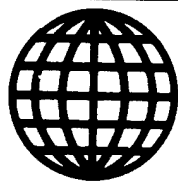


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CZECHOSLOVAKIA

Hardline Attack on 1967 Reform Ideas, Ota Sik *24000008 Prague TVORBA in Czech 30 Sep 87 pp 1, 3*

[Article by Josef Mejnar: "Wasted Opportunity"]

[Excerpts] To part with what was old and obsolete, criticism and elimination of what was out-dated and regressive and did not correspond to the needs and possibilities of further development of a socialist society, that was the urgent task facing the Czechoslovak Communist Party in the mid-1960's. Complex problems which had to be resolved placed higher demands on the fact-finding, planning, organizational, educational, directing and controlling activities of the party.

At the beginning of the 1960's, however, the view that the order of the day is to build up the capital goods base and accomplish other tasks on which a rapid transition to communism depends gained ground also in Czechoslovakia.

Subjectivist efforts by some in the party and state leadership, headed by A. Novotny, to skip over the unavoidable stages of the development of socialism, inconsistent execution of weighty political, economic, ideological, cadre, and other tasks, setting an unrealistic rate of economic and social development, contravening of Leninist principles of party work—evidenced primarily in the first half of the 1960's—all that brought about a number of serious problems.

Already at the 1967 plenum it was pointed out that it is not right to simply observe that the masses are passive, that they lost interest in politics. The reasons for that had to be looked for primarily in the fact that conditions for their active involvement have not been created to a sufficient degree.

Lack of discrimination, self-satisfaction, detachment of some in the party leadership from the masses of working people, all that created a fertile breeding ground for various careerists, but also for the dissemination of all kinds of petit bourgeois and reformist ideas and for the infiltration of bourgeois ideology.

The lessons of the developing crisis in the party and in society following the 13th Congress of the Czechoslovak Communist Party show that the first overt attempt to introduce antisocialist and antiparty platforms was the proclamation organized by the rightist group of writers at the 4th Congress of the Association of Czechoslovak Writers in the spring of 1967. It served as a warning call to the party. It so happened that it reflected to a considerable degree the complicated problems of the entire area of ideology, education and culture, it evinced a strong ideological influence of the West, and was a manifestation of the growing political crisis.

During its plenum of 26 to 27 September, the Central Committee discussed at length, among other things, the ideological questions and conclusions of the 4th Congress of Czechoslovak writers. It rejected unanimously the antiparty and antisocialist views enunciated at that congress and approved a set of measures which were to lead to a closer linkage between the party and the writers and create conditions necessary for a further development of socialist culture in Czechoslovakia.

The KCS Central Committee took disciplinary measures against writers-members of the Czechoslovak Communist Party who took antiparty positions during the congress. However, these measures were not accompanied by an adequate ideological input sufficient to change their views.

The Central Committee also discussed the results achieved in the development of the national economy, as well as the introduction of the new system of management of the national economy.

As one of the fundamental tasks of party agencies and organizations it designated the promotion of more work discipline and frugality, improvement of enterprise organization and support for all that is new and progressive and will contribute to improved quality and technical and economic standards of products and to a greater efficiency of production and management. It emphasized quite correctly that the introduction of a new system of management and its effectiveness depend on the actions of people, on the unceasing efforts of the party, state and economic agencies, on the initiative of all the working people. However, the fundamental principles of the new system of management of the national economy gradually became distorted. The party leadership, as a consequence of its disunity and instability, was unable to categorically reject the concepts of a group of economists led by O. Sik. Their "new economic model" was to result in a total liquidation of common public ownership of the means of production and the elimination of the leading role of the party in economics. The party leadership gradually ceased to be effective not only in the economic but also in the political development of society. The weakening of the ideological and fact-finding function of the party, inconsistency of the conceptual, organizational and cadre measures for overcoming revisionist tendencies enabled their proponents to gain influential positions in the social sciences. The party leadership was aware of many of the problems that existed, but it did not always appreciate their severity or find appropriate means for resolving them. To counteract the doubts cast on the inevitability of the leading role of the working class in a socialist society, the KSC Central Committee highlighted its role, because "it is most emphatically interested in consolidating and developing socialist accomplishments, ...it becomes the principal bearer of national tasks." It stressed out the working class character of the party and the need to strengthen it. It adopted measures to consolidate the conceptual and action unity of the party, to deepen and improve its

fact-finding activity and perfect the system of party education. In its adopted theses, the KSC Central Committee emphasized the importance of the cadre work of the party as one of the main components of its directing activity. It pointed out that the party considers the class aspect, knowledge of Marxism-Leninism, consistent advocacy of the scientific world view, relationship to the political party, dedication to the socialist order and promotion of national interests as the basic requirements of qualification of the supervisory personnel. At the same time, it determined that acquiring and improving specialized skills is one of the fundamental duties of all party members. It thus reacted to the one-sided viewpoints emphasising specialized skills as the sole determining requirement for qualification. In connection with the resolutions of the September plenum, the KSC Central Committee also formulated the principles of party work in ideology and cultural affairs. In the adopted thesis *The Position and Task Of The Party In The Current Stage of Development Of Our Socialist Society*, the Central Committee defined not only the functions of the party, but also the basic methods by which the party carries out its leading role in society. It gave considerable attention to the activities within the party, the work of individual agencies of party build up and to consolidation of the linkage of the party to the working people. It appreciated the importance of the work of communists in the organizations of the National Front which it pronounced to be an important factor in developing community life. It attached particular importance to the work of communists in trade unions and youth organizations. The resolutions of the October plenum of the KSC Central Committee expressed the effort of the healthy forces in the party leadership to resolve the imminent problems. The Central Committee placed on the table a number of serious internal political questions which a single plenum could not resolve. It was necessary, first of all, to redefine the division of labor and mutual relationships between party and state agencies and the organizations of the National Front, and to strengthen their role in the public life. It was necessary to clarify the relationship between the KSC Central Committee and the KSS Central Committee, between the government and the Slovak national agencies, resolve comprehensively the Slovak national question, etc. At stake was a set of complicated problems which were dealt with by the December KSC Central Committee in 1967 as well as the January plenum in 1968 which released A. Novotny from the function of the first secretary of the party. A number of problems were dealt with by plenums of the KSC Central Committee only after the developing crisis was overcome. The complexity of the situation at that time stemmed from the fact that the party leadership was not united. The healthy forces had to resist not only the proponents of obsolete forms and methods of work, but also an opportunistic rightist current in the KSC Central Committee which was gradually taking form and gathering strength. If we are reminding ourselves of the 20th anniversary of the September and October plenums of the KSC Central Committee in 1967, it is not because it is a "rounded anniversary", but

because those plenums had a considerable impact on the future developments in the party and society, because by understanding the past it is possible to avoid mistakes and shortcomings in the present and the future and to support all that is positive in the interest of accelerating the development of a socialist society. It is precisely at this time that it becomes especially important to study the historical experiences of the party thus far, generalize them into theory and learn from them. To understand the past in the interest of the present and the future—such is the approach of the party to the history of society and the party in particular. Even today, Lenin's well-known dictum "he who does not want to look forward turns his back on history" holds true. At the 4th plenum of the KSC Central Committee G. Husak emphasized that the current revolutionary times require thinking and acting which is commensurate with the new stage of development of socialism and stems from the creative Marxist-Leninist approach. Today, as it was true 20 years ago, the deciding condition of successful implementation of the party program is activity and awareness, initiative and creativity of the broad masses of the working people. Without it, the best resolutions or programs are doomed to failure. And here—to express it in Lenin's words—the party plays an irreplaceable role—"its genius for arousing energy, heroism and enthusiasm of the masses and for directing the revolutionary zeal of the masses toward the most important task of the day." 12605

Writer Discusses Czech-Slovak Relations
24000393 Prague TVORBA/KMEN in Czech
8 Jul 87 p 1

[Speech by Josef Frajs at the Third Congress of the Czechoslovak Writer's Union: "The Conscientiousness of Mutuality"]

[Text] I would like to raise the subject of Czech-Slovak relations which may not add to the festive atmosphere of our meeting but I think that it should be done. Our ancestors decided that for the future we will share a common country and it was a wise decision that was beneficial to both nations. There are only few examples in history where two nations were so close to each other as our are. In spite of this, I often have a pressing feeling that we live in two different countries. The joke, that when you travel to Slovakia you need a passport is becoming less and less funny to me—I feel a certain tension in it. In Bohemia, when a certain item is unavailable in the stores I hear stories from everywhere that that particular item is piled high in storage in Slovakia, that Slovaks receive preferential treatment in supplies. I am not a demagogue, and I can well imagine that somewhere in Zilina people are saying that Prague has tons of a particular item, which at the moment is hard to get in Slovakia, that the Czechs once again grabbed everything for themselves. This pertains not only to hard-to-get items. Aspiring writers complain bitterly that in Slovakia the situation is better, that the new Slovak writers are spoiled and that their books are published practically

before they are written—this is said in practically all fields of human activity. I can imagine how these artificial aversions are used as an excuse by the ones responsible for supplies, printing or let us say the ones deciding upon foreign exchange allotments.

