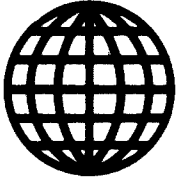


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8 FEBRUARY 1988



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# ***JPRS Report***

# **East Europe**

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# East Europe

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CONTENTS

8 FEBRUARY 1988

## POLITICAL

### ALBANIA

- Active Role of War Veterans, Retirees Stressed [*Shefqet Peci; ZERI I POPULLIT, 7 Oct 87*] ..... 1  
Director Reports on University Book Publishing [*Mustafa Fezga Interview; MESUESI, 6 Oct 87*] .... 2  
Lack of Female Managers in Agricultural Units  
[*Kristo Mertiri, Filip Cakuli; BASHKIMI, 28 Oct 87*] ..... 4

### CZECHOSLOVAKIA

- Czech Weeklies Express Hardline Position on 1968; Slovak Weekly Silent ..... 5  
Weekly Calls for Rediscovering of Kafka's Banned Novel ..... 6

### HUNGARY

- Varnai Blames "Top Leaders," Wants Open Debate With Opponents  
[*Ferenc Varnai; MAGYARORSZAG, 18 Dec 87*] ..... 6  
State Investigative Authority Modified [*Sandor Nyiri Interview; MAGYAR HIRLAP, 19 Dec 87*] ..... 8

### POLAND

- Urban's 19 January Press Conference [*RZECZPOSPOLITA, 20 Jan 88*] ..... 10  
Computer, Energy-Related Production With USSR Detailed [*GAZETA ROBOTNICZ, 2 Oct 87*] ... 16  
Clothing Enterprise Reports Export Expansion to West, USSR  
[*K. Kasprzak; SZTANDAR LUDU, 12 Oct 87*] ..... 17  
Youth Disgruntlement: Learning To Live With Social Opposition  
[*Kazimierz Olejnik; RZECZYWISTOSC, 10 Jan 88*] ..... 18

### ROMANIA

- Appointment of Peoples Council Chairmen ..... 19  
Brasov, Sibiu, Hunedoara [*BULETINUL OFICIAL, 5 Oct 87*] ..... 19  
Dolj, Prahova, Salaj, Vaslui [*BULETINUL OFICIAL, 28 Nov 87*] ..... 19  
Educational Force of History Stressed by Dr Constantin Olteanu  
[*Constantin Olteanu; ERA SOCIALISTA, 25 Sep 87*] ..... 20  
Concept of 'Worker-Intellectual' Discussed  
[*Maria Cobianu-Bacanu; ERA SOCIALISTA, 25 Sep 87*] ..... 26

## MILITARY

### GERMAN DEMOCRATIC REPUBLIC

- Christel Guillaume Relates Espionage Activities  
[*Christel Guillaume Interview; AR-ARMEERUNDSCHAU No 11, Nov 87*] ..... 33

### POLAND

- More Active Role for Local Army Staffs in Youth Indoctrination  
[*S. Radziszewski; ZOLNIERZ WOLNOSCI, 23 Dec 87*] ..... 36

**ECONOMIC**

**HUNGARY**

- Hungarian-Soviet Economic Relations Analyzed  
[Margit Racz, Sandor Richter; KOZGAZDASAGI SZEMLE, Nov 87] ..... 38

**POLAND**

- Official Sees Hope for Access to EEC's EUREKA Program [TRYBUNA LUDU, 30 Oct 87] ..... 54  
Ministries Faulted for Incompetent Resource Planning [GAZETA POMORSKA, 20 Oct 87] ..... 54  
Views on Subsidy Limitations in Reform [Bozena Papiernik; RZECZPOSPOLITA, 29 Oct 87] ..... 55

**SOCIAL**

**YUGOSLAVIA**

- Sociologist Queried on Class Distinctions  
[Mihailo Popovic Interview; NOVE OMLADINSKE NOVINE, 28 Jun 87] ..... 58

## ALBANIA

### Active Role of War Veterans, Retirees Stressed

21000002 Tirana ZERI I POPULLIT in Albanian  
7 Oct 87 p 3

[Article by Shefqet Peci, Chairman of the National Committee of War Veterans: "War Veterans and Retirees Must Have an Active Role in Our Society"]

[Text] Our war veterans and all retirees are tempered on the revolutionary anvil of the party. Imbued with Marxist-Leninist ideology, they have worked and struggled all their lives to implement the illuminating teachings of the party and of Comrade Enver Hoxha. The glorious period of the Anti-Fascist National Liberation Struggle and the years of the building of socialism have been a great school of education for those who improved their political and ideological awareness, increased their ardent militant spirit and reinforced their readiness to safeguard, as the greatest asset of their lives, the party line, the people's power, or steel-like unity and the defense capability of our socialist fatherland.

Although most of our war and work veterans are of an advanced age, they still are active participants in the building of socialism. They are interested in promoting the daily work; they desire with all their hearts that the wonderful traditions of our struggle be transmitted to the younger generations as a legacy, to these generations which will take in their hands and carry forward the torch of the revolution.

The Ninth Party Congress, the recent plenums of the Party Central Committee and the valuable recommendations of Comrade Ramiz Alia have opened new work horizons for our war veterans and retirees so that within their possibilities they will make their modest contribution to the fulfillment of all the tasks entrusted to us. In order to execute the important and noble mission that the party has assigned to our veterans in regard to propagandizing the party line and directives, the revolutionary patriotic traditions of our people and the magnificent successes achieved in the socialist building of the country, our war veterans are living, and must live every day, more and more, with the domestic and foreign situations and with the problems and worries which arise in the districts, villages, cities and city quarters where they live. In their meetings and talks with our youths, our war veterans must better connect the events of the Anti-Fascist National Liberation Struggle with the work which is being done to implement the economic tasks and with the efforts that must be made to reinforce work discipline and to protect socialist property by improving awareness and the spirit of selflessness and sacrifice.

It is a fact that hundreds of war and work veterans in cities and villages participate in the anniversaries of the events of the Anti-Fascist National Liberation Struggle and of the building of socialism, and, through their example and words, educate the masses and mobilize

them to fulfill the tasks of the state economic plan. This work, however, must be better organized so that veterans and retirees penetrate better and better inside the working collectives, merge with them and propagandize always and every where the line and directives of the party and the wonderful traditions of our people. Thus, veterans and retirees will fully deserve the high appraisal made by Comrade Ramiz Alia at the Ninth Party Congress, who said: "In the patriotic and communist education of the masses, the party greatly values the contribution of the war and work veterans." This must encourage them to struggle even more in the future, with more varied forms, in order to propagandize the patriotic and revolutionary traditions of our people and to improve the effectiveness of work.

There are people who think that veterans execute their tasks when they participate in the activities commemorating the days of the fallen heroes or martyrs and the historical anniversaries, and when they bring personal memories of their involvement. The commemoration of historical events is a part of the activities that veterans have to execute; the party has entrusted them with the propagandizing of the patriotic traditions of our people. The field of activities of veterans and retirees is wide and a daily one.

Objective and subjective difficulties are also met in the struggle for the building of socialism. This is as hard a struggle as the one that was waged by our people, rifle in hand, during the glorious period of the National Liberation War. However, in the face of difficulties, veterans and retirees must not complain or offer unhealthy criticism when they see some shortcomings or mistakes in work. The duty is to raise problems and anxieties in a correct, principal manner, to criticize mistakes and weaknesses and, at the same time, to give their opinions about how to overcome difficulties and shortcomings that arise. They must not withdraw in to themselves thinking that "there is someone to solve the problem; we have done what we had to do." Veterans and retirees, the party teaches us, must, to the very end, live with the worries and concern of the people and make their modest contribution to the success of the work. This, however, demands that, first of all, veterans and retirees be conscientious themselves because, despite the difficulties we meet, these difficulties are temporary; and also they must work in families with youths and in working collectives showing workers what our people have done in extraordinary difficult situations struggling tooth and nail with the enemies and emerging victorious.

The veterans of the national Liberation War now are retired. There are some veterans who distinguish themselves in social and political activities; they attentively follow the development of situations in the world and in our country; although advanced in age, nevertheless, they struggle to improve their ideological level and to remain active members of our socialist society.

There are many war veterans and retirees who, correctly understanding that the society needs their contribution, directly participate in the great national actions such as the Milot-Rreshen-Klos railroad and in other local actions. Of course, their work is symbolic, but its political and ideological value is great, because it encourages the mass of youths to devote all their forces to the fulfillment of the economic tasks. There are many veterans and retirees who keep in touch with the enterprises or institutions from where they retired, where people listen to them and where they discuss valuable matters, give suggestions on how to overcome difficulties and who look after the development of livestock herds in agricultural units, the supply of drinking water and other activities. The modest and symbolic work of veterans and retirees is one expression of socialist patriotism. With this militant spirit, veterans and retirees must work hard, because their efforts are for the welfare of the people and socialism. Comrade Enver Hoxha said: "Every patriot citizen must always serve our socialist fatherland and our working people everywhere, as much as he can and whenever he can, regardless of age."

However, there are also people who think that when workers retire, they should not work at all; they should only walk and warm themselves under the sun. This is an erroneous concept of retirement and of retirees. Retirement must be correctly understood by all, politically and ideologically. Retirees must not stay idle, "with a string of beads in hands," playing chess or walking for hours in gardens and so forth. Of course, they will play chess and walk in gardens with their comrades, nephews and nieces; we want to point out that there are some who do not work at all. This fact does not honor the image of veterans and retirees. Those are the customs of that old age for which neither the state nor society used to care; that was the old age that occurred through suffering and great labor in the service of Beys and Agas [Turkish feudal titles] or of any other exploiter.

Retirees, without exception, are always indebted to the people and the party. Therefore, all their rich experience and mature revolutionary mind must be put in the service of society and fatherland. The useless consumption of time, without effectiveness, by war and work veterans is incompatible with the norms of our society.

The Albanian War Veterans Committee and the district war veterans committees are struggling in all their activities so that veterans will make their modest contribution to all fields in an organized manner. The strengthening of their cooperation with the mass organizations, military units, educational and cultural institutions, schools, agricultural units, economic enterprises and others is also serving this purpose.

In the future, this cooperation must be expanded. Led by the basic party organizations and committees, the enterprises and institutions must organize their work better in regard to enlisting war and work veterans in solving the problems that emerge. Under the leadership of the party,

veterans must always be ready and help, in various forms, to fulfill the plan tasks, aid in state and social control activities and assist in the administration of property, in the proper organization of services to the people, in the struggle against manifestations of favoritism and friendship, in the elimination of old backward and patriarchal customs, in the many-sided emancipation of life, in the utilization of archives and documentations in the work centers where they have worked and in the studies and generalizations of progressive experience. This work is very useful for the present and the future. Therefore, we must achieve better cooperation and coordination in the work of the veterans committees in the districts with the mass organizations, economic enterprises, agricultural units, military units, schools and others. The drafting of joint programs would make it possible to use the treasure of the rich experience of veterans in a more rational manner.

The war and work veterans, led by the party and assisting in the fulfillment of the tasks in the economic fields and in other fields, execute the valuable recommendations of Comrade Ramiz Alia, who stressed: "The retirees are very active; they cannot stay idle; they are concerned about the progress of work. This is a natural fact. There are veterans who have shed their blood for Albania, for this government; there are other veterans who, after liberation, shed their sweat for the building of our fatherland. Therefore, their desire is that Albania march forward and that everything progress." This is how the war veterans and retirees will always be, because this is how the party and the unforgettable leader, Comrade Enver Hoxha, have educated them.

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**Director Reports on University Book Publishing**  
*21000003 Tirana MESUESI in Albanian*  
*6 Oct 87 pp 1, 3*

[Interview with Mustafa Fezga, director of the University Book Publishing House, by the editor of MESUESI: "A New Institution To Assist Schools of Higher Education"; date and place not specified]

[Text] [Question] The University Book Publishing House has been added to our publishing institutions. Comrade Mustafa, what role will this publishing house play and what tasks will it accomplish?

[Answer] The establishment of the University Book Publishing House is one of the very important measures that have been taken in the area of the overall struggle that is being made to raise further the quality of teaching and educational work in schools. Quality in schools contains many components. Among them, teaching texts and other publications to help students occupy a special place. For that reason, the major tasks assigned to the University Book Publishing House involve—based on the work of the departments—not only the timely satisfaction of the needs of the teaching process by means of

texts and other publications, according to the approved teaching plans and programs, but also the ensuring, in all its publications, of high quality in terms of ideology, science, methodology, culture, etc. This publishing house is an institution which responds not only to the needs of the "Enver Hoxha" University of Tirana, but also to those of the Higher Institute of Art, the "Vojo Kushi" Institute of Physical Education, and the higher pedagogical institutes in Girokaster, Elbasan and Shkoder.

The University Book Publishing House will enlarge its range of publications by the scientific activity of the departments, especially in publishing monographs, scientific treatises, various collections of works, etc. In this way, it will assist teachers, students, graduate students, production specialists and instructors in their continuing education. An important place will also be occupied by publications for students and high school pupils who display special talents in particular branches of science. Many of these publications will also serve a broad readership.

[Question] For the specific needs of the institutions of higher education, close cooperation with the departments is important. How will this cooperation be implemented?

[Answer] The core of the organizational problem of the University Book Publishing House centers on deciding upon correct proportions of work among the departments, the offices of the deans (or directorates of schools of higher education which publish through this publishing house) and the appropriate editorial staff. Every department, as a basic unit of scientific and teaching work, always remains a basic unit for the conception, composition, continual processing and approval of the content of texts and other publications of a scientific and methodological nature. From the outset, these departments formulate plans for the compilation of new texts, for reworking them, adapting them, translating them, etc., as well as for scientific works and monographs which are to be published. They select the authors and the reviewers, they organize discussions of various chapters, and they monitor the text until it is approved. The publishing house plays a coordinating role between the departments and the deans' offices throughout this process; its role is one of assistance and control. Thus, it exerts an influence not only on the quality of publications, but also on accelerating the publication pace, shortening their deadlines, and enlarging their thematic material. Due to this role, the departments and authors are relieved of many of the operational tasks of publishing, which take a relatively large amount of valuable time. On the other hand, they are assisted by the appropriate editors in terms of opinions and suggestions regarding the quality of content and publishing in general. Through close cooperation between department and editorial office, a more equitable division of labor is ensured, along with higher productivity, and the fulfillment of publishing plans is monitored on a timely basis, with good quality and better ensured.

The passage of texts of other publications through the editorial offices is, in fact, a process of improvement, in accordance with the destination of every publication, especially in the didactic and literary spheres.

Naturally, teaching texts occupy the major place among our publications. But the publishing house has plans for over 65 other publications of a scientific type. Publications such as "Fjalori Shpjegues i Filozofise" [Explanatory Dictionary of Philosophy], "Edukata ne Syrin e Popullit" [Education in the Eyes of the People], "Historia e Letersise Shqiptare e viteve 1936-1939" [History of Albanian Literature, 1936-1939], "Analiza Statistiko-Ekonomike e Fakteve Themelore ne Industri" [Statistical and Economic Analysis of Basic Facts in Industry], etc., are some of the titles that we will soon give to readers. But, as I mentioned earlier, in cooperating closely with the departments, aside from the publication of monographs, work is being done to prepare publications with a broader spectrum of use. Particular attention is being devoted to the concrete realization in texts of new structures and to the development of teaching materials to combat mechanical and reproductive teaching, and to leave primary place for logical training and independent and creative work on the part of students. The publications will also aim at stimulating and developing differentiated work with students.

[Question] What problems have arisen during these first days of work?

[Answer] There are many problems of various types. But there are some problems which are now acute, such as, for example, the quality of printing. Texts for schools of higher education, because they are issued in small editions, are printed by offset (over 95 percent of them). But for this type of printing, serious consideration has still not been given to appropriate typography.

All the possibilities exist, but proper attention is not being devoted to the question. Particularly with regard to ensuring timely acquisition of printing materials, as well as their quality. We think that radical changes must be made here.

Great attention must also be devoted to lowering the cost of production of offset lectures and texts for schools of higher education, where it is observed that there are shortcomings. Such activity will have an influence on their wide use by readers.

These problems, as well as others concerning the timely delivery, according to plan, of texts by groups of authors, timely issuing by the press and distribution to students, are operational matters which must be pursued and which are not without influence on the quality of the teaching process.

**Lack of Female Managers in Agricultural Units**  
*21000001 Tirana BASHKIMI in Albanian*  
28 Oct 87 p 3

[Article by Kristo Mertiri and Filip Cakuli: "Increasing the Number of Women in Responsible Positions Is Not Based on the Calculation of Percentages"]

[Text] In the Noje cooperative, in Kruje District, we tried to speak with several female brigade leaders or sector chiefs. The men of this cooperative shrugged their shoulders and were amazed at such a request. There, no woman had ever been promoted to a position of responsibility, not even as a brigade leader! Later, in the agricultural cooperative of Bruzi, the only female brigade leader was being replaced by a man while she completed her maternity leave. In several other cooperatives in the district as well, it is the men who manage, and we are not speaking about anything new. At the women's presidium of the district, it was learned that in comparison with the broad participation of female comrades in production, the female managers amounted to one bureau secretary, one undersecretary of a cooperative and 56 brigade leaders for the entire district. "The number is small," they said, "and things are not proceeding at the required pace."

After knowing these and other facts, it is not difficult to understand that there is an incorrect approach to the promotion of women to responsible positions in the district. The main reasons given are that "women cannot perform managerial work in agriculture" and that "they do not have the abilities of men." These phenomena are talked about and discussed, tasks emerge and objectives are determined, but little is done in practice to achieve them due to the petit bourgeois attitude and psychology which do not appreciate the values and realities of women. Women in our society enjoy all rights, and when we say that they are equal to men, their managerial abilities are not excluded. This is demonstrated not only by examples—however few—in the district, but also everywhere in our country.

Let us take Lushnje District. Good work has been done here—and is being done—to promote women to responsible positions. Through the agricultural enterprises of this district, it has already become increasingly rare to hear the expression of a backward mentality, which asks: "Can a woman do this work?" When a brigade leader, a manager or a cooperative chief is proposed, the first question is not simply whether the person is a woman or a man but how capable is that person to accomplish the task assigned. This new way of thinking, which gives women the place they deserve in society, is the result of long work by everyone, as well as by women themselves. They alone have justified and continue to justify the trust given to them by society, by means of sweat and sacrifice; the enterprises have felt this and the female comrades themselves have felt this. To encounter a female brigade leader, bureau secretary, council chairman or cooperative deputy chairman in Lushnje District

is quite common. Of course, there are problems here too and not everything goes smoothly, but there are also female comrades themselves who make their voices heard and who, by means of their work, affirm their personality every day and reveal managerial and organizational abilities. This is demonstrated by the high results achieved in agricultural and animal husbandry production. The assistance given by women to agriculture and animal husbandry is conspicuous and tangible, since they perform a great share of work in agriculture and animal husbandry.

Women in Kruje District perform the same share of work or perhaps an even greater one. At a time when the overwhelming majority of workers in agriculture and animal husbandry are women, it does not seem just—and there is no reason for it—that there is hesitation in giving them the job of brigade leader or sector manager, etc.

If you think that there are no women comrades in the field with the appropriate education, with the ability to confront any task, this would be an anachronism.

The agricultural secondary schools alone, operating in almost every zone of Kruje District, have graduated over 1,500 women comrades. We are speaking here only about the last decade and only about the system of education without separation from work. It is understood that the number increases if we include those who have completed the schools of higher education and classes with separation from work, which means more than a few women in Kruje District. Why, then, has the situation become set in this direction?

We do not intend here to calculate the percentage of men who are brigade leaders in proportion to their participation in work and how many women comrades should be managers. This would be a formal conception of the problem and a mechanical calculation of percentages in managerial positions.

Aside from various incorrect concepts and attitudes, a great force for "shattering" this conservative framework is constituted by women themselves. The women's organizations can do more, both at the fronts of agricultural and animal husbandry production, as well as in the sphere of management and economic organization.

But the appropriate organs of the agricultural enterprises throughout the district also have a great task. Are there studies regarding the promotion of women to responsible positions? Of course there are, but the effectiveness of these studies, of meetings and analyses, is measured by concrete results: how many women have been promoted to responsible positions from this period up to the period when the study was analyzed at a meeting?

In his meeting with the cooperativists of Fushe-Milot, Comrade Ramiz Alia emphasized: "When we say that the number of female managers must be greater, this

should not be interpreted as a requirement for calculating percentages, nor as any sort of favor to them. No, the women of modern Albania are fully capable, and they know the party line and their work as well as men. They therefore deserve to be placed with more trust in positions of responsibility."

It is not right to draw general conclusions based on some concrete case where some female comrade did not justify her position as a manager of a brigade or sector; just as there are incompetent men, there are incompetent women, although men have been dismissed more often. At the same time, it is the responsibility of the appropriate organs, to promote competent and capable female comrades to positions of responsibility and place them at the head of work. Such women are not lacking in any agricultural enterprise in the Kruje District. The only thing that is lacking is a progressive conception and evaluation of the problem.

12249/06662

## CZECHOSLOVAKIA

### Czech Weeklies Express Hardline Position on 1968; Slovak Weekly Silent

24000049 [Editorial Report] CPCZ political weekly TRIBUNA No 1, 6 Jan 88 pp 8, 9 carries an article on the 20th anniversary of the CPCZ 1968 January plenum. Written by editorial writer Karel Horak, it is called "The Lesson and Experiences Derived From It Are as Valid as Ever." The article asserts that the interpretation of the post-January 1968 developments, as expressed in a flood of international comment on the anniversary, is "still part of the international ideological class struggle." TRIBUNA offers its own interpretation which is that the 1968 January plenum tried to find a way to "correct existing shortcomings," whereupon "the rightist forces abused the results of the plenum" and seized control, their goal being "liquidation of revolutionary gains."

TRIBUNA says: "The answer to the question as to why it was possible for the rightist forces inside the party to misuse the results of the January plenum for their anti-socialist purposes lies in the fact that their representatives in the Central Committee (for example, F. Kriegel, J. Smrkovsky, O. Sik, J. Slavik, J. Spacek, V. Boruvka, V. Prchlik and others) had taken advantage of the circumstance that the party had not been informed about the substance and conclusions of the plenum, and that the new leadership proceeded with indecision. They created their own interpretation of the plenum's conclusions. In appearances at various public non-party meetings, under the guise of the 'Men of January,' they willfully arrogated to themselves the right to decide what the post-January party line should be, what should be its substance and its goals."

TRIBUNA says that those who "keep giving us advice as to how we should go about restructuring" are simply enemies of socialism who are looking for ways "to bring about chaos and to again attempt liquidation of socialist structures."

The article says: "What bothers such people the most is the leading role of the party. They think that to implement the leading role of the party is contrary to all the principles which we are voicing—and beginning to put into practice—under restructuring. For that reason they don't believe that we are capable of a genuine restructuring. It is again being manifested clearly that our enemies have not changed their views during the two decades which have elapsed."

TRIBUNA goes on to say: "We don't have to reevaluate the lessons which the party has derived from the critical years, and we shall not reevaluate them." The article reminds readers of the statement issued by the recently held 7th CPCZ plenum, to the effect that "any hope whatsoever for legalization of political opposition, which could not be anything but anti-socialist, have no basis in fact." TRIBUNA adds: "People who are after their own political goals, disguising their hatred of socialism by phrases about human rights, freedom and democracy, will not get another chance to again disrupt our country."

The article points out that it was precisely the concept of the leading role of the party which the new secretary general, Milos Jakes, had stressed at the 7th plenum. It concludes that the coming annual membership meetings of the CPCZ basic organizations, and party conferences in localities, plants, enterprises, districts and regions will present a good opportunity to move in that direction—to start emphasizing the leading role of the party, in compliance with the guidelines of the 7th plenum.

CPCZ cultural weekly TVORBA No 1 of 5 January on page 5 carries a less condemnatory article on the anniversary. Signed by editorial writer Josef Meisner and entitled "An Experience for Which We Paid Dearly," it says that "the political line set up by the January plenum was correct and inevitable."

The article says: "The party line created a historical opportunity for overcoming the crisis, strengthening socialism, solidifying its prestige and ensuring further successful development, in harmony with the wishes and interests of the nation's majority. This opportunity was wasted. Instead of solving problems in accordance with the January plenum's conclusions, procrastination and debates were again started."

This was because, says TVORBA, "the CPCZ leadership, headed by A. Dubcek, was not united on their evaluation of the situation, their programming and their goals, nor even in their views of what concrete measures should be taken." TVORBA concludes that what happened in Czechoslovakia after the 1968 January plenum



was not "a dispute about various alternatives of socialist restructuring" but a genuine "struggle for the survival of socialism." The fact that even strong revolutionary forces can be defeated if they lack "a principled and strong leadership," says TVORBA, "is one of the valuable, albeit very dearly paid for, experiences we have derived from 1968."

In contrast to the two Czech weeklies, the Slovak CPSL political and cultural weekly, NOVE SLOVO, (No 1 of 7 January) carried no comment whatsoever on the 20th anniversary of the 1968 January plenum.

### Weekly Calls for Rediscovering of Kafka's Banned Novel

24000050 [Editorial Report] Franz Kafka's novel "The Castle" was first published in 1926. Its last Czech edition appeared during the Prague Spring months of 1968. Since that time, Kafka's fiction was not allowed to be republished in Czechoslovakia and, except for severely critical strictures, references to Kafka and his work were absent from the Czech and Slovak media. In an apparent reversal of this attitude, there appeared in KMEN, a supplement to the weekly TVORBA, on 22 Dec 87, pp 8-9, an article by Kveta Hyrslova which offers a sympathetic analysis and a positive evaluation of "The Castle" and calls for a return of Kafka's work to its proper place in Czech cultural life.

Suggesting that Czech literary publications consider establishing special "Recently Rediscovered Books" columns, which would be reserved for bringing back banned literary works, Hyrslova hints that Kafka, an author from Prague who wrote in German, is one of those who were unjustly denied to Czech readers. "As an author, he has been forced into a particular pattern, he appears in a particular role. Is it adequate, is it still adequate?"

According to Hyrslova, recent scholarship has come up with new historical and critical insights concerning Kafka's novels and these insights should be applied to the future Czech studies of Kafka's work. "The Castle" in particular, she alleges, deserves attention. Being an attack on bureaucracy and on the bureaucratic way of life, this novel has a special relevance for the contemporary reader. For Josef K., "Castle's" hero, "is searching for the meaning of life: he is looking for work; he is searching for the meaning of life in work—he is looking for meaningful work, work that fulfills the aspirations of individual human beings and satisfies their perception of self-worth ... while allowing them to be free. ... Kafka, who could devote himself to writing only in his spare time, was subject to the pressures of a world in which work leads to the impoverishment and deformation of men. It is his great merit that he not only fully and intensely experienced, as well as acutely recorded this "withering of men" ... but that, in addition to denouncing it, he also raised the issue of a different kind of work, a work that could satisfy men in their integrity."

It is noteworthy, Hyrslova points out, that Josef K. is, nevertheless, an ambiguous hero:

"... his strenuous efforts [are] laughably disproportionate to the results he achieves. His struggle turns into a tragicomic quixotic quest. The man who came to match his strength against that of the bureaucracy fails to take advantage of the opportunity to become an authentic human being in moments when he is not saddled with official functions and roles. Totally involved in his job, he fails in life: what he takes on are just windmills."

As Hyrslova explains, Kafka was unable to find a solution for his hero's dilemma and left the novel open-ended. In this sense the work is a torso.

"From his vantage point (and it was a position constrained by many limitations—social, ethnic, racial, parental, personal), [Kafka] simply could not discern any solution that he could accept as valid."

Here Hyrslova draws a curious analogy to Kafka's uncompromising but discontinuous and indeterminate literary portrayal of the modern moral and political reality. The same conclusions, she proposes, follow from the findings of another modern endeavor: the physical sciences. The theory of relativity and quantum physics, too, present reality as "dynamic, discontinuous, heterogeneous, relative, unstable."

The importance of Kafka's novel for the present-day Czech cultural scene, Hyrslova insists, is self-evident.

"This work, this great literary torso is not a solitary voice crying in the wilderness. It is neither a curiosity nor a revelation, nor a message from another planet. It is a unique, but entirely organic link of the chain, an item in the context which we are trying to apprehend, identify, and measure up to. As such it deserves to appear again on the horizon of our attention."

## HUNGARY

### Varnai Blames "Top Leaders," Wants Open Debate With Opponents

25000089 Budapest *MAGYARORSZAG* in Hungarian  
18 Dec 87 p 25

[Article by Ferenc Varnai, Deputy Editor in Chief of *MAGYARORSZAG*: "At the Top and at the Bottom; Debate About Responsibility—The Basis for Agreement"]

[Text] Who is responsible for the economic concerns that presented themselves: for growing inflation, for the bankruptcy of a number of enterprises, for the disappearance of workplaces? In these days we hardly find an official or a friendly meeting in which these issues would not be discussed.

### Anguish About the Future

It is true that during hard times, it is difficult to explain everything solely in terms of objective cause and effect relationships. (This is so, even if those objective cause and effect relationships are prominently apparent: the great loss the exchange rates suffered in international markets, the damage caused by this year's draught, etc.) In most instances subjective mistakes also play an important role. Subjective mistakes, like the leadership's failure to recognize objective concerns in a timely manner, their delayed ability to draw appropriate conclusions, their permissiveness to allow public consumption to substantially exceed production for well over a decade, and their failure to successfully mitigate the effects of deteriorating work discipline.

These subjective mistakes were recognized by the MSZMP CC last November when it blamed its own executive bodies, the political committee, the secretariat as well as the cabinet for the situation that has evolved. The responsibility vested in the MSZMP CC is being increased, and confidence in the MSZMP CC is unfortunately on the decrease because the July 1987 party platform and the subsequent September 1987 cabinet program for the mitigation of problems failed to produce fundamental improvements, at least for the time being. This is so, even though there are some favorable indications, and fundamental changes in the negative trends could not even have come about in such short period of time. Thus, public anxiety concerning tomorrow, about the future continues to increase.

There are some who simply dismiss trouble: "we'll get by, somehow," they say. Others pin their hopes to the fact that they always survived a drop by landing on their feet. But as a group of intellectuals proclaimed on the pages of *MAGYAR NEMZET*, there are some who voice a rightful concern about the "tragic shattering of our national self-confidence," about "witnessing the most dramatic period in our history," about being at the "threshold of collapse," etc. These extreme views are dangerous because they undermine the will to fight difficulties, and deprive society from the will to act—a will that should precede everything else in times like these.

