two years ago, the dollar fetched 600 zlotys in our black market, whereas now—1,300 zlotys. This is an exception in Europe. After all, over the same time the American currency has lost well over one-half of its value compared to the mark and the yen, and only a little less compared to other European currencies. The world does not share our respect for the dollar.

Over the last decade, the world has had to learn how to cope with drastic exchange rate fluctuations. He who can flexibly adjust the structure of his economy to the changes under way wins.

It is not simple to explain what went on over this time and why.

In 1980, one dollar fetched somewhat more than 1.7 West German marks. After that, came the first term of President Ronald Reagan. Over several years, the value of the dollar increased almost twofold. It is still not easy to explain the miracle behind it, despite the number of variables appearing to be limited—market supply of money, level of taxes, prime rate in banks, the status of budget and balance of payments is about all. However, the experts are still arguing about the combination of these ingredients which made the dollar first shoot up and then fall equally fast completely shattering the illusion of a stable economic environment and continuous growth.

Firstly, they say that the American fiscal policy was responsible for the growing value of the dollar in 1981 through 1984. Generally, the situation is as follows: where a genuinely vigorous economy exists (or where businessmen perceive it as being so), the currency grows in value. Due to various measures, the U.S. rapidly entered the time of economic pick-up. Reduced taxes encouraged investment. As demand for credit, promoted by a restrictive monetary policy, grew, the interest rate in banks also grew. The budget deficit worked in a similar way. The gap between expenditures and revenue had to be covered from other sources of funds, e.g., government bonds. Their yields had to be set at high levels for them to be attractive. The U.S. Government pursued monetary and interest-rate policy along these lines.

In Europe, the interest rates remained low, and it made sense to invest in America.

"The American economic miracle was financed with someone else's money"—commented former chancellor of the FRG Helmut Schmidt.

Growing demand for the dollar automatically encouraged the increase in its value compared to other currencies.

In early 1985, the situation of the dollar became good to the point of being hopeless. Over 4 years, its value against 10 major currencies grew by over 70 percent. Therefore, it was no wonder that U.S. exports kept falling, and goods from other countries kept getting cheaper in America. American consumers were overjoyed. Tourists from across the ocean set out to invade cheap Europe. One dollar fetched almost 3.5 marks or over 10 French francs. Only the yen lost relatively little.

While the buyers were delighted, the producers were desperate. The insane growth in the value of the dollar brought the danger of a collapse of the U.S. economy. For example, Caterpillar lost between \$200 and \$400 million annually, and the work force of the company shrank by more than 30 percent. Chief of Staff of the White House Donald Regan said openly in January 1985: "We are aware of the dramatic consequences of strong dollar but we are in a fix regarding how to bring it down."

A way out was found. Pursuant to relevant accords among major economic powers, interest rates in the United States were reduced; in Europe, they increased and the difference was eliminated. The run on the dollar came to an end, all the more so because the world started to be worried by the large trade and budget deficits of America. There were too many dollars already, too many on the domestic American balance, too many in the world. Therefore, the dollar began to lose its value. Meanwhile, in keeping with the agreement signed at Hotel Plaza where ministers of finance from major economic powers met in the fall of 1985, nobody counteracted the dollar's fall.

In February 1987, the dollar was worth only 180 yen and 2.3 marks. Meanwhile, the American trade deficit did not fall accordingly.

At present, the U.S. is the largest debtor in the world. Their debt is increasing annually by \$150 billion. The companies there have failed to adjust to the new conditions as rapidly as enterprises in other countries. First, when the dollar grew stronger and the Americans were better off, they did not respond to the flood of cheap products from Japan and other countries by reducing costs. Later, in the years 1986 and 1987, they failed to take advantage swiftly of the falling dollar and the relatively lower cost of their products. According to the "J" theory, exports of a state whose currency has lost value at first continue to diminish, but then should start growing at a rapid pace which gives the outline of the letter J on a graph. Nothing like that has happened to American exports despite the dollar falling for almost 3 years now. Exports have grown marginally, imports declined a little.

Only one-half of goods imported by the U.S. originate in countries whose currencies have grown stronger—Japan, the FRG, France, and this may be the reason. The Canadian dollar and currencies of the countries of Southeast Asia have been losing value as fast as the American dollar. This happened by conscious design of their governments in order not to be shut out from the American market.

A considerable budget deficit was still maintained by the U.S. Government policy in 1986 and 1987. The very same deficit which helped to bring about an economic pick-up several years ago was now becoming a millstone around the neck. The bankers had come to the conclusion that the American economy was not performing sensationally, and the financial system was not airtight. "The most wasteful consumer, the federal government, must put a brake on its expenses," stressed Lester Thurow from the Massachusetts Institute of Technology.

No wonder that, despite stabilization agreements and repeated increases in interest rates, the dollar continued its free fall.

Intervention by Japanese and West European banks, which bought over 100 billion of depreciating dollars, has not helped much. After yet another agreement in February 1987, they managed to maintain relative and very precarious stabilization for half a year. "This was a mistake. If you set a minimum price for cheese, soon you will be sitting on a huge mountain of it," says Milton Friedman, a Nobel Prize winner.

The analogy is obvious. The Louvre accord acknowledged that the dollar had fallen low enough, and its exchange rate should fluctuate within a small, but not publicly stated, range. Meanwhile, the market has won yet again. The mountain of "greenback" cheese arose immediately. In the fall of 1987, the dollar again tumbled at the rate of 1 percent per day. Governor of the FRG central bank Karl Otto Pohl stated publicly that he gave up supporting the exchange rate of the U.S. currency.

On 4 January 1988, the dollar was worth only 120 yen and 1.56 marks. Over 3 years, it lost almost one-half of its value.

Within one year, 1987, the Japanese accomplished what the Americans could not cope with in the early 1980s. They are not that afraid of high yen. The largest Japanese companies, e.g., Sony, are expecting to transfer one-third of production to South Korea, Taiwan and Singapore over 3 years, all in the name of staying competitive. Kawasaki Steel is already importing steel plates from Brazil. Aiwa is closing its assembly plant in Japan, Toshiba is expanding production in the USA. They have also leaned on small Japanese contracting enterprises, prompting them to reduce costs. Automobile concerns have even forced the steel industry to reduce prices considerably. Industries continuously operating at a loss—coal mining and aluminum production, in which only one enterprise lingers on—are being closed down. In the years 1985 through 1987, the yen appreciated more than 100 percent against the dollar, but now in America they still pay less than \$6,000 for a Toyota which cost \$5,348 in 1985. This is what adaptability and flexibility in the economy are all about. Allen Olivier from the Claremont Economics Institute notes that the Japanese are behaving like a boxing champion who, putting trust in his strength, takes blows without fear.

Nobody is in a position to venture an opinion on what comes next. THE ECONOMIST which praised the Louvre accord after it was signed, now believes that it did not make sense. A commentator wrote on 11 December 1987: "If the only friends a currency has are bankers at the central banks, it will still trend down." Some experts, for example Allen Olivier, state that the dollar has fallen too low; others, including the former chief of advisors to Ronald Reagan Martin Feldstein, see the dollar continuing to lose its value. Extremists believe that in a dozen or so months the dollar will be worth only 100 yen and somewhat more than 1 mark. Almost every day the press

reports the news, one day that the dollar is dropping, next time that intervention by central banks (including the West German) is propping up its value.

Adherents of Reaganomics maintain that the fall of the dollar was caused neither by the payments nor the budget deficit, because, if this had been the case, the fall would have occurred much sooner. This explanation ignores the fact that the deficits accumulate, and it is the combined image of tremendous domestic and foreign debt of the USA that is causing a flight from the country's currency. Psychology of the market is as important as the strictly economic mechanisms. Besides, the numbers speak for themselves. Unless the trend changes, the US will owe the world between \$600 and \$900 billion 3 years from now. In order to change the trend, almost 10 percent of the volume of world trade will have to be redirected. This requires time, and overnight the miracle will not happen.

In the first half of 1988, the dollar must fall a little further, though definitely not as fast as before. Only after a year or two will its value against the mark and the yen begin to increase slowly again.

Players in the Polish currency black market behave as businessmen elsewhere in the world, that is to say, rationally. There are two reasons for the enormous devaluation of the zloty. If its purchasing power declines due to the high rate of inflation, then the value of hard currencies must increase. At least 25 percent of the fall last year is easily explainable in these terms.

The remaining 75 percent is likewise easy to explain. The demand for hard currencies in Poland is growing. In a turbulent time, they are better insurance for the future. Opening of the borders, development of the tourist trade, development of companies importing computers and parts for them for hard currency and in general carrying Western goods causes increasing demand for the dollar, the mark or the franc. The increasingly high black-market exchange rate was also facilitated by low prices maintained in the PEWEX [Domestic Exports Enterprise] for goods also available for zlotys in Poland, vodka and cars. The dollar soared.