All this can easily be avoided if people were better informed. Several years ago there was a shortage of laundry detergents in the CSSR. The situation was being discussed daily on TV and reports were coming from all corners of the country. However, not one report mentioned that the situation in Slovakia was exactly the same and that is precisely how such rumors, of which I spoke earlier, originate. I feel that today, we are much better informed about what is happening in South America or in the Persian Gulf than in Slovakia. I feel that our meetings are also inadequate. In the time that I have been a member of the Union, I have had only two opportunities to meet with my Slovak colleagues at joint activities. We always visited about 10 factories, schools, and national committees. However, in the entire well-filled program we found practically no time to set down and have a talk. True, I now know how glass plastics and ball bearings are manufactured, how medicaments are manufactured in Hlohovec, I have seen the library in Cadec, how the spa looks in Piestany and what kind of voting procedures the national committee has there but I have no idea what our colleagues think about, what worries and plans they have.

The conscientiousness of mutuality is missing from our writings as well. I cannot remember having read, in the more recent books, that in addition to Czechs and other various nations, Slovaks also live in our country. For example, this is very surprising in military novels, since precisely in the military our two nations mix as nowhere else. It is also surprising in the film and television industry. It often happens that Slovak actors play in our films and always speak Czech badly (with the exception of Ladislav Chudík) or they are dubbed. This is totally absurd, if we consider that 400,000 Slovaks live permanently in Bohemia and that there is nothing more natural than to meet one of them.

I am a member of the Central Book Society of the Central Committee of the Socialist Youth Union, where we prepare reading lists for various reading groups. One of the first themes that I have presented was to remember the idea of mutuality and to include, among the 30 titles for Czech readers, one Slovak book and in the Slovak reading list one Czech title. I do not think this will hurt the young reader. I actually think the number should be even greater. My idea, however, ran head on into distribution problems. Supposedly, it is not possible to get the selected books in a sufficient number. How ridiculous this objection is is apparent, if we remember how many Slovak books are bought at our book stores, even if they are mainly detective stories in translation. I even suspect that, since they know that a book will be distributed in Bohemia, Slovak publishers increase publishing costs, because their translations usually come out

1-2 years ahead of the Czech ones. It seems to me that it is wasteful to publish even a slightly significant foreign book in a Czech and Slovak translation. The two nations should decide which one will publish which book to be distributed in both nations and the costs saved could be used more effectively.

One year ago, a book of mine was published in Slovak. I do not know whether such a translation is even necessary, whether it would not be wiser to simply publish more copies of the books that are in demand and distribute them in Slovakia and vice versa. What is even more unbelievable is the fact that Dilia, an intermediating agency, had to transport the book from the far away land of Bohemia to Bratislava. The agency then sent me a contract and, on the basis of it, a partial payment, complimentary copies and 1 year after the book was published, the remainder of the payment. Why is this procedure even necessary? As a result, the contract was delayed by 3 months and the royalties by a year. Moreover, Dilia keeps 10 percent, as if Slovakia were on another continent and they had to cover more than just the mailing costs.

At our Czech congress there was much talk about the work conditions. We talked about how small the royalties are and as a result it is not possible to become a professional in our field. I think those are mutual problems and we could try to solve them together. Our film and television studios should plan more joint ventures. The above-mentioned example with Dilia is not unique. When our work is edited for the radio, TV or a movie, there is always someone who understands our work better, who is capable of interpreting our thoughts and who collects a substantial part of the royalties, but that is another issue. What I mean by cooperation is this: if I bring a suggestion for television, it is often refused because they are working on a similar subject right now and it is not good to treat the same subject repeatedly. Maybe at the same time, in a Slovak studio, they could be looking for precisely the material I am working on. It would be good to sign an agreement that we are working jointly, not only in the economic area, but in the cultural one as well, and it would be most useful to fulfill such an agreement.

Here, I would like to refer to what has been mentioned several times already; that we do not even use the provision of our statutes, according to which it is possible to publish a magazine jointly. I do not want to refer to what I have written about this subject but I would like to add to this. You see, I do not like to be reminded that we have two national cultures that are developing independently of each other. I prefer to think that it is necessary to look for what we have in common and not for what we differ in. This role could be fulfilled by a joint magazine.

I have found out that our mutual cooperation can bring good results. Last season, at the Hradec theater, we put on my version of the Solov'ic play "The Beggar's Adventure." We were all surprised how successful this cooperation proved to be. However, I dare say that we finished

the work successfully only because Jan Solovic and I know each other and we had the chance to work together several times during the play. We need many more such cooperations. It is not enough to meet only at congresses and various meetings—we need frequent working meetings. In my opinion, our mutual cooperation can be only as successful as the conditions that we set at this congress permit.

12993/6062

HUNGARY

'No Taxation Without Representation' Concept Advocated

25000004a Budapest KRITIKA in Hungarian
Sep 87 p 19

[Article by Attila Agh, sociologist: "No Taxation Without Representation"]

[Text] The great historical lessons of European-style social development have been summed up in several notable theses, some of which have evolved into slogans with a broad mass appeal, e.g., "Liberty-Equality-Fraternity" proclaimed by the great French Revolution. Just as important and far-reaching in terms of the emergence of—historically speaking specifically bourgeois, but generally speaking people-oriented—democratic "social techniques" was the English slogan: "No taxation without representation." The history of theory evolution traces the slogan to the views of the liberal British political thinker John Locke, and attributes its specific wording to the British-American Radical Democrat Thomas Paine who had alluded to it in several of his pamphlets (most notably in the one, titled "Common Sense," published in January 1776). It had become one of the key phrases to be included in the Declaration of Independence of July 1776, and had lent the most legitimacy to the call for standing up to Britain.

Today, at a time of extensive debates concerning the (personal) income tax, perhaps it may not be a bad idea to keep this in mind. For often one is led to believe that taxation is merely a "technical" matter, open to discussion only insofar as it pertains to the manner in which taxes are to be levied. Their implementation is viewed as an automatic necessity, subject to explanation only in times of fiscal and budgetary hardships. Even a quick mention of the principle of "no taxation without representation," however, makes it abundantly clear that the question of taxation has always been the most important factor in the relationship between the individual, i.e., the citizen, and the state. It has represented the bridge between "real life" and the state, bringing the question of democratization into the forefront of social struggle with irresistible force. Under no circumstances can taxation be viewed as a narrowly defined technical matter. Nor can the need for the implementation of its large-scale "reform" be justified solely by the existence of budget deficits. For the imposition of taxes alters a fundamental

structural relationship, i.e., the relationship between civil society and the state, which automatically gives rise to supreme power. Within the context of contemporary social development taxation is essentially a measure of the extent of societal support and consensus enjoyed by the state. At the same time, however, it is also a reflection of society's insistence on maintaining control over the state apparatus, including the various budgetary mechanisms. It is this relationship which is so succinctly defined by the principle of "no taxation without representation." It means that when in the fall of 1978 our Parliament takes up the tax issue it will actually be debating its own *modus operandi* and sphere of authority, as well as the power and scope of our representative system. This is why the introduction of the "reform" of our tax system so far in advance of our much talked-about, impending political reforms has become a matter of deep concern. By leading us to focus our attention solely on the existence of budgetary shortcomings it has caused us to ignore the root of the problem, namely the fact that in matters pertaining to the hypertrophy of state subsidies there has been a complete lack of parliamentary controls over the budget. "Taxation" alone, therefore, will not help to overcome this particular deficiency of "representation."

One cannot say that the key factor effecting such enormous interest in the issue of taxation is that everybody feels materially affected so they are all out to attack the tax reform plan from various angles. The point is that citizens do not appreciate being looked upon merely as tax-paying subjects. I admit, in fact, I consider it perfectly natural that individual interests have also been voiced in the course of debating this subject. Still I would consider it very unfair to dismiss—as we often tend to do—the mass uproar that has been generated with a simplistic platitude, such as "nobody likes to pay taxes." Admittedly nobody likes to pay taxes without being represented, which is why it would be a better idea, given our current socioeconomic situation, to first try to win over the people with a detailed program of radical change, and only then to call upon them to accept a tax burden as a necessary sacrifice. As a result of the failure of long-protracted extensive development projects there is widespread concern about whether or not the new taxes will be used to fund a renewed attempt to preserve our existing inefficient and wasteful mechanisms. Again, only our representative bodies would be able to calm these fears. The citizen is tied to the state with a thousand bonds, of which taxation is only one, albeit a vitally important part. In order for taxation to enjoy a popular consensus, these various interrelationships must fulfill their "trust-building" functions.