A decisive differentiation must be made, however. On the one hand, there are those who want socialism to succeed but envision recovery from the present troubles in different ways, even if such perceptions differ from those of government programs. On the other hand there are others who profess a lack of faith and declare socialism to be inviable, those who portray the situation in unrealistically dark colors, those who willingly or unwillingly weaken our society's confidence in itself and deteriorate our country's international standing. The recommendations of the first group must be reconciled with our conceptions of socialism, and with the means available to us in the framework of socialism, so that through joint efforts we find the best solution. With

respect to the second group, however, we must challenge its members to engage in decisive, open debate, in argumentative polemics. They want to see a different social structure, they want to find the solution in the establishment of a bourgeois democracy.

We must engage in debate particularly with those who try to prove their own point of view on grounds of the pressing concerns, the resultant dissatisfaction, and the lack of response that confronts them.

Some members of this group also justified their own points of view when they enthusiastically supported Hungary's increasing indebtedness, but did little in the interest of bringing about useful, income-producing investments from those credits, and were silent when we ran through the available money. Others demand accounting for the lack of determined, stringent measures. In earlier days, these same people condemned such measures as anti-reformist, administrative actions.

Their vocabulary includes blame only for people at the top. But our troubles were prompted not only by those on the top, namely the proponents and the decision-makers. Among the proponents we now find several who maintain 'modest' silence about their role as catalysts. After all, it would be difficult to blame only the political committee or only the cabinet for badly organized work in a number of enterprises, for idling on the job, for private work, drinking or the settling of private matters on the job, etc. As a result, in several workplaces the 40 hour work-week shrunk to an actual 30 hours.

### Pointing the Finger Does Not Help

It is true, of course, that blame cannot be assigned in equal proportions to the leadership on the top, in the middle and at the bottom. An undisputedly larger share of the responsibility should be assigned to top-level leadership. In this respect a favorable change and a more apt management is being encouraged by proposals aimed at the modernization of government. Some proposals were advanced during the mid-December session of the National Assembly and are expected to produce some changes in personnel. These proposals call for a more determined and more consistent implementation of the stabilization program on the part of the leadership, and for a firm stand against anything and everything that may contribute to a delay in implementation.

Only this kind of action manifested by the national leadership can encourage a favorable change in the conduct of lower level leadership—a conduct which demonstrates that also at the lower levels it is possible to do everything in the interest of improving the situation. This is even more so because neither the blaming of each other, nor the 'explanation' of the cause of our troubles can be of help. Only through joint effort can we do away with our shortcomings, just as it is with inflation: we can fight inflation only through an improved organization

for production, through a qualitatively acceptable product surplus, by eliminating loss operations, by discontinuing excessive state subsidies, and by paying wages commensurate with real production values. Some workers at Diosgyor acted in this spirit when they openly and candidly wrote about the existing concerns to the prime minister, but at the same time expressed their preparedness to share the burden of those concerns and to act intelligently.

#### A Venial Sin?

Establishing order must not start tomorrow. We must act today to improve our work-time utilization, and above all, to reinforce elementary work discipline. We must do so at least in places where lack of orders or the shortage of materials does not hinder continuous production. One wonders, what stands in the way of an enterprise president, a chief engineer, a plant manager or a foreman to plan his own work with more foresight and in a better and more disciplined manner, and through his own work to improve the direction of the work of others also? Why should not they be blamed for permitting private work during work hours, especially when such work is performed with stolen materials and stolen tools? Who stands in the way of "nice" foremen who do not want to notice negligence or inferior work, or those who fail to show up for work with no justification? These foreman should notice such things even on weekends, before or after holidays and during household work. It is not just the ministers' task to ensure that enterprises, under their particular circumstances, produce only the most profitable products, and see to it that enterprise workers are able to recognize the utility and meaning of their work.

The fact that it is possible to take action along these lines could be seen on television during the past few days. The example of the Karancs factory of Salgotarjan proves that determined leadership, a compensation system built on incentives, and a stringent demand for order, discipline and cleanliness can make production profitable, can provide larger earnings for workers (to top it off, during primary work hours), and can make those workers feel substantially better within a short period of time.

Conferences like those in which the leaders, workers, technical intelligentsia and government leaders at Taurus, the Wagon Works of Gyor, and at several Borsod County enterprises participated were free from chest-pounding phrases and even more so, from the spirit of scary visions of a national death. Rather than pursuing these paths, the participants resolved to jointly overcome difficulties, to serve with a spirit embued by a sense of responsibility for the nation, to seek the path in which socialism can function more successfully, and to make an extra effort that is now needed in every respect. They did so, because they do not want the distinction of being dissatisfied. Instead they seek the distinction of having performed their work better.

#### For the Realization of the Program

The situation that evolved is such that it can hardly be corrected by the use of economic means only. There is a need for the modernization of the political institutional system and political instruments, as well as for a significant increase in the initiating and controlling role of local communities. Certainly, this subject will be discussed at the MSZMP's planned party conference during the first half of 1988.

What we need now is debates as well as actions be aimed at halting the decline, at strengthening the socialist system, or, at the equivalent of these: at the implementation of the program of economic and social evolution. This is what requires the support of the leadership, from the highest level down to the lowest.

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#### State Investigative Authority Modified

25000080 Budapest *MAGYAR HIRLAP* in Hungarian  
19 Dec 87 p 3

[Interview with Dr Sandor Nyiri, Deputy Chief Prosecutor, by Balazs Stepan]

[Text] The relationship between the prosecutor's office and the investigative authority will have changed beginning in January. Parliament modified the Criminal Code of Laws and the Rules of Criminal Procedure, which in turn changed the roles of the authorities. For example: from now on, investigative time limits will be established by the police, while preliminary detention can be ordered only by the prosecutor.

UGYESZSEGI KOZLONY recently reported the implementing provisions of the changed laws. We asked Deputy Chief Prosecutor Dr Sandor Nyiri to explain how the Office of the Prosecutor will oversee investigations, what continues to guarantee the observance of legality, and what necessitated the change.

[Question] After a lengthy debate the National Assembly last summer adopted proposals to modify the Criminal Code of Laws and the Rules of Criminal Procedure. What are the most important changes and how do they affect the prosecutor's work?

[Answer] Changes in the law governing the Rules of Criminal Procedure will go into effect in January 1988. Aside from countless details, there are three important changes that bear on the prosecutor's investigative oversight authority. Beginning in January it will be the investigative authority itself that defines time limits for investigations; the need for prosecutorial approval of certain important determinations made by the police will be discontinued; and in the future preliminary detention of a suspect can be ordered only by the prosecutor.

[Question] The legislative debate suggests that a number of representatives opposed the change because they viewed it as a lessening of the oversight of the legality of investigations. Is the prosecutor's investigative oversight authority being relaxed? Why was the jurisdiction of the investigative authority broadened?

[Answer] It is a fundamental requirement throughout the world to complete criminal proceedings and to permit suspects to vindicate themselves as fast as possible, alternatively to arraign suspects before an officer of the court. For this reason it is important to conclude investigations expeditiously, without hindrances. If an investigation runs into obstacles, holding a suspect responsible will be delayed, and the deterrent force of punishment will be lessened. Aside from that, however, criminal proceedings may infringe upon fundamental civil rights, a situation which cannot be protracted over a long period of time. All this serves as pressure on investigators. Rules that are in force until the end of 1987 provide that only the prosecutor may extend investigative time limits beyond a one month period. Accordingly, as the first month passes the files are being transferred to the prosecutor. The prosecutor reviews the file, then extends the investigative time limit. What else could he do? The police would not ask for an extension without good cause. This is 'heavy' even from the standpoint of mere weight: each year tens of thousands of files take the journey from the police to the prosecutor, and back to the police. And while the file is in transit, substantive work comes to a halt both at the prosecutor's office and at the police. This process also creates unnecessary burden for both authorities. According to the changed provisions, beginning in January the investigative time limits will be established by the chief of the investigative authority, and that limit cannot be extended. The chief is intimately familiar with the case—an expert knows just by looking at a case how long a period of time is required for investigation. On the other hand, workload forces the chief to establish rational time limitations.

The prosecutor will be able to control assigned time limitations even under the new provisions. If he finds that the assigned time period is unreasonably long, alternatively, if he discovers that the assigned time limit dictated an excessively fast pace of work, the prosecutor can change the time limit established by the investigative chief. Such change would have a mandatory effect. Accordingly, the prosecutor may involve himself in this manner; his responsibility for oversight is not being lessened. On the other hand, the journey of files is coming to an end, and useless energy consumed thus far is being released. I see additional benefits in the fact that the new procedure will increase the sense of responsibility and will bring to an end the division of responsibility between the two organizations charged with criminal enforcement.

[Question] According to the present rules, a determination by which an investigation is declined, suspended or discontinued requires the prosecutor's approval. Come

January, this will no longer be so: the investigative authority itself will make those decisions. What guarantees do we have for the observance of legality?

[Answer] The purpose of the change is to discontinue the division of responsibility. Let the police decide for itself, the prosecutor will only control those determinations, and review just how appropriate those determinations were. Police determinations that were subject to prosecutorial approval will still be sent to the prosecutor, and it continues to be the duty of the prosecutor to examine each and every determination of this nature as to its legality. Beginning in January, however, the prosecutor will not have to approve such determinations, he will not have to manifest his approval of the determination by affixing his signature. The prosecutor will take action only if the determination is inappropriate. Aside from that, an affected party may file a complaint about any investigative action. A suspect may file a complaint to the prosecutor concerning any part of an investigative action he deems to be injurious, and the prosecutor will examine the merits of his complaint. Accordingly, even though prosecutorial approval is being discontinued, investigative oversight continues to be provided from two sides. All police determinations will pass through the prosecutor's office, and the prosecutor will be reviewing twice the investigative actions deemed to be injurious by the suspect.

[Question] The conditions for preliminary detention were made more stringent. How did these rules change?

[Answer] There will be fewer causes for which preliminary detention may be ordered. At the same time, however, the legal changes require that one must thoroughly examine whether preliminary detention, which constitutes the most drastic limitation of personal freedom, is truly indispensable. These two conditions guarantee that preliminary detention will be ordered only if justified. A further guarantee in this respect is the fact that beginning in the near future the prosecutor will not only provide preliminary approval to preliminary detention. It will be the prosecutor himself who makes decisions concerning preliminary detention. Also in the past, the prosecutor had the authority to decide whether preliminary detention should be ordered, but in practice it was the police that decided whether to order preliminary detention. It did so, with the concurrence of the prosecutor. Accordingly, also in this respect we found an exercise of joint responsibility by the two authorities. Beginning in January it will be the prosecutor alone who decides, he will bear sole responsibility. What does this mean? The prosecutor must be familiar with every investigative document and must know every minute detail of each crime—without such knowledge the prosecutor could not take a single step, he could not make decisions. Crime, of course, does not go by the day of the week. It could happen that a determination to deprive someone from his personal freedom must be made on a weekend. In such cases the police continues to have the authority to detain a suspect and in this respect it can

make decisions on its own. However, the maximum time for preliminary detention is 72 hours, after 72 hours a suspect must be released unless the prosecutor orders preliminary arrest [detention].

[Question] The personnel size of the prosecutor's office was established in the 1950's. Since then, the crime rate has increased significantly, and consequently your workload has increased also. Quite properly, the legislative debate contained some expressions of opinion according to which the 'unburdening' of the authorities does not endanger the observance of legality.

[Answer] This is obvious, nevertheless the changed rules also guarantee the observance of legality. As we have seen before, the value of the prosecutorial oversight authority has not diminished. We have means by which we can ensure the observance of legality and can accurately control the work of the investigative authority. These provisions were not changed just to make the prosecutor more comfortable. The changes respond to the requirements of a rational system for the distribution of work. In my judgment all we did was to discontinue some bureaucratic restraints. This will enable both organizations to optimize their work performance. I emphasize: the discontinued rules did not guarantee legality or civil rights, they were of a bureaucratic nature, long surpassed by our society. The workload has increased, the size of personnel remained the same. We must perform our duties under these circumstances. We can do so properly only by tightening the work-flow. The cabinet is aware of our problems. It has raised our hopes for help. In my judgment, the changes discontinued a few tasks that have become formalities, and replaced them with simpler steps which provide appropriate guarantees for the observance of legality. I believe that the changes will produce a shift in emphasis: they will release some energies from less important matters, and will reactivate those energies in areas that are important from the viewpoint of legality.

[Question] Not only the Rules of Criminal Procedure, but the Criminal Code of Laws itself was changed. What kinds of socio-political goals are reflected in the changed provisions of the Criminal Code of Laws?

[Answer] Changes in criminal sanctions will strengthen the purity of public life and decency in the management of assets. It should be understood, of course, that the establishment of order in these respects is not primarily in the domain of criminal law, nevertheless the protection of our society requires increased stringency in the context of criminal law. Let's start perhaps by saying that, beginning in January, in terms of the severity of crime, embezzlement in the economic sphere equals corruption in public life. Previously, embezzlement in the economic sphere was deemed to be a much lesser crime than corruption in public life. Even though the moral weight of embezzlement in the economic sphere is less than the embezzlement of a public official, it can produce tremendous damage. For this reason there is no

ground for viewing or judging embezzlement in the economic sphere as a lesser crime. Come January, tax fraud will also be judged more severely. This change was necessitated by the tax reform.

Viewed in their entirety and in their full contexts, the changes in the two laws reveal that some new, far-reaching laws were written which guarantee legality and which are in the interest of economic management. At some point, these changes will also help—they must help—the prosecutor's work.

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## POLAND

**Urban's 19 January Press Conference**  
*AU232213 Warsaw RZECZPOSPOLITA in Polish*  
*20 Jan 88 pp 1, 5, 7*

[Government Spokesman Jerzy Urban's weekly press conference with domestic and foreign journalists at the INTERPRESS Center on 19 January]

[Text] Minister Jerzy Urban, government spokesman, met with foreign and domestic journalists for another press conference at the INTERPRESS Center on 19 January. Below we present the transcript of this conference.

Leszek Kubiak, PAP Foreign Service: Now that Minister Genscher's visit to Poland is over, what do you have to say about it?

Urban: It has established better prospects of coexistence between Poland and the FRG. Minister Genscher's stay in Warsaw has to be assessed in terms of the period during which it took place. He came to Warsaw following the Gorbachev-Reagan Washington summit, the results of which mainly concern Europe. Because of their position in the center of Europe and their role in the political and military blocs they belong to, Poland and the FRG may and should enrich the mutual process of detente and disarmament. Both sides expressed such a desire during the visit, and businesslike work was initiated. This gave the visit a European dimension. There are certain similarities between Genscher's concept and the Jaruzelski plan as far as conventional disarmament is concerned. That is not a bad start.

Next year will be the 50th anniversary of the outbreak of World War II and this is another reason why this is a historic period. After half a century, it is high time to stop shaping mutual relations under pressure from the Polish-German past and to make them much more open in the future. We have an idea of how our bilateral relations may develop. The point is to translate this idea into reality.

It is not Poland's fault that our relations deteriorated in the first half of the 1980's. Despite their recent improvement, they still do not correspond to actual needs and possibilities. The talks with Minister Genscher have shown that the progress in these relations, whose inviolable basis is the December 1970 treaty, also does not correspond to the desires and intentions of both countries' societies and governments. We hope that Minister Genscher's visit has initiated intensive efforts to achieve a breakthrough in our relations. Here, in the words of Wojciech Jaruzelski, declarations about the political goodwill to develop relations are being dished out with a ladle, while the economic foundation of coexistence is being dispensed with an eye dropper. Poland's trade with its largest creditor has fallen recently. This is in the interests of neither the debtor nor the creditor. Mutual relations also call for greater agreement between words and deeds, and between politics and culture, on the one hand, and economic realities on the other. We stressed the need to expand economic relations in various forms, which includes normalizing financial and credit cooperation and working out a long-term program of cooperation in all spheres. We have the impression that the FRG Government understood our way of thinking.

We agreed to appoint three working groups to negotiate on a broad package of issues. One group will occupy itself with political problems, another with economic problems, and the third with cooperation in disarmament as well as with other major international topics.

The visit provided the impetus for accelerating talks on four agreements—on the opening of consulates in Krakow and in Hamburg, on scientific-technological cooperation, and on the protection of West German investments in Poland. There will also be talks on environmental protection.

A return visit by Minister Orzechowski to Bonn is planned to take place in a few month's time. This will provide an opportunity to carry out a joint review of the work of the three groups and see how far cooperation between the two countries has really progressed.

From the talks with Minister Genscher, it emerged that a visit by Chancellor Kohl to Poland may become a reality this year. The point is to fill this time with tangible, concrete actions. Then, the FRG chancellor's visit would not be purely ceremonial, but would possess a profound and substantial dimension and constitute a breakthrough in the joint process of normalizing and comprehensively developing mutual relations.

Polish society and the FRG Government carefully listened to the words of a distinguished FRG politician—the vice chancellor and head of diplomacy—according to whom the wheel of history will not be reversed, the 1970 treaty forms the legal and political basis of relations, and the FRG is making no territorial claims against anyone and will not make such claims in future. These are

important statements. The FRG leading circles' statements have not always been as unequivocal as this. These statements have to be included among the fruits of the visit, together with the recognition given to our reforms.

All in all, we regard the visit in positive terms, and view it as pregnant with good opportunities and full of the right intentions and ideas. Now everything depends on whether the agreed path to the improvement and development of relations will be filled with concrete substance, because although words play a major role in bilateral relations, they can never replace facts. Even the most beautiful words lose their value when positive substance is missing. The Polish authorities trust that this will not happen with FRG relations and that together we will do more than what we have been saying to each other.

Janusz Grochowski, ZOLNIERZ WOLNOSCI: A group of young people who do not want to serve in the army because, as they say, their convictions do not allow it, have been making themselves very much heard of late. They want to perform alternative service. Are any new solutions possible in this sphere?

Urban: A plan has been submitted to the military authorities whereby people who do not wish to serve in the army, not because of poor health but because of their convictions, would be accorded the right to perform alternative service—but for twice the regular length of time. This is fair, because alternative service is easier. That is the situation in France, for example; and in the FRG, instead of serving in the army, one can serve with the police for a period twice as long or spend 10 years working on teams that deal with natural disasters.

Such a plan is under serious consideration, and in the end the appropriate measures will be taken.

Yuriy Skvorov, TRUD: What was the most positive feature of Polish-Soviet relations last year, and what should be developed this year in view of the energetic introduction of new economic mechanisms in both countries?

Urban: About one-third of Poland's foreign trade is with the USSR. Therefore, Poland's economic and trade relations with the USSR are of fundamental importance for our economy. About 70 percent of our imports from the Soviet Union consist of those raw and other materials necessary to ensure the continuity of our industrial production and the functioning of transportation and other spheres of our economy. Imports are conducted by the clearing method, which is the most beneficial form of ties in Poland's present difficult payments situation.

These advantages also stem from the structure of Polish exports, over 80 percent of which consist of products from the processing industry and of construction services.

Apart from some difficulties involving the export of Polish coal, mutual deliveries proceeded well last year. However, one should not gloss over the difficulties. We did not discharge all of our commitments, and we altered the range of goods. Under pressure from the Polish economy's domestic needs, we caused the Soviet economy and the people in some parts of the USSR difficulty. I regret this. There were also disruptions in the importation of electricity. However, we overfulfilled our deliveries of sulfur, and the Soviet side overfulfilled its supplies of crude oil and natural gas.

The continuation of the provisions of the "long-term program of economic and scientific-technological cooperation between Poland and the Soviet Union until 2000" was a positive feature of 1987. Out of the 219 topics contained in the program (which include 62 on the subject of coproduction and specialization, 73 on the subject of new technology, and 24 on the subject of the manufacture of goods to take the place of imports from capitalist countries), agreements have been concluded involving over 180 topics.

One result of implementing these joint agreements is the existence of joint technical documentation and joint work on the prototype of a new diesel-powered delivery vehicle.

Last year saw a further development of direct cooperation between Polish and Soviet enterprises and scientific research establishments. The first joint enterprise emerged, based on the "Pollena-Miraculum" [Cosmetics Manufacturing—FBIS] enterprise in Krakow. One is not a lot, but a good start nevertheless.

We have a favorable opinion of the exchange between border areas and the direct cooperation between large trade units, which is enriching our market with sought-after goods.

This year, during which we are beginning the second stage of economic reform in our country and during which the new law on enterprises will come into effect in the Soviet Union, we wish to develop new forms of this kind of cooperation—in other words, direct scientific-technological cooperation and joint enterprises. These matters have been regulated in the 1988 trade protocol signed last December, and occupy a separate position in this document, with no restrictions on the amounts of mutual deliveries. It was agreed that both countries would increase their efforts to intensify this cooperation and make it permanent.

Peter Johnsson, GOETEBORGS POSTEN: I would like to return to a topic that was discussed at the last conference—the Polish Government's decision to expel the second secretary of the Swedish Embassy here. This decision is generally understood to be the Polish Government's reply to the Swedish Government decision to expel two Polish diplomats, which not even you have denied. The Polish choice has fallen on an embassy

employee dealing with cultural exchanges between our countries. As a result of this decision, Sweden has been forced to cut many cultural plans involving Poland. One can also say that Mr Amberg's work had earned recognition in Poland, as illustrated by his music programs on Polish radio. In view of all this, do you think Poland really needed to make this decision?

Urban: I have already spoken on this subject. I said that the expulsion of two Polish consular employees in Malmoe was unjustified. I did not correlate and still do not correlate the two events. Our assessment of some of the activities of Amberg, second secretary at the Swedish Embassy, does not coincide with the assessment provided by the Swedish press representative. The Polish decision is profoundly justified.

Kay Withers, BALTIMORE SUN: Is it true that the role of the Polish Foreign Ministry press spokesman is being increased, to match that of Mr Gerasimov in the Soviet Union? If it is, then at least we hope it will not deprive us of the pleasure of meeting you every week and exchanging views here. Could you comment?

Urban: All offices and ministries in Poland have a press spokesman. This is in pursuance of the press law. The Foreign Ministry should also have such a spokesman, and as far as I know one is going to be appointed.

The Foreign Ministry press spokesman will not make me unemployed, just as all the other spokesmen have not. There are no plans to abolish these Tuesday conferences or hold them less frequently. I do not know who is going to be the Foreign Ministry press spokesman, but I hope he performs his role as excellently as Gerasimov.

Matti Hoviseppa, KANSAN UNTISET of Finland: Last week there was a meeting of the commission dealing with the history of Polish-Soviet relations. Could you tell us about the results and atmosphere of this meeting?

Urban: No, I cannot, because it never took place. The chairman and another two or three members from the Soviet side caught the flu. This is no joke.

Therefore, the meeting was postponed. Its date depends not on political considerations, but medical ones. When the medical considerations have determined the date, I will be able to answer your question.

Jerzy Gonczarski, EXPRESS WIECZORNY: Is it true that unofficial talks were held yesterday between government representatives and trade unions to discuss the principles of income-price policy, which were rejected by the OPZZ. Is the government ready to reach a compromise with trade unions?

Urban: I am unable to tell you whether any such talks took place yesterday because working contacts between the government and trade unions are so frequent that my



office does not record them. But I can tell you that the government is preparing its response to the OPZZ stand on those important issues. This response should soon be published.

Boguslaw Turek, UPI: Is it true that Mr Whitehead will again visit Poland? The Polish press reported the Auschwitz visit by six Nobel Prize winners, without mentioning the Polish winner. Why?

Urban: I am unable to confirm that Mr Whitehead will visit Poland soon. I have not seen in the press any names of the Nobel Prize winners who visited Auschwitz to pay homage to the murdered victims. I can remember only the name of Mr Wiesel, who seems to have been the driving force behind that visit. As for the Western press, I have read with distaste its reports which showed that that place of such great solemnity, such great crimes, and such great importance for the world was exploited for some petty political games.

Marzenna Guz, Radio Polonia: Some circles are perplexed by the fact that yet another PRON general secretary has been appointed in the person of a PZPR Central Committee secretary. Any comment?

Urban: The proposal to appoint Central Committee Secretary S. Ciosek as PRON general secretary was made by the commission in charge of cooperation between the PZPR and the allied parties and was approved by all PRON signatories. The reasons behind this appointment include S. Ciosek's long political work, talent for conciliation, deep commitment to reforms and national agreement, and experience as member of the Joint Government-Episcopate Commission. I think that the PRON National Council appointed S. Ciosek as its general secretary precisely because of these qualities. It also agreed that it is in PRON's interest for its daily affairs to be administered by a person who carries great weight—this is no personal remark—of authority and occupies an important position in political life.

Christopher Bobinski, THE FINANCIAL TIMES: Could you tell us whether the government intends to lower the prices proposed for this year? Could you tell us something about the present Sejm debate? I gather that the Planning Commission has suggested to the government that it reduce this year's expenditures by Z100 billion. Is it true that the government has agreed to this? What about the budget and government expenditures in this connection?

Urban: I cannot make any definite statements in view of the various events now taking place. Frequent intensive discussions are continuing, and the government is analyzing all proposals. Yesterday it adopted skeleton modifications to the timetable for the second stage of the reform. The government will respond to Sejm and trade union proposals in due course, but it needs time to work

out its response. That is why I am unable to disclose anything about government work in this connection before the final decisions are made.

Barbara Drozd, ZYCIE WARSZAWY: Some circles in the FRG continue to assert that there are over 1 million members of the German national minority in Poland. Of course, this is an absurd assertion, but is it true that there is now no German national minority in our country that wants to cultivate its identity?

Urban: The German national minority has disappeared with the successive departures of its members. One such departure occurred immediately after the war. This was followed by a wave of departures in the seventies and in later years when efforts were made to bring families together. An association of 120 Germans now exists in Walbrzych. If at present some Poles continue to search for their German forefathers or for German nationals among their relatives after dozens of years of living in Poland as Poles and despite the fact that they generally speak no German, the reasons for this have in most cases nothing to do with a sense of affinity with German nationality. It is common knowledge that various segments of Poles want to go to the West—to the United States, Canada, Italy, the FRG, and other places to earn better wages in hard currencies. It is very difficult to obtain entry visas to those countries and labor permits. The only easy possibility is the FRG, which on principle grants residence permits to persons who are recognized as having German origins or as hailing from former territories of the German Reich. This rather limited possibility naturally attracts great numbers of people. This channel of emigration continues to cause us to lose people who in many cases are highly skilled and hold high qualifications and who in all cases have been educated at the cost of the Polish nation. The drain of these people continues to impoverish our country. However, the very question of a supposed German national minority existing in Poland is rooted in the history of the events before World War II and of the war itself. It is also rooted in politics and is connected with revisionism. It was no accident that the victorious powers recognized the necessity of removing the German population from Poland and resettling it in Germany for the sake of postwar order in Europe. Wounds should be allowed to heal and not scratched open and left bleeding. The Polish authorities were, are, and will be for allowing healing and will consider all issues with humanitarian dimensions.

Charles Gans, AP: Is it possible to tell us now when the government will introduce the first stage of the price hikes announced for this year. These price hikes apply mainly to food and energy. My second question is: When will the new bill on elections be submitted to the Sejm?

Urban: Please be patient. The Sejm will hold a session this month and will discuss all the aspects of this year's fundamental economic issues. This is my answer to your first question.



I am unable to answer your second question, because I have no knowledge about the timetable in this connection. In any case, we can assume on the strength of the criticism that the consultations on the bill have been too short because of the necessity to deal with other issues and that the bill on the election regulations will soon be adopted by the State Council, which will submit it to the Sejm. My answer to your question is not accurate because it is the State Council and not the government that is responsible for the introduction of the bill on election regulations.

Leszek Kubiak, PAP Foreign Service: Has anything been done in delimiting the waters of the Pomeranian Bay? I am asking you this question because this issue has caused a tremor among the population in that area.

Urban: The Polish authorities have already presented their position to the GDR authorities, and we hope that bilateral talks will soon be held and that a response will be forthcoming to the Polish reasons and arguments.

In connection with the questions put to me previously by, I think, Mrs Withers, about the temporary changes made in the summer of 1987 to the borders of Anchorage 2 in the Pomeranian Bay because of drainage work, I wish to state that I made inaccurate replies to these questions, because at the time I knew nothing about those temporary changes. On 1 August the old borders were restored, and nothing has changed.

Michal Broniatowski, REUTER: When you discussed the bill on substitute military service, you never told us who the author of this bill was. Is this a government bill or is it some other body that is sponsoring it?

Urban: This bill has been sponsored by no authorities other than military ones.

Renate Marsch, DPA: Mr Minister, does the liberalization of passport regulations also apply to those people who have been trying to leave Poland for many years and who claim that they are of German origin? I mean, can they now apply as Poles for tourist passports or any other kind of passport? Would they be able to obtain such passports for their families as well?

Urban: This problem consists of various complicated issues. Generally speaking, the liberalization of passport regulations applies to everyone, but we must differentiate between tourism and emigration, because the effects of tourism have always been beneficial for the Polish community in the same way as knowledge about the world and all international contacts are. I spoke about the negative effects of the waves of emigrants when replying to a previous question. The simple truth is that Poland cannot afford to lose such masses of skilled people.

Marek Kassa, Polish Radio: The Western radio stations have reported that the editorial board of the underground periodical called KRYTYKA had announced that it would reveal the names of its editors. Any comment?

Urban: Our response to the disclosure of the names of the editors of a publication that appears in a manner that is in conflict with the regulations governing the publication of printed matter will be consistent with the appropriate laws, including the law on offenses, the press law, and the law on the control of publications and public entertainment. The appropriate bodies will determine which law should be invoked in this connection.

I think that the whole thing is a publicity stunt, because the so-called secondary circulation of printed matter is increasingly suffering from the lack of ideas, subject matter, and readers—a fact that the editors of such publications continue to admit. Those who have any knowledge at all about the illegal publication called KRYTYKA could all be accommodated in a city bus without trailer. The struggle to exist and the fact that people pay no attention to such publications are greater burdens than any possible legal troubles. That is why any stunt is justified to attract interest, at least that of the Western press, and to ensure a spot on the waves of Radio Free Europe. Members of the editorial board of the legal monthly called FIRMA have acted as boot-blacks in the streets to attract publicity. The illegal periodical KRYTYKA has followed suit and has also concocted its own kind of happening.