However, our hard currency market also reacted properly to the developments in the world. If out there the value of the mark against the dollar increased, it also grew faster against the zloty. During the same time the dollar went up 100 percent, the mark jumped 250 percent.

In the long run, the strength of a currency is determined by the condition of the economy, and especially its capital intensiveness and productivity, which in our country is called labor productivity. Robert Norton, a FORTUNE journalist, comments: "The currency of any country trends down if productivity in this country grows slower than that of its major trading partners." In the years 1973 through 1981, it increased by barely 1.1

percent annually in major American industries, whereas in Japan—by more than 3 percent. Only now are the indicators of American industry beginning to catch up slowly with those in Japan and West Germany, which holds out hope for the fallen dollar.

The rules are the same for the zloty. The weakness of our semi-autarchic economy accounts for the weakness of its currency. If the current regulations on hard currency remain in effect, if money without collateral and inflation continue to reign in the market, demand for dollars and all hard currency will increase, which will result in an increase in the black-market exchange rate.

However, an average citizen wonders most of all whether his currency will be legally convertible to dollars or marks. So far, only the sales of PEWEX certificates to banks at prices approximating those in the free market have been legalized.

In the professional community, opinions on the convertibility of the zloty are mixed. Some believe that we should forget the dreams of full convertibility for all time to come, and that it is not at all necessary for economic development. A group of young economists, which recently prepared the report "Trade Without Frontiers" at the request of the prime minister, argues the exact opposite. In the absence of convertibility and an opening economy, we are doomed to going down the drain; we are threatened with the general loss of contact with the world and a decline of civilization. However, even the most optimistic projections do not foresee the achievement of the so-called domestic convertibility (for enterprises) over a time period shorter than several years, and the entire process over more or less 10 years. This would call for fundamental changes in the economic policy and development strategy—moves which would be both radical and, for a while, painfully felt by the populace. Indications are that both the authorities and a majority of the populace do not want them, dooming our country to economic isolation.

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Supply Market Difficulties Discussed in Party Daily Forum

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29 Feb 88 p 4*

[Panel discussion, edited by Waldemar Mickiewicz and Jerzy Sieradzinski: "The Supply Barrier: So Many Myths, So Much That is True...." surtitled "Forum of TRYBUNA LUDU"]

[Excerpts] We held a discussion of the status of and prospects for demolishing the supply barrier in the economy and invited the following persons to this discussion: Włodzimierz Hausner, Deputy Director of the Socioeconomic Department of the PZPR Central Committee; Jerzy Owczarek, undersecretary of state at the

Ministry of the Internal Market; Tadeusz Wojciechowski, director of the Chair of Trade Economics at the Main School of Planning and Statistics; and Jozef Wasilewski, deputy director of the Marcin Kasprzak Plants. The discussion was chaired by Krzysztof Krauss, deputy editor-in-chief of TRYBUNA LUDU.

KRZYSZTOF KRAUSS: The problems with the supply of raw and other materials to enterprises are the principal constraint on the expansion of output. Since materials are in short supply, how can a producer goods' market be created? Or perhaps the opinions about the extensive supply shortages in industry are exaggerated? Changes in the supply system of industry also are taking place; how substantive are they and to what extent do they affect conservation of fuel, energy, and raw materials? Lastly, what are the effects of such a supply situation on enterprises—how does it affect their autonomy, or does it make it a fiction?

Growing Pressure

JERZY OWCZAREK: The supply problems are at their most acute at the beginning of each year. Later it turns out that, on the whole, there are sufficient supplies for fulfilling the plan targets. I don't mean to say that there are no shortages, no genuine scarcities. But this also involves a kind of game played with the central government.

JOZEF WASILEWSKI: There are not enough raw and other materials for everyone or for meeting the demand. That is a fact. Thus there is no question of buying producer goods; instead they are being "organized." I represent the so-called equipment industry, which as a rule creates large assembly setups. We experience most keenly the lack of hard currencies, which are now not only needed to buy materials abroad but also increasingly often demanded by domestic suppliers.

Our enterprises have the luxury of competing not for a market but for supplies. For there exist acute shortages of certain materials in the economy. These shortages are, on the one hand, due to glaringly high consumption and, on the other, to our manufacturing excessively small quantities of certain products, or manufacturing products that are inconsonant with the needs.

TADEUSZ WOJCIECHOWSKI: I have been polling for a long time a group of plant managers about their assessments and the changes in their views and attitudes. Well now, in answer to my question as to the extent to which supply shortages are real and the extent to which they are apparent, 60 percent of my respondents thought it to be apparent and 40 percent to be real. Other interesting results of these polls: in reply to the question of what percentage of suppliers demand to be partially paid in hard currencies, 6 percent of the plant managers polled claimed that all the suppliers make this demand; 19 percent thought that only one-half of the suppliers demand such extra payments; and 40 percent thought

that only about one-fourth of the suppliers make this demand. In other words, at least 65 percent of the plant directors polled thought that more than 25 percent of suppliers demand partial payment in hard currencies.

KRZYSZTOF KRAUSS: ...And do not honor Polish currency?

The Game Played With the Central Government and the Game Played by the Central Government

WLODZIMIERZ HAUSNER: That would be a risky statement. After all, on the producer goods' market an overwhelming majority of transactions is done in zlotys. But insofar as agreements between suppliers and customers are concerned, partial payment in other currencies may be demanded. I propose to consider this subject in some more detail.

Let me as yet revert to the supply situation and the operation of the producer goods' market. It is an unbalanced, poorly organized, and limited market. I had chaired a task force of the Commission for Modernizing Organizational Structures in the Economy and State which worked on the structures concerned with supplying the economy. We drew up a report whose recommendations were accepted by the government, which drafted appropriate instructions for their implementation.

Just what picture of the producer goods' market is provided by our studies? As I already said, it is that of a poorly organized market, one almost frozen in time, that does not measure up to the solutions of the reform; it involves a large number of middleman organizations which lack both capital and warehousing facilities and whose principal function is that of paper pushing—and collecting fees for it. We surveyed 330 trading organizations and declared war against the "paper middlemen."

We cited specific instances. But not wishing to prejudge matters arbitrarily, we posed the problem as follows: a single fixed official profit margin should be established for the materials' trade so that, given the large number of middlemen, they must apportion it among themselves without adding any surcharges. There is another possibility: if a producer enterprise needs middlemen, it should finance them from its own capital—e.g., in the form of a joint-stock company—and supervise their activities.

To put it in a nutshell, my task force declared itself in favor of a rapid creation of a [n open] market. As for the organization of trade, the task force supported the following solutions: first, granting priority to direct and stable linkages of the major customer-supplier type. For example, there are the shipyards which consume a great deal of steel supplied by steel plants. Second, the task force supported the idea of developing a genuine wholesale trade. We do not have many such wholesalers, but this does not mean that this kind of trade is nonexistent.

Third, the task force was also in favor of a rapid departure of mandatory mediation (official middlemen) and its replacement with a normal market, one with equilibrium prices.

JERZY OWCZAREK: In 1982 as many as 196 product groups were subject to centralized allocation; last year, only 40; and at present, just 18—chiefly fuels and principal raw materials. It can thus be said that major domains of the economy are being brought into order. For the first time the postulate of the Ninth PZPR Congress for unified management of supply organizations has been actually implemented. Apart from a few exceptions, all these organizations are now (following the reorganization of national agencies) being administered by the Ministry of the Internal Market.

TADEUSZ WOJCIECHOWSKI: Such calculations are not that simple. Centralized allocation is indeed being gradually abandoned, but does this occur at the fast pace implied by the figures cited here? First, often this involves mere changes in terminology. For example, many items relating to metallurgical products used to be listed, while now there is only one generalized item. Second, taking the entirety of producer goods at 100 percent, about 25 percent continues to be covered by mandatory mediation—or 50 percent if coproduction suppliers are not considered.

JERZY OWCZAREK: I mentioned that the game with the central government continues to be played. Thus, for example, the 1988 Central Annual Plan envisages that the iron and steel industry will supply 12.5 million tons of its products. But the people from that industry say that this will not happen unless they are given, e.g., 14 billion zlotys for their wage fund. As it turns out, the nation's demand for copper, amounting to 186,000 tons, will be met to the extent of 176,000 tons. Of course, that 10,000-ton shortage is not much, but this means that nearly the entire automotive, transformer, and other similar industries will be imperiled.

The me-first attitude is still fairly widespread. The game being played with the central government at the beginning each year inflates the materials-related hysteria. [Meaning that this is the time of the year when enterprises submit inflated estimates of their needs for producer goods, knowing that they will not be met completely.] But I stress that this is only an additional factor compounding the actual shortages. However, what is the greatest constraint on the possibility of increasing the supply of producer goods for enterprises? It is, above all, the shortage of foreign exchange.