A clear example of failure caused by a lack of such trust and by the absence of necessary representative controls is TEHO [Area Development Contribution]. What it proves, once again, is not that people are unwilling to contribute to area development, but rather that they want to be consulted for their input. They want to see preliminary debates involving broad segments of the

population, well-defined goals, and clearly outlined means of control. The current tax reform should have been preceded by a more extensive and genuine popular debate, not merely about what taxation techniques to use, but more importantly about what the new tax revenues will be spent on and what areas the tax-paying citizen will have a say about. (Footnote 1) (The lessons of our domestic debates are beginning to be noted, as evidenced by our finance minister's article, entitled "We Have No Other Choice," NEPSZABADSAG, 20 Aug 1987; this would have made a better starting point for the debate.)

It is often said in our country that Hungarians learn from their own mistakes. It would be nice if our current tax reform did not have to reinforce this. If we look at our Southern neighbors we find that their press is in the process right now of having to conclude that "Yugoslavs learn from their own mistakes" as well. The case in point: in 1981-1982 people had accepted the argument that in order to bail out the economy they would have to make sacrifices. However, after seeing that despite these sacrifices by 1986-1987, the economic situation had deteriorated even further, they are now reluctant to make additional sacrifices to help stabilize the economy. Only now are they beginning to ask what guarantees it would have taken for the earlier sacrifices to yield the expected results. (Footnote 2) (See interview by D. Buvac with Professor A. Bajt, Ljubljana, DANAS, 14 Apr 1987; or V. Krivokapic's article in KOMMUNIST, 17 Jul 1987)

Without having to go back to the debate surrounding the issue of general and proportionate sharing of taxation and popular representation of the Hungarian reform period we can also draw certain lessons from our recent history. During the period of early socialism we had a system that could best be described as "no taxation—no representation." As we know the socioeconomic thinking of that period had called for a wage and social income distribution system that was dominated by the principle of "net waging." This meant that the calculation of actual wages did not include the complete value of reproduction of human labor; instead, the costs incurred were—partly by taking the actual situation into account, and partly by making long-term predictions—built into the state's redistribution mechanism. This is what could briefly be referred to as "no taxation," even though there had been certain tax-like withholdings which from the point of view of both the budget and income regulation had been considered completely secondary by the state. At the same time, the predominance of the state's redistribution mechanism had also been in perfect accordance with the principle of "no representation," i.e., with the concept of a central leadership that embodied the collective interest without recognizing the legitimacy of partial interests. In other words, the economic system and the system of sociopolitical hierarchies, power and authority relationships was in perfect harmony. Irrespective of the significant changes that have occurred during the past couple of decades in the principles of "no

taxation" and "no representation," the urgent problem that has been brought into sharp focus by tax reform question is whether or not it is possible to switch from the principle of "no taxation—no representation" to the principle of "taxation—no representation." Can we have a fundamentally revised system based on gross wages without comprehensive social reforms or without recognizing individual and group interests, the legitimacy of their cumulative character and the need for establishing new forms of political representation—culminating in fundamental improvements in our parliamentary representative system—that reflect those interests? And I have to say it again, is it fair to rediscover our citizens merely as sources of tax revenues?

The question is obviously rhetorical, and it automatically implies that I do not believe that it is possible. The fact, of course, is that we are actually faced with this impossible situation. Consequently one must also wonder whether this is not simply another one of a series of extensive adjustment attempts, i.e., an abreaction to the growing difficulties of extensive development, using the means of extensive crisis management. (Footnote 3 [For a history of previous extensive adjustment attempts in our country, see Maria Petschnig, "Limits of Our Economic Adjustment," VAI.OSAG, No. 8, 1987,] which raises the specter of a new extensive adjustment attempt.)

9379

POLAND

'POLITYKA' Columnists Debate Need for Ombudsman

KTT Sees Institutional Redundancies
26000771 Warsaw *POLITYKA* in Polish
No 27, 4 Jul 87 p 12

[Article by (ktt) under the byline "The Polish Kitchen":
"Too Bad for Tahe Foolish Ass"]

[Text] In recent times, mainly because of sitting on the Socioeconomic Council of the Sejm during the ninth term (which some readers remind me with contempt in letters, when there is some problem with either society or the economy, and such problems are not hard to come by), I have been in a position to get a rather close look at the work of our legislative bodies. Now, the thing that seems to make this period different from the ones that have gone before it is the stubborn determination to make all the intended changes, both economic and social, right away and to institutionalize them as precisely as possible in the form of bills, laws, or appropriate bodies of the leadership or the administration. This effort would seem praiseworthy, and it is a derivative of experience from previous renewals and repairs to the republic that were based mainly on faith in the promises and good will of the leaders, but it is because promises have turned out to be easier to make than to keep and

because good will is a very subjective concept, that our present trust has been put into law and legislation as a permanent assurance of the transformations and reconstruction. Of course it is difficult to call this faith anything but meritorious, but it too has its limitations — I will not talk here about the fact that the law, even when most beautifully formulated and passed, is not worth much, when it is not executed, because this is a truism — inasmuch as there is also another danger, which I would call the inflation of laws. It is simply that there can be such an abundance of them that they not only exceed social demand but that each successive new law or institution created by laws reduces and devalues the value of the laws and institutions already in existence, just as every zloty minted without backing reduces the value of all the zlotys in circulation. These thoughts have been coming to mind for a long time, but they reached the boiling point, when I read the draft law on the civil rights ombudsman, a new institution in our system of government. If passed by the Sejm, the draft law will become a law to which we shall bow, but while it is merely a draft, and one on which the public is being consulted, let me put in my two cents' worth or remove the lid and let off a little steam. Now there is nothing more beautiful than an institution whose statutory task, as we read in the draft law, is to "uphold the civil rights and liberties defined in the Constitution of the Polish People's Republic and legal regulations." Nor is there anything more beautiful, when "in matters concerning the protection of civil rights and liberties an ombudsman makes an investigation to see whether, as the result of action or failure to act on the part of bodies, organizations, and institutions which are legally bound to observe these rights and liberties, there has not been some violation of the law or the principles of social justice and living together in society. The only problem is that having read these tasks, I cannot keep from wondering just what the institutions like the general and administrative courts, the prosecutor, the Supreme Chamber of Control, and finally the Constitutional Tribunal are going to do to keep busy once the institution of ombudsman is created, and here I am even leaving out all the less formalized institutions and agencies created to review complaints, grievances, and claims from citizens. Have they not perhaps been created to do just that, to "uphold the civil rights and liberties defined in the Constitution," and is it not their task to investigate to see whether "as the result of the action or failure to act on the part of bodies...there has not been some violation of the law or the principles of social justice and living together in society"? Of course here I am already overlooking the fact that Poland has no social organization, political party, trade union, and so on, which would swear by all the saints that its the supreme, crowning task and calling is this very steadfast duty to defend the rights and liberties of the citizenry. This ombudsman of civil rights we want to establish is not, under this arrangement, therefore, even the biblical just man in Sodom. He is to be no more, no less, than a more just man among just men. Is this not too much of a good thing for one medium-sized nation? I admit that, tormented as I was

by these very doubts, I went so far as to state them publicly and received to responses worthy of consideration. The first pointed out that it was the view of the bodies mentioned a moment ago, such as the NIK, for example, that the prosecutor and courts of course are charged with promoting civil rights and liberties in the form in which the laws and Constitution protect them, but there is the question as to whether the temperament of these institutions is not geared more to researching whether the citizen is not perhaps interfering with the law than to investigating to see whether the citizen is being harmed by the law. In this situation, an ombudsman for civil rights could be the very one to look through the lens the other way, starting with the citizen rather than the law, with the individual and not the institution. This factor would also depend on his originality and uniqueness. Of course here we might argue about whether in a true socialist democracy the state or the individual citizen is ultimately the supreme goal for the operation of state institutions too, but let us put these academic questions to one side. On the other hand, we cannot put to one side the innocent observation that we already have several hundred people in Poland who talk about and look at things, or ought to, from the viewpoint of the citizen at the state and its institutions. These people are elected every 4 years in general elections and sit in the Sejm as deputies. The simplest, best, and most democratic way for a person whose rights and liberties have been violated is and should be to go not to ombudsman but to a deputy, to a deputy to whom he has given the mandate for his district, partly for him to have the ability and right to view human affairs from a point above the formalism, bureaucracy, and the pragmatism of office by which the administrative bodies and even courts are guided. Because of the principle of the inevitable law of inflation, the more we elevate the ombudsman, the lower we place the deputy, despite the fact that in the spirit of the draft ombudsman law, it is the deputies who are to elect him. As a footnote, let me add that this is called a deputies' draft law, because it was published by a group of deputies, not the government. The second response I received to my doubts was less formal, but more human, that is, more relativized. Its meaning was more or less that because we want to democratize our system, and we want this very much, there can never be too many institutions trying to achieve this goal. You can never have too much of a good thing. Therefore, a civil rights ombudsman in the whole powerful institutional orchestra working to bolster democracy and proper law and government cannot hurt and might help. I am fond of human, relativistic arguments. One of the reasons I like them is that if memory serves, at the beginning of our misfortunes great and small there was the conviction that now we are absolutely right and have found the one and only perfect solution to solve our problems. When I hear about the single correct solution, I know what is coming next, because solutions really are to be found not in uniqueness but in multiplicity, and this also applies to democracy and to proper law and government. Therefore might it actually be that this ombudsman will not hurt, even if