Charles Gans, AP: In connection with my earlier question about substitute service in lieu of the national military service, I would like to ask you whether you think that, as a result of the consideration of the new bill on substitute military service, the 10 persons who are now in prison because they refused to perform national military service could be released for at least the period during which the bill or bills are being considered?

I would also like to ask you whether the very fact that such a bill has been proposed and is being considered will make credible and to some extent legal those groups of refusniks which you have previously regarded as illegal? These groups include the group called "Freedom and Peace," for example, which will certainly be one of the first groups that will raise this issue anew.

I would also like to ask you how far the present proposals on substitute military service differ from the previous alternatives to such service. You see, you have asserted many times that in Poland the young Poles who refuse or are unable to perform military service can choose alternative ways of fulfilling their national duty.

Urban: As for the persons who are still in prison, I can only give you legal advice. In Poland the law is not retroactive, which means that an offense is punishable if at the time when it is committed it is legally an offense.

This is all I have to tell you in this connection at this moment. No doubt, in handing down its verdicts the court may take into consideration various factors and circumstances. You have asked me whether the bills in question will provide legal validity or rather full legalization for the group called "Freedom and Peace." I do not think so. Or rather, I can exclude such a possibility, because that group is a political organization—one that attacks Polish defense alliances and the very defense of our country.

Now for the differences you have asked about. At present it is possible to allow a person to perform substitute military service if the military authorities give their agreement and if the draftee says "yes." This happens usually if the draftee in question has some health defects or is subject to other factors and circumstances recognized by the military authorities. The bill on substitute military service, which is under consideration and which I have discussed, applies to another situation. The original situation will remain as it is. The new situation is that a young man could elect on his own volition to perform substitute military service for double the length of time, regardless of the attitude of the military authorities. But, I repeat, this is just a bill, which is now being considered.

Renate Marsch, DPA: An additional question: I think it was about a year ago that you said that a solution to the problem posed by Jehova's Witnesses appeared to be taking shape. However, since then it seems to me that Jehova's Witnesses have been sent to prison for refusing to perform military service. Can you tell us how many Jehova's Witnesses are in prison for this reason, and whether progress is being toward finding a solution to the problem?

Urban: I do not have any figures; only a small number of people are involved. There really were talks, but they did not lead to an agreement because members of this denomination—I know about this only in very general terms—did not approve of any form of conscription.

If the plan that I mentioned to you today were to be approved by the appropriate state institutions in whatever form, then it would also produce a solution to this problem.

Bernard Margueritte, Channel 5, French Television: Mr Minister, I have two questions. First, we have heard that wages have been increased in a number of important plants over the past few weeks and that these wage increases have been significant, sometimes amounting to as much as 60 percent. Of course, I do understand that you can reply that this is a matter that only concerns plants in question and that it has nothing to do with the government. I also appreciate the sociopolitical significance of these decisions on the eve of the introduction of a number of price increases. However, what economic

sense do such moves make? Will they not produce a new inflationary cycle and threaten the implementation of the second stage of the reform? That is my first question.

Second, could you provide us with at least a preliminary program for visits to Poland by foreign dignitaries and visits to foreign countries that General Jaruzelski, the premier, and the minister of foreign affairs are expected to pay.

Urban: Reports about 60-percent wage increases in some plants seem to me to be implausible. As you know, there is a 12-percent ceiling on wage increases—a ceiling of this kind was in force last year—and this means that wage increases that exceed 12 percent are taxed very heavily. There were various exceptions, concessions, and exemptions and entitlements stemming from economic policy but, taking all this into account, I nevertheless think that were a plant to have increased wages by 60 percent last year, it would have found itself on the verge of bankruptcy. Perhaps some plants did make decisions of this kind, but I doubt it very much.

Last year wages rose by a little over 20 percent on average. Detailed figures concerning this subject will be worked out and published. After all, we publish information about everything concerning wages and prices.

You are afraid that excessive wages may threaten the objectives of the reform. That is true, they do pose a threat. We are constantly trying, but without sufficient success, to keep hold mechanisms in check. We hope that the projected increases in wages and prices for this year will take place within the planned limits so that inflation does not grow, but is reduced, which is one of the main ideas behind the second stage of the reform.

As for your second question, so far I have not been able to get even some preliminary information about the program of visits for this year. As soon as I have any information, even if it only concerns some of the planned visits or talks on these matters, I will let you know. At this stage all I can tell you is that it is planned for Minister Orzechowski to visit the FRG and for Chancellor Kohl to visit Poland. I told you earlier that Prime Minister Thatcher may visit Poland; this is under consideration and plans are being made. However, I assure you that this will not be the complete program of visits to Poland. Quite simply, I can tell you about these visits because talks concerning them have reached an appropriate stage and there is mutual agreement about releasing information on them.

I expect there will be other very important visits.

Krzysztof Lewandowski, KURIER POLSKI: Mr Minister, KURIER POLSKI, the SD publication, has started campaigning for the remains of King Stanislaw August Poniatowski to be returned to Poland. Art Minister Prof Aleksander Krawczuk expressed a similar view at the New Year's meeting with figures from the world of arts

and reiterated it several times in an interview that he gave to our newspaper. What are the prospects for this matter being cleared up in the near future?

Urban: This is Minister Krawczuk's wish and is apparently a personal goal of his—and I share it. The authorities of both countries concerned do not, of course, have any objections to the last king of Poland being returned to Poland once again. When I was asked about this subject 2-3 years ago, I said there were difficulties. The place where Stanislaw August was buried in a parish church suffered damage during the war and, as a result, his remains cannot be found. There is some hope that at least some of his remains, enough to be of symbolic significance, may be found. Minister Krawczuk confirms that there are grounds for such optimism.

Michal Broniatowski, REUTER: Yesterday PAP reported that there had been an accident of some kind in a laboratory in Wroclaw that resulted in the release of an amount of some radioactive substance. Can you provide us with some more detailed information on this subject?

Urban: It was caused by the spillage of a radioactive substance that is used in some detection sensors in, as I understand it, some type of fire-fighting equipment. The laboratory workers were examined by doctors and it was established that there had been no hazardous exposure to radiation. Work was halted, and appropriate decontamination operations were started. The case is being investigated, but the spillage occurred either by itself or as a result of someone's actions, and it involved some element—I forget the name—used in sensors.

Charles Ganz, AP: Mr Minister, I apologize for raising the question of alternative service once again, but I would just like to ask if the plan envisages the possibility of alternative service in hospitals and social welfare centers, or does it just envisage uniformed service in Volunteer Labor Brigade centers?

Urban: No, it does envisage various forms of alternative service, just as you have described them.

Finally, there is one more matter I would like to talk about because it did not seem to be particularly suitable for the beginning of the conference.

I have received a letter from Mr Jan Karnatowski, who portrays himself as a representative of a group of activists from the disbanded Solidarity Trade Union and, as he terms it, of the democratic opposition—of refugees who recently left for Italy.

Mr Jan Karnatowski insults the Polish authorities and me in particular. He reports on the terrible conditions under which refugees live a wretched life in exile, and he writes as follows: "Exert your intellect, use your influence, and try to arrange assistance for those for whom you so hypocritically express sympathy. After all, you can supply them with the blankets, sleeping bags, and the

tents that they need for the winter period. Contrary to what you say, there are not that many political refugees here, and the few that are, you can count on the fingers of both hands. Ninety-nine percent of the Poles living in these camps for refugees are people who always wanted to have everything, whatever the price." Mr Karnatowski, whose invective I cannot quote, ends the letter as follows: "I address this account to you in the form of an open letter and I have notified all the editorial staffs and Polish language radio stations in the West so that you cannot ignore my report. I eagerly await the publication of this letter and the worldwide reaction that it will elicit."

Exposed to this kind of blackmail, I have informed you about the letter, although I doubt that it will draw a worldwide response. What matters is that Polish refugees living in Italy, regardless of whether they are political or not—Mr Karnatowski acknowledges that they are not—need blankets and supplies for the winter, and one of them has requested this. I think, therefore, that the Polish Red Cross, the Polish Committee for Social Assistance, and the "Polonia" Association should examine the needs and should speedily extend as much assistance as possible to our countrymen who remain abroad.

Kay Withers, BALTIMORE SUN: Mr Minister, what you have been saying has just reminded me of another matter. What has happened about the sleeping bags, the sleeping bag campaign for the United States?

Urban: The matter has come to a standstill because the American authorities have decided to levy a high level of duty. A congressman has been trying to have the duty waived. We pointed out that no customs duty is levied on American assistance that is sent to Poland. However, we found out that this requires a special congressional act. As a result we have stopped following these events because it is hard to believe that the U.S. Congress would wish to initiate legislative proceedings in connection with such a minor matter.

#### **Computer, Energy-Related Production With USSR Detailed**

*26000076a Wroclaw GAZETA ROBOTNICZA in Polish 2 Oct 87 p 3*

[Unattributed article: "Prospects for Cooperation With Soviet Partners: Deputy Prime Minister Boris Tolstykh Tours ELWRO and DOLMEL"]

[Text] The Soviet government delegation visiting Poland and headed by Deputy Prime Minister and Chairman of the USSR State Committee for Science and Technology Boris Tolstykh has also made a stopover in Wroclaw. Yesterday the Soviet visitors toured the ELWRO Electronic Works and the DOLMEL Lower Silesian Electrical Machinery Works.

At both plants the tour program was similar: familiarizing the visitors with the production profile and the actual ties and cooperation with Soviet industry, followed by touring the plant and, subsequently, by discussion of the possibilities for expanding cooperation between industries of both countries as well as directly between specific plants.

At the ELWRO, which sells one-half of its output abroad, the shipments of various computer systems to the USSR account for 80 percent of these exports and are worth 40 million rubles. The plant has signed about 15 contracts for R&D work on various equipment with its Soviet customers. That work will be completed by the end of the current 5-year period, and production will begin in the next decade. The Comprehensive Program for Scientific and Technical Cooperation between our countries includes a number of topics to be handled by the ELWRO.

The visitors toured the Microcomputer and Calculator Department, which has already commenced the series production of ELWRO-800 Junior school computers (3,000 to be manufactured even before this year is over). They also toured the Computer Assembly Department, where they showed interest in the production of the R-34 computer. This year the ELWRO will construct 30 such computers, mostly for export, chiefly to the Czechoslovak Socialist Republic. Next year, it will construct 40 R-34 computers.

In the discussion of prospects for cooperation much attention was paid to streamlining direct contacts between the cooperating Polish and Soviet plants.

From the first days of its existence the DOLMEL plant has been cooperating with the Leningrad ELEKTROSILA, as well as with the Novocherkassk Electric Locomotive Works and the Zaporozhye Transformer Works. About 30 percent of its output is exported, of which one-third goes to the USSR. The plant also cooperates with Soviet partners under CEMA's "Interelektro" Program.

The visitors were first of all shown the largest and most recent shop at the plant, where 360-megawatt turbine-boiler units — the largest of those in current production, and already series-produced — are being assembled. There, the production of 500-MW generators for the nuclear power station has already been initiated. It is there, too, that 1,000-MW generators for nuclear power industry will be built; the plant is already prepared for commencing their production. In addition, the visitors viewed the production of emergency power generators for nuclear power plants — a production in which the DOLMEL is specializing within the framework of CEMA. This year the plant will complete nine such generators, of which six for the USSR and three for Czechoslovakia. Next year it will produce 15 units.

The hosts demonstrated the technical possibilities of their plants, which also could be utilized for cooperation with the USSR.

The Soviet deputy prime minister was accompanied by, among others: Deputy Chairman of the State Committee for Science and Technology M. Kruglov and Deputy Minister of Electronics Industry A. Inaury. On the Polish side the following took part in the tour of both plants: Minister and Director of the Office for Science and Technology Progress and Applications Konrad Tott and associates, First Secretary of the Wroclaw Voivodship PZPR Committee Zdzislaw Balicki, and the Wroclaw Voivode Janusz Owczarek. Also present was Vice Minister of Mining and Power Industry Bernard Mis.

1386

### **Clothing Enterprise Reports Export Expansion to West, USSR**

*26000076c Lublin SZTANDAR LUDU in Polish  
12 Oct 87 p 4*

[Article by K. Kasprzak: "Bilateral Advantages, Favorable Prospects"]

[Excerpts] For many years now the GRACJA Garment Industry Works in Lublin has been a leading exporter in our region. Currently it sells about 50 percent of its output to foreign customers, of which 30 percent is shipped to the Soviet Union.

Exports to the USSR date from 1960. At first suitjackets and wool winter overcoats were shipped there. In subsequent years the Lublin enterprise repeatedly changed its production profile in order to meet the needs of Soviet customers. For example, in the late 1970's and early 1980's, it manufactured, in accordance with the demand, chiefly sports and tourist clothing (shirts and lightweight jackets) and imitation-leather clothing.

### **Increasing Effectiveness**

Each year the Lublin GRACJA is expanding its exports to the Soviet Union. This year the volume of sales is to reach about 1.5 billion zlotys. A recent popular export item is men's and women's elanocotton jackets lined with sheepskin or artificial fur. These products are in great demand among the inhabitants of the USSR.

The forced suspension of production for export to the USSR [owing to shortages of raw materials] did not cause any major problems at discrete branch plants of GRACJA; during that period, some branch plants handled the sewing of leather garments and fur garments shipped to the capitalist countries, including France, the FRG, Canada, Finland, Denmark, and Italy. As a result, not only were this year's orders placed by these countries fulfilled but also the planned targets were exceeded. As for the remaining branch plants, they sewed clothing for the domestic market.

The Lublin GRACJA is highly interested in expanding its exports to the Soviet Union. To be sure, the foreign exchange paid for the shipments is not directly deposited in the bank account of this enterprise, but owing to various kinds of priorities granted as a result, the workforce derives considerable financial advantages. For example, during the first three quarters of this year alone, income tax exemptions totaled 100 million zlotys. Of this amount, about 30 percent will end up in the wallets of the employees, in the form of the so-called "Thirteen" [bonus, equal to one month's wages]. In addition, the enterprise is exempted from the tax on norm-exceeding wages and, what is more, it is being granted awards from the special fund of the minister of foreign trade.

#### Betting on Specialization

The shipments of GRACJA's products to the USSR are handled by several specialized firms. On the Polish side the principal shipper is the CONFEXIM Foreign Trade Enterprise, along with, to a smaller extent, the TORIMEX and the POLCOOP, while on the Soviet side this is handled by the RAZNOEKSPORT Central Foreign Trade Agency. A considerable part of the output of the Lublin garment industry is sent to Polska Moda, a branch store of the Polish garment industry in Moscow. The trade contracts concluded by foreign trade enterprises pertain to long-run [long-series] products but the Moscow branch of Polska Moda receives short-run [short-series] items.

For some time now seven of the 17 branch plants of GRACJA have been specializing in exports to the Soviet Union. The best results are attained by the plants located in Hrubieszow, Lukow, Radzyn, Bilgoraj, and Janow Lubelski. On the other hand, the plant in Tomaszow has had the greatest problems. At present all the plants are fully operational.

Witold Dwojakowski, the director of the plant in Hrubieszow, declared, "To meet the requirements of the Soviet tradespeople, we must modernize our machinery pool. The outlays on this purpose, sizable as they are, will in the final analysis pay off, the more so considering that we are manufacturing long-series lots of garments. At present, for example, we are manufacturing men's elanocotton jackets, whose production we commenced last March. This year's plans provide for shipments of 33,000 units of this garment with an aggregate value of 190 million zlotys. By the end of September we have completed about 70 percent of this order. Thus, we should have no problem with fulfilling this obligation. Recently our products could be purchased in, among other places, Moscow, Vilna, Kuybyshev, and Brest. Exports to the Soviet Union account at present for 95 percent of our output.

#### New Forms of Cooperation

For some 15 years now the Lublin GRACJA has engaged in across-the-border cooperation with a similar garment industry plant in Brest (Bielorussian SSR).

On the initiative of trade unionists from both enterprises, several months ago an agreement on reciprocal summer vacations was concluded. It provides for the arrival in Lublin, in the middle of the next year, of a group of approximately 40 employees of the Brest garment factory along with their family members. A return visit by the Lublin plant employees is to take place about 2 weeks following the departure of the Soviet guests.

Exchange of merchandise surpluses continues on a large scale. Garments sewn at GRACJA reach Brest through the mediation of the Lublin CENTRUM Department Store and the Voivodship Internal Trade Enterprise. Soviet goods are similarly provided to Lublin.

The cooperation in trade between Poland and the Soviet Union is steadily growing. The related activities of discrete enterprises vary and will certainly always vary, but what is not debatable is that trade contacts produce reciprocal advantages.

1386

#### Youth Disgruntlement: Learning To Live With Social Opposition

AU211120 Warsaw RZECZYWISTOSC in Polish  
10 Jan 88 p 7

[Kazimierz Olejnik article: "What Do Young People Want To Achieve?"]

[Text] What kind of people are young people of today? Are they equal to the challenges of the present times? Will they actively support the 10th party congress program for the country's development? Research carried out by many scientific centers led by the Institute of Research Into Young People's Problems may provide answers to these questions.

Our interest in young people is nothing seasonal because we are one of the youngest nations in Europe. Almost 50 percent of our countrymen have not reached 30, and it is worth knowing that our socialized economy employs over 6 million young people and that trades and farming employ another million of them.

These indexes will increase with each passing year because there are now over 2.5 million pupils in vocational and secondary schools and almost 500,000 external students. This means that the role of the young generation will be especially important in the coming years.

But there is nothing optimistic about the results of the research in question, which primarily show that young people are deeply distrustful of the authorities' activities. The data confirming this was presented by Dr Grzegorz Nowacki of the Institute of Research Into Young People's Problems at a panel meeting of the Club for Youth Affairs run by the Association of the Journalists of the

PPR. For example, only every fifth young person believes that we will be able to overcome the crisis in the next 5 years. Other young persons think that this will take 10 or 15 years.

Asked about the economic system they find acceptable, only 47 percent of the young respondents are in favor of the socialist system. However, what is disturbing is the fact that as many as 33 percent of respondents do not see any prospects for themselves in Poland and dream of leaving for good or for a time.

Young people's rather pedestrian aspirations are also cause for worry. For example, only 40 percent of respondents want to complete secondary education and only a few percent wish to graduate from a university. The overwhelming majority of respondents—72 percent—see successful family life as their basic target and 66 percent of them place family life above vocational careers.

In addition, young people regard work as necessary evil and not as an interesting and satisfying occupation. As many as 46.5 percent of respondents said that working efficiently does not pay because wages are low and 25.9 percent said that one's skills are not properly utilized.

Other numerous data could be listed, but they would not change the general conclusion that large numbers of our young people are critical of socialism, negatively evaluate our economy and reforms, and, consequently, are pessimistic about their future opportunities.

The annually carried out opinion polls show no major changes in young people's attitudes. Actually, changes, if any, are too slow, despite the measures taken by the authorities in recent years to stimulate young people's militancy. Such measures were the June 1982 government program to improve conditions for young people's initial careers and the May 1986 law on young people's participation in state, social, economic, and cultural life. This law has been in force as of 1 January 1987 together with its executive regulations.

Someone might say that a law will not change reality by itself, but it is a fact that it can be of help to those who want to do something useful for themselves and the country. However, a marked stillness has spread since the aforementioned law was passed. So far no one has claimed the benefits of this law and of its executive regulations, including the Council of Ministers decree on the State Youth Fund, which is to play a key role.

This fund was supposed to support young people's economic initiatives, facilitate the industrial application of inventions, and organize housing cooperatives and similar useful ventures based on state subsidies and young people's own funds.

Any results? None. The young generation is still occupying the sidelines. Passivity and retreat into private life are still the order of the day. Young people do not rush to join youth organizations, and their presence in other organizations is virtually invisible.

Any way out of this situation? Professor Mikolaj Koza-kiewicz thinks that it is necessary to learn to live with the young people who are in opposition to the authorities, because no sociotechnical and propaganda measures will be able to change the young generation's awareness. However, while respecting young people's right to profess their very own philosophies, we should indicate to them that they can realize various partial personal and social goals, even though they do not accept the social system.

## ROMANIA

### Appointment of Peoples Council Chairmen

**Brasov, Sibiu, Hunedoara**  
27000042a Bucharest *BULETINUL OFICIAL*  
in Romanian Part I No 44, 5 Oct 87 p 1

[Text] On the basis of Article 97 of Law No 57/1968 on the organization and operation of the peoples councils, the President of the Socialist Republic of Romania decrees:

Article 1—Petre Preoteasa is appointed chairman of the executive committee of the Brasov County Peoples Council.

Article 2—Comrade Nicu Ceausescu is appointed chairman of the executive committee of the Sibiu County Peoples Council.

Article 3—Comrade Ion Popa is appointed chairman of the executive committee of the Hunedoara County Peoples Council.

Nicolae Ceausescu, President of the Socialist Republic of Romania Bucharest, 3 October 1987 No 175

**Dolj, Prahova, Salaj, Vaslui**  
27000042a Bucharest *BULETINUL OFICIAL*  
in Romanian Part I No 55, 28 Nov 87 p 5

[Text] On the basis of Article 97 of Law No 57/1968 on the organization and operation of the peoples councils, the President of the Socialist Republic of Romania decrees:

Article 1—Comrade Ion Traian Stefanescu is appointed chairman of the executive committee of the Dolj County Peoples Council.

Article 2—Comrade Ion Fratila is appointed chairman of the executive committee of the Prahova County Peoples Council.

Article 3—Comrade Maria Stefan is appointed chairman of the executive committee of the Salaj County Peoples Council.

Article 4—Comrade Ioan Pavek is appointed chairman of the executive committee of the Vaslui County Peoples Council.

Nicolae Ceausescu President of the Socialist Republic of Romania Bucharest, 27 November 1987 No 199

/06662

### **Educational Force of History Stressed by Dr Constantin Olteanu**

*27000015a Bucharest ERA SOCIALISTA in Romanian No 18, 25 Sep 87 pp 5-10*

[Article by Dr Constantin Olteanu]

[Text] As Nicolae Ceausescu says, it is an essential aim of the educational effort being made in Romania, in the light of the RCP Ideological Program, toward education of the citizens as progressive people with a broad body of knowledge, characterized by high moral qualities, inspired by firm communist convictions, and deeply devoted to the people's ideals of progress, "to indoctrinate all workers in the spirit of socialist patriotism, love of and boundless devotion to the nation, and determination to spare no effort in defense of socialist Romania's revolutionary gains, independence and sovereignty and on behalf of its continued prosperity."

The RCP and its secretary general regard revolutionary socialist patriotism as a main characteristic of the morality of the personality, since the progressive man with a high patriotic awareness has made fervent patriotism and the will to serve the nation and the people unstintingly the supreme goals of his work and life. Moreover experience always proves that patriotism, as a sum of values with great power to influence all aspects of society, fosters the national community's enterprise and confidence in its own strength and enhances the people's vitality and energy, making it a powerful factor for progress. Accordingly ideological and political-educational work, as an inseparable aspect of construction of the fully developed socialist society, "must cultivate the patriotic pride of the workers of all nationalities in the glorious past of the Romanian people's struggle and in their marvelous achievements in socialist construction, and it must intensively develop their love of country, party and the people and their determination to be ready under any circumstances to serve the national interests and the cause of socialism," as Nicolae Ceausescu says.

Of course the revolutionary patriotism and patriotic awareness of the members of society are developed primarily on the basis of the realities of the present, which objectively generate new categories of feelings, attitudes, criteria for evaluating and assimilating values, and a new way of thinking and acting. Knowledge and

comprehension of the nature and purpose of the revolutionary changes made in Romanian society in the socialist period of its history and of the unprecedented accomplishments in the period inaugurated by the Ninth Party Congress have a vital part to play in developing patriotic pride and in cultivating respect and esteem for the people's material and cultural values, a sense of responsibility for enhancing and defending them, and firm dedication to the cause of developing and strengthening the socialist nation in freedom and independence.

Moreover knowledge of the progressive traditions of the past from which the present was formed and which it carries on has a constructive effect upon formation of the new man of Romanian socialist society. The fact has been proved both by scientific studies and by experience that in any stage of society's evolution, and accordingly in socialist society too, social awareness has a historical character, drawing its strength from the past and throwing a bridge over time to the future toward which society is headed according to the dialectical social laws. Therefore study of the past and of the history of the lives and struggles of the successive generations over the ages is not just mere curiosity or a particular reflection of the profoundly human desire for knowledge but an inherent necessity as well as a highly responsible social duty. By studying the past each generation assimilates the experience acquired by society in its evolution over the centuries, which facilitates its solution of the problems of work and life raised by the present, and it accordingly becomes more aware of its own missions in the course of history.

When studied with feeling, the history of Romania and its people helps to form and develop the masses' socialist awareness and a new kind of thought, feeling and behavior, to refine the personality through assimilation of all that is better than society has produced throughout its evolution, and to form the politician as a historical subject aware of his obligations to his people. By effecting a stimulating contact with the progressive traditions created by our ancestors knowledge of history reinforces patriotic feelings and the sense of civic responsibility, focused upon an unremitting effort on behalf of one's own nation's interests, progress and prosperity. Respect for the glorious past and the legacy of our predecessors and knowledge and understanding of the motives that inspired the labor and struggles of the true creators of history and those who represented their interests are essential to the full commitment of the generations of today to fulfillment of the programs for socialist Romania's all-around development.

As a matter of fact, awareness of the responsibility to the heritage that strengthens the efforts to build the nation's present and future is inherent in revolutionary socialist patriotism, as well as awareness of the duty to carry on the progressive traditions created by the people in their long struggle for progress and civilization, for development and reinforcement of the nation, and for the defense and consolidation of national sovereignty and independence. Revolutionary patriotism is rooted in the



people's struggle against foreign domination and oppression, for the right to self-determination, and for the unified national state and socialist civilization, and therefore there can be no patriotic socialist education without knowledge and appreciation of the past and of our ancestors' labor and struggles.

In bringing out the many ways of utilizing the message of history in forming the masses' revolutionary patriotic awareness, the Third Congress on Political Education and Socialist Culture emphasized once again the importance of knowing and studying the historical and social conditions under which the Romanian people's way of life and thought, their love of country, freedom and independence, and their steadfastness and humane spirit were developed. The Romanian people's history of more than 2,000 years is one of struggles against foreign oppression, for freedom and independence, and for social and economic progress, and therefore, as Nicolae Ceausescu said in his speech to the Congress, "Knowledge of the nation's history is one of the exceptionally important aspects of the entire political-educational effort to form the new man. The entire people and youth must know and honor their ancestors, who developed and formed the Romanian people and nation and the Romanian language and literature! We must honor all those who, over those two millennia, always placed the interests of the people, the nation and its socioeconomic and cultural progress foremost and who secured the existence of the people and the independent Romanian nation at the cost of their lives!"

Nicolae Ceausescu's works are a shining example of scientific, dialectical-materialist treatment of the relationship of the present to the past and accordingly of the instructive and formative role of the study of history. His theories and opinions are of inestimable theoretical and methodological value and make an impressive contribution to scientific thought. From the vantage point of a profound knowledge of history, Nicolae Ceausescu brings out its exceptional stimulating effect upon the actions of present and future generations and its importance to progress. As he says, "Any people and especially one like the Romanian people with such a long history... must start from their historic past in preparing their courses of development and take account of their traditions, which are actually the sum of the various ideas and of all that is better than peoples have acquired in their past of struggle and cultural development. Accordingly tradition and reliance on tradition can be and are factors indispensable to progress. Nothing can be built by ignoring the past! It is essential to take what is good and to develop it on a new basis, according to the level of knowledge the society has reached at a given point."

This view reflects appreciation of history's great values, confidence in its educational-formative power, and the need of knowing the past and the inherited progressive traditions in the broad field of current and prospective social practice. It also shows that history influences

practical activity in at least two ways: It provides knowledge and lessons that permit or facilitate action, and it helps to form and develop the masses' advanced patriotic awareness.

In bringing out the vital importance of knowledge of national history in view of its exceptional qualities as a source of lessons and an aid to patriotic awareness, Nicolae Ceausescu raises the natural question, "How would a people feel who did not know their history and did not value or honor it? Would they not be like a child who does not know his parents and feels like a stranger in the world?... That is why we have a duty to know and study the Romanian people's past struggles," the party secretary general concluded.

To the same effect, Nicolae Ceausescu pointed out the responsibility that the RCP attaches to knowledge of national history as an obligation of first importance, ranking it with the main objectives of the ideological and political-educational effort to develop the people's socialist awareness. To the question, "How could a party intending to lead the people in building a more just order, namely the socialist order, fail to know the struggles of the past?" Nicolae Ceausescu naturally replies, "Such a party would be impoverished, feeble and unquestionably without either the support or the confidence of the people." In clearly defining the RCP's stand regarding the necessity and importance of studying national history and scientifically applying its lessons and conclusions, the Romanian nation's famous leader said, "It is because the RCP carries on the people's best militant traditions, draws conclusions from the experience of the past, and makes efforts to secure progress toward a better life for the people and to build the socialist order that it enjoys the entire people's respect and boundless confidence."

Of course if it is to perform its role and mission in the whole process of developing the people's socialist awareness and strengthening revolutionary socialist patriotism, history as a science and a unified sum of disciplines must combine certain qualities derived from its very functions within the forms of social awareness. Objective study and interpretation of the facts and data, strictly scientific determination of the conclusions, and clear formulation of the historical truth are principles that make history an instructive and educational factor and guarantee the performance of its mission. It is one of Nicolae Ceausescu's great merits that he set the standards for profound and comprehensive knowledge of the past when he said that "History must present the whole process of revolutionary struggle in its entirety, proceed from scientific analysis of the social realities, and present the facts not according to incidental criteria but as they happened according to actual experience. The value of a truly scientific history lies in its objective presentation and correct interpretation of the facts, thus reflecting the self-awareness of the people and the classes and combining the living and fighting experience of the masses and the leaders."