TADEUSZ WOJCIECHOWSKI: But another reason why I am opposed is that, even wherever it is possible by now to encourage an open market, we are not doing it boldly enough. In my opinion, the reason is our fear of the unknown. Or fear of anarchy, some say, let me put it this way. Yet, there exist entire domains of the market on which equilibrium prices and market mechanisms can be

applied without central intervention or controlled allocations. For years I have been arguing that, as in the case of parsley and computers, the central government should desist from preoccupying itself with, e.g., wall materials, floorings, or paints and lacquers. This should apply wherever healthy competition, including competition by the private sector, can occur. We should accept the idea that prices are free and whoever can afford a purchase, let him go ahead and buy, while whoever wants to produce and sell, let him take care lest the price scares off buyers.

Another question: The program for implementing the second stage of the economic reform specifies that all restrictions on so-called secondary trade in producer goods should be abandoned—meaning producer goods already purchased by enterprises which subsequently cease to be needed by them for various reasons. So now there have appeared implementing regulations which to a large extent sound artificial and restrictive by granting to controllers powers of intervening and forcing plants to limit the sales of their unneeded producer goods. The point is that producer goods received on so-called priority basis cannot be freely resold. In the accounting practice of enterprises, however, e.g., sheet metal is named under the same heading whether received on priority basis or not. To whom does it matter to separate these two kinds of procurements? Besides, how can it be done?

A decree on the initiation of economic activity [i.e., free enterprise] is being drafted. I hope that it will finally change something. For enterprise managers continue to fear the nonsocialized [private] sector. While organizing and stimulating economic activity we are fearful of the attendant abuses. And enterprise managers fear being accused of abuses. For the same reasons we also fear an open encouragement of the [free] market.

JOZEF WASILEWSKI: Enterprise managers indeed have such fears, although recently they have been markedly alleviated. A growing number of private firms declare their desire to become suppliers. But it has to be frankly stated that these firms often are incapable of meeting our technical requirements and thus themselves withdraw from coproducing activity.

Foreign Exchange and Once More Foreign Exchange

KRZYSZTOF KRAUSS: But let us revert to the question of foreign exchange. Final producers complain that suppliers demand foreign exchange, while coproducers complain that they could instead export their own products and thus obtain foreign exchange for importing needed producer goods and machinery.

JOZEF WASILEWSKI: I have been in the supply business for several dozen years, but this is a time without precedent that I can recall. Everywhere, suppliers demand partial payment in foreign exchange. Sometimes

the amounts demanded in hard currency are ludicrous—50 or 30 United States cents. And yet our electronics industry still is not competitive on hard-currency markets.

KRZYSZTOF KRAUSS: But so long as it had been possible to draw upon the central reserves of foreign exchange, the exports of highly processed products were diminishing, especially as regards electrical machinery. Once economic duress [the profit motive] became a strong factor, that is since about 2 years, these exports began to be expanded again. They have not yet reached their previous peak, but they are tending in that direction.

JOZEF WASILEWSKI: Except that there is the problem of whether we should export at any price goods that are in such great demand on the domestic market.

WLODZIMIERZ HAUSNER: Whence then can foreign exchange be obtained? Besides, this economic duress is of a kind that also stimulates technical and technological progress. It takes no special effort, even without advertising, to sell on the starved domestic market.

JOZEF WASILEWSKI: But the other side of the coin is selling off our assets, exporting at low prices.

TADEUSZ WOJCIECHOWSKI: The lack of foreign exchange is, in my opinion, a major obstacle. I would characterize it as follows: While in the 1970s we earmarked about US\$8 billion for imports, at present it is only some US\$5 or 5.5 billion. For an open economy this is definitely too little. This is a reality not by choice but owing to necessity.

WLODZIMIERZ HAUSNER: Let us consider, however, whether the direction itself has been properly chosen. After all, directly coproducing plants have problems in determining whether that 30 or 50 United States cents is indeed a necessary partial payment in foreign exchange. Would the central government with its "big coffers" be able to solve this problem any better?

In general, what are the possibilities of enterprises for obtaining their own foreign exchange? Should they apply to the government as has been the practice so far, or should they apply to a bank?

JOZEF WASILEWSKI: For the time being, sales of foreign exchange are restricted.

WLODZIMIERZ HAUSNER: In 1987 the Export Development Bank sold only US\$9 million [to enterprises], offered for sale by 254 economic organizations. The flaw in the regulations governing such sales consists in that these transactions can be concluded only by enterprises of the socialized economy. Yet, as many as 630 such enterprises have purchased foreign exchange on

their own, thus resolving their problems. This is not bad for the initial period during which sales of foreign exchange have been permitted.

Over the year the related situation has been changing. For while initially the ratio of supply to demand was 1:24, toward yearend the situation changed. This was reflected in the price of the dollar—at first its exchange rate was practically the same as on the black market (about 1,000 zlotys per dollar), but later, toward the end of 1987, it fell to 850 zlotys.

But to revert to the problem of foreign exchange, properly speaking, there is no longer any rationale for begging the government for help. It has limited its foreign-exchange reserves to an amount sufficient to defray expenditures on especially important purposes.

JERZY OWCZAREK: At present, in principle, there exists a foreign-exchange fund at the disposal of three ministers: Health and Social Care; Agriculture, Forestry, and Food Industry; and Internal Market. The foreign exchange intended to promote the execution of government orders is at the disposal of the minister of Internal Trade. This concerns as much as US\$500 million for all market needs. But this will not be enough for industry. What are we then to do?

We want to promote greater efficiency, this being a worldwide orientation.

Next problem: The elimination of imports and exports of the same goods. Here, in addition to administrative measures such as drafting lists of goods, there is a need for promoting horizontal linkages among enterprises.

But it is not possible to control the entire economy. Hence agreements should be concluded between producers themselves, including agreements on the division of foreign exchange.

JOZEF WASILEWSKI: This exactly is the point—not to spend huge funds on finished products and instead to spend less on components.

WLODZIMIERZ HAUSNER: In addition to the provision of foreign exchange by the central government (only in special cases), and in addition to the still limited possibilities for purchasing it in banks, there is a third possibility—the flow of foreign exchange between the enterprises manufacturing finished products and the suppliers of materials and components. The government is expected to take decisions on this matter soon.

Before the Flywheel Starts

KRZYSZTOF KRAUSS: What is the real situation? There is no producer goods' market owing to all sorts of restrictions, but at the same time we say that such a market already regulates the actions of enterprises. What is the supply situation, and what effects does it produce

within enterprises? After all, what happens is that, on the one hand, plants are in need of a large number of raw and other materials and, on the other, there exist huge inventories.

WLODZIMIERZ HAUSNER: In my opinion, nowadays it is risky to claim that there does not exist any producer goods' market at all. True, it is poorly organized, and it also is true that inventories are being accumulated by producers without being utilized instead of being released to wholesale trade. But it is likewise true that the system for supplying producer goods to enterprises at present is undergoing major changes, in the direction of the [open] market at that. Is this happening at the right pace, or as rapidly as the economy requires? But that is another matter.

TADEUSZ WOJCIECHOWSKI: We like to complain and exaggerate. The market always exists, even when it is a restricted market. We are still far from achieving the ideal and exploiting the existing opportunities. I have mentioned this before. And yet, the economy is in full gear and last January was not a bad month. Much is changing, in this most difficult domain as well. I persist, however, in my belief that we are being too cautious, that we are not acting here with sufficient boldness.

WLODZIMIERZ HAUSNER: Once again let me state that results have to be achieved in real rather than hypothetical conditions. In addition to systemic solutions needed on the macroeconomic scale, a change in the attitudes of enterprises is needed; above all, a change in the direction of independent solution of their own supply problems. After all, many enterprises still wish they would continue to be allocated producer goods instead of having to buy them, the more so considering that some are beginning to experience financial problems.

TADEUSZ WOJCIECHOWSKI: I consider this to be a good sign. It shows that it is money that begins to count, not personal or institutional connections. Except that this factor still is not strong enough.

KRZYSZTOF KRAUSS: Of course, we could not consider all the aspects and unusually complex facets of the supply problem. The supply domain, like other domains of our economy, is going through a transition period in the direction of the [open] market and of mechanisms necessitating the streamlining of management and a more efficient utilization of raw and other materials and fuels. The supply situation requires restructuring the entire economy and it also requires technical and technological progress at enterprises.

But are these processes sufficiently dynamic? The answers vary, during our present discussion as well. Still, the reform affords an opportunity for bringing order

rapidly and efficiently into the system for supplying producer goods to the economy, and for promoting other solutions of the reform, such as strengthening the autonomy of enterprises.

This of course does not represent a summation of our discussion; it rather is merely a related reflection. Besides, I am not sure whether it is not too early for such a summation nowadays that changes are occurring at such a rapid pace.

I thank you all for accepting our invitation and participating in this discussion.

1386

Health Care Sector Wage Increases Reported
26000229b Warsaw RZECZPOSPOLITA in Polish
13-14 Feb 88 pp 1,2

[Article by (jota): "Wage Increase in the Health Care Sector"]

[Text] Despite what is commonly believed, the wages of doctors, nurses and other employees of the health care sector are far from the average. Last year, they amounted to slightly more than 70 percent of the average wage in the national economy.