he is of no help? But unfortunately, this is not certain either, because nowhere does it say that the more instruments there are in the orchestra, the better it will play. There is also the possibility of creating cacophony. Considering the number of institutions, councils, and bodies created during the past few years merely for the improvement of the running of the country and its economy and for advising the government, we should now be a country governed like Athens under Pericles and run as by the most modern computer. But we are not. Perhaps one reason we are not is that the issues of decisions and responsibility are thereby obliterated. The Sejm is to be a place for debate and the confrontation of views, but this very place is held by the Consultation Council — and how! — and by the above-mentioned Socioeconomic Council. The government has its Planning Commission, but it also has its advisory council made up of the most brilliant economic minds. I cannot even recall its exact name. Liberties and proper law and government are protected by the Sejm, the Supreme Court, the Administrative Court, the Constitutional Tribunal, and the State Tribunal. I am doubtless leaving out something, but we are soon also to have a civil rights ombudsman. Which of these bodies is actually to do what it does, and which is to say as waiters do, "You are in the other fellow's area, not mine"? There is the famous tale everyone knows about the ass given too many choices. In the end, as we recall, surrounded by food, the animal collapsed of hunger. Too bad for the ass. Too bad for the fodder.

Role of Ombudsman Defended

26000771 Warsaw *POLITYKA* in Polish
No 29, 18 Jul 87 p 11

[Article by Stanislaw Podemski: "Polemics — Waiting for the Ombudsman"]

[Text] Doubts have been voiced once again, and this time from a very unexpected source. KTT (*POLITYKA* No 27) has considered twice in public (the first time being at a session of the Sejm Socioeconomic Council) whether we really, hand on our heart, need an ombudsman to speak on behalf of civil rights. If KTT herself is really not absolutely convinced, this means that despite the favorable outcome of all sorts of public surveys, the many very erudite scientific dissertations and journalistic presentations, and finally the resolutions and programs of many important institutions and bodies (such as the PRON congress, the Institute of State and Law), we have not yet managed to resolve fully all the question marks that appear. I certainly cannot do it, but KTT is a person with too much public influence for me not to at least give it a try. Obviously KTT is correct writing that Poland has an incessant number of institutions striving for law and order: the Supreme Administrative Court and Constitutional Tribunal, the Sejm and prosecutor's office, commissions of the people's councils and the Supreme Chamber of Control, or NIK, but this is nothing peculiar. The home of the ombudsman, Sweden, also has administrative courts, a parliament, a prosecutor,

and control bodies. The same is true in several dozen other countries in the world with an equivalent of an ombudsman (from Yugoslavia to Tanzania), because despite all sorts of differences old and new, the various histories of the countries gave rise in various ways to a common structure of leadership. I think that this is just what is going on now with the citizens' advocate in one more country. This is not, therefore, a multiplication of regime decorations and entities, but a certain essential necessity to protect the civil rights. The International Pact on Civil and Political Rights is barely 20 years old, and it is this very pact that has directed hopes, expectations, and interests towards an ombudsman. When heated discussions were going on concerning the pacts, the ombudsman had a very honored place in them, but the weak point in all speculations devoted to foreign deliberations is that we are not entirely familiar with how the local situation will look in all its details. A great deal of time is needed living and working in a country to be able to say anything sensible about what everyday proper law and government look like. On the other hand, we are familiar with the rather good situation in the country in which we live and recall relatively well the circumstances surrounding the creation of new public institutions which flourish so in the landscape of the Polish regime. Now during the many years that the need to create a Supreme Administrative Court (NSA) was being considered, you could always hear the seemingly convincing argument that the Sejm and people's councils were already seeing to it that the administration abided by the laws. Years passed before this great barrier in both politics and the academic world was overcome (not entirely, though, as shown by last year's discussion in the press, and not just the legal press, either), but now, since 1980, year by year several thousand decisions by ministers, voivodship governors, and town and city presidents are overturned by the NSA year in and year out. More and more cases are coming before this court, and there is no law the Sejm would ratify (without exceptions) without including in it this sensitive monitor of government offices. The same was true of the creation of the Constitutional Tribunal. Before it came into being, the consistency between the laws and the Constitution was to be reviewed not only by the Sejm but also by the Council of State. They did not avail themselves of the possibilities of such a legal corrective, but opponents of the Tribunal argued that no constitutional court was needed, because both the Sejm and the Council of State were already charged with this responsibility. A year and a half has passed since the creation of the tribunal, and it has reviewed a great number of cases, among them such well-known issues as the equal rights of women to study medicine, a just level of rents in housing bought from the state, and, recently, damages for people repatriated from the USSR. It suddenly turned out that the Sejm, the government, and the Council of State could not see what was obvious to 12 judges dressed in crimson gowns and birettas. KTT correctly observes the need to recognize fully the Sejm deputy's mandate, but even if instead of the dozen and some lawyers in the chamber there were several dozen of them, most of the members of the

national parliament would still not be able to cope with the legally complicated decisions of the ministers of justice, internal affairs, and finance. The ombudsman is to be not only a competent jurist but also a person from outside, beyond the structures of the administration, to look impartially at what is going on in the realm of civil rights and liberties. Observation of any sort of bureaucracy, the Polish one included, shows that it is not able to rise above a certain typical way of seeing things. Problems and social phenomena are noted, but it is more difficult to see them from the viewpoint of the interests of the ordinary citizen. The ombudsman is to focus his attention right at the depths, at individuals, see the person and his fate, not just the problem, statistics, or general policy. All authorities: courts, district attorneys, and people's councils have a legal, formal viewpoint. The ombudsman is also to examine the moral and ethical side of official conduct. The tradition of the courts and district attorney is different too. The court (including the NSA or Constitutional Tribunal) wait for a complaint, charge, or writ, and the district attorney for years has been pursuing, condemning, and indicting, but he does not defend anyone, and this is why the observation of an ombudsman is needed. This is best shown by the notorious incident of the Warsaw emergency room physician on whose case no charge or review was spared anywhere. The ombudsman, however, is to reach everywhere and energetically initiate various sorts of cases and procedures (even in the NSA or tribunal), to be wherever civil rights are violated. It is to be his task not to handle the masses of complaints, but to get at the most significant issues, to have court and administrative decisions create precedents that are binding on the authorities in the future. For example, if he feels the principle of awarding damages for false arrest or the regulation having customs confiscate books is defective, then he can try not only to have the court practice altered (for example, through exceptional reviews in these cases) but also to have the laws updated. I understand KTT's nostalgia for logical, cohesive, "pure" (as lawyers say) legal solutions, but woe betide the reformer who trusts them to the end! Legal constructions also grow out of human defect, tradition, and the thorny nature of society. The ombudsman is not to be one more complaints office (because then we would be better off without him), but a person exerting pressure on the existing system that reviews civil matters, upsetting the accepted set ways of looking at civil rights, and using statutory means to force proper court, administrative, and even legislative practice. At the roots of the creation of this office is not the inflation of organizational entities but the revitalization of standards and procedures which are now covered with dust, imbuing them with new values. It may be that all these expectations are too elevated and difficult to fulfill, but it is the history of the two recent courts (administrative and constitutional) that calls for and nourishes some optimism. On the other hand, there remains the question of who the ombudsman should be. Certainly not a faint-hearted opportunist, but a courageous, skillful person who presses to reach the goal, that is, the goal of a government of laws in Poland. I think that, although he

did not say it, KTT is probably afraid that a poor selection could be made. Such a danger and risk exist, but they must be undertaken.