The party secretary general's works were the first to provide scientific solutions to many problems of critical importance to correct interpretation of Romanian history. His extensive analyses demonstrated the decisive role of the internal factors and the Romanian people in their evolution over the years, permanently eliminating the pseudoscientific, inconsistent theories attributing historically important successes of the progressive social forces on Romanian soil to external factors. Concepts that had been accorded a limited significance by past Romanian historiography were radically remodeled and given a harmonious and consistently scientific treatment. Nicolae Ceausescu's masterly analyses, ideas, judgments and theoretical generalizations brought about a value leap in the development of historical science in Romania and made a decisive contribution to dialectical-materialist interpretation of the past in support of the changes made in the Romanian people's national awareness. In fact his formulations restored its true history to the Romanian nation, just as it was created by our ancestors and freed of the burden of the fictions and distortions propagated by positions foreign to the truth, the scientific spirit, and the objective requirements of Romanian Society's progress. That restoration is also one of the great gains of the most productive and accomplished period in the long evolution of society on Romanian soil, namely the Nicolae Ceausescu Era, wherein the history of the Romanian people was restored to its legitimate rights and present in a truthful way without subjective additions or omissions.

In the period inaugurated by the Ninth RCP Congress, the ideals of the Romanian people's progressive thinkers were fulfilled in the field of national history and in the other material and cultural fields of Romanian society as well. Those thinkers, sharing in the anxieties of their time and inspired by patriotic feelings, pleaded for the progress of historical science and especially for refinement of the content of ideas and enhancement of the educational power of national history. And there were as many enlightened and progressive militant thinkers who confirmed and supported the idea of the great educational effect of historical knowledge. It is noteworthy in this connection that Miron Costin said that "The annals are not only for man to read and to know what happened in times past but mainly to learn what turned out well and what turned out badly." Later, when the first steps were just being taken from chronicles to modern historiography, Samuil Micu, one of the leading representatives of the Transylvanian School, said that "Upon considering in my mind...it can be said that it is a bad thing for a Romanian not to know the history of his people, that we see how all peoples have written the deeds of their ancestors and that suits the man who has a mind, that history is the teacher of all things...that it proves what it teaches not only with words but also with examples."

The progressive view of history and its role and content acquired new characteristics with Nicolae Balcescu, who formed a real system of thought in close connection with

his loyalty to and participation in the revolutionary movement for the Romanians' social and national emancipation. When he found to his justified chagrin that there was no truly national history of the Romanian people because the previous writers presented only the biographies of the rulers, and not the evolution of the social institutions, economy and culture, Nicolae Balcescu declared, "But what a great need we have of such a history! Our forebears' lot prepared ours, and their institutions are the foundation of ours. But in particular we would see that in the centuries that we call barbarous our forebears adopted some institutions founded on some principles that enlightened Europe's journalists of today consider among the most rational, that the sacred human rights always had their defenders in this country, that our forebears knew and valued them and sacrificed their lives for them, and that if they did not leave them to us in their entirety it was no fault of theirs but of the duress under which they lived. For they fought bravely and overcame more obstacles than we would have to face if we had the heart to follow in their footsteps." Ioan V. Rusu, one of the militants for national unity, defined the need of writing and knowing national history in terms like Samuil Micu's, pointing out that "Who does not know his country's past nor the deeds of his ancestors (good or bad, whatever they were, for no one is without sin) knows neither his existence nor the basis of his future." In his turn George Baritiu maintained the need of knowing national history, asking "Is it not a natural impulse aroused in every man of any better feeling to want to know where he, his people and his national come from, what kind of sorrows and misfortunes his country went through, and how his ancestors and others like them lived?" The main significance of the object and functions of history are also noted by V. Parvan, who said that "For enlightened peoples, historical tradition and the cult of the past perform this very function of fostering the feeling of continuity between idealized ancestors or ancients and the fighters for the ideal of today." Furthermore the famous scientist Emil Racovita emphatically asserted the need of knowing "the long and troubled story of mankind in its general lines and, in greater detail, the history of your native land as your ancestors created it for you from the earliest times with their daily sweat and very much blood." Such views are to be found in the works of most Romanian historians beginning with Dimitrie Cantemir and the representatives of the Transylvanian School and on through Alexandru Xenopol, Dimitrie Onciul, Nicolae Iorga, Radu Rosetti and those who wrote good works after 23 August 1944 that have enriched Romanian historiography.

In the second half of the last century the substance of historical thought in Romania was strengthened by the innovative ideas originating in the socialist and then communist workers revolutionary movement that stimulated rethinking, from a qualitatively higher viewpoint, Romania's entire past as an undertaking of the masses and progressive forces led by the personalities who militated with dedication for the ideals of freedom, independence and social justice. This is illustrated,

among other things, by the fact that in 1883 the socialist newspaper significantly entitled "The Future Dacia" made a true profession of faith in saying that "This land, drenched with the blood and sweat of our ancestors and enriched by their dust of 2,000 years, is ours. We want what is the Romanian's to belong to him... We want all the Romanians to be free and to form a state and not to suffer under foreign and cruel masters."

The RCP, an inevitable outcome of the historical development of its people, permanently welded the social with the national in its activity by carefully applying the lessons of the past in order to interpret the trends of contemporary processes and phenomena and to solve the problems of organization and management of the masses' struggle against exploitation and social injustice as well as attacks from outside upon national sovereignty, independence and territorial integrity. When the fascist-revisionist peril was threatening the very foundations of the Romanian people's national existence with destruction, the RCP openly proclaimed the Romanians' historic rights and expressed its conviction that a people who had fought for centuries on end for their existence, unity and freedom "will carry on all their glorious traditions of fighting for independence and freedom and will leap to arms under the lead of their proletariat in order to defend their existence and repel the imperialist invaders bearing the Hitlerite swastika and Horthyite fascism."

By virtue of the legitimate right to carry on the people's historic militant traditions, the Communist Party believed that in case of Hitlerite-Horthyite aggression against Romania the communists would "join the first ranks of the fighters in order to repel the fascist aggression" and to defend every plot of Romanian land. Invoking the glorious traditions created by our ancestors, the Communist Party heatedly appealed to the Romanian people: "We are called to battle by the blood of Doja, Horea and Tudor Vladimirescu. We are called to battle by love of this land, which we do not want to see broken and conquered, and by love for this people, whom we do not want to see subjugated and enslaved." The communists had learned the great lesson from history that unification of their own ranks and unity of action are among the sources of the people's amazing strength in the face of any attacks, and they made it a matter of honor to militate tirelessly to achieve and consolidate the unity of all of the nation's antifascist, democratic and patriotic forces in the effort to save Romania. Reflecting this basic policy of the Communist Party's activity, based upon a profound sense of responsibility for the fate of the nation, ROMANIA LIBERA said in January 1943 that "As a symbol of national unity, let 24 January be today, at the height of the German invasion, an occasion for patriotic determination and action. Especially today, as in 1859, our national existence, our unity as a people, and our freedom as a people are at stake. Today in 1943, after the Dictate of Vienna dismembered our country and our people and the flower

of our nation was criminally thrown into a miserable war...it is our duty to restore full Romanian solidarity without delay in order to secure the country's freedom and the nation's future."

The RCP's view of national history, reflecting its awareness of the party's very origin from the people to whom it belongs and its inseparable unity with the people who gave it birth, is recorded in its program documents stating that the RCP is the preserver and continuer of the traditions created by the Romanian people in their struggles for social emancipation, national unity and independence, and Romania's progress and prosperity.

Unquestionably knowledge of national history was for our predecessors, is for the present generations, and remains for our successors an essential requirement for assimilating what is better in the Romanian people's past and an important factor for developing self-awareness and revolutionary socialist patriotism. It clarifies the significance of the landmarks of the Romanian people's evolution from the most ancient times, and it is basic to the conviction that awareness of their common origin, ethnic and historical unity, and continuity in their ancestral homeland where they were formed and to which they have always felt inseparably tied has been a strong support over the centuries for the people's struggle for their existence, freedom and independence. That awareness has been the foundation of the tenacious resistance of the Romanian people, who have never left their ethnic homeland and have bravely faced the waves of invaders from the migrant populations to the great expansionist empires in the medieval, modern and contemporary period. Nicolae Ceausescu says, "We can state on the basis of the historical facts that the Romanian people were formed over the millennia in the Carpatho-Danubian area, and that every meter of land and every stone are drenched with our ancestors' sweat and blood. They did not leave the land of their birth in the hardest times but grew to love it with its mountains and plains and rivers and tall forests and stood firm in these regions, defending their lives and their right to a free existence."

The Romanians have always kept their awareness of their unity alive, an awareness due to the fact that they had the same language, dress, traditions, beliefs, way of life and disposition. The artificial boundaries imposed by the great empires and kingdoms in one period or another could not stop the uniform development of their ideas and traditions, since their common aspirations to the unity and freedom of all Romanians regardless of the foreign rule under which they lived were always evident. As Nicolae Ceausescu says, "The Romanians' lives and struggles were always characterized by the close and permanent ties among the voievodates in this area, and later among Wallachia, Moldavia, Transylvania and Dobrogea... Those ties and common characteristics could not have been preserved without a close unity in all respects among those lands and the populations that inhabited them for millennia."

As direct descendants of "the most honest and bravest of all the Thracians," the Romanian people preserved their love of liberty, diligence, humanity, honor and desire to live in peace and good will with all other peoples. Our ancestors' strength and vitality are also apparent from the fact that, as Vasile Aleksandri said, "In the midst of the terrible misfortunes that befell the Romanian people like a black flood, they knew how to save all the treasures of their nationality, their dress, language, beliefs, poetry, songs and their so noble name, from drowning.

Nicolae Ceausescu delivered a masterful reply to those who deviated from scientific grounds in forming disparaging and pseudoscientific judgments about the Romanians' continuity in their homeland when he said, "Some historians are trying today to support the theory that there was a vacuum in the Carpatho-Danubian area during a certain period. I think they were answered long ago. In the first place, the more advanced and cultured people of those times replied to it themselves when they mentioned the inhabitants and the voievodates in the Carpatho-Danubian area, and I believe they were more knowledgeable than any historians today who are trying to appear omniscient and to deny the facts and what is the outcome of historical development. Mircea, Stefan the Great, Ioan de Hunedoara, and Michael the Brave answered it. Those who defeated Baiazid, who faced so many conquerors, and who formed the Romanians' first centralized state in Wallachia, Moldavia and Transylvania did not come from anywhere else or fall from the sky but were born and lived here in this land and defended it with their blood."

The study of history very emphatically brings out the Romanian people's ability to firmly resist invaders, to overcome the periods of hardship and ordeals that befell this part of Europe over the centuries, and to make their own way along the spiral of history. Whenever the country was threatened, the Romanian troops and the entire people rose as one man, struck the invaders at the borders, at fords, in narrow and boggy places and at passes, caused them heavy losses, and defeated them in decisive battles, raising the Romanian military art to higher levels and spreading throughout the world the renown of the Romanian people's courage and their determination to spare nothing in order to live in freedom and independence. Vicissitudes and sufferings did not bring the Romanian people to their knees but, as Nicolae Ceausescu says, "steeled them, reinforced their will and perseverance and love of country, and strengthened their resolve to give way to no difficulty and to spare no sacrifice in defense of the nation." This is attested by the resistance of the fearless Dromichete, Burebista and Decebal to the invaders and that of the brave voievods Gelu, Glad, Menumorut and Litovoi to the expansion of some powerful forces of the time, and the great battles fought by such brilliant princes as Mircea the Great, Iancu de Hunedoara, Vlad the Impaler, Stefan the Great, Petru Rares, Ion Voda the Brave and Michael the Brave, in whose time the Romanian lands defended their freedom, while forming a

strong outpost of continental Europe against the migrant populations and thereby safeguarded both their own existence and the gains of European civilization. Thanks to their heroic resistance to the invading kingdoms and empires, the Romanian lands could not be subjugated by force and they preserved their existence as independent states.

The historical facts prove that The Romanians never harbored any plans for aggression, had no inclinations to be conquerors, and did not covet the territories or wealth of others under any circumstances. They were and remained a nation of workers attached to their land, having learned to live on the fruits of their own efforts. Since the thirst for vainglory was foreign to them, the Romanians did not fall prey to the temptation to go on the march over places that did not belong to them but fought to safeguard their freedom and unity on their ancestral land and lent every support when it was needed to other peoples' struggles for liberation.

In praising the qualities of our ancestors and the dedication with which they fought and laid down their lives for their noble ideals of justice and independence, the Romanian party and state leader said, "There are innumerable places that tell of our ancestors' peerless courage, and innumerable great princes and popular heroes who have made their mark in our wonderful national chronicle! But there are even more anonymous heroes, the broad popular masses who have blocked the invaders and preserved the freedom of our ancestral land throughout the centuries like a sacred flame." Alongside the political leaders and famous scholars, brilliant troop commanders also rose from the ranks of the masses, who proved their ability to develop and apply the principles of the military art according to the political-strategic purposes pursued and the existing resources, as well as their skill in defeating much larger invading armies.

History proves that many inhabitants belonging to the national minorities (Szeklers, Swabians and other nationalities settled on Romanian soil beginning in the Ninth and 10th centuries and also later on) fought alongside the Romanian troops in many of their battles the Romanian fought in defense of the Carpathian, Danubian and Black Sea area. The party secretary general says, "It must be emphatically stated as an incontestable historical fact that those populations fought together with the native Romanian population against feudal oppression and foreign invaders for their freedoms, independence and a free existence."

The history of Romania and other nations as well proves the fundamental fact that the chains of foreign domination and oppression can obstruct or retard a people's evolution for a while, but they cannot permanently stop the fulfillment of their legitimate aspirations to freedom, unity and social progress if they are determined to fight to the finish with perseverance and heroism. The cruel circumstances that faced the Romanian people throughout their history delayed their development but they

could not stop the fulfillment of their aspirations, the formation of their free and independent nation and their unified national state, and the start of socialist construction.

Under the circumstances in which the Romanian people developed, the peasants were the main patriotic, progressive and revolutionary social force for a long historical period. They played an essential part not only in society's material production and the nation's socioeconomic development but also in preserving and developing the national language, customs and dress and in enriching Romanian culture, and they preserved the Romanian people's great qualities unaltered. Through their struggles against oppression, the peasants emerged as the main factor for social reforms as well as the decisive factor in the battles the people had to fight to develop and defend their existence and their essence, to throw off the yoke of foreign domination and gain their independence, and on behalf of the nation's integrity. In bringing out this fact, Nicolae Ceausescu said that the peasants, long the bearers of aspirations to independence and feelings for national dignity, "made up the brave army of Decebal, the great hero of the Dacians, and the main strength of the armies of Mircea the Old, Stefan the Great, Michael the Brave, Tudor Vladimirescu, and Avram Iancu. They bore the brunt of the battles to unite the Romanian lands, to win independence, and to form the unified Romanian national state. Inspired by a boundless love of their native land and a noble spirit of sacrifice, the peasants rose against the invaders and defended the nation's independence and the people's national existence itself with their own blood."

With the appearance of the proletariat and the workers' movement in the second half of the last century, patriotism as a quality and mode of thought and behavior of the masses rose to a new height. The profound patriotism of the working class, the most progressive class of society, was reflected in its dedicated and selfless struggle against the exploiting classes and the bourgeois-landowner regime in order to create a free and independent nation wherein the workers would own the fruits of their labor. The whole revolutionary effort of the working class led by the RCP is a perfect example of dedicated patriotism, since the working class is in the lead of the Romanian people's struggle for freedom, social and national justice, defense of national sovereignty and independence, revolutionary social reform, and construction of the new social system.

The RCP has always shown a high patriotism in consistently leading the masses and inspiring their fight for freedom, social justice and national independence. It is to the RCP's historic credit that it exposed from the start the very serious threat of fascism to national independence and the Romanian people's very existence and honorably performed its role as chief organizer of the antifascist struggle of the broadest masses. The fierce class battles in 1929-1933, the antifascist actions in the 1930's culminating in the great demonstration on 1 May

1939, in the organization and management of which Nicolae and Elna Petrescu Ceausescu played a telling role, the anti-Hitlerite resistance in World War II, and the effort to drive the Hitlerites out of the country were high proofs of the inspired patriotism of the people's progressive forces under the RCP's leadership.

By using the favorable internal and external conditions with revolutionary skill and courage, the RCP organized the Antifascist and Anti-Imperialist Revolution for Social and National Liberation in August 1944 and led it to victory. It was a landmark in Romanian history, opening the way to the country's permanent liberation from any imperialist domination and to full national independence and sovereignty. Under the RCP's lead Romania achieved the ideals of social and national freedom for which whole generations of our ancestors had fought, and now, under the new historical conditions, "The RCP is refining the militant ancestral traditions and lending new prospects and dimensions to the Romanian people and the Romanian socialist nation," as Nicolae Ceausescu says. All this is helping to further strengthen the party's authority as the leading political force of the Romanian people and the vital center of the Romanian socialist nation, and it is also a powerful factor for patriotic pride.

The general features of the Romanian people's evolution make it necessary and objectively possible to appeal to history as a teacher and to ask it not for ready-made solutions but for something infinitely more valuable, namely lessons, ways of approaching problems, a creative spirit and an unremitting will to overcome all obstacles, as our ancestors succeeded in doing many times under harsh conditions.

Knowledge of national history also provides the present generation with an invaluable ethical-educational treasury formed of our forebears' experiences, labor and struggles. For in history and the facts of the past people see themselves most clearly as individuals and communities with their thoughts, joys, sufferings and hopes. True facts of life are to be found in history, and situations that actually occurred and real dramas wherein the heroes were not fictional characters but the ancestors whose bones lie in the earth our people have cultivated for millennia and watered with their blood in their defense. Mihail Kogalniceanu strikingly expressed the formative value of historical knowledge when he said, "My heart leaps when I hear the names of Alexander the Good, Setafan the Great or Michael the Brave. For me those men are more than Alexander the Great, Hannibal or Caesar, who are heroes of the world, while the former are the heroes of my country. The battle of Razboieni is of greater interest to me than the one at Thermopylae and the victories at Racova and Calugareni seem more brilliant to me than those at Marathon and Salamis, because they were won by Romanians! Suceava and Tirgoviste mean more to me than Sparta and Athens. Baia, a village like all villages to foreigners, is more precious than Corinth to Romanians because in Baia the

cruel king of Hungary, Matthias Corvinus, the brave of the brave and the king of kings as Sixtus VI told him, was wounded by a Moldavian sabre, put to flight and forgot the road to Romania!"

Nearly all the great Romanian historians have dwelt upon the need of using study of the past as an important means of cultivating moral-volitive and ethical character traits that will uplift people and educate them as good citizens dedicated to their country and capable of defending it when needed at the cost of any sacrifices. For example, the great scholar Nicolae Iorga was mining the lode of humanism (characteristic of the Romanians' outlook on the world and life) in history when he wrote, "History is the most human discipline of them all... It knows no cold abstraction of the typical man. It is concerned with people, changing people, especially with certain virtues and vices and particular habits, people of the past in their expressive entirety.... It not only lets us into the midst of life but broadens it from the immense perspective of the past and presentiment of the endless future. None of the humanities makes us more sociable, more altruistic, and more loving of man and life."

While concentrating its efforts on indoctrination of every citizen and especially youth in love of country, of the Romanian socialist nation, and of the Romanian people building socialism as a major aim of its political-educational work, the RCP stresses the importance of study of national history to consolidation of patriotic feelings. Nicolae Ceausescu says, "The Romanian people's past of thousands of years ago must be thoroughly known, as well as the heroism with which they succeeded in defying the vicissitudes of history and difficulties and adversities of every kind, in preserving their national existence, and in defending their right to freedom and independence. The great sacrifices our ancestors made in that endless battle to live with dignity in the world, to make a better life, and to be masters in their own country are a matter of intense national pride as well as a high moral obligation of all citizens of the Romanian socialist nation and all Romanian youth."

Along with the need of cultivating patriotic feelings, the RCP keeps pointing out the duty to keep taking from the great book of history all that can help to develop friendly feelings of respect for other peoples' pasts and their contributions to the development of civilization and general world progress. Reconsideration of the Romanian people's living and fighting experience does not preclude but also requires emphasis on the importance of the experience of other peoples, especially those who like the Romanians fought long and fierce defensive wars against powerful invaders. But our own experience is and always will be the main source of lessons because it was acquired in the Romanian area and also in accordance with the Romanian people's way of life and thought.

For the very reason that it is interpreted and presented from those positions, Romanian historiography is winning more and more friends abroad who want a thorough

and exact knowledge of the past of a worthy and hardy people like the Romanians, who succeeded in surviving bitter millennia and in creating a distinctly original civilization for themselves. This bears out the fact once again that the way to the universal is not roundabout but proceeds from within the national borders. Widespread dissemination of the truth about the Romanian people's glorious past and present is associated with an aggressive attitude and intolerance of the distortions that sometimes appear, out of ignorance or bad faith, in the works of would-be specialists in other countries.

History and science, made fascinating by the great truths fostered and enriched by all generations, by the masses who continued the Romanian people's progress in the Carpatho-Danubian-Black Sea area, and by the patriotic, progressive and revolutionary forces of society, are the sources today of some extensive political-educational programs to form the new man. As a basic cultural element, history has an important place in elementary, secondary and higher education, and it is a source of inspiration for the great works of art, literature, cinema and theater. The Romanian people's origin, formation and development in the age-old homeland of their ancestors are the subjects of hundreds of museums, memorial houses and historical monuments, each one housing or representing authentic proofs of the historicity and part played in this part of the world by the Romanian people in securing the progress of European and global culture and civilization.

Questions of national history as a factor for knowledge, progress and civilization receive a comprehensive and profound treatment in Nicolae Ceausescu's works, which emphatically bring out the theoretically and practically invaluable view of the unity among the past, present and future and the mission of history in fostering the noble feeling of love of country. As in other fields, in that of historical science too Nicolae Ceausescu's works figure as a priceless contribution to the enrichment of Romanian and universal scientific thought. Benefiting by the guidelines in these inestimable works, the effort toward patriotic communist indoctrination of all citizens is reaching ever higher levels as the quality and effectiveness of the educational procedure are enhanced by the influential power of the great book of the Romanian people's history.

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**Concept of 'Worker-Intellectual' Discussed**  
*27000015b Bucharest ERA SOCIALISTA in Romanian*  
*No 18, 25 Sep 87 pp 32-35*

[Article by Dr Maria Cobianu-Bacanu: "The Working Class and the New Technical-Scientific Revolution"]

[Text] In the last two decades the Romanian economy has undergone radical revolutionary changes made by intensive development of the production forces, steady improvement of social and production relations, and the

new and qualitatively higher levels reached by management and organization. Construction of a uniform, harmonious and highly dynamic economy was based upon continuous promotion of scientific and technical progress and consistent accomplishment of the aims of the new technical-scientific revolution. Accordingly science became a direct factor for production, enterprises were built and equipped according to world technological standards, and technical modernization of all enterprises to enhance their economic effectiveness and accelerate national socioeconomic progress was started and is in full course. Thanks to its conversion from an agrarian country with an underdeveloped industry and agriculture to an industrial-agrarian country with a strong, modern industry and a socialist agriculture in full progress, Romania has entered a new and higher stage of the continuous revolutionary process of building a fully developed socialist society and advancing toward communism.

Development of the production forces and improvement of social and production relations and of professional and cultural training have made radical changes in the social structure in general and in the working-class structure in particular. That process will be further intensified along with the nation's all-around progress and implementation of the great developmental plans formulated by the RCP and the state. As Nicolae Ceausescu said in his Report to the 13th Party Congress, in the next few years "A number of distinctions between physical and intellectual work will disappear and the working conditions in various activities of society will be greatly leveled. Many of the present distinctions among classes and social categories will disappear as the process of abolishing social and class distinctions, leveling Romanian socialist society, and forming the single working people of socialist Romania is accentuated."

Intensive development of all sectors of the national economy and achievement of a new quality of work and life require introduction and use of peak equipment and technologies up to world standards. As a result, essential qualitative changes are taking place in the working class and labor force making and using this new technology that are reflected in the appearance of a new kind of worker, namely the "worker-intellectual." How does this new social-professional category arise historically? In what technical, professional and cultural context is it most evident? An analysis of the evolution of the enterprise's "social-human" cycles may answer those questions.

Studies made in various enterprises in Bucharest and throughout the country show that the relationship between technology and people is one of interaction and mutual influence, in that a technology on a certain level requires a particular kind of worker, while a certain kind of worker can make or use a technology according to his intellectual-professional, motor-physical and general cultural capacities. The studies made also show that a person's behavior toward his technology also depends

upon a certain social tradition and personal, group or enterprise experience and the forms they take in the working and creative process. A succinct analysis of the technology-people relationship shows that throughout the industrial development of Romania and of other countries too, as a matter of fact, the enterprise has gone through four main "cycles," with inherent periods of transition and overlapping, namely "rural," "urban," "scholastic" and "intellectual" cycles.

I think the "moral cycle" is a corollary of all these cycles, already forming in the first ones but developing intensively after the "intellectual" one especially. It indicates that the "rural," "urban," "scholastic" or "intellectual" structure of the worker's personality is based on his endowment of moral values, functioning as a "filter" in his behavior in both society and the enterprise. According to the moral values acquired and interiorized on the subjective level, people relate to the enterprise, the means of labor and other people, behave in a certain way in the working process, etc.

The "rural cycle" indicates that the industrial enterprises relied primarily upon the rural labor force in agriculture at first in order to be formed and to function. Recruitment of rural workers for industry was not only necessary but also possible when the peak period of agricultural development based on small private ownership was over. Release of the agricultural labor force coincided with the greatly increased need of manpower for industry. The greater earnings offered by industry were an additional incentive to attract the rural population to the cities.

The second "cycle" in the evolution of the working class and the enterprises is the "urban" one. The growth of the cities and their populations enabled the enterprises to make much more use of the manpower in cities. Rural workers settled in cities are more efficient in production, better disciplined, more attached to the enterprise, and desirous of professional advancement. The two "cycles," "rural" and "urban," are not mutually exclusive but coincide in time. The studies made indicate that in the Romanian economy these "cycles" were and still are simultaneous, securing the steady growth of industry.

After 1970 the third "cycle," the "scholastic" one, became increasingly predominant in Romanian enterprises. Whole echelons of youths went into industry from the schools. The origin of this "wave" of youths, rural or urban, is no longer significant. Now the level of scholastic training and instruction via the educational system and qualification courses are becoming essential. This "cycle" radically changes the level of workers' scientific and professional training. The "scholastic training" indicator makes for a cultural standardization wherein the workers' origin becomes less relevant. Use of developed technology no longer permits hiring anyone, of rural or urban origin, without special training. The enterprise enters into a new phase in the "scholastic" cycle, and its human problems take new forms. Moreover it is vital to

perform a new activity, that of training and constantly improving the labor force through courses in enterprise organization and management.

The specific studies made in peak enterprises generally characterized by world-quality technology and by labor forces largely with secondary and higher education also show a fourth "cycle" of evolution of the enterprise and the technology-people relationship, namely the "intellectual cycle." It reflects the extensive progress of intellectualized labor, production and social activity due to the introduction of new technologies and the growing conversion of science to a direct production force. This "cycle" is distinguished by the fact that it reflects a new stage in the qualitative development of the working class, characterized by higher professional, technical and cultural standards and the workers' increasing demands upon themselves and the enterprise. The typical worker of this "cycle" can be called the "worker-intellectual."

The four "cycles" of the enterprise's social-human development, combined with the "moral" one, form a single, continuous process that is still going on in our time. There is no question that the "cycles" are simultaneous. The essential consideration is the predominance of one or another in any given historical stage.

We must dwell upon the "moral cycle" a little because it was brought out by the most recent specific studies. It indicates the stage of the workers' increasingly advanced moral awareness as workers and their greater sense of responsibility for the tasks, aims and future of the enterprise in Romanian socialist society. Their involvement (thanks to the growing assertion of workers revolutionary democracy) in the fate of the enterprise with which they are identified and their sincere commitment to the struggle for the entire people's welfare and progress are becoming basic features of the personality, so that the "moral cycle" includes elements of political awareness and of national, patriotic awareness. Ultimately it reflects the development of the enterprise and its members.

The specific studies also revealed a number of subprocesses within the "cycles," characteristic of the development of the working class according to the criterion of "skills." Five different "segments" of the Romanian working class can be distinguished according to that indicator, namely unskilled workers, workers with skills learned on-the-job, workers trained in trade schools for certain well-defined specialties, graduates of specialized schools (industrial, agricultural, economic and theoretical) with a high level of technical, professional and general training and a broad receptiveness to skills acquired later and multiple skills, and "worker-intellectuals." It is indicative of the evolution of the working class in Romania that we are now in a transitional stage characterized by "mixture" of the third and fourth "segments" and growing determination of the fifth "segment," that of "worker-intellectuals," composed of

workers with the highest skills and specialties and secondary, secondary-technical or higher education, who are workers by virtue of their qualities as producers and direct participants in the production process and intellectuals by virtue of their cultural background, way of life, and the set of values that governs their lives.

What justifies the designation of "worker-intellectuals?" In accordance with the Leninist definition of the classes, we have in mind primarily their position in the production system. The "worker-intellectuals" are creators of material or cultural values used in the production process. According to their relationship to the production means, they are the owners of the latter. According to their role in organizing labor, they are both managers and performers (a radical change going with this "segment"). According to the remuneration method, they are beneficiaries of a portion of the national wealth, which they receive according to the quantity and quality of the work performed. Their work as direct producers is largely intellectual, advanced, integrated in an extensive production flow, and performed with high-precision and highly technical devices.

The revolution in the production forces, in the form of introduction of machines with a high technological productivity in enterprises and, along with them, computer-controlled and instructed, machinery, if followed by a qualitative leap in the labor force, reflected in the appearance of a kind of worker able to create and operate them. Combination of the electronic computer with the machine tool characteristic of traditional mechanics reflects the connection between the industrial phenomenon and the information phenomenon. The "worker-intellectual" constitutes their synthesis on the socio-human level, anticipating the man of the civilization based on the automated tool or the computed and operated machine.

As Alvin Toffler says, the data-processing industry, the "electronic explosion," and the industries generated by exploration of biologic genes, the oceans and outer space are "steps" or stages in the direction of creating the new "technosphere" upon which the civilization of the future is built. I believe the workers needed for this new industry can only be the "worker-intellectuals," who will produce intellectual and informational values alike but also the material values to provide for people's existence. Nor do I think we can exclude those who create and use artificial intelligence from the ranks of the "worker-intellectuals." The objects of those workers' labor or their tools are quite different from those of the industrial revolution but they are still generically tools in reference to the person who uses them.