For a long time, there has been talk about the need for major changes in this matter. This has been stressed by [Parliament] deputies, trade unionists and heads of the Ministry of Health. The decision has now been made, and a complicated operation of increasing wages is now under way in all units of the health care sector.

As the data announced by Minister of Health Care and Social Security Janusz Komender at a press conference on 12 February show, this year the average salary in the health care sector will increase by 14,900 zlotys monthly. This quota consists of 1,900 zlotys, which are a result of financial decisions on salaries made last year; 7,000 zlotys in wage increases effective 1 January of this year; and 6,000 zlotys in cost-of-living allowances.

Before 1 March, all employees of the health care sector should receive wages at the new rate. In determining the magnitude of the increase, employees of primary health care, especially rural doctors, dentists and paramedics, will be given preference. Besides, employees of diagnostic services, surgical wards, intensive care and poison control units and resuscitation wards should get higher raises.

According to the guidelines of the Ministry of Health, two constraints apply in establishing the magnitude of the raise for every employee: the lowest raise should be no smaller than 2,500 zlotys, whereas the highest can be no greater than 3 times the lowest raise at a given facility.

This is supposed to prevent the formation of so-called wage smokestacks [pronounced peaks and troughs in salary distributions—translator's note].

Minister Janusz Komender also stated that after the adjustment the average wage in the health care sector will amount to about 90 percent of the average wage in the socialized economy.

9761

Pharmacists Outside of Health Care Sector Not Given Pay Raises

26000229c Warsaw TRYBUNA LUDU in Polish
10 Feb 88 p 2

[Article by I. M.: "Why Didn't the Pharmacists Get a Raise?"]

[Text] As is already known, the health care sector has been given a long-promised pay raise, amounting to 8,000 zlotys on the average. This quota resulted from, among other things, including a small pay raise due last year which was not granted. Added to it was 6,000 zlotys of a raise given to all employees in our country. The raise did not apply to pharmacists, who still have strikingly low wages. Why?

I approached Minister of Health and Social Security Janusz Komender with this question. Pharmacy employees work for the "Cefarm" Enterprise rather than the health service. This is a state enterprise subject to many constraints, which, among other things, are due to the fact that it is neither a producing nor a trade enterprise.

Work on improving the economic position of the "Cefarm" is under way; it should bring about a healthier economic situation and also an increase in wages. There are "Cefarm" enterprises in our country which are no longer creditworthy.

The "Cefarm" issue has been brought before the chairman of the Council of Ministers. It should be expected that it will be resolved successfully.

We will return to the "Cefarm" issue in more detail soon.

9761

New Farm Machinery, Equipment Production Noted

26000229g Warsaw RZECZPOSPOLITA in Polish
10 Feb 88 p 5

[Article by E. Szot: "New Technologies and Sought-After Machines"]

[Text] Until recently, mechanization was considered a factor which does not influence the yields. This view has now undergone considerable revision. This was shown

by, among other things, new cultivation technologies calling for the use of new kinds of machinery which either increase soil fertility or make it possible to apply compounds stimulating higher yields. Machinery of this kind either has not been produced in Poland so far, or produced in small quantities. This year, the first larger size deliveries of such equipment will reach the market. At the same time, our country's industry will deliver several other kinds of machinery sought after by the farmers. On the whole, 37 new assortment groups of equipment will be added in agriculture this year.

Among tractors, garden tractors with 2.6 and 4.5 kW capacity imported from Yugoslavia, tractors 4512 with 60 HP capacity from the URSUS Engineering Enterprise and the "Zetor" tractors, imported from Czechoslovakia, with a capacity of 46 HP, adapted for work in the mountainous terrain, are new. This tractor will come with a Horal implement system which will consist of a reversible plough, a grassland harrow, a grassland unit, a rotary mower with a thatch turner, a front-mounted rotary mower, a turner-rake, a hay rake and a straw pick-up. The entire system is adapted for work on grades of up to 20 percent.

In the group of tilling equipment, depth tillers making possible deeper tilling of the soil, more productive and economical in operation Mars cultivators and assemblies for pre-sowing field cultivation making it possible to reduce the number of passes are noteworthy. Sought-after light rototillers will also be delivered.

Among the novelties are also large spraying machines (working width 18 meters), wide (6 meters) sowers and four-row ridging ploughs for private farms. For the "Bison-Record" and "Bison-Super" combined harvesters, the novelty consists of the modernized Hungarian adaptor for harvesting corn for grain.

The "Malwa" straw cutter produced by the POM [State Machine Station] Braniewo is an interesting new piece of equipment for harvesting corn for silage and for corn cob pick-up. This is a good idea especially for medium-size and small farms.

Among machines for harvesting plants, we should also mention a new rotary mower (working width 135 centimeters), a mower with a thatch fluffer and a modernized potato harvester, as well as gasoline-powered and electric lawn mowers produced by the Agricultural Machinery Plant in Kalisz.

As farmers already know, tractors and agricultural machinery are going to be more expensive this year, tractors—39 percent on the average, agricultural machinery—between 35 and 65 percent. It is surprising (or maybe not so surprising?) that products of enterprises known for their good workmanship appreciate the least, whereas prices for qualitatively weaker machines grow much faster. If such a situation were to last, some of the

agricultural equipment plants would have to go under at some point. Simply put, there won't be any buyers for expensive trash. Employee councils in these plants have something to think about.

9761

Dairy Products Figures Show Production Decrease
26000229d Warsaw RZECZPOSPOLITA in Polish
9 Feb 88 p 3

[Article by (jesz): "Milk Production in Statistics"]

[Text] In the years 1984-87, milk production declined by 8 percent, and production per capita—by 10 percent. Milk procurement also dropped by 6.6 percent.

The decline in milk production and procurement was smaller than the decrease in the herd of cows, which decreased over this time from 5.6 to 4.8 million head, or by 14.5 percent. Procurement of milk per cow increased from 1,998 liters in 1984 to 2,170 liters in 1987. The average lactation yield per cow also increased.

The quality of milk improved over the above period. The share of grade I in procurement increased from 68.6 percent in 1984 to 77 percent in 1987. The average fat content of milk also grew from 3.606 to 3.640 percent.

In the current year, expected procurement is 10.9 million liters of milk, or 200 million liters more than in 1987. Deliveries of drinking milk to the market are expected to be 4.1 percent higher, of dairy liquid products—8.2 percent higher, of cottage cheese—3.6 percent higher, of ripe cheeses—2.1 percent higher and of sour cream—8 percent higher. However, deliveries of butter will be 16.5 percent lower. Production of casein and powdered milk will also decline.

9761

YUGOSLAVIA

Data on Foreign Debt Analyzed
28000090b Belgrade EKONOMSKA POLITIKA in
Serbo-Croatian 22 Feb 88 pp 25-27

[Article by Dr Jaroslav Dasic, Cacak: "The Dinar and the Foreign Debt"]

[Excerpts] Yugoslavia's foreign debt has been developing up to this point in three phases with respect to its intensity: The first is 1976 and 1977, when the foreign debt reached the figure of \$9.4 billion, the second from 1978 to 1981 when the size of the debt more than doubled, and the third period from 1982 to 1986. (Footnote 1) (On the basis of figures published in BILTEN NARODNE BANKE JUGOSLAVIJE, No 1-2, 1987, p 71.) In the first phase the debt increased on the average by \$792 million per year or at a annual rate of 19.4 percent. In the second phase the rate of borrowing

was more pronounced, since the debt was increasing at an annual average of \$2.89 billion U.S. or an annual rate of 22 percent. If we compare that growth rate of borrowing with the 4.5-percent average growth of the social product over the same period, we see that the use of foreign capital has been considerably faster than the growth of the social product. In the third phase the foreign debt fluctuated between \$19.5 and \$20.7 billion, when efforts are being made to pay annual installments more regularly. In this period there has been a drop in the use of medium-term and long-term credits abroad.

The Federation has a share of 28.4 percent in the foreign debt, followed then by Serbia (16.5 percent) and Croatia (16 percent). However, viewed in terms of the relation to the social product SR Montenegro, SR Macedonia, and SAP Kosovo have the largest debt, since their percentage of the foreign debt is greater than their percentage of the country's gross social product. The picture would be still worse if we divided the Federation's foreign debt among the republics and provinces.