Referendum Critique Included in Rebuttal
Warsaw POLITYKA in Polish No 31, 1 Aug 87 p 12

[Article by (ktt) under the byline "The Polish Kitchen": "Polemics and Heresies"]

[Text] In response to my article, in which I expressed skepticism concerning the draft on the creation of the institution of civil rights ombudsman, Mr Stanislaw Podemski assured us 2 weeks ago (POLITYKA, No 29) that he, on the contrary, is "waiting for the ombudsman." I have tremendous respect for Stanislaw Podemski's writing on law and our legal system, his perspicacity, enthusiasm, and familiarity with things. I also respect the fact the Podemski is "waiting for the ombudsman," and I am glad that he surely will live to see him, while I, who am not waiting for the ombudsman, will get one in any event, owing inevitably to the way work is going on the related legislation. Unfortunately, however, I did not find the arguments Podemski used to persuade me to welcome this ombudsman very convincing. Basically they fall within the realm of those which I outlined in my article, that is, that while most of the bodies set up to protect civil liberties and monitor the proper administration of law and government nonetheless operate, often contrary to their intentions, see the citizen from the viewpoint of the government. The civil rights ombudsman will look at state institutions and their actions from the citizen's point of view. Hence, in other words, while the general prosecutor, for example, is geared to protect the proper administration of law and government, in fact he is rather disposed to see that the citizen does not perpetrate some misdeed against the state, the ombudsman will see that the state does not do anything to harm the citizen, which, I might add, will keep his hands full. This line of argument seems convincing, but I think it has the defect that it basically overlooks the activity of most if not all the representative bodies that exist in our country, from the people's councils up to and including the Sejm, because if we still need a separate body created by law to take care of defending civil rights, then what are the council members and deputies doing, to say nothing of the courts and all sorts of social pressure groups, that is, the political parties, trade unions, and various groups and organizations? I understand that the ombudsman will be given certain legal powers making it easier for him than, say, for a deputy to require that an injustice against a citizen be remedied, that a review be made of faulty decisions, and that court decisions be monitored. Unless I am mistaken, he will have a similar scope of intervention powers during the course of cases like those administered by the general prosecutor, but a question that is still bothering me is why it is so difficult or absolutely

impossible to use the constitutionally founded representative bodies to mobilize the prosecutor himself to handle injustices against not only the government but also the citizenry. My polemic against the ombudsman — and here Stanislaw Podemski undoubtedly surpasses me in his knowledge of the law, procedures, and court practice — has a deeper meaning, after all, which should probably be enunciated out loud. It is my feeling that the duplication of the various noble, wonderful-sounding agencies and institutions set up to protect democracy, proper law and government, civil liberties, and so on, is actually linked to a tacit agreement for the existing institutions created to the same end to operate poorly, and is a point where form overshadows content. The ombudsman is to supplement or balance the biased actions of the prosecutor, to alleviate the deputies' problems with protecting the rights of their constituents, and to justify the fact that many institutions in our system of government are not doing what they are supposed to. Now, I admit that I personally am an advocate of an entirely different manner of proceeding, one more of stubbornly requiring that the existing institutions do what they are really supposed to than of shutting our eyes to their incompetence and stonewalling. The multiplication of entities is tied in with assent to imperfections or the absolute failure of the existing entities, but why do we have to agree to institutional failure? In order to illustrate better what I am really talking about, let me bother Stanislaw Podemski with one more of my heresies on the legal system. Now, as he undoubtedly knows, alongside the ombudsman law, preparations are under way on one more law in the category of what we could call "democratizing" legislation. It is a law on public consultation and referendums. As in the case of the ombudsman (which Podemski revealed to POLITYKA readers), so too in the case of this law on consultation and referendum I expressed my opposition at a session of the Socioeconomic Council of the Sejm, thereby running the risk of having people see me as an obsessive opponent of "democratizing" laws and institutions. It was not, however, a coincidence that I did this, because I thought that the law that institutionalized both the practice of social consultations, which, after all, do take place, and also the practice of the referendum, without specifying the range of issues to be available for referendum (for example, to change the Constitution, to change the national borders, or some such thing), without giving this referendum decisive force, seemed pointless. This is a democratizing mixture "without sugar," which will not make anything sweeter, surely not our life. But since I have now entered out onto the road of heresy, let me go a bit further and admit that the very principle of formalized ritualistic public consultations seems suspect to me. There are undoubtedly issues which society in general may be asked about, but there are also far more issues on which questions of this sort are pointless. Let us take for example the two variants of our economic reform, one more drawn out and less painful and the other

more rapid and painful, about which efforts were made to probe public opinion through consultation. What does the average citizen know about this? For that matter, what do I, for example, know on this subject, and what can I say about it? I know enough to want the reform to be quick, not hurt, and produce good results, which, as everyone is aware, is impossible all at the same time. On the other hand, I do not know, because I do not have to know, whether, for example, in the making the turn to reform more slowly and seemingly more gently, we would not thereby leave some painful issues totally unresolved, or, whether this slowness would not produce side effects which would face us sometime later. Or, the reverse, by accelerating things, might we not then completely fall apart in some turmoil soon? I do not know about this, nor does my neighbor, who like me is not an economic strategist, nor do the millions of people in Poland whom the authorities are asking or intend to ask in their consultations. Why? Well, I suspect that this is partly so that, by asking questions to which we have no good answers, they can relieve themselves of some of the responsibility. When something does not work, the planning commission can quietly tell us: Well, gentlemen, after all, we asked you what you wanted, we consulted you. So, I think that on these and similar matters, I, along with my neighbor and millions of people in Poland, have a completely different view, which boils down, in short, to this: Through the operation of various democratizing mechanisms, chief among which are elections, we want to get for ourselves the right representation in the Sejm and the government, allowing us to believe that they are made up of competent people who know what they are doing. And we also want to be able to withdraw our trust from those people the moment that the results of their work prove inept, their qualifications turn out to be poor, or their competence is shown to be doubtful. I will not be offended if Mr Messner, Mr Gorywoda, or Mr Sadowski do not ask me what they should do about the economy, but I do want to be able to express my views about the effectiveness of their actions. I think that this simple mechanism is in essence the basis of democracy. I think it is a better and fuller democracy and also incomparably more effective in operation, than the seemingly far more democratic but actually very ineffective system in which everybody asks everyone about everything to the point where nobody knows who is responsible and who is guilty of what, or, on the other hand (because this cannot be ruled out either), who deserves the credit for what. Of course, this does not mean that the citizens should view the actions of the authorities without saying anything, watching passively where and how the ship of state is being guided. Nothing of the sort. There should be social input concerning not only the ultimate result but also the various steps, but the field for this input should be the whole span of the life of society: the work of the representative bodies, the self-management units, and the Sejm, as well as the activity of the

PZPR and political groups, the press, and social organizations. If this life has not been asthmatic, have we needed consultations ratified by law? I read the Sejm gazette carefully, and I admit that Andrzej Garlicki's book about political feuds in Poland more than 50 years ago caused my face to break out more than reading the speeches upon which today and tomorrow depend, whether we like it or note. Does

this really mean that we should suddenly create something new, or instead dust off what we already have? After all, my dear Mr Podemski, what is decisive is not the form but the content, not the dish but what is in it. I think we have enough dishes. It is just that some of them are empty.

10790

CZECHOSLOVAKIA

New Enterprises Added to Experiment *24000002a Prague RUDE PRAVO in Czech* 25 Sep 87, pp 1, 2

[Interview with Engineer Vladimir Janeba, State Planning Commission, by Zdenek Hoffmann: "New Management Principles Have Passed Muster; first paragraph is RUDE PRAVO introduction]

[Text] The comprehensive experiment testing greater independence and responsibility of our economic organizations for their lucrative development, which is assessing the factors of the restructuring of the economic mechanism, is being gradually expanded. Additional economic production units (VHJ's) and enterprises are joining it. We asked Engineer Vladimir Janeba, an expert of the State Planning Commission, about its progress and about the information gained from its application thus far.

[Question] How many economic organizations are involved in the experiment at present?

[Answer] Thus far 22 organizations—13 VHJ's and 9 independent enterprises—have been participating in it. The following VHJ's have gradually joined: the Jablonec Costume Jewelry VHJ in Jablonec nad Nisou, the Crystalex in Novy Bor, the Breweries and Malt Plant in Prague, the Lachema in Brno, the Ogako in Partyzanske, the Czechoslovak Musical Instruments in Hradec Králove, the Tesla Measuring and Laboratory Instruments in Brno, the Agrozet in Brno, the Elitex in Liberec, the Manufacture of Engineering Technology in Prague, the Heavy Engineering Works in Martin, the Czechoslovak Aerotechnical Plants in Milevsko, the Metallurgical Processing Industry in Liberec, the Tesla in Holesovice, the Bytex in Liberec, the Plastika in Nitra, the First of May Rubber Plants in Puchov, the Grafobal in Skalica, the Slovak Technical Glass Works in Bratislava, the Tatrasvit in Svit, and the Captain Nalepka Garment Factories in Presov.

[Question] Could you describe their share in our national economy?

[Answer] In the centrally managed industry these organizations share almost 8 percent in outputs, 10.5 percent in profits, about 16 percent in exports, and more than 11 percent in the number of work forces.

[Question] Will the Number of the organizations involved in the experiment further increase?

[Answer] Additional organizations from every branch of our national economy are getting ready to join the experiment, including some enterprises from the area managed by national committees. When the planning is completed—and if their participation is approved—the share of organizations involved in the experiment as of 1

January 1988 will be 30 percent in outputs, 43 percent in profits, 46 percent in exports to socialist countries and 35 percent to nonsocialist countries, and 42 percent in the number of employees.

[Question] VHJ's and enterprises are joining the experiment. The draft of the law on state enterprises envisages the abolition of the middle link of management, in other words, of the VHJ's. Thus, if the VHJ's are taking part in the experiment, is it expected that they in their entirety will be transformed into one of the forms of state enterprise?