The transition from the industrial society to the society based on information is one of the great changes going on throughout the world economy, and it will also take place sooner or later in the developing countries. The worker in an economy based primarily on information will



undoubtedly be a "worker-intellectual," so that renovation of the models for the significance of labor and the worker's new functions are becoming urgent necessities. Therefore the most difficult problem in connection with rapid and radical changes will be the changes in people's attitudes and in the way they make decisions.

The world's whole evolution as well as the national one confirms the formation in our time of a new "segment" of the working class, the "worker-intellectual," under the impact of the unprecedented innovations in science and technology. The new "segment" is to be seen more readily and clearly in the peak enterprises equipped with the new advances of the technical-scientific revolution, wherein the social grouping of the "worker-intellectuals" is increasingly pronounced and they are increasingly numerous.

The enterprises on an average technical level also have modernized sectors, sections and shops in which the presence of "worker-intellectuals" certainly cannot be contested, just as the peak enterprises also need workers in the first "segments" to perform auxiliary activities. Therefore it could be said that the simultaneous coexistence of the "segments" and accordingly of the workers (in the traditional sense of the word) with the "worker-intellectuals" is a matter of direct observation. It is justified by the extremely wide range itself of the processes required by the working or production process. Reduction of the proportion of the mechanical element in productive activity does not mean reduction of its importance but the fact that in the system of new production tools, it will be incorporated to a lesser extent in the new and complicated chemical, biologic and electronic processes of productive activity. The simultaneous coexistence of the various "segments" of workers, from the unqualified worker to the "worker-intellectual," is accordingly natural.

The specific studies themselves show the actual existence of all these "segments" on various levels. Although workers in the trade-school "segment" predominate in workers collectives, neither those with secondary education nor "worker-intellectuals" are lacking. We encounter the latter as inventors and handlers at automated machines and installations, some of them of world quality. Although the whole range of above-mentioned "segments" is present, the proportion of unskilled or skilled workers on the job is steadily declining while that of workers with trade-school, secondary or higher education is increasing. The major trend of evolution toward the scholastic, intellectual and moral "cycles" is actual in all of the units that were studied.

As the new scientific-technical revolution advances and makes itself increasingly felt in the national economy, conventional industry goes on making the traditional products but it no longer does so with the old tools but primarily with the most advanced ones. Those who handle these new and more complicated tools, with a

high degree of economic effectiveness and requiring an increasing intellectual effort, can also be considered "worker-intellectuals" (those in the textile, food and other industries).

Accordingly the "worker-intellectuals" are performing their activity in all kinds of enterprises, in the peak enterprises, where they are in the majority, in the medium developed enterprises, that is in their most advanced sections, and in those making products typical of traditional industry but with very advanced machines. The "worker-intellectual segment" unquestionably includes the inventors, innovators, creators and highly qualified workers, who are recognized for their technical and innovating abilities and are present in all industrial enterprises. According to the conclusions drawn from the studies made, we can also include other categories of workers in this segment such as those who work with traditional tools (lathes, planing and milling machines) but in a new technological context based on robotization and computerized operation and who attend an institution of higher education in order to cope with the new working conditions. To that end the National Hymn to Romania Festival has redoubled its effort toward workers' intellectual training through higher education beyond the immediate technical needs, and instances are not rare of workers with higher education in "ordinary" jobs. They too can be considered "worker-intellectuals," even if their higher skills are not determined by the machines but by the new cultural-human requirements of the enterprise and the RCP's standing policy of encouraging professional and general-cultural training.

The question of engineers in traditional or modern enterprises who do not work directly in production but perform managerial jobs as heads of shops, sections, sectors etc. is a separate problem. They have been and still are regarded, quite rightly, as part of the management and not as "worker-intellectuals," but their status is changing with the emergence of modern and state of the art enterprises and the rising technical level of the operations. We think it will be difficult to regard an engineer who heads a shop and a group of "worker-intellectuals" (engineers and technicians) as anything but a "worker-intellectual" with management functions, since he himself justifies his managerial status solely by participating directly in the working process under the new conditions. The old engineer was separated professionally from the mass of workers he supervised. The engineer of today, and especially of the enterprise of the future, is in a new relationship with the mass of "worker-intellectuals" in the sense that he can return to his former occupation as a worker but with the advanced tools provided by the new technical-scientific revolution. In the first place, he himself is interested in keeping regularly in touch with the advanced technology of the job from which he was promoted to a management function. In the second place, the very quality of the collective he heads is different, being a group of collaborators equal to him in professional training and with the



same possibilities of solving very difficult problems, and he establishes relations of active collaboration with them.

The concept of a "worker-intellectual" can be approached from many viewpoints. The studies show that this new "segment" of the working class functions as a collective worker in the state of the art enterprises, wherein it is in a majority of about 87-90 percent. In the medium-level enterprises with modern sections, sectors and shops, it is still a collective worker, but in a lower proportion than the traditional workers. Of course there are also workers in such enterprises (inventors and innovators) who can qualify as "worker-intellectuals." But regardless of their proportion in any enterprise, the "worker-intellectuals" are characterized by direct participation in the production process, by creation, handling, servicing or repair of the most advanced equipment, and by their highly productive contribution permitted by their higher skills. It is those traits that necessarily include them in the working class. Without understanding these radically new phenomena, it is impossible to understand the unprecedented quantitative and qualitative changes and changes in proportions that are going on now in the structure of the Romanian working class.

Industrial labor is being constantly intellectualized, especially in the enterprises with modern technologies, and it requires a great deal of technical, scientific, professional and cultural information. The characteristic status of the workers in those modern enterprises is that of a "worker-intellectual." Clearly representatives of the other, previous "segments" will continue to exist alongside them according to the needs of the enterprise's organization and rationalization. Moreover, upon retrospective analysis we must say that the traditional industrial enterprises also had that kind of specialist (engineers and technicians), but they were not direct producers but managers of the production process. The innovation of our time, thanks to intensive promotion of the new technical-scientific revolution, is the conversion of those highly qualified specialists to direct producers and majority workers in certain sectors of production.

The "worker-intellectual" is a worker with high skills and specialization reinforced by a sound professional and technical-scientific education and with a broad cultural background. Accordingly the RCP secretary general's views on the new way of regarding the working class, both nationally and internationally, are of particular theoretical and practical value. As he said, "We must take a broader view of the working class, including in it the intelligentsia and especially the technical intelligentsia, who are an important and scientifically and technically more advanced part of the working class." Accordingly, the "worker-intellectuals" are the part of the technical intelligentsia who are directly participating in the production process while also a part of the working class, so that they are both part of the technical intelligentsia and part of the working class, that is the part who work with the most advanced technology. It is the area of

interaction between two statuses that used to be clearly distinct. Besides the "worker-intellectuals" the technical intelligentsia includes the technical managerial personnel and TESA [Technical, Economic, Specialized and Administrative] personnel in general, while in addition to the "worker-intellectuals" the concept of the working class includes the traditional categories, namely manual workers, workers servicing various less complicated machines, and other categories.

Inclusion of a part of the technical intelligentsia, namely the "worker-intellectuals, in the working class corresponds to the economic, technical, political and cultural realities of our time. It is a matter in the first place of the fact that the "worker-intellectual" as a collective worker is the chief creator of the products, from their design to their completion in enterprises. He thinks of but also creates the product. By his effort design is combined with production properly speaking. He handles the most complicated technologies and creates or repairs them as needed. Therefore his work is no longer largely physical but largely intellectual. The "worker-intellectual" is accompanied by a radical shift from physical to intellectual work requiring an intense intellectual effort and heavy mental and nervous concentration. Combining physical with intellectual effort and shifting the emphasis to the intellectual are basic to the process of intellectualizing contemporary society and modern production.

In the third [sic] place, the "worker-intellectual" meets the high standards of modern, world-quality technology. In the first stages of technological development it can be said that people chose their technology and occupations. With modern equipment and technologies that are extremely complicated, a contrary process sets in: The technology "selects" people according to their levels of professional and human education. They must have certain intellectual, mental and motor capacities in order to be able to use it. Without a high professionalism and intensive specialization, reinforced by extensive knowledge of allied fields, they cannot cope with the problems of production based on automation, computerized operation and robotization, and the worker's professional and technical qualifications are changing accordingly. His technical and scientific level is above that of the worker in the traditional industrial enterprises. He uses a world-quality technology and aspires to all that is new and advanced in his field.

Coming from the ranks of the peasants and workers and other working-class categories, the "worker-intellectual" is being established as an integral part of them today. His set of values, needs and aspirations is the scale of values of Romanian socialist society. He is required by the needs of the new technical-scientific revolution and he is becoming an increasingly evident social and cultural reality.

The "worker-intellectual's" political status and way of life are identified with those of the working class. We may say that in a sense he reflects a unity between

continuity and discontinuity—continuity with the other “segments” of the working class, because all the traditional technical methods characteristic of mechanical processing in the period of mechanics are included in the production system, and discontinuity because of the introduction of automation and cybernetization, processes that integrate all the previous procedures in a new production system, stepping up the capacities of the tools characteristic of the industrial system.

The “worker-intellectual” represents a direct continuation of the working class and its historical product, reflecting its class interests and its position in relation to the other social classes and categories, while participating directly and actively in the programs for national socioeconomic development. As Nicolae Ceausescu said, “The fact that the cultural and technical levels of the working class have been raised does not detract from but enhances their opportunities to play a more important part in social management and reform because of their greater awareness and better technical, technological and scientific training, especially when we view the workers together with the intelligentsia.”

As a social-professional grouping generated by the needs of modern production, the “worker-intellectual” is an incontestable reality and a reflection of the changes taking place in the enterprises with peak technology. As an integral part of the working class at the borderline between the worker and the technical intellectual, he helps in his whole activity to develop the social leadership of the working class. By virtue of his high professional and cultural level, he participates in enterprise organization and management directly, purposefully and more and more effectively.

The emergence of the “worker-intellectual” is a qualitative leap toward the society of the future, which heavily emphasizes complete leveling of the social classes and categories. This new social grouping reflects the technical, human and organizational possibilities of equating physical and intellectual work with a predominance of the latter, and of combining management with operations and production with research. Most of the “worker-intellectuals” are on-the-job creators and good organizers taking the initiative in the collectives wherein they work.

The appearance of the “worker-intellectual” is a specific instance of the social leveling characteristic of Romanian socialist society and of its corollary, the process of social differentiation and human diversification. This new kind of worker is characterized by his highly productive and efficient professional behavior in keeping with the equipment he handles. His participation in decisions on production or other enterprise problems is based on his information and competence, and workers revolutionary democracy acquires new and higher qualities thereby. Naturally worker self-management is implemented with the attribute of scientific, technical and professional-political knowledge, resulting in increasingly competent

participation in decisions and in management of the enterprise’s particular economic, technological and social processes. Through the “worker-intellectual’s” activity, historical creativeness becomes a purposeful process of emotionally and intellectually motivated participation. The studies conclude that because of him the working class is functioning on a new qualitative level of work and culture. The “worker-intellectual” relates to work in his own way, as to a vital necessity and a means of human development. On the cultural level, he functions through a set of higher values, needs and aspirations.

In Romania the “worker-intellectual” is an increasingly apparent reality occasioned by the higher proportion of modern enterprises equipped on the world technical level. But their number is also increasing in the enterprises with medium technology, due too introduction of automation, cybernetization and robotization in the production processes and flows. Modernization of production under the present conditions requires highly technical equipment with parameters up to world standards, which accordingly requires a worker of the new profession and cultural type, namely a “worker-intellectual.”

Accordingly, the “worker-intellectual,” as an integral part of the working class and as a reality and trend of development, is advancing in many respects: economically, because the working class, through this “segment” of it, is more and more closely connected with the most developed production forces and is the most effective contributor to the national income; politically, because the working class, with its “worker-intellectual” detachment, is consolidating its social leadership and expanding its base in the masses, lending new meaning to workers revolutionary democracy and workers self-management; socially, because the working class, through the “worker-intellectual,” reflects the process of social homogenizing and of leveling among the main social classes and groups of socialist society and the qualitative leap in the evolution of the social and class structure, on the one hand, and the process of social differentiation and emergence of new social-professional groups and categories on the other hand; culturally, because through the “worker-intellectual” the working class is rising to the highest human advances in science, technology and culture and completely synthesizing the worker and the scholar and the producer and the true creator of material and cultural values, and theoretically, because that concept gives rise to the idea of social leveling and differentiation and enriches the revolutionary theory with new aspects derived from the constantly evolving and developing Romanian conditions.

Accordingly, under the conditions of the present period and more and more intensive promotion of the new technical-scientific revolution, the role of the working class which is of increasing social importance, is not in the least diminished. But the face and structure of the working class is changing, and it is being refreshed with

new detachments coming from the world of advanced technology and true culture. What is disappearing is the form in which we have known it and in which it entered history in the centuries of industrial development. The working class in Romania today no longer fits the traditional concept as a representative of physical labor and is no longer identified with a relatively low professional and cultural level. It has evolved and changed and continues to change as it assimilates all that is new and progressive and thereby consolidates its social leadership and performs its high historical mission more and more successfully. The working class is and will remain the

leading class in Romanian society, renovated and regenerated by a regular and necessary process in order to accomplish the major aims of the program for building a fully developed socialist Romania. The new professional and cultural characteristics of the Romanian working class demonstrate with more cogent arguments what is coming of the Romanian socialist conditions and the growing role of the working class in society, under party leadership, as the vital center of the entire nation.

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## GERMAN DEMOCRATIC REPUBLIC

### Christel Guillaume Relates Espionage Activities

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[Interview with Christel Guillaume, former GDR spy in the FRG, by Karin Mathees of ARMEERUNDSCHAU: "Revelations of a Spy"; date and place of interview not given; first paragraph is ARMEERUNDSCHAU's introduction.]

[Text] She had her dreams as every young girl does. She wanted to achieve something really big—dancer, physician, a famous pianist; Christel did play the piano so well. But how do they compare with the real life for which she opted and in which she was to achieve truly great deeds: She became a successful spy of the Ministry for State Security. For a quarter of a century she served her socialist homeland at a place which we call "the invisible front." For 18 years she was on an operational assignment. She had worked herself up to the desk over which secret documents, even those from the military field, were routed. What is more she belonged to the private circle of friends of prominent FRG personalities. For over 6,500 days and nights she seemed to be a quite normal, well-to-do and not especially conspicuous FRG citizen, the communist from the German Democratic Republic Christel Guillaume. Every minute the mission in back of her mind, but also every minute the risk of discovery in the neck, that is how she fulfilled her mission. Until the day on which the cell door closed behind her. For 7 years. Since 1981 Christel Guillaume has been again with us at home. She now gave an interview to ARMEERUNDSCHAU as the first GDR publication.

[Question] Comrade Guillaume, at the time when this interview will be published in the soldier's magazine you will have just passed your 60th birthday by a month. Are you still able to recall your 29th?

[Answer] But of course. That was 1956. Guenter and I had been in the FRG for just half a year. We had to think twice about every penny. After all officially we were nothing but persons who had illegally emigrated from the GDR. That is what we were considered to be also in the eyes of our friends, colleagues, and comrades at home in the GDR. To know that really hurt. But our ministry had given the two of us an assignment. We had accepted this assignment. And we were determined to fulfill it with all our strength and as long as possible. We were spies for peace and socialism. Only that counted and not whether we were able to afford a bottle of wine for the birthday.

[Question] What were your motives in taking this step, in leaving your homeland and in taking on an unusual mission that was not without danger in a world that was the direct opposite of ours, uncertain for how long, uncertain as to the consequences?

[Answer] I accompanied Guenter in the assignment. It was my duty to be his helpful partner. Independent espionage activity on my own was still out of the question. That did not occur until later. I agreed to going without hesitation. After all we were a young married couple; it was a matter of course that I accompanied my husband. Secondly, on 17 June 1953 I had very closely experienced this incited crowd on the Alexanderplatz, the counterrevolution which the West had stirred up. At that time our republic was not even 4 years old and by far not strong enough to make it possible for us not to be crushed underfoot by those who hated us and wanted to strangle us. As did many others, I too, asked myself: What can I do to help prevent that? And thirdly: Remilitarization in the FRG took place for everybody to see. Ten years after the worst of all wars they were arming there without restraint for the next war. Peace, hardly achieved, was threatened once again. My mother had to endure two wars. During my entire youth there was nothing but war. Never again! To that end we wanted to do everything we could. This assignment was an opportunity for me. And at that time I had the cited reasons to decide in favor of this opportunity.

[Question] Are you able to tell us the content of your espionage assignment?

[Answer] Yes, I am able to do so. We started our work at a time when rearmament in the FRG was gigantically forced up, at a time when anticommunism and anti-Sovietism presented themselves in a most aggressive manner. It was the time when the policy of the rollback was heading for its climax and they wanted to seize the "East Zone" as they called our republic, by all means at their disposal, mind you by all means, and the Federal Armed Forces were to march through the Brandenburg Gate with fife and drum. That is what the situation looked like at that time and it was our task to gather information about these peace-threatening plans, to uncover them and to make possible foiling them.

[Question] How did you go about that? How were you able to settle down at all in this alien world without arousing suspicion?

[Answer] We had to find out what was going on behind the closed doors of offices of specific bosses. We had to succeed in looking behind the facade, behind the false front, where policy is made and where positions of power are settled. There we were able to find out which aims were envisaged and tackled by which persons by what means at which time. We integrated ourselves in this system, gained ground in this society and also consciously demonstrated public involvement which corresponded to the political development to be expected in the FRG.

during this time?

[Answer] We had rented an apartment in Frankfurt/Main. My mother, who had become a Dutch citizen by marriage, had emigrated legally and lived with us. With her good name we bought our way into a small store: Cigarettes, alcoholic drinks, coffee, candies, that kind of stuff. That's how we earned our living. Guenter had found work as a photographer through an ad. We managed somehow. I found out that I was pregnant. When I am asked about anxieties, the only anxiety I had was the following: To bear the responsibility for such a small human being in this unsettled situation, in an environment which was not our true home environment. But what's the use. On the other hand, of course I looked forward to our child. And after all my mother was there. Pierre was born in 1957.

[Question] Now how did you manage to rise from your store and get behind the padded doors of the offices of bosses and into the private villas of Bonn ministers and state secretaries?

[Answer] I know many imagine the work of a spy to be sensational and adventurous, something thrilling and glittering. To be a spy, that means leading a boringly normal life, to be inconspicuous, without any unusual features. For me that meant that I had to be a West woman from top to bottom, by every word and every gesture. I had to learn the way the people lived, spoke, thought there, how they dressed. Not even the smallest detail must give me away, not even to my son. Thus we organized the daily life and the necessary social participation in accordance with our espionage mission. Those were the details, that was everyday life.

But the spy also needs a little bit of luck. It had attracted attention that I did not consider myself too good to do any kind of work and that is how it happened that I was asked if I wanted to work as a secretary. And when I heard, in addition, that my future boss was a Bundestag deputy and moreover a member of two important Bundestag committees, my heart leapt for joy. That was the opportunity. I only thought: Are you going to manage that?

[Question] And how did you manage it?

[Answer] Guenter and I discussed the matter. Obviously—grasp the opportunity. By accident I was the first one in action in our dual assignment. I was on the inside. Now I was able to help create conditions for Guenter, too, that enabled us to play a joint role. We managed that, too. Guenter was able to obtain positions in Frankfurt/Main useful for our cause. And not least, in 1970 he was brought to Bonn. I followed him from the work with the Hesse Land government to a job with the Hesse Land representation in the FRG capital. As an aside: There, for example, I was in charge of the key to the wine cellar of the guest house and thus was an attentive listener at many tipsy conversations of prominent political figures.

[Question] What is the reason for the fact that you made such a career for yourself, to use a Western term?

[Answer] That is difficult to judge on your own. But for all comrades in the profession performing dedicated work at the invisible front, the following is true: They employ everything they have. In one word, that is their life.

The opposite side is not made up of idiots. There is first-rate talent at work to catch people like, for example, me and Guenter and the others who are out there now. If in spite of that it was possible to be useful and successful for 18 years, then because the mission was placed above all else. The mission is deeply anchored in the consciousness, it is felt in the heart, in every action. To be vigilant and circumspect, to keep eyes and ears open, to store what one sees and hears in one's memory, to consistently adhere to the rules of the game of this society, to react correctly, to examine closely, to think precisely, and to be always aware of the reason for doing this—then, if all goes well, success really is inevitable. Thus, once again: Everything is important, a glance, a remark can be as significant as secret documents that fall into one's hands and which are decisive for the security of socialism and which throw light on the play of the political forces. Always be close up, that was decisive for us. And that could only be achieved by persistent, intensive, frequently time-consuming and stressful detailed work. Thus I really cannot be of service as regards sensation and adventure.

[Question] How could you live with the thought of your cover possibly being blown, of being arrested and of having to stand trial before an FRG court?

[Answer] I believe such anxieties which occur especially in the beginning, are understandable to everybody. However, they were gradually dispelled by concentration on the work and the beginning success. We would not have been able to keep it up for 18 years without this dispelling of anxieties. Anxiety is something paralyzing, destructive. It is necessary to learn how to overcome anxieties. And one learns how to do it. One is aware. The thing that I do here in my job serves the most important cause in the world—maintenance of peace; it also helps our just, good cause to achieve progress. The person who is convinced of that overcomes the fear for his own life. And added to that: The certainty that the fulfillment of our mission also helped the interests of the majority of the working people in the FRG provided additional strength.

Of course, now and then I had to make myself sit down and ask myself: Did you pay attention to everything, did you overlook anything, were you careless even for a moment? On the day of the arrest we could not be reproached for negligence or failure to observe security regulations. We were very proud of that, that provided us with additional self-confidence and strengthened our courage.

[Question] Where did you find the strength which life and work as a spy on assignment require?

[Answer] Successes always provide an increase in strength. And I repeat: The clear awareness of working for a just cause provides strength. Of course there were also phases of stagnation where things were not noticeably looking up, where sometimes one wanted to give up because the possibilities were small. It was also not always feasible to ask for the advice of the comrades at headquarters. Often we had to decide on our own how to proceed, what to do. The strength to do so is derived from one's own conviction and from past experiences. The knowledge that our action helps safeguard and strengthen our country and socialism always restored the strength that threatened to fade in difficult situations.

[Question] Were there situations in which you wanted to give up and return to the homeland? Were there comrades who gave you courage?

[Answer] Yes, there were such situations. The pregnancy at the beginning of the assignment was such a situation. And then in the early years ideas beset me such as: If I were back home in the GDR, how much more could I have achieved? I had worked in the Berlin Peace Committee, then in the National Reconstruction Committee, later on in the Ministry for Culture at the desk for children's and youth book contests. I would have had many opportunities there to learn, to study, to discover myself, as everybody in the GDR is able to do. In the FRG, to start with, I was a typist or, put more elegantly, receptionist. If I thought at all about a possible return home, then only in this respect. However, the work of our spies must not be measured by my development. As Brecht puts it: Only those in the light are visible, those in darkness are not. Because of certain circumstances I have come into the spotlight of publicity. The Western press for months lived from the name Guillaume. But that is the exception. Normally we are not known, nobody knows of us. The life of the comrades who are now out there is the same as mine when I was on assignment: They gave up the safe, orderly life here with us with all its possibilities for development for the individual and have taken up a post that may bring them the unforeseeable hour by hour. Of course, there were and there are always comrades who encourage people, who keep spurring on others. But the link to the homeland is never broken.

[Question] If your cover had not been blown, would you possibly have continued to work as a spy in the FRG or is it impossible to endure this hard burden for an unlimited time?

[Answer] Of course I would continue to take care of my assignment in the FRG, possibly until death. And nobody would ever have found out my name. I do not know where my breaking-point would have been. I lived through 18 years of active assignment and 7 years imprisonment. And my strength was not yet sapped. A

person who is shown so much trust by the party must not say: I cannot do that or I cannot endure that. Our comrades and fellow fighters in the concentration camps and penitentiaries of the Nazis could not say that either. Nor can the fighters in Nicaragua, Chile, or South Africa say that. Nobody is permitted to say that who, where and how it may be, stands up for progress and peace.

[Question] Were you prepared for a possible arrest? What were your feelings when this situation arose?

[Answer] A spy always has to expect being arrested. We had noticed for months that we were under surveillance. Despite all that for a long time we did not know how to interpret whether the tails in our back were routine or a genuine danger. On 24 April 1974, a Wednesday, it did happen. Of course that was a shock. And if anywhere it is written or someone says that spies take something like that without any problems, that is a lie: It was a deep shock. It is vital to overcome this shock quickly and not to offer the adversary any opportunity to catch you unawares. My first day of interrogation ended at 9 pm. For the first time in my life a door closed behind me that I could not open again by myself. Then I was taken to the regular prison at Cologne-Ossendorf which I was not to leave until 7 years later. In all these years I did not succeed in suppressing the effect which a "door without handle" had exerted on me even during the first hours. The first 8 months were strict solitary confinement. Two, three sentences a day with the female guard, that was the entire communication. All around the clock I had to be preoccupied with myself. Later on I had to learn to live together with criminals, such as, e.g., a woman who had murdered her male friend with 24 blows with an axe or another who had strangled her child. Those are the kind of people you speak to; you work with them in the sewing room where I had to sew and mend prison clothing and linens. But I could not and must not isolate myself. I was the "most prominent" prisoner. Everybody wanted to see such a "communist monster" personally and hear her talk. That was another learning process for me, there I had to live, survive.

[Question] What was the worst thing at that time?

[Answer] The worst thing for me was the question that could not be answered immediately: On the day of my arrest, did I lose not only my personal freedom but also my son. Pierre was 17 years old. We had no longer any opportunity to explain to him who we were and why we were doing what we were doing. Would he decide in favor of his parents? For Pierre, too, the arrest was a severe shock. But his father and I were lucky, we had the greatest luck: He decided in favor of his parents. Even before the end of the trial by free decision he emigrated to his new homeland GDR. At that time he was 18 years old and he gave up the place he regarded as his homeland until then, his schoolmates and friends. At that time he was about to take his final high school examinations and did not know of any other life, any other social system than the one in which he had grown up. In the meantime

Pierre was married and has two children. With much hard work he achieved his chosen occupation and has become a news cameraman. And he is a member of our party.

During the years in prison the idleness, the powerlessness, being cut off from the comrades in the homeland and from my husband were the worst things. There were moments when it appeared unrealistic to me to have the hope of ever getting out of prison. I was sentenced to 8 years imprisonment for so-called aiding and abetting treason. They were able to hold me in their power for 7 years; then my comrades got me free. Despite loneliness, despite all harshness caused by imprisonment I can rightly say: During this time nobody saw me crying or being weak. I fulfilled my mission in prison, too.

[Question] How do you assess the time in prison: As too high a price that you alone had to pay or as the risk with which you had to live all those years?

[Answer] I have never posed this question to myself. For the security of our republic—how can you say: too high a price. I said that every spy must live with the risk of a blown cover. Thus we were prepared for that. Nonetheless: Each day, each hour in prison was and is too much.

[Question] What helped you survive the long years in prison?

[Answer] In the first place, the cause for which I worked. I was engaged in the right cause, for peace and socialism. I wanted to return home morally clean and not as someone whom the ones over there had worn out, broken. I wanted my son and my mother to be able to look me straight in the eye without being ashamed of me. I wanted to prove to myself that my initial motives from the mid-fifties even after such a long time were stable, still sustain me. All that kept me going and steadfast.

[Question] In view of the threat to the world and to human existence that comes from the most aggressive forces of imperialism—would you decide all over again in the same way, considering all you know and your hard experiences?

[Answer] That is a hypothetical question which I cannot answer without coming under the suspicion of being insincere. Seven years in prison—never again. To be ready to accept an assignment for the well-being of our country—again and again. Especially now where every head and every hand are needed to prevent the very worst, I wouldn't dream of leaving that up to others alone but I continue to feel challenged.

[Question] Is there anything you regret?

[Answer] I deeply regret that as a result of the arrest I was prevented from successfully continuing my work. That is the only thing I regret.

[Question] How did you feel when the party membership book was handed to you in the homeland?

[Answer] That was a moving moment. I was still a candidate member when I became a spy. Jokingly I would like to say that my time as a candidate lasted for a quarter of a century. I truly had time enough to take my examinations and not to disappoint my sponsors. When the party document was handed to me, of course correctly maintained over all those years, I had the feeling as if the ring had closed. Now I am finally in the midst of everything and am permitted to avow freely and openly what has been and is my purpose in life—peace and socialism.

12356

## POLAND

### More Active Role for Local Army Staffs in Youth Indoctrination

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23 Dec 87 pp 1,5

[Article by Major S. Radziszewski: "Common Interests—Joint Action: Patriotic-Defense Education of Youth"]

[Text] (Own information) Problems of the patriotic-defense education of youth relating to the pertinent concerted action of the military and the local political and administrative authorities as well as public and paramilitary organizations were the topic of a meeting between the Chief of the Political Inspectorate of the Silesian Military District (SOW), Bde. Gen. Dr Zdzislaw Rozbicki, and the leading party-political cadres of the voivodship military staffs as well as the commands of SOW units.

Deputy Chief of the Walbrzych Voivodship Military Staff Headquarters for Political Affairs, Colonel Mieczyslaw Maslak, briefed those present on the steps being taken to propagate knowledge of patriotic-defense problems among the youth of Walbrzych Voivodship. This is, he declared, an important element of activities of the Voivodship Defense Committee, the Voivodship PZPR Committee, the Voivodship Office, the Office of the Inspector of the School System, and the Voivodship Military Staff Headquarters. Cooperation among these and many other institutions assures good effects of the educational work with youth of pre-conscription age and with reservists. Members of the ZBoWiD [Union of Fighters for Freedom and Democracy], the ZBZZ [Union of Former Professional Soldiers], the LOK [National Defense League], and LOK reserve officers' clubs also have been recruited en masse for this work. They are co-organizers of, among other things, meetings with youth on the occasion of important state and

military anniversaries, and they take part organizing maneuvers and exercises for participants in defense training camps and sponsor commemorative lounges for schools.