The figures presented indicate the high level of Yugoslavia's indebtedness, which along with other factors has in recent years contributed to the decline of economic activity. Raw materials and production supplies could not be imported because the inflow of foreign exchange was inadequate and larger payments had to be made against the debt. The insufficient inflow of foreign exchange has been jeopardizing servicing of the debt. In order to discharge obligations to foreign creditors a program was drawn up in late 1984 to reschedule \$6.5 billion coming due over the next 3 years in order to create room for mitigating the domestic economic difficulties that have accumulated, especially from the standpoint of further economic growth. (Footnote 2) (EKO-NOMSKA POLITIKA, No 1701, 1984)

This rescheduling concept counted on a \$2.2 billion reduction of the foreign debt with annual payments of between \$5 and \$6 billion. It obviously assumed restraint against the use of new credits, which would signify slower utilization of new technical advances in the world, at a time when we know that increased exports and an augmented inflow of foreign exchange cannot be achieved without updating our own production capacities. In our further analytical examination of the use and repayment of credits we will see that this concept has in nominal terms been carried out from the standpoint of payment of the installments. However, in actuality the foreign debt could not be reduced because of the adverse effects of changes between currencies resulting from the drop in the dollar's value.

In 1985, \$3,640 million of medium-term and long-term credits were used abroad, as follows: 11.3 percent financial credits, 21 percent credits for equipment, 14.5 percent credits for reproduction, 1.2 percent credits for other purposes, and 52 percent for refinancing. Of the total credit used, credits from the convertible area represent \$3,183 million, or 87 percent. The repayment of

medium-term and long-term credits, including the refinancing, amounted to \$3,535 million. The short-term debt was reduced by \$36 million.

The status of Yugoslavia's credit relations with foreign countries at the end of 1986 indicates that there was a large drop in medium-term and long-term credits because of the payments that had come due and also because of smaller use of new credits and a growth of the short-term debt by \$350 million. In 1986, \$2,943 million of medium-term and long-term credits were taken, \$1,650 million of which, or 56 percent, went for refinancing. Of the total debt, which amounts to \$20,591 million, the convertible area accounts for \$19,197 million, or 93.2 percent.

In 1986 the foreign debt was \$213 million smaller than in 1985, although the nominal reduction was \$1.1 billion, because the net result of credits taken and repaid was reduced by the amount of \$896 million, the amount of the effects of changes between currencies resulting from depreciation of the dollar. (Footnote 3) (The ratio of the dollar to special drawing rights was 1984 = 100, but in 1985, 0.91, and then 0.82 in 1986, and in October 1987 it was 0.74.) Thus the dollar's depreciation has tended to increase Yugoslavia's foreign debt and thereby increase the level of indebtedness, and this increased particularly to the convertible area during 1986.

The level of indebtedness indicated pertains to the total debt. However, the level of indebtedness is considerably higher with the convertible area, where it was 45 percent in 1984, 47 percent in 1985, and 46.5 percent in 1986.

Very interesting tendencies have been evident in foreign credit relations over the last 4 years:

- prompt servicing of the debt,
- reduced use of medium-term and long-term credits,
- a lower rate of growth of the total foreign debt than in earlier periods.

It might be said at first glance that things are developing constructively, since payments against foreign credits are being made regularly. If only the discharge of obligations were to be one-sidedly analyzed, then one might draw a favorable conclusion. However, that is not the case if we analyze all this more deeply. The next figures indicate that there is a decline of the foreign exchange potential involved here, and this is having an adverse effect on the country's economic development.

There is a trend whereby the inflow of new capital through medium-term and long-term credits has been dropping at an annual rate of 12.6 percent. This has been especially evident in the reduced use of financial credits. That is, over the last 3 years repayment of principal has been larger than use of new credits. This phenomenon has been typical of all the socialist republics and provinces except Serbia proper, where there was a slightly

higher use of credit than repayment of principal, especially in 1985. In 1986, \$298 million of new credit was taken, \$156 million from the IMF and \$142 million from the World Bank for Reconstruction and Development, by contrast with 1985, when these credits amounted to \$414 million.

The drop in the use of medium-term and long-term credits has tended to increase the net transfer of financial resources out of Yugoslavia. The negative transfer of foreign capital in Yugoslavia has amounted to \$7.5 billion U.S.

That phenomenon is typical of developing countries, among them Yugoslavia, which over the last 3 years have had a negative transfer of capital in the amount of \$81.6 billion.

The inflow of foreign exchange from the convertible area over the last 3 years has been increasing at an average annual rate of 5.4 percent, but repayment of principal and the payment of interest have been increasing at an average annual rate of 11.4 percent. This result for the inflow of foreign exchange, at a time when the growth of exports has been slight, the use of medium-term and long-term credits in the convertible area has been declining, and repayments of principal and payments of interest have grown, has accentuated all the drama in the country's economic developments. This is especially manifested in the pronounced tendency toward a reduction in the net use of capital: by \$806 million in 1983, \$1,860 million in 1984, \$1,925 million in 1985, and \$2,912 million in 1986. This has resulted in a reduction of the imported component, and that in turn has directly tended to decrease the supply of goods and slow down economic growth. All of this has had negative implications for the growth of inflation and depreciation of the dinar.

On the other side we have credit extended to foreign trading partners in 1985 in the amount of \$706 million, \$677 million in the convertible area. That same year, \$607 million was collected under credits granted earlier, \$562 million of this from the convertible area. The net credit financing in foreign countries amounted to \$99 million.

In 1986, \$949 million of credit was approved, or more than 13.6 percent than in 1985, \$919 million of this to the convertible area, while \$731 million were collected, \$698 million from the convertible area. As we see, the new credit granted exceeded by \$218 million the amount of principal collected. This net foreign credit financing was 120 percent greater than in 1985. Yugoslavia's net foreign receivables tended in 1986 to reduce the net foreign debt.

In the period of intensive borrowing abroad between 1977 and 1981, when the debt was growing at an average annual rate of 22 percent, very interesting events occurred on the domestic economic scene: the social

product grew at an average annual rate of 4.5 percent, exports grew at an annual rate of 20 percent, and imports were increasing at a rate of 13.2 percent. In that period the money supply recorded the highest average annual growth rate of the parameters mentioned at 23.5 percent. Inflation was growing at a high rate year after year. As a consequence of these economic developments, the dinar was experiencing ever greater depreciation against the U.S. dollar and other convertible currencies. The growth of the foreign debt and depreciation of the dinar over the period 1977-1981 were also correlated and causally connected. The high level of correlation ($r = 0.9480$) meets the criteria for the observation that in this examination there is a high level of correlation between these variables.

The larger influx of foreign exchange increased the supply and sale of foreign exchange. These elements, combined with the effect of other factors, tended to speed up the growth of the money supply. By analyzing the growth of the foreign debt and the growth of the money supply as variables we came to the conclusion that there was a causal connection and correlation between them ($r = 0.9827$). This high degree of correlation indicates that these variables coincide to a high degree.

However, over the period 1982-1986, when the reverse causal factors were in effect, the consequences were the same, but more drastic in a negative sense. That is, instead of the larger supply of foreign exchange that had occurred earlier, there was a shortage: the level of the foreign debt at the end of the year ranged from \$19.8 to \$20.6 billion, which indicates that in relative terms the fluctuations were small; exports recorded a zero average growth rate, and imports were dropping in absolute and relative terms from year to year except that there was a 1.4-percent growth between 1984 and 1985. This tended to diminish the supply of goods, to slow down the growth of the social product, and on the other side to raise prices, which means inflation. The shortage of foreign exchange is becoming still more dramatic, in the effort to reduce the foreign debt the level of indebtedness with the convertible area is being maintained between 45 and 47 percent, along with the phenomenon of a drop in the net use of foreign capital, which means that there has been a larger net transfer of foreign exchange out of Yugoslavia. All of this has had adverse implications for the rise of inflation and faster depreciation of the dinar. This is also confirmed in terms of maintaining the real effective exchange rate of the dinar.

Accordingly, the foreign debt has been contributing to the growth of inflation and depreciation of the dinar both in the period of more intensive use of foreign credits and in the period when foreign credits were held at approximately the same level and there was a pronounced increase in the net transfer of capital.

07045

Situation of Petroleum Industry Discussed *28000090c Belgrade EKONOMSKA POLITIKA in* *Serbo-Croatian 22 Feb 88 pp 27-29*

[Article by Djoko Buric, engineer, Novi Sad: "How Is the Petroleum Industry To Be Degovernmentalized?"]

[Excerpts] The most recent measures of the FEC, carried out within the framework of the anti-inflation program, were no surprise for the petroleum industry; over virtually the entire postwar period this industry has lived "under the ice," that is, under conditions which were prescribed at central points by the government: imports of petroleum, sources of imports, prices, the commodity regime, the method of payment, credit financing, distribution of petroleum products, their prices, and so on. Thus petroleum has probably been the most highly governmentalized industry, and even today it lives in a kind of symbiosis with the state. In part this can be explained by the fact that a major portion of the resources of the budget are collected through the sale of petroleum products. Today, when everyone is pledging allegiance to a market economy and is asking how and with what kind of features of the system we are going to get out "from under the ice," there is good reason to ask whether this kind of petroleum industry can adapt to the conditions of doing business on the market and competition? To be sure, representatives of the petroleum industry have been complaining in public statements about the exaggerated government regulation and the low level of independence, but at the same time it is hard for them to renounce the monopoly and the decisions of the government. A loose equilibrium has been established among entities in the petroleum industry, a balance based on the principle "that everyone should survive," so that virtually all competition and changes are precluded. In this article we deal with the question of what realistically must and can be changed in this phase of development.