[Answer] From the very beginning rationalization of the organizational structure of our production technological base in the future has been regarded as the criterion by which the proposals for the inclusion of organizations in this experiment will be judged. Nevertheless, an approval for an organization to join in the experiment does not necessarily mean that a decision about its becoming or not becoming a state enterprise has already been made. However, organizations participating in the experiment will contribute very valuable experience and data for the evaluation of this issue. No future state enterprise can be automatically created from the current VHJ's or from the current enterprises, although in some instances it may correspond to the existing VHJ, especially of the sectoral type of enterprise, and in other cases to an enterprise existing within a current VHJ.

[Question] May at least partial achievements of the experimenting organizations be assessed?

[Answer] The period during which the principles of the experiment have been tested is too short for any conclusions. Most of the 22 organizations did not join the experiment until the end of the first 6 months of this year and only two—the Jablonec Costume Jewelry in Jablonec nad Nisou and the Crystalex in Novy Bor—have been involved in it since the beginning of this year. Their most important task was to plan comprehensive implementation of the experiment and to specify its regulations for enterprise subdivisions. This process in which these VHJ's also participated required nearly 6 months. Therefore, one must bear in mind that in most organizations the 1st year of the experiment is a trial run and that conceptual conclusions may be derived only from assessments of the next period—of the following years. This fact notwithstanding, thus far it seems that the experimenting organizations and their work teams have stepped up their activity, initiative and responsibility for the planning and implementation of the experiment. The working people's interest in overall results of management has increased.

[Question] Have their achievements thus far been superior to those in other enterprises?

[Answer] In view of the current development of our national economy, when a number of organizations are meeting their planned tasks only with considerable difficulties, it may be noted that most of the experimenting organizations are achieving better results than envisaged in the plan. In particular, the managements of the Jablonec Costume Jewelry VHJ, the Breweries and Malt Plants VHJ in Prague, the Tesla in Holesovice, and several others have demonstrated a positive effect of the new principles of management which are being tested, above all, more independent decisionmaking and greater responsibility for economic results.

[Question] Not everybody in the experimenting organizations is pleased; some expected more independence.

[Answer] When the principles of the experiment were being approved and its regulations specified, it was emphasized that greater independence and responsibility for economic results would demand deference to certain realities of our current economic situation—consumer-supplier relations, prices, etc.—and that the consumption of certain essential raw materials, fuels and energy would be restricted. This fact limits or narrows the options for the undertaking of our organizations. At the same time it was decided that the organizations involved in the experiment must fulfill the tasks of the Eighth 5-Year Plan and their obligations to the state budget. Thus, their operations were focused on the satisfaction of the needs of our whole society. More independent decisionmaking of organizations considerably narrows the extent of the tasks of the state plan, but to those organizations that are more aware of specific conditions for their development it offers opportunities to focus their operations on the fulfillment of tasks which our society demands and expects from them.

[Question] Thank you for the interview.

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Size of Future Enterprises Under Restructuring Questioned

24000002b Prague TVORBA in Czech 9 Sep 87 p 5

[Article by Jaroslav Hejkal: "Will Enterprise Continue as Enterprise?"]

[Text] Not long ago I questioned Engineer Jaroslav Siroky, ScC, director of the West Bohemia Ceramic Works, a national enterprise with headquarters in Horni Briza, about what the people in his enterprise were asking most often when they discussed the draft of the law on state enterprise. Without any hesitation he replied: "They ask whether we shall continue to be an enterprise." Having heard the same answer from other enterprise managers in various sectors, I think that this is a very urgent topic to consider.

Let us lay our cards on the table and take note first of all of the following data presented some time ago during an interview with TVORBA by Alois Remes, doctor of law and of sciences: The structure of our industry consists of approximately 850 national enterprises (not counting enterprises of local industry and cooperatives) which average at least 3,500 employees. In our country enterprises with less than 500 workers. Only 0.2 percent of that country's enterprise have more than 2,500 employees, but their share in the total employment in U.S. industry is 17.9 percent. In Japan 99.4 percent of its 500,000 industrial enterprise have less than 1,000 workers; their share in the total employment in the FRG industry amounts to 40.1 percent. An average enterprise in the United States employs about 52 workers, in Japan 20 workers, and in the FRG 87 workers. The situation in France, England, Italy and other capitalist states is similar.

Some people may object that, as compared with enterprises in those states, the larger size of our enterprises is evidently an objective consequence of socialist economic laws and that it stems from the conditions of the centrally planned management. Nevertheless, the data from the socialist states prove that even there the numerical structure of industrial enterprises is more varied than in our country. Thus, for instance, the economic structure of the GDR industry consists of more than 9,000 enterprises (not including trades) averaging 320 workers; 65.4 percent of those enterprises employ less than 100 workers, and 88.2 percent less than 500 workers. More than one-fifth of all work forces in the USSR industry are employed in enterprises with fewer than 500 workers, and 3.1 percent in even smaller enterprises with less than 100 workers. Thus, the average size of industrial enterprises in the USSR is 750 workers. The situation in other socialist countries is about the same.

What does this comparison show? It proves that the CSSR is a state with the relatively lowest number—and the largest average size—of industrial enterprises in the world. (We shall come to the same conclusion even if we consider that there still are more than 400 enterprises of local manufacture and services and nearly 400 manufacturing cooperatives in the CSSR.) Furthermore, if we look back in history, we find that the number of enterprises in our country was drastically reduced and their size rapidly expanded by their gradual organizational integration and mergers. Naturally if larger enterprises were producing more efficiently and flexibly than in other states, there would be no reason to harbor any doubts about the past development as mentioned above. However, that is not the case and therefore, we may say that, instead of objective demands that outputs be raised, subjective factors motivated by other interests resulted in this kind of our enterprise "gigantomania."

Of course, it makes no sense to cry over spilled milk. Instead, we must take every precaution to prevent more milk from getting spilled. The plan for the restructuring of our economy and the draft of the law on state

enterprise offer us precisely that opportunity because, as the reports explaining their justification states, "this provides a new latitude for the development of diversified enterprises in terms of size, the focus of their operation, and their internal organization," and that "small and average-size enterprises with specialized production or trade profile will be established next to large economic units—enterprises—particularly those of integrated types." In addition, the report mentioned that it is presumed that "economic production units, which had not been organically created from diverse of specialized enterprises, or which constitute unwarranted monopolies, especially in the production of consumer goods, services or commerce, will be split into several independent enterprises." It underscores the intent to "rationalize the organizational structure wherever it may lead to demonstrable economic advantages."

Thus, it may be said that the proposed law on state enterprise will help create socialist enterprises of the most opportune size—in other words, enterprises that not only can fulfill major strategic, reliable production programs with the highest possible degree of mass production, but may also promptly react to lesser daily variable needs of our population and to the needs of the production itself. Naturally, all this will be possible only in case that nothing else but their actual social effect determines their creation. So long as that is a fact, many people who are now anxious that the VJH's might turn into enterprises and enterprises into factories so that "the wolf gets his fill and the goat comes to no harm" will realize that in fact they have nothing to worry about.

9004/12232

JZD Slusovice To Establish Enterprise of Applied Cybernetics

24000002c Prague HOSPODARSKE NOVINY in Czech No 34, 1987 p 5

[Article By Engineer Vaclav Simek, secretary of the CPCZ District Committee in Gottwaldov: "The Best Also Join Forces"; first paragraph is HOSPODARSKE NOVINY introduction]

[Text] In his article "Resistance to Comprehensive Programs" (HOSPODARSKE NOVINY 13/1987) Engineer Miroslav Spelina, ScC, pointed out that "certain managers of our agricultural and food complex demonstrate very limited understanding of the introduction of cybernetics in that sector." The following article discusses a diametrically opposite standpoint, albeit thus far in only one district.

In June 1984 the executive council of the CPCZ District Committee in the Gottwaldov district adopted an important document, "The Program for the Development of the Application of Microelectronics in the Gottwaldov District." It is aimed at more efficient implementation of decisions issued by the 8th and 10th plenary sessions of the CPCZ Central Committee on

accelerating the process of the technical development, on more rational management of work forces, conservation of energy, and improved quality of our production and services.

We proceeded from the actual need to modernize our production and to improve the efficiency of our industrial and agricultural enterprises, from the need to upgrade services and from our relatively ample problem-solving and production capacities which may be available for the introduction of microelectronics in our industry and major agricultural organizations.

Task of the Enterprise, of the Center

The Agrokombinat JZD [unified agricultural cooperative] in Slusovice was one of the enterprises which were instructed to organize a facility for applied cybernetics. This cooperative had been involved in the application of computer systems since 1972. Its production of microelectronics was launched in 1982 because at that time the so-called small computers were in short supply.

Thus, the main focus of the production of microelectronics was the TNS computer; nearly 3,000 units of that model were released before the end of 1986. In 1986 a new model, the TNS-SC computer, went into production; it is the "top" to which additional modules will be added this year.