Indoctrination work with youth of pre-conscription age is an activity to which regional conscription commissions attach a particularly great deal of attention. As part of recruitment drives, they provide information on the course of military service and extend invitations to lectures and expositions of military equipment as well as for participation in the training of experts as part of the training curriculum of the LOK. An important factor in popularizing patriotic-defense ideas and shaping internationalist attitudes of youth is sound cooperation between the Voivodship Military Staff Headquarters and the war veterans and numerous groups of military settlers inhabiting Strzegon, Swidnica, Nowa Rudy, Bielawa, Dzierzoniow, and other localities. An important base for influencing plant and factory workforces is the LOK reserve officers' clubs, which associate hundreds of graduates of the SOR [reserve officers' schools] and SPR [reserve cadet officers' schools], including young engineers, cultural workers, physicians, and employees of the ministry of cultural literacy and education — active members of the brotherhood-of-arms commissions operating under the Voivodship Board of the Polish-Soviet Friendship Society.

“A fine opportunity for broadly popularizing patriotic-defense topics will be,” stressed Colonel Michal Kupiec, “the coming anniversary of the formation of the Polish People's Army. On that occasion, as early as on 23 January, on the anniversary of the liberation of Lubus Region, the festivities in Zielona Gora Voivodship will be inaugurated with a scientific session and numerous patriotic rallies at sites commemorating the participation of Polish and Soviet soldiers in liberating these areas. In Katowice Voivodship, a few days prior to the anniversary of the liberation of Upper Silesia and the 70th anniversary of formation of the Red Army, the Exposition “Memory-Friendship-Brotherhood“, which the youth of the schools named after heroes of the People's Polish Army will be the first to see, will be inaugurated.

The participants in the meeting stressed that the voivodship military staffs play an important role in recruiting applicants for professional military schools. More attention should be paid to popularizing these schools, by, among other things, organizing meetings of youth with professional soldiers and new cadet officers, excursions to military schools combined with touring of national commemorative sites, etc. Important tasks in this respect also are to be fulfilled by the Councils of Friends of the ZHP [Polish Scouts Union] in which professional soldiers are socially active. As of January 1988 Clubs of Friends of Soldiers in the Reserve will be established in the Silesian Military District, and they will participate in, among other things, popularizing patriotic-defense topics among reservists.

Referring to the comments made during the discussion, Bde.Gen. Dr Zdzislaw Rozbicki stressed that the inspiring role of voivodship military staffs in the patriotic-defense education of youth is growing stronger in the Silesian Military District. These staffs cooperate satisfactorily with, among others, public organizations and other institutions. Refinements in the system for cooperation between voivodship military staffs and units of the SOW, on one hand, and the authorities, local administration, and political and social organizations, on the other, will promote broadening the knowledge of youth about patriotic-defense matters, improving the forms of the farewell festivities for conscripts and welcoming festivities for reservists that have been held for the last few years at plants and institutions, and strengthening the contacts between the military and school and working youth. The Chief of the Political Directorate of the SOW has also pointed to considerable potential that should be exploited to improve the coordinating role of voivodship military staffs in patriotic-defense education. Such potential is also harbored in the professional cadres working outside the army. Cooperation between selected SOW units and plants and factories also is bearing fruit, as demonstrated by the Copper Basin in Lubin and the patronage extended by military units over plant LOK reserve officers' clubs.



## HUNGARY

### **Hungarian-Soviet Economic Relations Analyzed** *25000047 Budapest KOZGAZDASAGI SZEMLE* *in Hungarian Nov 87 pp 1302-1323*

[Article by Dr Margit Racz, research fellow at the World Economy Research Institute of the Hungarian Academy of Sciences, and by Dr Sandor Richter, research fellow at the Economic Information Service of the Economic Institute of the Hungarian Academy of Sciences: "Certain Questions Concerning Hungarian-Soviet Economic Relations"]

[Text] This article is based on multi-year cooperative research studies prepared under the joint auspices of the Economic Information Service; Economic Sciences Institute of the Hungarian Academy of Sciences; the Economic Growth and Market Research Institute; and of the Vienna-based Institute for Comparative International Economics. The studies were to describe and compare the economic relations of Austria, Finland, Yugoslavia and Hungary with the Soviet Union.

The fact that the foundation study for this article was written in the framework of an international cooperative endeavor largely defines the character of this work. Above all, we worked with published data. This fact significantly narrowed down the numerical relationships that could be examined, as well as the statistics-based analyses. The lack of useful, specialized resource works also presented significant concern. Except for a few volumes, literature on the subject is inadequate for purposes of economic analysis, while volumes of CEMA literature published in Hungary—many of which are outstanding works—deal almost exclusively with the relationship between Hungary and CEMA. At the same time, however, in writing this article we relied largely on Kalman Peci's book dealing with the history of Hungarian-Soviet economic relations, as well as on Peci's manuscript which was prepared as part of the above-mentioned research.

#### **The Real Processes of Hungarian-Soviet Economic Relations**

#### **The Significance of Hungarian-Soviet Trade from the Viewpoint of Hungary**

Hungarian-Soviet economic relations play a definitive role in Hungarian foreign trade. This is so partly because of Hungary's volume of trade with the Soviet Union, and partly because of the peculiar features of the composition of goods traded. Our relations with the Soviet Union fundamentally determine the formation of our economic production and structure, while indirectly they influence our external relations with countries other than the Soviet Union.

During the past fifteen years, Hungary's exports to, and imports from the Soviet Union represented 30 percent of Hungary's total trade volume. Accordingly, the Soviet Union was Hungary's most important trading partner during the period. (See Table 1 on page 39) The combined trade volume with Hungary's second- and third-ranking trading partners, the FRG and the GDR, amounted to only half, or perhaps two-thirds of the Soviet share of trade since 1971. Hungary's imports from, and exports to the Soviet Union equal the combined total imports and exports from all Western European countries. (Footnote 1) (In the framework of Hungarian trade with the Soviet Union and with other CEMA countries, the pricing of individual products significantly deviates from world market prices. In addition, as a result of the fact that the transferable ruble is not convertible, the unit of accounting [i.e. the parity of the dollar and the transferable ruble] varies, and may be determined by applying any one of several methods, each of which produces significantly different results. For almost two decades the forint equivalent of the ruble in Hungary was always lower than the forint equivalent of the dollar, while the dollar was valued lower than the ruble by the International Bank for Economic Cooperation [NGEB], the central bank of CEMA.

If we disregard the "Hungarian" ruble/dollar parity, and instead accept NGEB's value judgment and exchange rates, the distribution of Hungarian trade relations will show a drastic change. According to Peci's 1981-1983 calculation which used NGEB exchange rates as its basis, the Soviet share of Hungary's foreign trade would be around 40 rather than 30 percent, while the foreign trade share with developed capitalist nations would only amount to somewhat more than half of the Soviet share. In the perspective of time, similar calculations demonstrate that in 1971 the Soviet share of Hungary's foreign trade was smaller, amounting to only 33-34 percent of the total, and that it had increased since. At the same time Hungary's foreign trade with developed capitalist nations has dropped by one-third. The CEMA share of Hungarian foreign trade [based on the NGEB transferable ruble/dollar exchange rate] is no smaller than the proportionate CEMA share of foreign trade with other, traditionally more CEMA-oriented member nations.)

The Soviet Union's significance as a trading partner presents itself in a different light if examined from the viewpoint of the composition of goods traded. Since 1971 two-thirds to three-fourth of Hungary's imported energy resources came from the Soviet Union. From the Hungarian people's economy viewpoint Soviet crude oil, natural gas, coke and electrical energy deliveries play an equally determinant role. During the early 1980's about two-thirds of all imported raw materials originated from the Soviet Union. (In earlier days the Soviet share of such imports was even greater.) The Hungarian import ratio from the Soviet Union is very high with respect to raw phosphates, timber and iron ore. Compared to the one-fourth ratio of the 1970's, one-fifth of Hungary's total machinery imports now originate from the Soviet

TABLE 1  
HUNGARIAN FOREIGN TRADE SHARE OF THE SOVIET UNION  
AND OTHER TRADING PARTNERS 1971-1985 (a)  
(in percentages)

Year	Soviet Union	European CEMA Countries (b)	Developed Capitalist Countries	Other (c)	Total
IMPORTS					
1979	27.9	23.7	34.1	14.3	100.0
1975	28.6	22.8	31.4	17.2	100.0
1981	28.6	18.3	36.0	17.1	100.0
1985	30.0	19.3	38.5	12.2	100.0
EXPORTS					
1971	28.6	25.0	30.4	16.0	100.0
1975	33.0	24.6	26.0	16.4	100.0
1981	33.4	19.8	27.2	19.6	100.0
1985	33.6	18.7	30.8	16.9	100.0

Notes: (a) The distribution represents values expressed in forints, as calculated by the Central Statistical Office [KHS], based on prevailing Hungarian National Bank [MNB] exchange rates for transferable rubles or dollars in the subject years. (b) Exclusive of the Soviet Union. (c) Other socialist and developing countries.

Source: The KHS computerized data base, and calculations based on the 1985 Statistical Yearbook.

Union. The Soviet share is similar with respect to semi-finished products—here too a decline is noticeable. In all other SITC categories (Footnote 1) (SITC is the statistical nomenclature established by the United Nations) the Soviet share of imports to Hungary is far below the average, and is particularly so in food products, chemicals and consumable industrial goods. (See Table 2 on page 40.)

Hungarian goods exported to the Soviet Union are less concentrated on one group of products. At present 40-50 percent of our machinery exports are destined to the Soviet Union; this proportion has increased slowly. Our exports of agricultural and food products to the Soviet Union have gradually increased during the 1970's and at present their proportions are comparable to machinery exports. Despite some reductions, two-fifths of Hungarian consumer product exports, and one-fourth of Hungarian chemical exports are shipped to the Soviet Union. The Soviet Union buys at below average levels industrial goods that are unprocessed or are at low levels of processing, such as semi-finished products, raw materials, and energy resources.

The above-shown ratios make obvious the fact that our dependence on certain Soviet exports as well as imports is great. At first sight there appears to be a difference between the character of our import-dependence and

export-dependence. Discounting the obviously significant infra-structural and geographical conditions, energy resources and raw materials are bulk products which may be procured simultaneously from several markets. In theory then, it is up to the importer to allocate his purchases among the various sources. On the other hand, Hungarian processed goods only marginally meet the qualitative, packaging, financial, service and other conditions of developed industrial markets. For this reason, such products can be sold only in CEMA countries whose production cultures are similar to that of Hungary, and even among those primarily in the Soviet Union. Accordingly, it is far more difficult to bear influence on our export-dependence on Soviet purchases. In reality, the roots of our Soviet import dependence can also be traced to our export marketing concerns. Hungary's present rate of Soviet import-dependence cannot be changed as long as Hungary's competitive export posture does not improve in convertible foreign exchange markets.

Yet another aspect of the significance of Hungarian-Soviet economic relations is the effect of these relations upon Hungarian production and its organizational structure. All Soviet imports are administered by a few large foreign trade organizations. (Footnote 3) (Although recent amendments to the Soviet foreign trade law represent an important step ahead, for the time being

TABLE 2.  
SOVIET SHARE OF HUNGARIAN IMPORTS AND EXPORTS  
IN PRODUCT (SITC) CATEGORIES 1971-1985  
(in percentages)

Year	0	1	2	3	4	5	6	7	8	9	Total
<b>IMPORTS</b>											
1971	14.9	5.8	42.5	62.5	6.0	13.8	28.4	27.8	8.2	0.0	27.9
1975	2.3	5.2	46.2	64.1	21.9	10.4	30.2	26.9	7.5	0.0	28.6
1980	1.1	3.7	30.3	71.4	0.0	11.3	23.1	24.3	5.8	3.3	27.7
1983	1.0	7.9	38.0	58.8	0.0	13.7	23.3	23.7	3.9	4.0	28.5
1984	1.1	6.9	36.1	66.5	0.0	14.6	21.8	20.9	4.0	3.5	29.1
1985	1.5	5.8	33.9	73.1	0.0	18.1	21.9	19.0	2.9	2.7	30.1
<b>EXPORTS</b>											
1971	16.2	42.1	9.3	7.4	0.5	38.1	15.6	41.1	45.0	0.0	28.6
1975	34.5	48.9	16.2	2.3	0.3	36.2	15.9	38.9	47.5	0.0	33.0
1980	41.0	39.3	10.3	3.3	0.3	23.1	11.9	38.1	35.1	0.6	29.3
1983	41.8	53.5	8.3	2.3	9.3	30.1	14.1	43.1	38.7	0.7	31.6
1984	32.3	61.2	7.8	2.8	0.9	27.3	13.7	45.4	38.2	3.0	30.1
1985	37.9	59.4	7.1	4.6	5.2	27.7	15.5	46.2	41.6	0.3	33.6

Source: Calculations based on the KSH computerized data base.

- |                                |   |
|--------------------------------|---|
| 0 -- Food and Livestock        | 5 -- Chemical Products                      |
| 1 -- Beverages and Tobacco     | 6 -- Semi-finished Products                 |
| 2 -- Raw materials             | 7 -- Machinery and Transportation Equipment |
| 3 -- Mineral Heating Materials | 8 -- Various Processed Goods                |
| 4 -- Animal and Vegetable Oils | 9 -- Other, not listed elsewhere            |

they will not constitute a change in proportions.) This then suggests two conclusions. First, from the viewpoint of Soviet foreign trade, it is simpler to deal with a few large export organizations than with tens of thousands of small enterprises. And second: Soviet orders usually call for large quantities of goods. Both of these circumstances were instrumental in bringing about a situation in which for four decades Hungarian large enterprises learned to specialize in the Soviet market. Accordingly, it was this group of large enterprises that became most responsive to the qualitative, packaging, service and scheduling requirements of the Soviet market. And so it is no coincidence that these enterprises have so much difficulty in producing goods that can compete in capitalist world markets. Hungarian agricultural production also manifested the structural modifier effect of Soviet exports during the past decade. The increased production of bulk agricultural products, such as cereals and unprocessed meat, can be attributed largely to Soviet import demand.

All of the above demonstrates that Hungary's economic ties to the Soviet Union are determinants of such magnitude that in and of themselves they are capable of exerting a decisive influence on future Hungarian economic development.

#### The Issue of Balance

The issue of balance is extremely complex and hard to grasp in the context of Hungarian-Soviet economic relations. The economic relations with the rest of the CEMA countries are similarly complex and equally hard to grasp. The trade balance, the balance of payments, and the balance of trade advantages to be gained from bilateral relations are virtually inseparably intertwined.

Since Hungarian-Soviet balance of payment data are not publicly available, we will not be able to separately analyze the trade balance and the movement of capital (the credit sphere). Notwithstanding this fact, data pertaining to trade transactions are publicly available, and contain information on Hungarian export deliveries that constitute interest and installment payments on in-kind [goods] credits obtained earlier. Previously these credits showed up on the balance sheet as Soviet exports, with no offsetting imports. Similarly, these trade transaction data show deliveries tied to investment contributions, which at times increase the exports, at other times increase the imports. Also this situation may be viewed as a special credit structure. In addition, we find several Hungarian-Soviet payment transactions (Footnote 4) (Payments related to tourism, services, miscellaneous costs related to goods, etc.) which also appear as in-kind

transactions, to the extent that these payments are not offset otherwise. Within the body of statistical data pertaining to trade transactions we also find some that were satisfied by payments in convertible currencies. These are outside the purview of the clearing system, and for years have represented an accumulation of significant Hungarian assets (even though these assets have decreased recently).

The foregoing discussion demonstrates that the various balances calculated at different points in time on the basis of published trade data do not provide a suitable basis to draw accurate conclusions with respect to the balance of Hungarian-Soviet trade, and are even less suitable to permit a determination of the trade advantages accrued by either party. (Footnote 5) (Unlike in convertible currency trade transactions, potential trade advantages in a closed clearing system are closely tied to the trade balance.) The latter would be true even if within the body of data pertaining to the overall trade balance we could delineate the clearing trade balance from the convertible currency trade balance, and if we could extrapolate the effects of the credit sphere from the export and import data.

The weighing of trade advantages and an endeavor to achieve a trade balance equally characterize the totality, as well as the individual areas of our bilateral relationship. Within the intra-CEMA trade, and consequently also within Hungarian-Soviet trade, there evolved groups of so called "hard" and "soft" products. These groupings flow from the clearing system, from the unity of the inconvertible unit system, from prices that deviate from world market prices, and from the backward technological level of processed industrial goods. "Hard" products can be sold easily in world markets and/or offered to satisfy the import priorities of our trading partners. "Soft" products, on the other hand, can only be sold in CEMA countries, and/or are on the bottom of the list of the import needs of our trading partners. Traditionally "hard" goods include energy resources and raw materials, certain semi-finished products, and as of recently: some agricultural and food products. Most processed goods constitute "soft" products. The borderline between the two groups of products is not sharply drawn: products alternate in their state of being "hard" or "soft."

The balance of trade advantages that can be materialized from these relationships emerge among the several trading partners in a number of phases: at negotiations aimed at coordinating plans, in the process of working out five-year trade agreements, at the time when the annual summary is being prepared, and to a lesser extent, in private contracts. It emerges in the framework of the export and import deliveries effected by the two parties, in terms of the ratio of "hard" and "soft" goods, expressed individually as well as in the aggregate. It is particularly difficult to determine the balance of trade advantages in the framework of the Hungarian-Soviet clearing trade. Processed goods dominate our exports,

while energy resources and raw materials dominate our imports. Thus, one cannot talk about a mutual balance of "hard" and "soft" goods. In Hungarian-Soviet trade the bargaining process aimed at establishing a balance of trade advantages pertains to the maintenance or the modification of hard/soft ratios that have already evolved, to the shipment of supplemental quantities of traditional products, and to the offsetting of products that may be viewed as new objects of mutual trade.

Mostly because of sharp deviations between actual world market prices and CEMA prices, and because of the lack of an appropriate natural offsetting opportunity, there are occasions when the clearing system is incapable of producing conditions favorable to equalizing balance of trade advantages. This is how Hungarian-Soviet trade produced a system of accounting which uses the dollar as its basic unit of exchange, alternatively the closed, zero-balance construction within the clearing system, and on more than one occasion the surrender of certain exports or imports. In part, this serves as the background for joint investment endeavors also.

There is a close, mutual relationship between balance of trade advantages on the one hand, and the structure, changes, and dynamics of merchandise trade and trade-related credit developments on the other. The following discussion will focus on these aspects only.

#### The Structure of Trade

Between 1971 and 1985 the composition of Hungarian imports from the Soviet Union has changed substantially. While in 1971 industrial raw materials and energy resources comprised more than one third, and processing industry goods constituted 60 percent of Hungarian imports, by 1985 these proportions were gradually reversed. The increased proportion of imported raw materials may be credited to price changes, and in particular to price increases related to energy resources. The import share of energy resources at current prices has tripled over the 15-year period, and in 1984 exceeded 50 percent of all Hungarian imports from the Soviet Union. According to Pecsí's calculations (he uses the CEMA nomenclature for his calculations), energy resource imports from the Soviet Union to Hungary at current prices comprised 41.5 percent of all imports, while based on 1970 constant prices those imports amounted to only 28.4 percent.

As shown in Table 3, the share of Soviet raw material imports to Hungary calculated at current prices dropped by more than 50 percent. Agricultural products imported from the Soviet Union have virtually disappeared. From among Soviet processing industry goods, the combined total of which previously amounted to half of the Hungarian imports from the Soviet Union, the proportion of semi-finished products and machinery has diminished greatly. During the entire period the share of chemical products imported to Hungary has increased, even though the absolute proportionate share did not reach 10

TABLE 3.  
SOVIET-HUNGARIAN TRADE STRUCTURE 1971-1985  
(in percentages)

Year	SITC PRODUCT CATEGORIES (a)									
	Total	2	3	5	6	7	8	0,1,4	2,3	5,6,7,8
IMPORTS										
1971	100.0	17.6	16.5	5.5	21.3	31.9	1.4	5.9	34.1	60.0
1975	100.0	16.1	28.0	5.1	21.2	27.3	1.1	1.2	44.1	54.7
1980	100.0	10.2	42.3	5.6	14.7	25.7	1.0	0.4	52.5	47.0
1983	100.0	9.5	47.1	6.3	13.3	22.6	0.7	0.4	56.6	42.9
1984	100.0	9.2	51.2	6.9	12.5	18.7	0.8	0.6	60.4	38.9
1985	100.0	7.8	53.6	8.1	12.0	17.3	0.6	0.5	61.4	38.0
EXPORTS										
1971	100.0	12.3	3.7	10.5	9.8	39.2	22.1	16.0	2.4	81.6
1975	100.0	22.8	3.2	7.7	7.8	38.5	17.6	26.0	2.4	71.6
1980	100.0	26.5	2.8	7.5	5.9	41.7	13.3	29.2	2.3	68.5
1983	100.0	24.8	4.2	9.7	5.6	41.5	12.1	29.4	1.7	68.9
1984	100.0	19.1	4.9	9.9	6.1	45.3	12.8	24.0	1.8	74.2
1985	100.0	18.9	4.2	9.5	5.6	46.0	14.0	23.3	1.6	75.1

(a) See Table 2 for the nomenclature of SITC chief product categories. 0, 1 and 4 means agricultural and food products; 2 and 3 means raw materials and energy resources; 5, 6, 7 and 8 means processing industry goods.

Source: Calculations based on the KSH computerized data base.

percent of the total imports even in 1985. Already in 1971 consumable industrial products represented only a small fraction of the imports. By the early 1980's they shrunk to zero.

Considering its product composition, Hungarian imports from the Soviet Union became more differentiated and polarized during the past fifteen years. One of the reasons for this phenomenon is the increased import proportion of energy resources which was further supported by increased prices. A similar differentiation and polarization was produced by a shrinking Soviet supply (such as in the cases of agricultural products, certain semi-finished products and transportation equipment), by divergent Soviet machinery and consumer goods supplies and Hungarian import demands, and by the fact that the Soviet Union found the offsetting of certain "hard" goods offered by Hungary as unacceptable.

The two pillars of Hungarian exports to the Soviet Union are the processing industry and the agricultural products categories. The export share of the latter group has significantly increased after 1974. (In those years large-volume cereal and meat shipments were made to the Soviet Union, accounted for in dollars.) From the processing industry product category the exportation of machinery and of transportation equipment acts as a determinant. Considering the entire period, in the average these goods constituted two-fifths of Hungary's

exports to the Soviet Union, and their proportionate share continues to increase. (Footnote 6) (Although, not unlike in the case of semi-finished products, our exports in this category are on the decrease.) The proportionate share of chemical products exports remains unchanged at 10 percent.

#### The Direction and Pace of our Mutual Trade

In recent years, the fluctuation of exports and imports diverged sharply within Hungarian-Soviet trade accounted for in rubles.

We would be able to study more thoroughly the halt in trade expansion and the diverse evolution of exports and imports on the basis of constant price data, but no such Soviet data are available to us. Nevertheless there is a body of data that shows trade based on ruble accounting. The export and import structure of Hungarian foreign trade with smaller CEMA countries is very similar, featuring a well-balanced exchange. For this reason, quantitative changes in the total trade accountable in rubles (inclusive of the Soviet Union), and the deviations in value changes of Soviet trade at current prices (Footnote 7) (Data pertaining to Soviet trade present the combined data of trade transactions consummated in transferable rubles and in convertible currency) will be

**TABLE 4.**  
**HUNGARY'S FULL RUBLE-ACCOUNTING TRADE WITH THE SOVIET UNION**  
**CHANGES IN QUANTITIES AND VALUES**  
**FROM 1975 TO 1980, AND FROM 1980 TO 1985 RESPECTIVELY**  
**(in percentages)**

Years	Total Ruble-Accounting Trade		Soviet Share of Trade	
	Quantity	Value	Quantity	Value
<b>IMPORTS</b>				
1980/1975	116.7	118.5	--	129.4
1985/1980	100.1	141.4	--	148.4
<b>EXPORTS</b>				
1980/1975	130.2	119.1	--	127.7
1985/1980	133.9	167.1	--	173.5

Source: The appropriate volumes of the Foreign Trade Statistical Yearbook.

informative from the viewpoint of the main dimensions of the processes that take place in Hungary's trade with the Soviet Union. This is our hypothesis. (See Table 4.)

Table 4 shows that already in the period between 1975 and 1980 the export volume increased twice as fast as the import volume, but the real change may be observed between 1980 and 1985 when the quantity of our imports, accountable for in rubles, remained unchanged, while our exports to the Soviet Union, accountable for in rubles, had to be increased substantially: by one-third. This phenomenon took place as a result of the relationships described above. In other words, in part as a result of the limitation of supplemental Soviet opportunities and preparedness to deliver, and in part, as a result of gradually increasing Hungarian payment obligations resulting from a five-year averaging, a one-sided Hungarian "export expansion" took place, one that can be measured in actual units only.

#### Our Credit Relationships

The history of Hungarian-Soviet credit relationships can be divided into two distinct parts. Between 1946 and 1975 Hungary received not too significant amounts of Soviet credits which nevertheless were important because of their terms and conditions. These credits had been repayed by 1975.

A new chapter in credit relations opened in the middle 1970's in conjunction with the so-called "joint investments." The substance of joint investments actually constitutes price increases. They manifest themselves primarily in the form of shipments of goods from Hungary and from the rest of the Eastern European socialist

nations to the Soviet Union. Joint investments are recorded as financial transactions for the purpose of bringing about Soviet-owned establishments in the Soviet Union. Repayment by the Soviet Union takes place later in the form of shipments of goods—primarily energy resources and raw materials. (Footnote 8) (These credits granted to the Soviet Union indirectly increased Hungary's convertible currency indebtedness, because part of Hungary's goods supplied to the Soviet Union were financed by credits obtained from the West.)

Closely tied to the development of Hungarian-Soviet economic relations are so called "consolidation credits." These are credits granted by the Soviet Union since the middle 1970's to Eastern European countries (including Hungary). These countries struggle to remedy their unfavorable trade balances caused by the sudden increase in import prices. The amounts and compositions of these credits were not publicized.

Despite the availability of consolidation credits, forced increases in exports that were necessitated by deteriorating trade ratios also served to test the Hungarian economic capacity. This took place while the effects coming from the Soviet market failed to catalyze structural transformation in Hungary, which could have led to the modernization of the Hungarian economy as a whole. To the contrary: forced exports stimulated the development of products that are not competitive in world markets—not even on a prospective scale.

#### The Three Key Areas of Hungarian-Soviet Economic Relations

We will now deal with three distinct areas of Hungarian-Soviet economic relations. Each of these areas is sufficiently significant so as to determine the evolution of the

**TABLE 5.**  
**SOVIET EXPORT SHARE OF HUNGARIAN ENERGY RESOURCE**  
**IMPORTS AND CONSUMPTION 1971-1985**  
**CALCULATED ON THE BASIS OF ACTUAL UNITS (a)**  
**(in percentages)**

Item	Proportionate Share of Energy Imports from the Soviet Union			
	Imports		Consumption	
	1971	1985	1971	1985
Crude Oil	90	93	66	75
Diesel Oil	87	99	11	20
Heating Oil	95	33	8	8
Natural Gas	--	100	--	37
Electrical Energy	n/a (b)	n/a	n/a	n/a
Coal	17	28	1	4

**Note:** (a) The calculations pertain to gross imports, i.e. they disregard possible re-exportations. (b) No public KHS data are available pertaining the significant amount of electrical energy imports from the Soviet Union.

**Source:** The appropriate yearly volumes of the Statistical Yearbook and the Foreign Trade Yearbook.

totality of our system of economic relations. At the same time, these examples well demonstrate the obstacles that hinder the development of cooperation.

*The Issue of Energy Resources Imports*

During the fifteen year period between 1970 and 1985 the global economic role of energy resources, and primarily of crude oil has changed fundamentally. As a result of two price explosions an important strategic item turned into a commodity, capable of fundamentally rearranging the earlier power structure of the global economy, and which, through related pricing policies, is capable to determine the long-range developmental course of national economies. During this period Hungary became increasingly dependent on energy imports in general, and on the Soviet Union, as Hungary's chief supplier of energy resources, in particular.

The infrastructure of Hungarian energy resource imports from the Soviet Union evolved between 1960 and 1980. It includes a system of electrical power lines, crude oil and natural gas pipelines, and the Kalus-Leninvaros refined oil pipeline. During these two decades the only serious attempt Hungary made to diversify its infrastructure of our energy imports was the construction of the Adriatic crude oil pipeline. It was sized so as to fit "peacetime" oil prices, assuming that Hungary's western crude oil imports would increase rapidly. (It is known that the pipeline was not put to use for several years.)

The Hungarian economy had difficulty in responding to the 1973 oil price explosion. The regulatory system conveyed the real effects of oil price changes to enterprises in a blunted form. These enterprises were not

overly sensitive to costs anyway. The reevaluation of energy as a source of power and as a cost factor was delayed. Although the effects of the second price increase reached the Hungarian enterprise sphere more rapidly, and energy consumption at the people's economy sphere slowed down significantly, the energy-demanding production structure of the Hungarian economy remained fundamentally unaffected. No major initiatives took place which, through the reduction of specific energy requirements, could have produced a tangible reduction in energy imports. Nor was the production of goods saleable in the West increased sufficiently to establish a foundation for diversified energy imports. Even if there had been endeavors to change Hungary's sources for energy procurement, those would have been retarded by Hungary's weak competitive profile vis-a-vis capitalist markets, and would have been counteracted by the relatively low price of energy resources within CEMA, as those prices compare with world market prices at any given point in time.

From the Soviet viewpoint, during the 15 year period the export of energy resources had become the most significant source of hard currency income. Until the late 1970's, Soviet energy exports to CEMA countries increased, in spite of steep increases in production costs and reductions in the quantities produced. Beginning in the early 1980's a change in the trend of intra-CEMA energy-trade presented itself not only as desirable, but also as necessary for the Soviet Union. This was so, because as a result of stagnating Soviet domestic oil production and of an initially slow, but later rapid drop in global oil prices presented an increasingly difficult

problem to the Soviet Union insofar as the preservation of previously accomplished levels of hard currency income, and later the limitation of the decrease of hard currency income was concerned. As a maximum goal, the Soviet Union's primary economic interest demanded the redirection of available product categories for sale in lieu of convertible currencies. At the same time, leaving open the door to solutions like maintaining the level of clearing trade, or increasing clearing trade in which balances were to be actually satisfied in convertible currencies, and the general stiffening of offsetting conditions within the clearing trade system also became Soviet goals. Beyond the primary Soviet economic interests, there was a simultaneous and significant Soviet interest in protecting the economic and political stability of the small Eastern European socialist countries.