The Position of the Petroleum Industry

The changes and the interventions in the petroleum industry have not been simple at all because of the markedly high interdependence between the petroleum industry and its environment. We have already said that a sizable portion of the budget as well as various quasi-governmental funds at the federal and local level are fed by taxes and contributions on petroleum and gas products. What is more, the share of petroleum and gas in primary energy consumption is still about 44 percent, and when the portion used for raw materials is included, their share exceeds 50 percent.

In many sectors this is the principal form of energy (transportation) or is the basic raw material (the petrochemical industry) for which there is no alternative. This industry is a large importer (about 12 million tons per year of petroleum and 5 billion cubic meters of gas) and has a considerable impact on the country's balance of payments (about \$2 billion U.S. per year). That is why

every new feature adopted in the system pertaining to this industry must be thought out not only from the standpoint of the industry's position, but also in terms of the total impact on economic developments and the standard of living.

The Present Solutions and Consequences

It can be confidently said that in the entire fuel and power industry, and indeed also in the petroleum and gas industry as an important segment, there has been no consistent and well-thought-out policy and that the palliative solutions constantly adopted have been going from one extreme to the other. The results are well-known: stagnation or a drop in the production of primary energy in the country, large imports, expensive energy, and, most dangerous, wasteful energy use. Over the last 2 years Yugoslavia has been the only country in Europe which recorded a growth in per capita energy consumption and consumption per unit product (specific consumption), and a further drop in energy efficiency is envisaged by the energy balance proposed for 1988 (3.9 percent growth of primary energy consumption and 2 percent growth of the social product). In the period so far, the decisions listed below have caused the greatest damage to development of the fuel and power industry as a whole and the petroleum industry in particular:

- even at the outset of the sixties the fuel and power industry began to be grouped and organized strictly along republic and provincial lines, thus resulting in something like "state" enterprises incapable of well-rounded development. In certain sociopolitical communities energy self-sufficiency was even unofficially proclaimed, so that there could not even be a thought of the optimal solutions. Autarky prevailed in all the energy industries;
- there has been no uniform policy with respect to exploration for and exploitation of energy raw materials, nor has the financing of exploration been worked out, not even at the level of elementary geological prospecting. Even the involvement of foreign firms in exploration and production has not been uniformly worked out;
- prices of energy, and in particular the prices of energy raw materials, have been depressed throughout the entire period, which has resulted in inefficient consumption and a lag of domestic resources, along with hypertrophy of refining capacity;
- the principle of setting price parities of the various energy raw materials exclusively on the basis of the energy content and use value (which had been proclaimed) never took on life;
- during one period (1973-1979 for petroleum, and up to the present day for gas) imported energy was sold below the price, which has contributed considerably to the large foreign debt;
- the cost principle has predominated in all the energy industries. The energy economy has become a kind of quartermaster corps for sociopolitical communities. All competition has died out.

Possible Changes in the System

The position and development of the petroleum industry over the last 40 years illustrate quite well the various phases of development of our society as a whole. No radical advances or changes of direction are possible concerning the position of this industry until changes in the economy and indeed the political system create the preconditions for this. That is why we are talking here only about changes which are desirable and realistically possible in this phase of development and under the present socioeconomic conditions. A consistent answer should be made to the question of what will happen after the thaw, since time is passing, and we are all aware that unless changes take place in the heavy sectors (fuel and power, transportation, agriculture) the proclaimed development of a market economy on the unified Yugoslav market will remain only a proclamation in the future as well. Priority should be given to the following solutions:

Consumption in the past period and the balance of payments situation have been the basic principles taken as points of departure in adopting Yugoslavia's energy balance. This has legalized inefficient consumption and legalized the right to energy of those who are wasting it, while on the other hand the limitation on imports has put in the same position those organizations which have been wasteful and those which have been conserving energy and which can guarantee a specific export on that basis. The energy balance is monitored and performed exclusively by sociopolitical communities. (This is a recrudescence of the notorious balance-of-payments positions of the republics and provinces), and in the case of restrictions (which are quite frequent) energy distribution becomes a purely political (interethnic) problem and has nothing whatsoever to do with economic criteria.

The way out of this (untenable) situation should be sought above all in the transition to balances of the various branches of the industry. In that model, every branch would prepare a balance of energy consumption within its own association in the Economic Chamber of Yugoslavia on the basis of technically verified standards of energy consumption per unit product, which would to some extent make energy consumption dependent upon the volume of production and economic growth. These balances would be coordinated with associations of energy producers (petroleum, coal, and the electric power industry) within the framework of the Economic Chamber of Yugoslavia, and only then would they be cleared with the FEC (Federal Committee for Energy and Industry) from the standpoint of funds for importing energy and production supplies for the fuel and power industry. This would be the first step toward optimizing energy consumption. In periods of restrictions preference would be given to industries and consumers whose consumption has been optimal and which have been contributing to a rise of productivity and a growth of exports.

The conditions for exploration and production of energy raw materials should be precisely and uniformly regulated for the entire country. As for the participation of foreign nationals, there are a number of models from country to country (underdeveloped countries) which have been applied even to our own contracts and which with certain adaptations are applicable even in our own country. There is a greater problem with the investment of foreign nationals in development and exploitation of deposits of energy raw materials that have already been discovered. In the petroleum industry it is relevant to invest in so-called supplemental methods of exploitation to increase the use of deposits already discovered, which should be facilitated, along with the transfer of profit from these undertakings, but the approach to a possible exporting of energy raw materials should be extremely restrictive. Domestic firms should have the right to explore over the entire territory without exception, under conditions set forth in advance. The holders of rights (sociopolitical communities) should cede that right through public bidding. Preference might be given to a local firm only when the other conditions are the same.

The present foreign exchange regime mainly corresponds to the model of a centrally planned economy. This is especially evident in the petroleum industry, where foreign exchange is collected by law (forcibly) to import petroleum, gas, additives, blown oils, petrochemical raw materials, and so on, and then the FEC divides this up among the refineries. This maintains the status quo; everyone is operating outside the optimum, losses are building up, but people are surviving. At a moment when hundreds of refineries in the world have been shut down (about 600 million tons per year of capacity), new capacities are being built and put into operation in our country. Petroleum is mainly shared out according to declared capacity, although many facilities are more than 20 years old and from the technical standpoint hardly exist at all. All the demands for technical verification of declared capacity are rejected out of hand. There is no way out of this situation unless changes are made in the foreign exchange regime. The first thing should be to reduce the amounts of foreign exchange for importing petroleum and gas which are collected by law, and refineries, distributors, and other users should be left to conclude direct agreements with users of energy and raw materials. The process will be gradual (and painful), but there is no other way. Some industries (for example, the petrochemical industry and nonferrous metallurgy) might solve their entire needs for energy even today through their own arrangements, but first they need to be freed of a portion of the obligations of making payments for those purposes. Of course, there will still be sectors for which resources will have to be collected by law to import energy (the YPA, public services), but this is a minor portion of total consumption. This would eliminate the refinery's monopoly and initiate competition among them. They will be in a position to fight for consumers along with their distribution organizations. Of course, in the new foreign

exchange regime the petroleum industry itself should be given considerably broader rights to dispose of foreign exchange. Above all, the foreign exchange derived from selling petroleum products within the country (tourism, transit, the fueling of ships, aviation services) should belong to the petroleum industry along with all of the resources from exporting surpluses not included in the balance and special nonenergy products. If we add to this the inflow of foreign exchange realized by the use of capacity for final refining performed as a service, the performance of explorations and the work done on capital investment projects, the export of technology and intellectual services, the petroleum industry might cover a major portion of its needs in reproduction (aside from raw materials). But when it comes to collection for work done abroad on capital investment projects in the OPEC countries the government becomes involved unnecessarily. The contractors who get jobs by bidding when payment is to be made with petroleum (or petroleum products) should bring trading partners from the petroleum industry in and regulate relations with them before the contract is signed. That would avoid the present situation in which it is not clear who is to take the petroleum, under what conditions, who is to furnish the dinars, who is responsible for exchange rate differences, for possible interest on subsequent collection, etc.?

Much the same is true of production of petroleum on foreign concessions (only Angola at present). The organizations which found that petroleum rushed to bring it into the country, and then they stand in line for foreign exchange to meet the costs of their exploration and obligations to the international consortium on the basis of contracts already registered, so that they always run the risk of losing their exploitation right and the resources they have already invested. It would be normal for a portion of the petroleum produced abroad to be used to meet costs, while the surplus would be brought into the country.