In March the Agrokombinat JZD in Slusovice began the development and planning of the so-called school program—an inexpensive, mass-produced microcomputer to be used in computer training courses in all types of schools. The TNS-HC computer was conceived as an intelligent terminal of the TNS network with a central computer. It will serve as a basic program by the end of this year.

In other agricultural enterprises in the Gottwaldov district computer technology was used mainly for mass data processing, primarily for socio-economic data, mainly in external centers. The production of micro- and mini-computers made possible a potential shift of the enterprise data processing to newly developing locations and thus, for the use of micro-electronics for more efficient management of production and for direct management of technological operations.

From the very beginning of that stage it was obvious that the whole process—if it is to become more economical and gradually, more lucrative—must be managed and coordinated not only on the enterprise, but also on the district level. Therefore, in agreement with the decision of the CPCZ district committee, the Commission for the Introduction of Microelectronics in Agricultural Enterprises was organized in early February 1985 as an advisory agency of the District Agricultural Administration.

The Commission is composed of managers of the OZS [District Agricultural Administration] and of the Agropodnik as well as of experts representing the JZD's. Its task is to assess, unify and recommend for approval conceptual plans of agricultural enterprises in this particular area.

Experience has shown that microelectronics must be practically applied in two relatively independent units: 1) In the introduction of microelectronics and computer technology in the direct management of technological operations, and 2) in automated data systems.

Therefore, the further process of the development of microelectronics was adapted to these conditions.

People, Technology, Programs

Following the discussions by the commission, the concept for the development of the ASR [computerized management system] of agricultural enterprises in the Gottwaldov District, with synchronized breakdowns of the main tasks for the next period, was delivered to agricultural enterprises in March 1985. The enterprises proceeded from it in formulating their plans which were then reviewed. This resulted in the unification of the process and to specification of the district programs for the Eighth and Ninth 5-Year Plans.

The main principles of the program include the innovation of the current system and gradual decentralization of the computer technology and of data processing in the enterprise sphere. The target variant consists of processing of the whole volume of enterprise data on the level of agricultural organizations with completely automated interface integration, including the most important one on the periphery of the enterprise systems. This is done by means of central enterprise 16-bit minicomputers and 8-bit TNS and Robotron satellite microcomputers.

While the program was being drafted, we began to implement it in the three most important areas. The greatest emphasis was on the training of cadres of agricultural experts so as to achieve a headstart in supplying technological equipment to enterprises. As compared with 1985 when, with the exception of the Agrokombinat JZD in Slusovice, there were only 6 specialists in agricultural microelectronics, their number increased to 30 at present, and no enterprises in our district is without its own expert in this field.

Unfortunately, in most cases these new experts lack any knowledge and experience in developing and introducing the ASR; in addition, most of them have never worked in agriculture and are not familiar with agricultural problems in theory. These experts must first get acquainted with the agricultural enterprise and with the current and future deployment of microelectronics. They undergo basic training and gradually acquire essential experience.

Except for our foremost enterprises, no computers had been installed in agricultural organizations until 1984. When the program for the development of microelectronics was formulated, this type of technology was gradually furnished, but its shortage prevents any accelerated deliveries and thus, operating materials are lacking and moreover, these instruments are without appropriate programs and application. This concerns microcomputers as well as central enterprise minicomputers. Despite these current problems and difficulties, the task set by the commission has been fulfilled—no later than by the end of 1986 every enterprise had installed one microcomputer, which facilitated the planning of its employment in key centers. Although there are at present more than 100 microcomputers in our agricultural organizations, the Agrokombinat JZD in Slusovice is the only one fully equipped with computers. In addition to microcomputers, central enterprise minicomputers are now being introduced and have already been installed in 5 agricultural enterprises—the Agropodnik, the JZD in Gottwaldov, the Rudy Rijen [Red October] JZD in Gottwaldov-Kudlov, the Agrokombinat JZD in Slusovice, and the Vlára JZD in Slavcin.

Computers installed in agricultural enterprises must be used responsibly and comprehensively. Nevertheless, in our agriculture—even in our concept—it has been assumed that at this time enterprises will not develop their programs independently. Because currently no suitable program materials, particularly for microcomputers, are available in the central library, we are dealing with this problem in such a way that assigned to individual enterprises according to the branch of production the task to obtain, test, and if need be, to develop microcomputer programs for the management of operations and data processing for the interface with the current computerized management system. Then the programs are reviewed and deployed in other agricultural organizations in our district.

In addition, our enterprises have set for themselves a number of tasks using computers to process socioeconomic data and to organize their management.

Similar problems are encountered in the case of minicomputers which still lack a nationally supported program of good quality; agricultural enterprises should be able to store processed data in their entirety and concurrently, to establish connections with the vicinity of the enterprise.

Importance of Comprehensive Solutions

The problem-solving process concerning the computerized management system of socioeconomic data and decisionmaking in agricultural enterprises is expertly coordinated by the Gottwaldov OZS [District Agricultural Administration] Application Group.

The lines and machinery in agricultural technological processes must be managed laterally—from the formulation of plans to their specific implementation in agricultural enterprises.

In our district this task was assigned to the Agropodnik in Gottwaldov which cooperated with the Institute for the Introduction of Computer Technology in Management in Prague in organizing for that purpose the Application Consultation Center. In general, we may note that the implementation of that program provided the most fundamental conditions for an expanded direct use of microelectronics and computers in agricultural enterprises. In view of its appropriate processing, at present there is no need to change it in any way, but we should bear in mind that even the enterprises in the Gottwaldov District cannot operate alone, without links with the national computerized data system which is now being organized, and without links with computer service and repair centers, regardless of economic results and regardless of the standards and suitability of the technological equipment available for decentralization of computer technology and for the introduction of microelectronic units.

As the most relevant problems we regard the programs for micro- and mini-computers. If these problems are not promptly resolved, decentralization will not be fully effective.

Proper use of computers in agricultural enterprises depends on the personal conviction of computer users about the genuine of automation. However, users will not become convinced, unless they can see a well-planned project. We see a chance for improvement not so much in the number of applications but primarily in the quality of projects for the main sector where these applications are useful.

The Advantage of Areal Application

Initial results of the application of the program have confirmed that the adopted decisions were correct both in terms of the building of facilities and of the process of decentralization, training of specialists and the necessary coordination of operations in the direct management of technological processes. Therefore, there is no need to change the basic principles of the program, although methods and forms of its expeditious fulfillment must be constantly sought.

The timeliness of the development of microelectronics in agricultural enterprises of our district depends on the availability of cadres, materials, technology and programs. The focus is on the period of the Eighth and Ninth 5-Year Plans. At this time I should like to note that our district has the necessary cadres; presumably before the end of the current 5-year plan we shall have

the programs we need, but the third fundamental condition remains moot, i.e., the material and technological equipment—which therefore stands in the way of complete decentralization of computer technology in our situation.

Everybody in R&D uses new, progressive factors representing higher intensity and greater efficiency must be expeditiously introduced over the entire area, and that includes in every respect also microelectronics.

9004/12232

Concern for Vanishing Mushrooms Expressed 24000386 Prague PRACE in Czech 25 Jul 87 p 2

[Interview with Dr Bronislav Hluza by Jiri Papousek: "Why Did the Chanterelle Disappear?"]

[Text] Everyone agrees that there are fewer and fewer mushrooms in our forests.

But why, actually? The answer to that is not unanimous. Until recently, the opinion was that over-picking prevented the mushrooms from multiplying. However, recently the subject of civilization causes has repeatedly come up among mushroom pickers, particularly the infamous "acid rain" which supposedly kills the mycelium.

The subject of disappearing mushrooms has been raised with Dr Bronislav Hluza, the director of the Department of Biology and Didactics of Biology of the School of Pedagogy at the Palacky University in Olomouc. Dr Hluza is also the head of the group for mushroom mapping at the Czechoslovak Scientific Society for Mycology at the Czechoslovak Academy of Sciences.

Question: Mapping mushrooms is not a particularly easy job, right?

Answer: It is difficult and it requires great patience. Just imagine how many different types of mushrooms there are. Moreover, some types will not appear at all one year and the next year there will be an abundance of them.

Question: The general opinion is that mushrooms are disappearing.

Answer: One old amateur mycologist wrote a confession recently: "As a small boy I used to go to the woods to collect mushrooms; as an adult I searched for them, and now I just dream about them...." He was entirely right. In the course of the 50 years he is mentioning, much has changed.

Question: Are mushrooms disappearing by numbers as well as by type?

Answer: Yes. Not just chanterelles are disappearing but orange-cap boletus, yellow boletus, milkcap and many others, previously abundant.

Question: What is the cause?

Answer: One of the main causes of mushrooms disappearing are climatic changes. More and more often, weather comes which does not correspond to the seasons. It is often cold in the summer or it is warm in the winter. Also, the rainfall has decreased. According to one statistic, the amount of rain that fell in the last 5 years, should have fallen in only 4 years.