In terms of bilateral relationships, until 1985 it may have appeared as if the only unresolved issue related to the extent of damage suffered by the Soviet Union as a result of the delayed and blunted conveyance of world market conditions by CEMA pricing policies. (See the increasingly voluminous literature on the subject of implicit subsidies.) Nevertheless we are bound to establish the fact that in the final analysis the situation did not yield a "net" advantage to the Hungarian economy either. In other words: the gains made by the Hungarian economy were offset by an equal amount of damages.

The weak adaptation of the Hungarian economy to post-1973 world market conditions may be credited primarily to internal matters, such as the delayed introduction of energy conservation measures and mistaken investment decisions, for which of course the Soviet Union cannot be blamed. On the other hand, it is equally true that the low price tags attached to Soviet energy deliveries had a disorienting effect, which may be the reason for the delayed introduction of energy conservation measures. Hungary's present situation is further aggravated by the fact that as a result of delayed reductions of Soviet oil prices—as compared to global oil price reductions—Hungary gradually "refunds" the price advantage it gained earlier. Meanwhile the cost of this delayed adjustment will be never recovered. Accordingly, the price advantage gained by Hungary in one aspect of the bilateral relations (which represented a price loss to the Soviet Union,) created both advantages and disadvantages for the Hungarian economy.

In the late 1970's the clearing trade of crude oil began to stagnate. The importation of crude oil could be increased only within the closed ruble construction, within "ad hoc," or structured convertible currency transactions (e.g. crude oil in exchange of wheat or meat), and in the framework of "joint investments." Finally, in 1982 the amount of crude oil to be delivered pursuant to the clearing trade agreement was reduced.

Accordingly, Hungarian-Soviet energy resources trade is one of the tension-filled areas in the two countries' relations. For this reason the important tasks would be to

transform the energy-demanding Hungarian production structure, and to improve the dollar income-producing capability of our exports. This means a step by step preparation for the possible gradual narrowing of procurement opportunities within CEMA, and the diversification of import sources by increasing our ability to export. The extent of our dependence today could be substantially reduced if the diversification of import procurement sources would become an infrastructural issue. This is so even if Soviet energy imports were larger than they are today.

#### *The Issue of Hungarian Machinery Exports*

As discussed earlier, during the past 15 years the composition of Hungarian-Soviet exports and imports showed an increasing trend of divergence. Our mutual trade assumed a complementary character: we exported processing industry goods in exchange of energy resources and raw materials. Within the processing industry exports the product groups that include machinery, installations and transportation equipment have assumed central significance. Almost half of Hungary's exports to the Soviet Union consist of machine industry products, and 40 percent of the total Hungarian machinery exports is destined to the Soviet Union. In the early 1970's the value of Hungarian machinery shipped to the Soviet Union was less than 150 percent of the machinery imported to Hungary from the Soviet Union. A decade later Hungary exports twice as much machinery to, than it imports from the Soviet Union.

Hungary is an important shipper of machinery to the Soviet Union. In 1985 Hungarian machinery imported to the Soviet Union constituted 9.8 percent of all the machinery imported by the Soviet Union. This ratio exceeded the combined imported machinery share of the US, Japan and the FGR (8.7 percent). This is significant even if one considers that the NGEB records trade transactions with capitalist countries at a rather undervalued dollar exchange rate. (Footnote 9) (Vnyesnyaya Torgovlya USSR, 1987 79 1.)

As a result of energy price increases the role of Hungarian machinery exports changed. They increasingly served to offset energy imports. In other words: Hungarian foreign trade used one of its "soft" product categories (as perceived within CEMA's peculiar value system) with the importation of a "hard" product.

The "softness" of Hungarian machinery exports may be discovered in the related price formulations. The price of Hungarian machinery shipped to the Soviet Union increases rather slowly as compared to mounting production costs and to the improved productivity of the machinery. As a result of this Hungary achieves an increase in the value of its exports primarily by increasing the quantity of goods exported.



A peculiar trap situation evolved with respect to prices. A large part of traditional Hungarian machinery has been part of Hungary's exports for a long time. Nevertheless these products are on the descending slope of their life cycle, and therefore their prices are firmly established and hard to change. Machinery producers have a choice of either continuing to produce these pieces of machinery for export in their present form, or to modernize these products. In the first case the product becomes increasingly "soft" by virtue of its increasing obsolescence, and thus it becomes increasingly difficult to raise prices. Under the second alternative significant investments would be required. In the latter case, however, the buyers of these products would hardly be flexible. They would either adhere to the old products or would accept the better quality products, but would not be willing to recognize the increased costs by paying higher prices. The diverse characteristics of the CEMA market and the convertible exchange market would make it virtually impossible for the machine industry to significantly expand the array of products it offers, while at the same time trying to satisfy both markets. Machinery that is still saleable in the Soviet Union and in the rest of the CEMA countries cannot be sold at the convertible exchange market. And this is true in the reverse also: only a few of those Hungarian machinery items that are competitive in the capitalist markets can be sold for export at the right price—i.e. as "hard" products—to the Soviet Union or to the rest of the CEMA countries. The wall between these two extremes is impenetrable. It rules out the Hungarian machine industry's chance to forge trade advantages out of the diverse features of the two leading markets. Similarly, it would be impossible to mass-produce modern machinery, based on the notion that by flooding the relatively less demanding CEMA market Hungary would be enabled to enter capitalist global competition with competitive prices. And this is true in the reverse also: developing the machine industry so that it aims for an entry into the capitalist market would hardly support the notion of a significant increase in exports to the Soviet Union and to the rest of CEMA.

Hungarian machinery exports to the Soviet Union are indirectly, nevertheless closely, tied to our foreign trade with capitalist countries. A significant part of semi-finished products, parts and components used for the construction of the machinery to be exported originates from Hungarian dollar imports. The extent of the dollar-import content of products exported to the Soviet Union is seldom considered a "hardening" factor in bilateral negotiations, that is, the "hard" character of these products in many instances is independent from the dollar-import content of those products. This circumstance also hinders indirectly the increase of the technological level of machinery produced for export to the Soviet Union.

A further characteristic of Soviet (and in general CEMA) machinery trade is the fact that most products subject to mutual trade are finished products. In spite of countless resolutions and agreements, industrial cooperation lags

far behind a level that would be warranted by the volume of trade. The reason for lack of cooperation is that the "fine structure" needed for such cooperation did not evolve in the framework of bilateral economic relations. In other words, enterprise-level cooperation motivated by market forces, and the storehouse of forms and means for technological, financial and proprietary integration built on such cooperation did not evolve. This situation is partly a result of the fact that industrial cooperation in the framework of Hungarian domestic commerce is also at a low level, and partly of the nature of bilateral negotiations, in which direct inter-enterprise negotiations assume a subordinate role. And further, the internal Soviet economic mechanism does not encourage the evolution of industrial cooperation either. Considering the above-described situation of Hungarian machinery exports to the Soviet Union it would seem as very difficult to find a way out of this situation in the foreseeable future. In this respect too, a structural transformation geared to accomplish energy and raw material conservation would represent a step forward. It could provide an alternate track for Hungarian machinery exports destined to the Soviet Union, while weakening our dependence on imports from the Soviet Union.

#### *Issues Affecting Hungarian Agricultural Exports*

Hungarian agricultural exports occupy a special place within Hungary's total scope of exports to the Soviet Union. This is so because on the export side of our Soviet foreign trade balance sheet, Hungarian agricultural products are virtually the only ones settled in dollars. By the early 1980's, the assets derived by Hungary from agricultural exports to the Soviet Union have become a balancing factor of outstanding significance in the framework of Hungarian foreign trade that is not subject to settlement in rubles.

Since the mid-1970's when deliveries to the Soviet Union subject to dollar settlement began, agricultural and food products constitute one-fifth to one-third of all Hungarian exports destined to the Soviet Union. Paralleling this development, the geographic distribution of all Hungarian agricultural exports was rearranged. Until the middle 1970's less than 20 percent of Hungarian agricultural exports was destined to the Soviet Union. By the middle 1980's that proportion reached 50 percent. The most significant agricultural products destined to the Soviet Union are beef cattle and pigs for slaughter, beef and pork, cereals, canned fruits and vegetables, slaughtered poultry and apples. In terms of Soviet dollar trade, cereals and meats are the most important.

Hungarian-Soviet trade subject to dollar settlement observes the prevailing daily dollar exchange rate as a basis. According to the original conception, such trade would have been based on a zero balance concept, in which Hungarian exports were offset by an equal value of imported crude oil and crude oil derivative from the Soviet Union. Restrained Hungarian economic growth and the modest success achieved in energy conservation, however, enabled Hungary to limit its non-clearing trade

purchases of crude oil and crude oil derivatives from the Soviet Union. The rate of such purchases is on the decrease, while the value of cereal and meat exports is on the increase. The assets thus accumulated by Hungary fulfilled a rather important stabilizing role from the viewpoint of Hungary's financial liquidity, particularly during the so far most critical years of 1982, 1983 and 1984. (Since then the significance of these assets has diminished.) Accordingly, in the short run the existence of Hungarian trade with the Soviet Union subject to settlement in dollars enhanced commercial development. It resulted in trade increments on both sides—increments which could not have come about under the traditional clearing system. On the other hand, trade subject to settlement in dollars had a redirecting effect on Hungarian foreign trade. Hungarian agricultural exports have a centuries-old history in Western European markets. These markets became increasingly closed to Hungarian agricultural products. Accordingly, a large part of Hungarian agricultural exports was redirected to the Soviet market. During the early eighties, as part of Hungarian foreign trade not subject to settlement in rubles, the final balance of Soviet trade subject to settlement in dollars was the critical indicator on the overall scale. At the same time the continued survival of Soviet trade with Hungary subject to settlement in dollars is uncertain, and is incalculable from the Hungarian viewpoint. In recent years certain economic barriers also gave rise for concern: reduced Soviet oil income would clearly suggest that the Soviet Union manage its trade subject to settlement in dollars in an increasingly conservative manner.

The practice of Hungarian-Soviet trade subject to settlement in dollars has been going on for a sufficiently long period of time to catalyze and to reinforce certain trends of specialization in Hungarian agriculture. To satisfy Soviet market demands, large-scale production of wheat in Hungary has increased substantially. Meat production and primarily the production of processed meat products has also increased. This considerable agricultural surplus can be sold in bulk by Hungary to the Soviet Union exclusively. After all, this is the age of a world-wide surplus of meat and wheat, and there seems to be no impending change. Accordingly, it would appear that Hungary's decisive, traditionally Western-oriented agricultural export trade is gradually focusing on a single market, even though there is no long-term assurance for a sustained dollar income from this source. In the short run, most certainly, we should pursue this kind of trade as long as possible, as long as mutual interests support such transactions. Paralleling these endeavors, however, Hungarian agriculture must undergo a change in production structure. As a result of such change the production of cereals and unprocessed meats should decrease on the one hand, while processed food products that can be sold elsewhere should also increase. Along with the present product composition, our single-market focus should be

relaxed. In other words: in regards to the export of cereals and meats, we must take advantage of opportunities for diversification, regardless of how narrow those opportunities may seem.

### The Mechanism of Hungarian-Soviet Economic Relations

#### The System of Organization

It follows directly from the logic of foreign trade based on quotas ["contingents"] that the establishment of trade relations starts at the top, then filters downwards. Even today, the National Planning Office and the Ministry of Foreign Trade play the decisive roles. This form of cooperation may be viewed as traditional by now. It has undergone a number of changes through the years, yet its fundamental characteristics remained the same.

Foreign trade transactions are planned within a three-step process. These are: the reconciliation of people's economy plans in a five to eight year perspective; the system of memoranda covering trade for a five year period; and the same on an annual basis. This system proved to be adequate for the organization of foreign trade until, as a result of development, scores of new products appeared on the market, and until the need for cooperation at the component parts level appeared. Hungarian-Soviet trade relations reflected the new needs already in the early 1960's. At that time an effort was made to satisfy this need by adding some new organizational links to the chain of command. It was in this vein that certain permanent committees specializing in specific branches of industry were formed to provide regular, organizational contact to the appropriate specialized ministries of the two countries. During the sixties, the concerned enterprises also participated in the domestic reconciliation stage of trade negotiations. These organizational changes could have served as grounds for more substantial cooperation, had it not been for the lack of feedback to the traditional decision-making system. Insofar as the permanent committees were concerned there was no feedback. As a result, recommendations for specialization and cooperation initiated at the specialized level seldom became reality. Internal reconciliations show that enterprises were participating in the decision-making and that they were in possession of significant information needed to make decisions. Enterprise participation, however, did not become an organic, legally supported part of the reconciliation mechanism. This fact caused problems particularly in cases involving conflicts of interest between the micro- and macro-levels.

The present Soviet initiative for direct inter-enterprise trade relations is the first serious attempt of its kind. The failure of previous sporadic attempts of this nature proves that enterprise interests, and the dependence of enterprises serves as an obstacle to individual enterprise initiatives in establishing international forms of cooperation.

### The Bilateral Quota System—The Basic Form of Hungarian-Soviet Foreign Trade

From the outset, the exchange of goods between Hungary and the Soviet Union took place in the framework of a bilateral quota system. During CEMA's more than three decades of history the only change that may be detected in the quota system concerns product category exchange agreements. In this respect the system sometimes went into great detail, while at other times it assumed a global character, e.g. within processing industry product categories.

This high degree of stability—manifested by the quota system as an institution—may be traced to the fact that the system, as a framework for establishing external relations, is a form that suits the Soviet domestic economic management system. (The quota system contradicted the logic of the economic mechanism which followed the 1968 Hungarian reform.) The durability of the quota system was also enhanced by the fact that the fundamental features of the product structure subject to Hungarian-Soviet trade remained unchanged until the 1980's. There were mutual interests tied to this lack of change. Materials, and products having the character of materials, constituted a rather large proportion of Hungarian-Soviet foreign trade (more than two-thirds of Soviet deliveries fell into this category,) and it was the fundamental character of this product structure that remained unchanged until the 1980's.

The dimensions of Hungarian production capacity adjusted themselves to this product structure. Based on the dual belief of unlimited Soviet raw material supply capacities and of an unlimited Soviet demand for finished goods, a group of large enterprises processed Soviet chemical and foundry raw materials, and exported machinery to the Soviet Union. It was this structure of production capacities that made both the macro- and the micro-economic levels of the Hungarian economy interested in maintaining the quota system. This interest did not change even after the 1968 reform, as long as the product composition and the trading ratios remained unchanged. Thus, a logic that was alien to the essence of the Hungarian management system, adapted itself without severe disruptions to the practice of the reformed Hungarian mechanism. All this suggests that the singular Hungarian focus on the Soviet market took place securely, in an atmosphere of stability provided by the quota system. It also meant that the security offered by this form of foreign trade served as a foundation for the allocation of investments, and also, to a significant degree, for the entire system of planning.

Under the quota system goods to be traded between two countries are specified in advance in terms of product categories. These advance specifications are decided at the macro-economic level. From the viewpoint of processing industry products the system presents several kinds of problems. Three of these are worthy of mention.

1. In an economic management system built on plan directives prices attached to goods do not reflect actual costs. Therefore they cannot be considered as a basis for pricing in foreign trade. For this reason, the guide prices that determine the proportions of trade must be learned from outside of CEMA. According to the quota-based foreign trade pricing principle established in Bucharest, prices used must reflect world market prices. In establishing such prices temporary fluctuations in world market prices caused by cyclical changes must be disregarded. With respect to processed goods, however, the fact is that the more highly processed a product is, the more difficult it is to establish such prices. Accordingly, in the Hungarian-Soviet quota trade context it was relatively easy to find world market prices for the products exported by the Soviet Union, e.g. by applying commodity market prices. But it was very difficult to find appropriate prices for the products exported by Hungary, the bulk of which consisted of finished goods. The resultant uncertainty was aggravated by the fact that an overwhelming large part of the kind of machinery exported to the Soviet Union could be sold only within CEMA. Therefore these products did not even have realistic "world market" prices. Under the quota system a situation like this can result either in the improvement, or the deterioration of trading ratios. In the Hungarian-Soviet context such improvements and deteriorations would depend on the Soviet Union's economic situation at any given point in time (e.g. an abundance or shortage of raw materials), and would be independent from the actual demand for, and the quality of the product.

2. In the aftermath of World War II, division of labor and regional economic integrations became the global economic characteristics. Within the processing industry this produced widespread specialization and international cooperation in component parts. This practice did not at all become characteristic within CEMA, and its lack forestalled any significant improvement in production efficiency. Specialization that would have expanded product choice did not come about either. After-sale services by the producer, such as the provision of spare parts, is not common in CEMA. And even if such services existed, the shipment of spare parts could run into difficulties. The rigid concept of quota-based trade served to flatten processing industry exports, and failed to provide for after-sale services.

Some large-scale CEMA specialization and cooperation programs under the quota system became functional only because central economic management provided special procedures for these programs, e.g. separate accounting for the trade of a certain category of goods, and special domestic processes. Nevertheless, special attention seldom produced specialization and cooperation. Other specialization efforts which did not receive special attention essentially remained formalities only.

3. The quota system combines the sale and purchase of all goods. This means that foreign trade transactions can be consummated only by foreign trade organizations

which are separate from the producers: after all, it is the essence of the quota system that the individual buyer and seller will not meet at the producer level. No particular problems emerged as a result of this in relation to the trading of raw materials. Relative to processed goods in general, it is the user's expectation attached to a product that represents the most fundamental incentive for qualitative improvement and for product renewal. In an overwhelming majority of cases user expectations remained unknown to Hungarian export producers. Accordingly, while in principle the Hungarian machine industry was geared from the outset to satisfy the Soviet market, the Hungarian producer learned only indirectly about the actual expectations of the Soviet users.

It is for this reason that the countries linked under the quota system became isolated from each other. Processing industry exporters were not governed by user expectations and demands, instead they were "ranked" according to the kind and price of goods their products were traded for. This is consistent with the logic of the quota system in which settlement is reached in terms of various product categories. In contrast to market economies, the quota system is unsuitable for the recognition of qualitative differences. Hungarian processing industry exports developed without the influence of market forces, resulting in a qualitative and state-of-the-art shortfall of Hungarian products vis-a-vis world standards.

Yet another quality-related problem emerges as a result of the quota system. As mentioned before, under the quota system foreign trade organizations settle their accounts on the basis of product categories. In reality this means that these organizations deal with the full range of a country's products destined for export. The more articles they deal with, and the larger the total value of trade, the more complicated and difficult it becomes to reach settlement on the basis of product categories. This leads to situations in which no one wants to make changes once the difficult task of drawing up the integral system of product offsetting has been accomplished. This is a practical over-simplification of foreign trade. In the end it renders a rigid character to the production structure shaped by the quota system. Accordingly, while there was a forceful expansion of mutual trade until the middle 1980's, the ratio of traditional products continued to increase. This fact not only countered endeavors to modernize products, it also had the effect of making the unavailability of products permanent. (E.g.: for decades attempts were being made to do away with the shortage of component parts related to goods traded. So far such endeavors were totally unsuccessful.)

For the above reasons the naturalistic trade organized at the macro-economic level retards the development of high quality products. This, in turn, threatens Hungary with a severe, long-term trade disadvantage insofar as processing industry products in general, and machinery exports in particular are concerned. Hungarian-Soviet trade stimulated the Hungarian economy as long as the

raw-material versus finished goods model was able to function undisturbed. The planning organizations were able to establish macro-economic plans based on parameters that were secure and could be judged in advance, and the enterprises functioned under stable conditions of procurement and sales. Accordingly, for a long period of time, the quota system covered up problems related to the quality of finished products. It was able to do so until the deterioration of trading rates brought into focus the resultant contradictions.

#### Attempts To Improve the Quota System

Under the cooperative system the macro-economic level was unable to handle certain foreign trade transactions that involved certain goods that had the character of finished products. Although the permanence of shortages and qualitative problems did not force the resolution of the overall problems, certain CEMA efforts to further develop the cooperative system may be found already in the 1960's.

From among these the most important ones were (a) the involvement of an increasing number of lower echelon specialists; (b) actions aiming for the establishment of a joint financial system; and (c) endeavors for cooperation between enterprises.

(a) Regardless of how dynamic the growth of trade governed by quotas may be, processes within national economies remain off limits to trading partners. As a result relationships among specialists fail to materialize. Following a period of fast-paced post-World War II industrialization, and as a result of isolation, some parallel capacities and shortages became locked into the bilateral relationships. This contradiction became evident primarily in terms of Soviet foreign trade, because the Soviet Union was the prime customer of finished goods produced by the small CEMA member nations. CEMA partners attempted to resolve this problem at an early stage. In the course of such attempts they tried to establish contacts with the leaders of various branches of industry, in addition to the central planning authorities and the foreign trade organizations. As a result of these attempts the permanent specialized committees came into being.

The permanent specialized committees are institutions organized on the basis of a variety of viewpoints. They may make recommendations regarding specialization, cooperation, the development of new products, etc. In theory, these recommendations should become parts of coordinated overall plans, and thus also of quota-based foreign trade transactions. But while the leaders of various specialized branches of industry meet to discuss all kinds of matters, all essential matters related to actual trade continue to evolve in a manner unchanged, on a bilateral basis. No mechanism has evolved for the linking of the two divergent decision-making systems. Thus the permanent specialized committees were unable to

produce a breakthrough in terms of liquidating shortages or increasing the number of endeavours aiming for specialization and cooperation.

(b) An attempt to establish a common financial system also took place in the 1960's. The most important element of this was the establishment of the two common banks serving CEMA (the International Investment Bank [NBB] and the NGEB) and of the transferable ruble, which is the common currency within CEMA.

The common currency and the common banks served the purpose of providing an opportunity for trading partners to break out of the rigid limitations of bilateral trade, and to assign a foreign trade role to money (such as the provision of credit, and the equalization of differences between various national currencies in the settling of debts and claims). The need for such actions is unquestionable.

The actual practice of the past years shows, however, that common CEMA banks and the creation of a transferable currency did not lead to a transformation of the quota system. Things evolved in the opposite direction. The banking functions remained formalities, and even today the transferable ruble remains untransferable. Outstanding bilateral trade balances are being settled on paper within NGEB's diverse books of accounts, but in reality they are not. One can buy goods using transferable ruble credits granted by NBB only if the individual CEMA partners separately commit themselves to accept such payments. Under such circumstances, it is impossible to further transfer the transferable ruble, and thus the exporting nation, rather than the NBB, becomes the actual creditor.

(c) Although macro-economic decision-making concerning trade is the essence of the product category-based quota system, efforts to somehow draw national mid-level and micro-level units into the reconciliation process has been on the daily agenda since the early 1960's. Along with the permanent committees, certain joint organizations were formed during the 1960's. The form was different, but the task was the same: to coordinate national economic processes—once again at the specialized ministry level.

These "joint coordinative organizations" serving various branches of industry have not produced substantive results either. Lack of success resulted not only from the existence of bilateral quotas, but also from the domestic economic management system. Specialists in the joint organization councils were unable to reconcile diverse interests and to compromise in the interest of achieving consensus. Economic management based on the principle of issuing directions transformed these joint coordinative organizations into bodies implementing central directions. Thus, the responsibility criterion

for joint coordinative organizations shifted from economic success to the proper implementation of directives. The situation is paradoxical, because these organizations were established to resolve a number of economic issues that could not be dealt with at the macro-economic level, moreover, on occasion, certain issues that did not even present themselves as issues at the macro-economic level.

During the early 1970's, enterprises took part in establishing certain managerial organizations within CEMA. Their activities included various specialization and cooperative projects, joint developmental projects, joint appearances at third markets, etc. Just as the joint coordinative organizations, these "international management associations" also came into being in small numbers and as part of one or another campaign, and their achievements were rather modest. The activities of these international management associations may be characterized by a lack of long-range perspective, the lack of responsibility for decisions reached or for failure to reach decisions, and the lack of obtaining a share of the benefits derived from good decisions. Simply put: the independence of enterprises was missing. Lacking this feature, the mere fact that enterprises participated in these associations was not sufficient to resolve any of the existing problems.

The example of joint organizations emphatically calls attention to the fact that the evolution of international economic integration requires more than just simple changes in the foundations of CEMA cooperation. It also requires changes in the national economic management systems. The needed change translates into the establishment of real independence for enterprises.

Notwithstanding this need, during the 1970's economic management systems turned in the opposite direction. It is thus understandable why the reform of CEMA cooperation did not make any progress during the past decade, even though the Complex Program, adopted in 1971, contains a detailed plan for trade and financial development. Moreover, the process that evolved aims in the opposite direction: the role of rigid, quantitative quotas has increased, and the method of settlement on the basis of product categories has been expanded to cover more products than before.

Accordingly, during the 1970's the role of plan-directive management has increased both in the context of CEMA cooperation and of national economies. From the viewpoint of Hungarian economic reform, this situation represented the critical external environment. On the other hand, Hungarian economic management stuck to the principles proclaimed earlier, and continues to do so even today, in spite of several temporary halts. These principles advocate enterprise independence. From the international viewpoint this was made possible as a result of a stable product structure, and because of favorable trading ratios. Thus the linking of Hungarian enterprises to Hungarian-Soviet cooperation did not

cause serious problems. On the other hand, during the second half of the 1970's some fundamental changes took place, creating new and difficult conditions which had an effect on all CEMA member nations, irrespective of their economic mechanism.

In the second half of the 1970's certain problems played a primary role in prompting Eastern European socialist countries to act. These included the shrinking quantity of Soviet raw material production, and the fundamental, explosion-like change in the global economic environment. Issues like the low standards observed by the processing industry, qualitative concerns and other similar matters related to the mechanism became secondary.

These issues reemerged during the second half of the 1980's with one marked difference. In our days the economic conditions within CEMA became more difficult. The Soviet Union has also decided to fundamentally restructure its economic management. In regards to these factors, however, we must clearly understand that even though in the second half of the 1980's the Soviet political leadership has been viewing the principles and practice of Hungarian economic management as new, and some areas of Hungarian economic management (e.g. agriculture) as examples to be studied, there is little hope for a qualitative change in CEMA cooperation. (Let us add here: the quality of our exports to the Soviet Union frequently fails to credit Hungarian economic management, and indirectly, CEMA cooperation. In addition, we also must reckon with the fact that because of the significant weight of our "soft export items," a radical reform of CEMA could present some danger to Hungary also. For this reason, Hungary should also be interested only in a gradual change of CEMA.)

#### **Two Special Cooperative Means Within Hungarian-Soviet Economic Relations**

From the viewpoint of further development, two earlier forms deserve closer scrutiny. These are the investment contributions, and settlement of trade balances in dollars.

Investment contributions are special credits extended by the future importer of raw materials [Hungary] to the exporter's [USSR] investment into raw material exploration. These credits are "special" because only that part of the credit can be viewed as real, which is extended in the form of convertible currency. The remainder is composed of "exports" effected by the future importer [Hungary], which will give the future importer [Hungary] rights to share in the products explored by the production capacities developed [in the USSR]. But these [Hungarian] exports are already being offset in the given year by [USSR] exports of products having average "hardness," and therefore the [Hungarian] exports do not really represent credits.

Investment contributions ultimately lead to changes in trading ratios in favor of the raw material supplier.

The Soviet economy struggling with a shortage of resources has a vested interest in obtaining investment contributions. But CEMA raw material importers (among them Hungary) also experience resource shortages, similar to those experienced by the Soviet Union. Therefore, in this respect, their fundamental interests diverge.

From the viewpoint of further developing the CEMA cooperative mechanism, the future course of investment contributions is of crucial importance. If the primacy of the idea of securing raw materials prevails, the raw material sector would be favored in the process of distributing investment contributions. This, in turn, would increase the survival chances of directive management and of rigid quotas. If, on the other hand, processing industry development and structural transformation receive the green light (both of which have raw material conservation as their goal), the amounts of investment contributions would be small and conditions for trading goods and for finances in both the domestic economies and in mutual trade would gain strength.

The very existence of the possibility of settling bilateral transactions in dollars enables both the separation and the close joining together of purchases and sales. It may stimulate processing industry modernization, just as it can accomplish the opposite, namely that it may permit the selection from among goods that were deemed earlier to be hard goods.

Dollar trade gained real significance in Hungarian-Soviet trade during the first half of the 1980's. This did not come about in the framework of CEMA reform, nor was it conceived on theoretical grounds. Instead, it came about in the course of practice, as a result of certain ad hoc situations. The settlement of accounts in dollars so far extended only to the mutual trade of "hard" goods that have the character of raw materials. Such transactions are well suited to the logic of quota-based trade, which is essentially barter trade. In the future it would be worthwhile to explore the possibility of settling processing industry accounts in dollars as one possible alternative for the achievement of further development.

The dollar is a real currency, which has all the functional attributes of money. If it were used more broadly in CEMA trade, it could contribute to changing production patterns within CEMA, including the member nations' processing industries. Trading partners are willing to pay dollars only for products that are "hard" in the Western sense of that term, and this alone could force the modernization of processing industry products.

#### **The Relationship Between the Hungarian Economic Management System and Hungarian-Soviet Economic Cooperation**

Without saying so, the Hungarian reform of 1968 started out in the name of enterprise independence. It was based on the implicit assumption that among the CEMA member nations, and also within their mutual relations, trade and finance relationships would soon evolve.

It is well known that during the decade of the 1970's the exact opposite took place. As we have demonstrated, as long as Hungarian-Soviet trade continued at unchanged prices and with an unchanged composition of goods traded, the framework of that trade could have been favorable to enterprises.

Consistent with the spirit of reform, however, the foreign trade activities of Hungarian enterprises were regulated in a manner that the income of exporting enterprises became dependent on actual selling prices, and the forint equivalent of imports was also based on the actual exchange rate of the transferable ruble. Quite naturally, the forint amount based on the exchange rate had to be modified by applying various financial bridging mechanisms. Such modifications, however, were not sufficiently effective to discontinue the relationship between the internal and the external prices. The application of such financial bridging mechanisms was necessitated by the fact that in quota trade the real value of a product is not expressed in terms of price only, but also by the type of goods (its "hardness") received in exchange.

Bridging mechanisms were also used to equalize differences in the degree of profitability in various trade relations. It became evident already during the first year that from the enterprise viewpoint it was far more difficult to sell in capitalist countries than to export goods to the Soviet market.

The system that evolved did not violate the interests of either party, and this new Hungarian internal regulation did not hinder the functioning of traditional quota trade.