Our commodity regime is very restrictive, and this is imposing many limitations. First of all, refineries are having trouble adjusting their product mix to the pattern of consumption and very pronounced seasonal fluctuations, and they are unable to achieve specialization and optimum utilization of installed capacity. Free importation of petroleum and petroleum products needs to be facilitated for the purpose of exporting petroleum products, with just two restrictions: that the energy balance and foreign exchange balance be positive or at least neutral in such transactions. That measure would bring a number of additional benefits such as better utilization of secondary capacity, smaller inventories, more regular supply, higher employment of transportation facilities, improved quality, lower energy consumption, and so on.

As for the importation of petroleum products (including raw materials for the petrochemical industry), if moderate tariff protection is provided, there really are no

reasons here for any sort of restrictions, especially when the importer himself furnishes the resources for payment after previously having met his obligations to "pool" foreign exchange.

Here the actual importers need not necessarily be specialized petroleum organizations, but rather it might be the users themselves.

Tariff policy has also been inconsistent and irrational. Import charges and fees are being adopted even for energy raw materials which are scarce (for example, crude petroleum), although there is no point to this at all nor any connection with the tariff as an institution.

With respect to the importing of petroleum products and raw materials for the petrochemical industry, a certain level of tariff protection needs to be provided, but not so high as to allow a monopoly of domestic producers. The normal level would be about 10-12 percent on the products of heavy industry (mazut, raw gasoline), but it ought not to exceed 20 percent for commodities in the higher phases of finishing. This kind of tariff protection makes sense, of course, only in a liberal import regime; otherwise it is just a budget revenue and an additional burden on the consumer.

Price policy in this sector, just as in other industries, has been causing the greatest confusion and inconsistency. It begins with the dogma that if this nation is to survive, the most important thing is to maintain control on all prices of petroleum products. (This includes even oil for hunting guns, presumably in order to protect the standard of living of the comrades who are hunters.) In the meantime, various pricing models and principles have been tested, but nothing worked for two simple reasons: they were artificial and they were premised on the principle of strict control. It would, of course, be idiocy to liberalize prices without fulfilling the condition already stated, but the time has come to do this, and there will be no harmful consequences at all. During a certain period, until the system gets going on the new foundations, the prices of only three volume products might be kept under control: 98-octane gasoline, D₂ diesel fuel, and heavy heating oil.

It is true that these three products account for about 70 percent of the average barrel, but even that would be a sizable advance and would considerably simplify the entire system. The prices of other energy products would "find their place" on the market in parity with these three basic products. Taxes and contributions would have to be paid in fixed amounts. The following pricing principles have to be adopted during the period when prices are controlled and pertaining to these three products:

- mutual price relations should approximately correspond to European parities;

- the initial prices were to be adjusted exclusively as a function of the price of imported petroleum, according to a formula and schedule established in advance;
- because of the large seasonal fluctuations in consumption seasonal prices would be introduced that would stimulate consumers to invest in inventories (storehouses and working capital).

There is also no need for trade margins to be specifically fixed. They should be a part of the petroleum price (the retail price minus the fiscal part) and should be set freely by means of accords between the refineries and distributors integrated into petroleum systems possessing their own refineries.

The prices of energy raw materials, should they be kept under controls, ought not to go below world prices, which has been a frequent case with crude petroleum and the constant practice with natural gas. This, finally, is a principle adopted back in the Long-Range Economic Stabilization Program.

To be sure, no one is clear as to why the FEC is setting prices at which INA and Naftagas (the only producers) are selling crude petroleum to themselves?!

Development and the Financing of Expanded Reproduction

This issue has never been resolved on any long-term basis, especially when it comes to the foreign exchange component. This is having grave consequences, especially in the activity of exploring for petroleum and gas, including foreign explorations. In view of the positive discovery (Angola) and the production that has begun, reexporting a portion of that production could provide a permanent solution to the financing of explorations abroad. With the last installment of the credit of the International Bank for Reconstruction and Development taken by INA, Naftagas, and Energoinvest, the problem of purchasing equipment for exploration has been solved to some extent, but the question of financing current needs (production supplies, parts and services) is still unsettled. That also applies to natural gas activity, where investment has to be made to expand the network.

In view of the scarcity of these raw materials and the strict ban on exports, there is good reason to meet these needs out of joint resources. All other activities might be oriented toward decisions on a pure business basis. The upcoming amendments to the Law on Investment by Foreign Nationals are very significant in this context.

Somewhat greater coordination and a better level of organization are needed for this industry to develop more harmoniously. Of course, there are no prospects at all that the now prevailing geographic principle of organization will be abandoned. However, we should hope that increased competition and market conditions will help the crossing of republic boundaries and selection of

the most able. It is also probable that the positive trend toward formation of association around joint projects will continue (JUNA, Angola, the Adriatic, the gas pipeline system).

Many of the industry's problems are joint problems and the real conditions exist for better cooperation on matters such as scientific research, coordination of development, the importation of energy raw materials, the importation of production supplies, equipment, and technology, the production of catalysts, the production of additives, and so on. This can be taken care of through organization on the basis of interest within the framework of the business community.

07045

Causes for Losses in Copper Industry Discussed
28000090a Belgrade EKONOMSKA POLITIKA in
Serbo-Croatian 22 Feb 88 pp 21-22

[Article by Dragan Nedeljkovic: "Losses and Culprits"]

[Text] Among the number of work stoppages with similar motivation the brief strike of miners at Bor passed almost unnoticed, although it might be just the first sign of real upheavals in the entire copper industry. About 40,000 persons employed in copper production and processing are in an extremely delicate situation; many factories have no work and are forced to send their workers on imposed annual vacations; and they are unable to discharge the obligations they have assumed. The grouping gathered together in the business community Jugobakar was unpleasantly surprised by last year's losses, which over the first 9 months exceeded 54 billion dinars.

The losses of the copper fabricators, such as Industrija Kablova [Cable Industry] in Svetozarevo, Valjaonica Bakra [copper rolling mill] in Sevojno, Elka in Zagreb, or the Novi Sad Cable Factory, were a surprise of the first order. These are factories which have never had losses since they began, factories which export half, two-thirds, or, like the Fabrika Bakarnih Cevi [copper tube factory] in Majdanpek, all of 80 percent of their output, factories which have gained a reputation and a name on world markets, factories which have been receiving the highest domestic recognition such as the AVNOJ Prize, for example. The losses, according to Stanisa Radosavljevic of the Valjaonica Bakra in Sevojno, have simply paralyzed both professional management and self-management; people who have been running a very stable and successful organization are unable to clear their heads and get their bearings, especially since the poor business results occurred when there was a growth of output. The rolling mill at Sevojno has been exporting half of its annual output, it has high-capacity utilization, it has been recording a growth of output and productivity, and yet it has fallen into a situation with no way out. Why are price authorities and the government adopting administrative measures and working out key relations of the

economy without consulting the large associations and leading everyone into difficulties, asks Vojislav Trifunovic of Novkabel. And Radosavljevic presents an example from Sevojno: Just 4 years ago the value of copper fabrication was 1.27 dinars per kilogram, while last year it was 712 dinars; in 1983 raw materials had a share of 65 percent in the price of the product and labor 35 percent, while last year raw materials had gone up to 76 percent and labor was 24 percent. Wrong-headed price policy does not respect the rise in the prices of raw materials, energy, and production supplies.

In analyzing the causes of the losses at RTB Bor [Bor Copper Mine and Smeltery], says Zvonimir Stojanovic, we have concluded that 60 percent can be attributed to bad "features of the system" and economic measures, and 40 percent to our own shortcomings in organization and the conduct of business. We are correcting our own shortcomings, we have specialized personnel for that, but the social community must also help. Copper producers and processors have been complaining for years about the "features of the system," especially price regulation. They have been saying that their prices are lagging behind other products, behind inflation, and especially behind prices in the rest of the world. When prices were frozen last November (copper was among the nonferrous metals which previously were allowed "correction of disparities"), domestic prices were 30 percent below world prices, and in the meantime there has been an outright explosion of copper prices on exchanges. Whereas last year a ton of copper cost \$1,300-1,500, today it costs \$2,800-2,900. The conclusion would seem to impose itself—nothing simpler than to export copper. This is in fact being done, although for decades we have been saying and writing that we should abandon the colonial status of metal exporters, develop our domestic fabricating industry, and sell to the rest of the world at least intermediate products if not finished products or products incorporated in machines and equipment with a much higher value. Relations between copper producers and fabricators have been nurtured for decades, the fabricating industry has been developed, and now overnight a few economic measures have turned everything upside down. The fabricators are getting a fourth or even less of what they need, they are standing idle, they are not filling their foreign orders, and they are incurring new losses.

The people in Jugobakar have for years been building a sense of community, they have been trying to get away from exporting the kilogram of metal in the raw state, they have been adopting self-management accords on joint exports, they have been trying to jointly import the raw materials which are lacking, but all these efforts have been canceled out by economic policy measures, and relations among the trading partners have been disrupted. The frequent changes in price regime, export-import instruments, and other measures have resulted in a conflict of interest between producers and fabricators, and taken together they have impoverished both of them and led them into losses. One thing that has been

happening, for example, is that a price increase is granted to copper, but the share of the raw material is not honored in the products of fabrication, so that disruptions occur along the entire chain of reproduction.