The situation may also be viewed from a different vantage point, however. If one were to examine the degree of enterprise independence to adapt to market conditions within the key Hungarian-Soviet trade relationship, he would find that the situation is not too rosy there either. Namely, the Soviet market remained just as closed as it was before, and the composition of goods traded continued to be decided at the macro-economic level in terms of quotas, providing for the linkage of goods traded, just as it was done earlier. Thus, in terms of Soviet trade relations, the enterprises were not seriously affected from the demand side, and therefore, the main goal became the utilization of their capacities, and the increase or maintenance of their profitability, measured in forints. Nevertheless the linking of forint and transferable ruble prices did produce one advantage: the enterprises learned which of their products were inefficient from the viewpoint of exportation. It was within this small group of enterprises that an enterprise interest in profitability prevailed. As a result of this learning process, enterprises curtailed and discontinued the exportation (and the production) of certain goods, (but the quantities involved were too small to lead to a fundamental structural change).

During the first half of the 1970's conditions for capitalist imports to Hungary were liberalized. The quality of the processing industry's products were significantly improved by built-in materials, parts and components purchased for dollars. A part of these improved quality products were sold in the Soviet Union. Before soon, however, it became apparent to the enterprises that in the framework of quota trade, they were confronted with Soviet trading partners who were not quality conscious, and who did not recognize—by paying higher prices—the higher utility implicit in higher quality. Thus, the Hungarian enterprises became interested in selling these products within Hungary, and whenever the opportunity arose, to capitalist countries. Accordingly, from the viewpoint of Hungarian enterprises, the three rather different markets (socialist, domestic and Western) became clearly separated.

In the enterprises' judgment the Western and the CEMA relationships (and within the latter, primarily the Soviet relationship) took separate paths. This view emerged in spite of the fact that during the period, the actions of economic management did not call for a different treatment with respect to these two markets.

During the second half of the 1970's the situation fundamentally changed both in the Western and the Soviet contexts; this change cast doubt on the validity of Hungary's established foreign trade regulations. As a result of the two oil price explosions, the earlier system of values changed markedly on the capitalist market. Paralleling this, the conditions under which Hungary imported raw materials from the Soviet Union became more rigid. Both of these changes had a direct impact on Hungarian-Soviet relations. Some unfavorable processes evolved within Hungary's two most important trade relationships.

In Hungarian-Soviet trade, Hungary's trading ratios have been deteriorating already for a decade, ever since the annual price changes were introduced in 1976. Meanwhile, Hungary's ability to procure raw materials from the Soviet Union became uncertain. Regarding commercial relationships with our Western partners, severe payment difficulties emerged; economic management was able to ameliorate these difficulties only by significantly decreasing our Western imports.

During this period some in-depth changes were initiated in the financial regulation of enterprises. From among these the discontinuation of the linking of forint prices with transferable ruble prices had the most serious impact on Hungarian-Soviet trade. Thereafter, the proportion of enterprise income derived from exports to the Soviet Union reached the average profit levels derived from domestic and Western sales, and the forint price of imported raw materials settled at par with capitalist world market prices. These changes were tied to the introduction of competitive pricing, and were meant to express that materials and energy had become important goods in short supply. By necessity, these new elements



of regulation created tensions between economic management on the one hand, and enterprises on the other. In particular, much debate focused on the need to reduce the enterprises' income from exports to the Soviet Union, so that such income would correspond to the deterioration of the trading ratio. In certain cases exports were held back on grounds of trade policy considerations. Both of these measures created financial difficulties for enterprises, while the enterprises could not understand that the stringency of regulations was an unavoidable outcome of changes that took place in foreign market.

Enterprise tasks in Western trade also became more difficult, primarily because of the significant reduction in imports that would have been needed for current production and for developmental purposes. This, in turn, resulted in lower levels of exports to capitalist markets.

Financial regulations primarily conveyed the balance requirement of the people's economy, and did not observe the need to establish a changed culture for enterprises, one that was adaptable to the changed foreign market conditions. Under these circumstances, the harmful nature of the quota system, its "alien" character vis-a-vis the marketplace indeed manifested itself. Raw material price increases caused a continual deterioration of Hungarian trading ratios. A change in the Hungarian export structure, notably the competitive improvement of Hungarian finished goods, could have resolved the problem. But the enterprises were unable to adapt to the changed situation by improving quality, reducing costs, and changing the structure, partly because of the structural, conservational effects of the quota system. The situation was further aggravated by the fact that within regulations governing Hungarian-Soviet foreign trade there emerged a number of administrative elements which were contrary to the spirit of reform.

During the second half of the 1980's the external environment of the Hungarian economy has changed in several respects, mainly because global economy had recovered from the effects of the two oil price explosions. In terms of Hungarian-Soviet relations this meant two things. First, the decade-old continuous deterioration of the Hungarian-Soviet trading ratio is coming to an end, and second, Soviet economic difficulties caused by lower oil prices have increased. As a result of lower oil prices, the Soviet Union's hard-currency income has significantly diminished.

The latter change also has an unfavorable effect on the Hungarian economy. A shortage of raw materials will continue to characterize our imports from the Soviet Union. In turn, under the present quota system, this will hinder the regulation of our definitive relationship with the Soviet Union, in a manner that conforms to our mechanism.

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## POLAND

### Official Sees Hope for Access to EEC's EUREKA Program

26000090g Warsaw TRYBUNA LUDU in Polish  
30 Oct 87 p 7

[Text] (PAP) Access to technologies developed in Western countries is often predicated on political conditions; such conditions have been and are still being stipulated. The socialist countries with whom we are cooperating in the field of science and engineering do not put forth such conditions, said Wieslaw Grudzewski, undersecretary of state in the Scientific-Engineering and Applications Progress Office, who participated in the "Teraz" [Now] television program on 29 October.

An example of the political dependence of contacts pertaining to research and technology is the recently negotiated agreement on scientific-technical cooperation between Poland and the United States. In the case of mutual cooperation with socialist countries, however, the requirement is only that the cooperation be beneficial to both sides.

Grudzewski denied the opinions expressed in the capitalist countries that our country does not want to take advantage of Western technology and, as a result, makes itself dependent on the technologies developed in the socialist countries. As far as scientific-technical cooperation with Western countries is concerned, he said, we

meet with both interest and, unfortunately, also with reticence. With interest, for example on the part of specialists involved in the CEMA countries with the "Eureka" scientific program—in what Poland is doing within the framework of its research programs, and with reticence when we propose that they work together with us. We believe, however, that the existing barriers and prejudices will be overcome and that cooperation in the "Eureka" program will take place.

9295

### Ministries Faulted for Incompetent Resource Planning

26000090b Bydgoszcz GAZETA POMORSKA in Polish  
20 Oct 87 p 3

[Text] Polish builders have undertaken to build 12 2,500-ton capacity and one 10,000-ton capacity cold-storage warehouses in the USSR in the next few years. Vegetables for sale to miners in the Donetsk Coal Basin will be stored in them. The contractors for six of the warehouses will be experts from Bydgoszcz Voivodship: From Pomorze Industrial Construction Enterprise in Bydgoszcz (three buildings) and companies belonging to the Agricultural Construction Enterprise Association in Pomorze (three buildings). Teams from the latter in Chojnice have begun work on the cold-storage warehouse in Pierwomajsk, and teams from the same association in Mogilna—in Lisiczansk. Soon another group will go to the USSR from the Agricultural Construction Socialized Enterprise in Bydgoszcz to begin construction of a warehouse in Stechanow. The Agricultural Construction Transport-Equipment Enterprise has also been hired as subcontractor on these three jobs. The contract provides that (we are talking about the warehouses being built by the agricultural enterprises) the jobs will be completed in 1988 and 1989.

"This export was very important to us. We wanted the people, the enterprises, and also the national economy to make money on it," said Jozef Jemiolo, director of the Pomorze Agricultural Construction Enterprise Association. "Right now the experts and the companies are benefiting the most. The companies, because they are getting sizable tax reliefs on the value of the work being done, and also because there is a less measurable, but important gain—a rise in discipline. Employee turnover has dropped, people are trying to work well, to show their better side, because there is always the chance that they will find themselves on the list of persons with official-business passports. They are also doing very well on the export building sites."

"We have learned once again, that nothing appeals so much to the imagination—no appeals for greater productivity, to conscience, to rising over the country's economic difficulties—as decent pay. This is really the best prescription for 'more and better'."

It seems that in this entire export business the least thought is given to what is most important—the benefits to the economy, Jemiolo said.

“So many lofty words are being spoken in high places on the importance of export and repayment of the national debt but little is being done to put these words into effect. In concrete situations, the ministers turn out to be incompetent and the papers they sign turn out to be worthless.

“For example: Ministry of Foreign Trade Order No 16, dated 8 May 1987 on establishing a list of processed products and buildings and services intended for export, which are covered by the guaranteed supply of technical materials. It was signed by the head of the ministry, the chairman of the Council of Ministers’ Planning Commission, and the minister of materials and fuels management. But it turns out that it has no practical significance. Here are simply more letters—interventions for the obtainment of trapezoid galvanized sheetmetal, which we absolutely must have this year to cover the roofs of storage warehouses in the USSR. They are addressed to the ministry of metallurgy and the director of the trade office. All are signed “approved,” but then what? The people in CENTROSTAL and BISTYP, or the producers, simply laugh at them. And in other places, too.

“I was recently laughed at by a department director in the ministry of construction who told me outright that there is no point on my waiting for the sheetmetal because our parent organ is another ministry. What does the country care about business? The least delay in the completion of a contract causes financial losses. But who cares?

“We have now sent a letter to the Planning Commission, although I am afraid that it, too, will bring no results. Because what does another signature, even the most important one, mean? We will buy this sheetmetal somehow, the same way that other enterprises in our country buy it. But I wonder why such an expanded central authority is functioning, and isn’t this just a waste of time, nerves and paper?”

Inadequate supplies of materials are the basic problem with which construction firms must cope each day. Many capital investments, primarily for this reason, take longer to execute than they should, and thus the originally fixed costs are greatly exceeded. It is no wonder that enterprises look for various “approaches” to producers or try in some other way to obtain the supplies, if only by putting the investment on the list of government orders. But recently so many construction jobs have won a preferential position on this list that it really has become meaningless. After all, export construction is very important, but so is housing construction, construction for the farm-food sector, investments intended for

environmental protection, etc. To really have preference in the allocation of materials today, one must attempt to obtain a priority among priorities.

But seriously, it is already high time that an honest accounting of materials be made at the central level, so that the country knows what it actually has and what contractors can count on. And then—if we in the second stage of reform we do not entirely discontinue the central distribution of materials—establish a hierarchy of tasks based not on the good will of particular ministries but on the real capabilities of the economy. Then there will be no groundless announcements which reduce the authority of the central government and those wishing to get involved in export construction, knowing what materials they can really count on, will be able to enter into contracts more cautiously.

9295

**Views on Subsidy Limitations in Reform**  
*26000090a Warsaw RZECZPOSPOLITA in Polish*  
*29 Oct 87 p 6*

[Article by Bozena Papiernik: “Subsidies—How To Limit Them”]

[Text] Reform, or more precisely the 1982 law on prices, has allowed for subsidies, it is true. However, the present size of these subsidies is by no means an economic virtue but, for now, a necessary evil. Contrary to what we sometimes hear, the amount of the subsidies has not returned to the astronomical pre-economic collapse level. Nevertheless, the fact that up to last year their share in budgetary expenditures has grown, is disturbing. Although slowly, it grew. In 1983 it amounted to 27.5 percent of these expenditures, and last year it amounted to 29.4 percent.

Subsidies are primarily intended to supplement the prices of articles and services considered to be of daily necessity; 62 percent apply to consumer goods and the rest apply to producer goods, especially such items as coal and metallurgical products which have an basic influence on the cost and prices of finished goods.

Let us take a closer look at the structure of these subsidies.

The first large group is food—milk and milk products, meat and meat products, and grain products, including baked goods. This group constitutes 26.8 percent of the overall subsidies. In second place is coal. Subsidies on coal, used both for production as well as consumption purposes, make up another 24.6 percent. Housing and city transportation take 15.9 percent, and 10 percent make up subsidies on producer goods supplied to agriculture. Finally, a very important item in this structure (8.1 percent) are subsidies on all kinds of passenger haulage. All of this together constitutes 85 percent of the subsidies.

Why is such large-scale subsidization bad for the economy? Why is it harmful? Most subsidies, one might say, are aimed at protecting the consumer and therefore, lie in his interest. The hitch is that the protection is problematical. True, occasional subsidies impede the growth of prices, but this is an artificial mechanism which has no relation to reasonable economic laws and common sense. Price reductions make life easier when they are the result of increased production and consequently, a greater flow of goods to the shops. On the other hand, subsidized prices are primarily prices which are too low in relation to the conditions and costs of production. They provoke excessively high demand with all of its consequences, i.e., the difficulties and burdens of making purchases. Therefore, slowing down prices through increased subsidies blocks the natural processes of supply and demand on the market and does not ensure that the amount and quality of goods on the market will be suitable.

Subsidies are one of the most expensive and inefficient ways of protecting the level of consumption. Everyone buys food at the lower prices—the persons well-off as well as those badly-off. Would it not be more reasonable, therefore, to protect only selected groups of people? Those who require it, doing it in some other way—through an appropriate system of aid, family allowances and other means which make up the social security arsenal.

What effect do subsidies have on management methods? To be sure, we must not oversimplify the problem and suggest that enterprises which are subsidized are inefficient, but the fact is that subsidies stifle the incentive of enterprises to reduce costs. From this standpoint there are real differences between enterprises which are subsidized and those which are not. Factories which are not subsidized retain for themselves the entire savings achieved by cost reduction. It does not pay for the subsidized ones to operate economically because then their subsidies will very simply be reduced. Generally, those which have higher costs receive higher subsidies. And those which have lower costs also receive lower subsidies. Such a system is not conducive to economical management.

Next, subsidies serve to protect inefficient producers. By blurring the actual cost figures, they artificially prop up the demand for certain products, aggravating the shortage of scarce producer goods. And then, for social reasons, all producers become necessary, even the least efficient ones. This complicates the implementation of one of the important assumptions of reform, which is that the weakest producers will be eliminated.

And finally an argument of an almost dramatic nature. We must not allow a situation to arise whereby there will be nothing to subsidize out of, and simulation studies show that with the present trends the share of subsidies in budget expenditures will, in 3 years, grow to 40

percent. This would increase the budget deficit to dangerous limits, while economic policy plans call for exactly the opposite. They call for elimination of the budget deficit, which is one of the important sources of inflationary pressure, and therefore indirectly also the reason for all of the social ills which are tied to inflation—the tendency for prices to rise and the obstacles in the path of achieving market balance, which causes nervousness and uncertainty.

At present there is no striving for total elimination of subsidies. Certain food products, particularly those intended for children and youth, should be subsidized for social reasons. On the other hand, it is certain that a limitation in subsidies is essential, since they constitute an important obstacle in the path to economic balance. But the question on how to limit subsidies, at what speed and by what method, remains open. There are various options. Some say that drastic cuts, which naturally would have to be combined with price increases, would be socially unacceptable and economically a failure. Subsidies, say some economists, have a way of re-emerging along with a growth in costs. Therefore, if they are not reduced, action mainly through prices can lead nowhere.

Other experts call attention to the fact that at this stage, when subsidization is on such a large scale, slow and patient removal of these subsidies would drag out this process too much, so much so that it would dissipate, indicating the continuation of the small-measures policy. This has turned out to be ineffective.

One thing is sure: The program of eliminating subsidies is integrally linked with the entire price-income policy.

What can we say today? We know, first of all, that the main point is the elimination or limitation of subsidies on basic raw materials and fuels, particularly on coal. The wrong starting prices of raw materials and coal make all of the cost-accounting figures a sham, and without true cost figures it is difficult to talk about efficient management.

This year has given us additional arguments in favor of the point that the present approach to subsidies must be drastically changed. The implementation of the task envisaged in the budget law for the current year—i.e., to maintain subsidies on the same money amount levels (over a billion zlotys), which would mean a 25-percent drop in their real value, is now in question.

The present situation, therefore, suggests that more drastic cuts would be desirable. But social approval cannot be obtained for such costs unless two conditions are fulfilled: First, the costs of the entire endeavor should not be put only on prices; that at the same time, there should be an economic revivification, a growth in production, a growth in supply of goods, and a reassessment of the market—or, in short, the phenomena which would prove that life is more normal with lower subsidies. The

second condition would be the establishment of reasonable and proper rules for compensating price increases. At the last meeting of the Sejm, the representatives of the

government put the matter unequivocally: A reduction of subsidies will be linked with reasonable compensation.

9295

## YUGOSLAVIA

### **Sociologist Queried on Class Distinctions** *28000256 Belgrade NOVE OMLADINSKE NOVINE in Serbo-Croatian 28 Jun 87 pp 11-13*

[NOVE OMLADINSKE NOVINE (NON) interview with Professor Mihailo Popovic, sociologist, at the Philosophical Faculty, Belgrade, by correspondent Zivorad Milutinovic; date, place, and time not given: "Dictators Have Nothing To Eat"]

[Text] We frequently hear that one of the greatest problems of socialism is that there is a divergence between theory and practice. Yet if we look a little closer we will see that even in the theory all things are not fully explicated. At a first glance, the concept of the working class appears to be sufficiently clear and unambiguous in itself, yet in theory definitions of the working class are so different that at times they are completely contradictory. Since that concept is the basis of the constitution and all our laws, we asked Dr Mihailo Popovic, professor of sociology at the Philosophical Faculty, to give us a theoretical explanation of the concept of the working class here in Yugoslavia, as well as its place and role.

Professor Popovic is one of the most eminent Yugoslav specialists for matters of social structure, and the author of a large number of books and scholarly publications.

[NON] Our theoreticians define the concept of the working class in various ways. Who, in your opinion, makes up the working class here in Yugoslavia?

[Popovic] As far as the perception of the working class here in political as well as sociological theory, there are quite a few different viewpoints, starting from the notion that was previously represented in the theory of the so-called "working people" (which in some way meant transcending the concept of the working class, up to the present official phrase of "the working class, working people and citizens," where we understand the working class to mean all who work in the socialist sector.

Some sociologists include in the working class only those who work in economic organizations, that is, long with manual laborers and engineers, they include technicians and similar specialists, because they directly or indirectly influence the process of producing material goods. There, then, the notion of the working class is equated to the concept of "direct producers." There is also a broader perception of the working class which encompasses all who work in the social sector, beginning with manual, unskilled workers, and reaching all the way to the highest public, political and economic managers and specialists. Besides that, there is also a narrow, classical meaning which, in my opinion, still makes sense. That is that this title should be used primarily and even exclusively for those who are engaged in manual labor in industry or in the service sector.

[NON] Is there a possibility of establishing a single definition of the working class?

[Popovic] It would be difficult. At present I do not see any possibilities for standardizing it, for these differences are quite natural in scholarship in general, and in sociology in particular. Even in the natural sciences there are various perceptions concerning certain essential matters, so why should this not also be the case in sociology, where the possibilities of relativist viewpoints are even greater. Nonetheless I think that a trend toward approximating these viewpoints is not without foundation and has its own scientific justification.

[NON] One gets the impression that politicians use a narrower or broader definition of the working class depending on what suits them better at a given moment.

[Popovic] Yes, and not only politicians, but others as well do that. I know certain sociologists and philosophers who many times have said that they themselves are part of the working class not only because the concept of the working class is something politically and ideologically progressive, since that is the class that should free mankind from the notion of class entirely, but also because they believe that there is no essential difference between their work and that of direct producers and manual laborers. I, however, do not consider that I am part of the working class directly, as far as the position I hold in the social division of labor is concerned, even though I would have nothing against "entering into" that perception. That means that there is the possibility of accepting both a narrow and a broader meaning of this notion, or even accepting three meanings.

The narrowest would be that specific, classical definition: workers would include only those engaging in manual labor. A broader definition would include direct producers, and the broadest meaning would encompass all those who are employed in the socialist sector, regardless of the type of work they perform.

### **Leaders Are Also Part of the Working Class**

[NON] That means that even political and governmental leaders would be part of the working class?

[Popovic] Yes, as some of them believe on the basis of the questionnaire that we recently sent out within the framework of a study of social inequality. We obtained similar data in 1974 when we were investigating social strata and social consciousness. A significant number of leaders believed, and still believe today, that they belong to the working class, for they see no essential difference between their work and position and the work and position of workers in the classical sense of the word.

[NON] In one text you conclude that manual laborers have still retained their class characteristics. Does that mean that they are pitted against some other class and that they are exploited?

[Popovic] As I have already said, in general I advocate the narrowest meaning, that exclusively manual laborers make up the working class, for the following reasons: The nature of their work is still the same, the contrast between physical and intellectual work is still far from overcome, so that those who are engaged in physical labor truly represent a specific group in both the professional and the class sense, according to which they differ from all others who are engaged in other, non-manual activities.

The other essential difference is that, in occupying a place in the social division of labor as physical laborers, they have a special position in earning income, not only in terms of its level but also in terms of the nature and manner of acquiring it. Here there still exists, as we see in the example of the strike of the Labin miners, there are differences between revenues, the manner of acquiring income and compensation of workers who hold risky jobs, miners working in the pits (on the one hand), and the administration and similar officials who engage in other types of jobs and who, as far as I know, were not involved in the strike.

Research by Neca Jovanov indicates that a very small number of officials have been involved in strikes here in Yugoslavia, which means that they see their positions and manner of acquiring income differently. Now let me answer your question more directly as to why I believe that the group of physical laborers who create added value even under socialism have retained some class features and characteristics, not only in the sense of their place in the division of labor but also in regard to their actual possibility of influencing the conditions and results of labor. Manual workers continue to be in a subordinate position, despite the self-management system which we introduced long ago and which, despite its numerous defects and weaknesses, nevertheless gives better opportunities to workers to influence the conditions and results of labor than is the case in other socialist countries. The fact is, however, that major differences still exist between non-manual workers and other levels in regard to the magnitude of decision-making; this has been confirmed by a large number of sociological studies. It is still the workers who are limited chiefly to production, whose influence on bringing decisions is relatively small, who by the style of life, perceptions, interests, by their value orientations markedly differ from other social strata.

#### **There Is Exploitation Here Too**

[NON] Could it be said that there is exploitation here?

[Popovic] It certainly does not exist in that classical sense as a legalized, institutionalized relationship that makes it possible for someone other than the workers to control the added value of labor. That means in an institutional way, not only in a legal-formal sense, there is no exploitation here. However, from a more realistic, socialist viewpoint, we can speak of elements or forms of

exploitation in the sense and to the degree by which workers, in this sense manual workers, influence where their income will go, whether to a small degree or not at all. That is, it is not merely a question of the amount of resources remaining at the disposal of the workers, but it is a matter of the quality of their decision component in the distribution of the added value of production.

[NON] Does that mean that the worker can never be in control of overall social production?

[Popovic] In an article last year, which was published in the journal *SOCIOLOGIJA*, I considered the problem of whether the working class can be fully in control of social production, which is often repeated as one of the goals of the revolution and of party congresses. Since I have established that there are widely varying perceptions of the working class, in good measure the answer to that question depends on what you understand the working class to be. If by that concept we mean all employed persons, including governmental, political and economic leaders, then by that understanding the working class already "is fully in control of social production." If we understand the working class to consist only of manual laborers, I have expressed a pessimistic attitude in that sense, believing that to be impossible. At least for now I do not see a legal, realistic political possibility of the construction of a system in which all those employed, primarily in the economic sector but in other labor organizations as well, regardless of where they are located, would have an equal possibility or an equal influence on making significant decisions.

As studies show, there is still a difference in the amount of influence exerted on decisions by directors, other specialists or specialized services, on the one hand, and common, so to speak, physical laborers on the other. This is the natural consequence not only of varying positions in the social division of labor, but also of different education and a differing degree of interest in influencing decision-making.

Manual workers could not be equated with specialists, and particularly with managers, regarding decision-making, but in my opinion, the solution should not be sought in equating workers, and I underline equating, so as to influence decision-making to the same degree as directors and politicians. That is not where the solution lies. If it were to be perceived in that manner, it would be pure demagoguery, not to say deception of the working class. I see the solution in another direction, in the development of self-management as a right, in greater equality for workers to have a greater influence on the selection of leaders, beginning with directors and extending to presidents of opstinas, republics, and the federation, i.e., of all officials. In the same way, they should influence their replacement if that is necessary. Perhaps even more important than direct elections is the need for building a system in which officials must constantly answer to the workers as to what and how they are doing. That is the solution, as I see it.

### The Slovenes Do More Self-Management

[NON] Recently a worker on a television program said that the workers are told how they are to conduct self-management. What do you think about that?

[Popovic] That is precisely what I have been talking about. Unfortunately, self-management is not developed either in the sense of equality or equal rights, as for example in the area of information about what is happening in the enterprise, or as to an equal right to influence all important decisions both inside and outside the enterprise. To the degree to which there are no equal rights here, there is always a chance for managers or specialized services to manipulate the workers who are involved in direct production. This manipulation will range from the giving of incomplete or one-sided information about what is happening, to carrying out suggestions or plans that are unrealistic or insufficiently substantiated. Thus it does not have to be a matter of regulating in the sense of direct imposition of particular decisions or demands, or even of threats that force acceptance of the opinions of leaders, but rather there can be specific instances of manipulating workers by those in management positions who are better informed, and who consequently have greater opportunities to influence decision-making.

[NON] Concretely, how much can a worker be involved in self-management today in our country?

[Popovic] It is difficult to answer that question. First of all, there is no single answer that would cover all regions, all republics, or all labor organizations. Concretely, I think that in Slovenia a worker not only can but does exert more influence than, let us say, a worker in Kosovo or some other backward area. That depends not only on the degree of development of worker consciousness, the worker's preparedness to become involved in self-management, but also on the level of development of the social environment. Next, major differences exist between various economic organizations which belong to various economic branches. There is a greater possibility for typography workers, for workers employed in printing and publishing enterprises, to influence decisions than for workers in some textile plant that has just begun to operate in some backward area, where the great majority of workers has just come from the village.

[NON] Even if we accept the broadest definition according to which the working class here includes all those employed in the socialist sector, it still does not include agricultural workers or private sector workers of any type, yet these categories constitute rather numerous groups in our country. What is their places in our society?

[Popovic] Agricultural workers who work using their own resources are a class in the classical sense of the word, as are private proprietors, that is indisputable. They are not the working class in the narrow sense, like

those employed in the socialist sector, but in a broader sense they are workers, producers. It is true that we encounter conflicts, not to say mixing of concepts. For example, in a 1974 questionnaire we established that a significant percentage of farmers included themselves in the working class since they labor and live from their own work, despite the fact that the resources they use belong to them and not to society.

Nevertheless, most of the agricultural workers who answered that question at that time, and today, place themselves among the class of peasants or farmers. As far as city tradesmen or private urban entrepreneurs are concerned, their position is even more specific, not only because they work in the urban economy, but also because there are other opportunities for income and enrichment there.

[NON] It is often said of these two social groups that they are a holdover from capitalism. What do you think of that?

[Popovic] They are a holdover in the sense that this society was not in a position, and apparently didn't wish, to eliminate private property completely, certainly not in the village, but neither in the cities. And after all, a few months ago in the Soviet Union a law was passed introducing a private sector, the first time since the NEP period that has happened. That means that socialist society cannot completely free itself, repudiate the private sector, even though there have been attempts to do so.

[NON] Let us return to the working class and that which has been particularly common and frequent here in recent months. I am talking about strikes, which according to many theoreticians are a bourgeois phenomenon. How do you interpret that phenomenon?

[Popovic] I don't think strikes are a bourgeois category. They [the workers] did acquire that right in bourgeois society, but strikes as the right of workers to express their dissatisfaction in this manner do not relate only to bourgeois or capitalist society. Whether we have recognized that right for workers or not, in our political and economic system we have permitted and tolerated the possibility of strikes, even though we do not recognize them legally.

Yet we must tolerate them for the totally simple reason that this system, including all its forms of self-management, is not a functional system that decides, in a rational manner, all the possible conflicts within labor organizations and between labor organization and the broader socialist community. Had we succeeded in building, in institutionalizing the possibility of conflict within the framework of this system, we probably would not be having strikes again. A strike, or a work stoppage, as we timidly call it, takes place precisely because we have not built a system that will in a legal manner make

it possible for workers not only to express their dissatisfaction but also to struggle for their positions until they are accepted or until they are truly convinced that they are wrong.

#### The Worker Aristocracy and the Worker Poor

[NON] A few days ago the daily newspapers published the statistic that here in Yugoslavia nearly two thirds of the workers have been brought down to the brink of the minimum for existence. How do you as a sociologist regard this statistic?

[Popovic] I don't know if it is two thirds, or more or less, but in any case the decline in the standard of living, the worsening of the general economic situation as a result of long-term economic, and not only economic, crisis, has hit the workers most, particularly the unskilled and semi-skilled ones but also the skilled workers. Those who live on small incomes not amounting to more than five or six million old dinars, who support a family, even if the wife is employed, although she usually has lower wages, these people have been hit sorely. I don't know the number of workers in this situation, that is hard to say, and it certainly varies, depending on the location and the time. What I would like to emphasize in connection with this, however, is that a significant economic differentiation has occurred inside the working class.

Highly skilled workers have succeeded in setting themselves apart from the rest of the workers so that today highly skilled workers not only have higher incomes than the other workers, but they also earn more than many

officials and private proprietors. Thus some sociologists have noted that a certain assimilation or even yoking has taken place between highly skilled workers, who have been called the "worker aristocracy" at times, and the specialists and managers. The process of internal economic differentiation of the working class has gone quite far, so that that which we call the working class, either in the narrow or the broader meaning, is a quite heterogeneous grouping precisely because of economic differentiation in terms of income, life style and the opportunity for obtaining housing.

[NON] Yet on the other hand we have the working poor...

[Popovic] And for that reason I say that there is a significant differentiation in the working class.

[NON] Now a paradox emerges. We say that the working class is in power, while on the other hand, the greater part of that class which is in power has almost nothing to eat.

[Popovic] As a sociologist I could not agree with the statement that the working class is in power in the sense that the workers directly influence significant political decisions. Those who make the decisions today still have far greater power and, therefore, are able but not obliged to make decisions that are in the interests of the working class.

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