Not Just Prices

The people in Jugobakar are not dissatisfied by price policy alone. They feel that for a long time now the country has lacked a strategy for development of nonferrous metallurgy, and within it there has been no strategy for development of the copper industry (2 years ago they drew up a Joint Development Plan in the Economic Chamber of Yugoslavia and sent it to the FEC, but they have not received any answer at all as yet), that exporters are given verbal support while material support is not forthcoming, that taxes and contributions are rising constantly regardless of the income situation, that financing has not been worked out for major economic undertakings such as the opening up of copper mines, that the foreign exchange system is no good, and so on.

It is worth looking at the arguments that back up some of these criticisms. Last year, income in copper production had an index number of 90 relative to the previous year, while outgo charged to income had an index number of 143; in primary copper fabrication income had an index number of 74 and outgo 139; in the cable industry the index number of income was 88 and that of outgo 152. Do these figures need any comment at all?

Or another example: last year, goods worth \$368.5 million were exported, 80 percent to convertible markets. Exports rose 32 percent over the previous year and exports to convertible markets 54 percent. For every dollar of imports \$1.50 was exported, \$1.70 to the convertible market. And although exporting is an absolute necessity, since the domestic crisis and development near death have made it impossible to sell most of the products of the copper industry on the domestic market, the results stand at the very top of Yugoslav industry and the Yugoslav economy. Yet it is almost impossible to obtain the foreign exchange and importing rights for raw materials, production supplies, and parts for this industry's specific equipment.

At the same time, capacity in copper production is being utilized at a level between 90 and 100 percent, in fabrication it is slightly lower, immense efforts are being made to increase domestic production of metal (the growth last year was 4 percent) and fabrications, to broaden the assortment and to improve quality...since there is no other way to take one's products out into the world. It is worth bearing in mind that the natural conditions for copper exploitation are deteriorating, and

costs are rising: the content of metal in the ore is dropping, mining is being done at greater depths, the amount of overburden is increasing, and hauling distances are getting longer.

Over the last several years copper production has held steady at about 140,000 tons a year. In the case of copper obtained from domestic raw materials, some 105,000-110,000 tons are obtained from ore and the rest from secondary and imported raw materials. Copper fabricators, together with the mines at Bor, Majdanpek, Veliki Krivelj, and Bucim, have been investing to maintain that level of output and to conduct geological explorations of new deposits. More precisely, they have been investing so as not to incur losses themselves. Although known reserves guarantee maintenance of that level of production for a long time yet or even an increase, it will be almost impossible if their financial position remains what it is. In just 2 years the open pit at Bor will be closed down and liquidated, and no one is even thinking about investing and opening up any new mine.

Fabrication, which has held steady at about 90,000 tons of primary products a year and about 200,000 tons of wire and cable products, has been having an increasingly difficult time obtaining raw materials and production supplies on both the domestic and foreign markets. The copper industry has a total labor force of about 40,000, but with that quantity of metal it might employ between two and three times as many people if it were keeping up with the present-day European trends of a renaissance of this industry. However, advantage is not being taken of this open field as much because the financial position of organizations engaged in copper production and fabrication as because of the division and fragmentation of the organizations themselves and of the environment in which they live and do business. For decades it has seemed easier to build yet another wire and cable factory or rolling mill, to imitate something already well-established on the domestic or foreign market than to invest in the risks of something new, to establish ties with machinebuilding, shipping, the automobile industry, and other branches of the economy which build copper into their products.

This year it has reached a point where fabricators need about 200,000 tons of copper to fully employ their capacity. Domestic ore can supply 110,000 tons, and 21,000 tons can come from secondary raw materials. About 70,000 tons, then, would have to be imported. As February was coming to an end no one had a clear idea how much copper would come from domestic production, and the factories know nothing about imports. "Current economic policy measures are leading us toward lower output and larger losses—that does not exist anywhere, nor can it be done," says Radosav Stevanovic of Industrija Kablova Svetozarevo. And Svetislav Radivojevic of the business community Jugobakar explains the "computation": All

copper imports go for fabrication and export, but how is one to be competitive in the world when import charges amount to 32 percent and the incentives amount to 7.7 percent for Europe, 22 percent for the United States, and 27 percent for the developing countries?

If, in addition, the political demand is adopted and the bodies of self-management and party members remove the professional managers of organizations which have been operating at a loss regardless of how unfavorable the "conditions of the system" might be, there is every chance that in a few years the copper industry can simply be omitted from the classification of economic activities.

07045

CZECHOSLOVAKIA

1987 Czech Population Statistics

24000076 Prague RUDE PRAVO in Czech
21 Mar 88 p 4

[Article by Eng Vladimir Ziegenfuss, Czech Statistical Office: "Few Children Are Being Born"]

[Text] According to the figures of the Czech Statistics Office, the population of the Czech Socialist Republic reached 10,350,816 inhabitants at the end of 1987. In the last year it added only 6,540 inhabitants, with natural growth accounting for 3,778 inhabitants and influx adding 2,762 inhabitants. This data leads to thoughts on the overall population development of the CSR which is not very favorable for carrying out the great economic and social tasks which lie before us. This also comes out in a comparison with the development in the Slovak Socialist Republic where the annual growth in inhabitants last year was 27,878 inhabitants and the natural growth was 31,685. The number of inhabitants in the SSR thus grew to 5,236,252, which is 33.6 percent of Czechoslovakia as a whole.

Several indicators characterize the CSR's population development. The number of live births continues to drop slowly. Last year it was only 130,977 children which amounts to 12.7 per 1,000 inhabitants. In 1980 there were still 153,801 live births which is 14.9 per 1,000 inhabitants. Even the death rate cannot be called especially favorable, although the number of deaths, 127,199 inhabitants last year, was 4.1 percent lower than in 1986. With last year's death rate, this means that a child born that year has a life expectancy of 71 years, with boys, however, having an expectancy of not quite 68 years and girls 75 years.

One must say that in the CSR the medium lifespan has been extended only negligibly in the last few years, which is a consequence of the relatively high death rate. One can then say about this that it is partly the reverse side of our relatively high standard of living and the unhealthy lifestyle combined with external reasons operating at the same time, such as a worsening environment, especially in certain okreses, etc. The ecological program announced, among other things, at the 17th CPCZ Congress in March 1986 is supposed to improve the health quality of the environment and thus lead also to a reduction in the death rate and amount of illness in the population.

One cannot be smug about the current high rate of infant mortality. In 1987, 12.1 infants died per 1,000 children born alive in the CSR, which is substantially less than, for example, 20 years ago (21.5), but more than in the other industrialized countries where in 1 year 8 to 10 infants die per 1,000 born alive.

The population development in the CSR is characterized by a relatively favorable level of marriages. Every year 8 marriages take place per 1,000 inhabitants, which means that 5 weddings take place annually for every 100 unmarried women over 15 years old; in the age group 15 to 49, every 10th woman gets married annually. This level of marriage creates good prerequisites for the reproduction of the population, but at the same time we must state that a considerable proportion of the marriages end in divorce. In 1987 there were indeed 83,785 marriages performed in the CSR, but at the same time there were 31,036 divorces. Thus, there were 37 divorces for every 100 marriages. This so-called divorce index for Prague amounted to 52 percent since at least every other marriage here ends in divorce. In the North Bohemia Kraj this index was 46 percent and in the West Bohemia Kraj it was 41 percent. The most favorable indicator was that of the South Moravia Kraj and even here 30 percent of the marriages end in divorce.

The high rate of miscarriage also effects the CSR's slow population growth. Last year there was a total of 125,270 terminations of pregnancies in the CSR, of which 110,050 were abortions and 15,220 of the miscarriages were spontaneous. So last year there were 95 miscarriages per 100 births in the CSR and in the capital city of Prague it was, however, 119 miscarriages and in the North Bohemia Kraj 104 miscarriages. But even in the South Moravia Kraj with its favorable population growth there were 82 miscarriages per 100 births. The high level of the miscarriage rate is affected by the low level of the use of effective contraceptives.

In the Czech Socialist Republic there are now eight large cities with more than 100,000 inhabitants. At the end of last year these were the capital city of Prague (1,206,098 inhabitants), Brno (388,084), Ostrava (329,587), Plzen (174,580), Olomouc (106,435), Usti nad Labem (105,115), Liberec (103,273), and Hradec Kralove (100,091 inhabitants). Another 16 cities have more than 50,000 inhabitants. In order of size, those are: Ceske Budejovice, Pardubice, Havirov, Gottwaldov, Karvina, Kladno, Most, Frydek-Mistek, Opava, Chomutov, Karlovy Vary, Decin, Teplice, Jihlava, Prostějov, and Přerov. Semily with 9,646 inhabitants is the smallest okres town.

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