The air pollution is a serious factor—mainly acid rain. Today, the soil's acidity in some areas has increased significantly (there are places with $\text{pH} = 3$ while neutral soil has $\text{pH} = 6.6-7.2$). It seems that the mycelium of some types of mushrooms is particularly sensitive to the soil's reaction. If the acidity goes above or below a certain level the mushrooms cease to grow. Of course, for each mushroom type the level is different.

Question: For instance boletus?

Answer: The boletus type mushrooms are usually dependent on a neutral or slightly basic soil. It is presumed, for example, that the decreasing number of various types of blue rough boletus in the recent years is due mainly to acid rain. However, on the other hand, some other mushrooms actually benefit from it. That is why the chestnut boletus or the bitter boletus are becoming so abundant.

Another substantial factor is the present-day forest management. Today, branches and needles are piling up, creating certain spaces and layers. Generally, this microclimate is not unfavorable to certain mushrooms but it is nevertheless a change.

There are other factors but they have not been examined yet. Most certainly, not everything can be attributed to acid rain. For example, the chanterelle has been disappearing from our forests very quickly and in some places it is already gone, but according to the research, acidic soil does not affect it. What happened to the chanterelle is simply not known yet.

Question: There is some debate whether mushrooms absorb some heavy metals near the highways, for instance lead....

Answer: According to research, some mushrooms have more of the tendency to absorb heavy metals than others. For example, the field agaric has great capability to absorb lead. In any case, it is certainly advisable not to collect mushrooms at the roadside.

Question: Recently, there appeared a discussion in a newspaper that the abundance of some mushrooms is, so to speak, an explosion prior to extinction. What is your opinion?

Answer: I read it. It is possible that the mycelium whose existence has been endangered by unfavorable conditions (drought, changes in the soil's reaction, etc.) can produce a noticeably large number of mushrooms (spores as well) if at least one of the conditions improves. We can notice that after a poor summer mushroom season an explosion of mushrooms occurs in mid-September. Whether this is an "explosion prior to extinction" cannot be determined because our knowledge (biochemical, for instance) about the life of mushrooms is still minimal.

Question: Will it be necessary to protect mushrooms in the future?

Answer: I think so. We are already trying, more or less. In the future, however, it will not be possible to limit the protection to some endangered types. It is necessary to protect biotypes, or the entire living environment in which the mushrooms are living, i.e., the forest. What good would it do to forbid the picking of, for example, the *amanita caesurae*, if a forest were being destroyed in the area where this mushrooms grows.

Question: Do you pick mushrooms for your own pleasure?

Answer: Yes, I do. But I differentiate. I record those mushrooms that are disappearing and let them grow. For example, I collect chestnut boletus, parasol mushroom, bootlace fungus, tricholoma and russula. I never over pick.

12993/6662

HUNGARY

Finance Minister: 'Very Difficult Year in Every Way' Expected

25000007 Budapest NEPSZABADSAG in Hungarian
3 Oct 87 p 5

[Interview with Finance Minister Peter Medgyessy by Deputy Editor-in-Chief Istvan Foldes: "1988 Prospects for the General Public"]

[Text] Parliament approved the government's work program, including the introduction of two new taxes: the value-added tax and the taxation of private persons' income. The upcoming December session of Parliament will deal with the 1988 state budget. Although the government is in the midst of economic and budgetary planning, our Deputy Editor-in-Chief Istvan Foldes questioned Finance Minister Dr Peter Medgyessy concerning 1988 expectations from the viewpoint of the general public.

[Question] What do you feel is the most urgent task?

[Answer] Nineteen-eighty-eight will be a difficult year in every respect. It will be difficult because we will be able to comply with international financial expectations only if we stringently control domestic consumption. It will be difficult because in order for us to permit the evolution of better managed enterprises in spite of the pressures exerted on us from every direction, we must be committed to implement our program. The first step in this program is the reestablishment of the economic balance. It will be difficult, because our take-home pay in 1988 will buy less than it did this year. We cannot give in on this, not even on grounds of emotional considerations, because the resolution of these concerns had been postponed year after year, and problems have accumulated. We have a lot to safeguard and a lot to lose—this must be our force of motivation. We must respond to this challenge with an appropriate answer founded on accomplishments. While I believe that we ought to gradually increase our expectations, we must shield those who are defenseless, i.e. the aged, the sick and the children. We also must see to it that there be opportunities and new directions for breakthrough which permit progressive endeavors, and that there be socio-economic guarantees to assure that right now in Hungary it pays to work and to be enterprising, and to accumulate for the future. Acquiescence and retreat are inappropriate reactions to the tight grip of the economy. The appropriate reaction is an endeavor that prompts us to act, to protect and to augment our spiritual, moral and material wealth.

Concerning the Possibility of Wage Increases

[Question] We find several enterprises which, in their attempt to establish an improved accounting base for 1988, plan to increase wages in 1987. What is the appropriate, the desirable conduct in this respect on the part of enterprises?

[Answer] In 1988 the various industrial and commercial units, as well as institutions covered by the state budget, will, under all circumstances, provide a wage increase in the framework of the change-over to the so-called gross wage calculation. This, however, is a mere technicality. It will extend to basic wages, production premiums, supplements, etc., i.e. to all elements that make up a worker's pay. Some of these elements are related to the individual worker (e.g. the basic wage), while others affect all workers of a given unit in an identical manner. These are based on collective agreements, and include e.g. piece wages and wage supplements. The various elements within the wage structure must be raised in a manner so that the workers' net pay remains unchanged. Quite obviously, the resultant gross wage is assigned to the worker once and for all, and in turn becomes part of the worker's basic wage. Annual wage increments to offset personal income taxes can be provided without penalties, pursuant to the applicable rules and regulations. Normal wage increases come on top of all this, but these will be modest according to our calculations—

somewhere around 3 percent. Enterprises which grant significant wage increases this year will reduce their 1988 potential for providing wage increases. Thus they tie their own hands. This is so because the gross wage concept is neutral from the viewpoint of the enterprise, but not from the viewpoint of individual workers. From the viewpoint of enterprises it makes no difference if wage increases take place in January, or during the previous December.

One of the important objectives of our wage regulations is to provide an opportunity for breakthrough to the best enterprises and to the best of workers. The government, as well as the enterprises, have been frequently criticized for employing people they do not need, and that there is no work to be performed within enterprises. This runs counter to principles of rational manpower utilization. Beginning next year, we will introduce a certain wage management system, which is stringent regarding the total amount of aggregate wages paid by an enterprise, but permits enterprises to perform their tasks with a reduced workforce and to then distribute the wage savings to the remaining workers. The most important state economic policy endeavor will permit enterprises to compete for wage preferences. Enterprise profit margins may be expanded in the future to a greater extent than before. True: this will happen along with the taxation of enterprises. This idea is based on the assumption that production will increase within the enterprises. I believe that it will enjoy broad acceptance and public support.

On an experimental basis we will permit the best enterprises to pay and to increase wages without limitation. By "best" enterprises I mean those which operate without state support, do not raise domestic prices, and conduct their operations consistent with economic policies established by the state. This then increases the sense of responsibility of enterprise management in every respect, and we are convinced that having established stringent criteria, it is appropriate to grant this high degree of independence. It is our intent to provide a continuous government audit of the results, and that quarterly consultations take place between government and the affected enterprises. In addition to the State Wage and Labor Affairs Office [ABMH], the concerned unions and the National Material and Price Office [AH] will also participate in the consultations.

In the farming sector the opportunity to increase the taxable income rests with the surplus value produced by a given plant.

Whose Job Is It To Attend Sociopolitical Concerns?

[Question] Wage differentiation based on performance has been a requirement for years. Nevertheless many employers feel that they should convey socio-political concerns through their own wage policies. Should we expect a substantial change in this respect?

[Answer] It is our aim to sensibly delineate various tasks and functions, and in particular the obligations of the enterprises versus those of the state. Enterprise management includes certain socio-political tasks. This is apparent, and this will remain unchanged in the future. In recent times, however, an irrational load of socio-political work was assigned to enterprises. There can be no fundamental change in this respect at times when we have problems in other areas also, nevertheless we endeavor to achieve that socio-political concerns be dealt with by the state, not by enterprises. In the present period, even though there is no opportunity to make a fundamental change in the distribution of tasks, we are taking a first step, insofar as newly emerging socio-political concerns will be dealt with by the state and will not create new burdens for enterprises. Accordingly, in the 1988 people's economic plan the government is allocating the significant amount of 24-25 billion forints for improved financial assistance and supplies provisions for the aged and for families with children. The pertinent actions were discussed in Parliament and the press provided detailed accounts. They include increases in pension payments, family supplements, childcare fees and childcare benefits. Our plans include the raising of the minimum wage to 3,000 forints. We are planning several actions which would alleviate the concerns of some narrow groups, such as low income families, the aged and the sick.

Burden on Private Entrepreneurs To Be Alleviated

[Question] Many believe that the treatment of small tradesmen, and of private enterprise in general is unclear. Entrepreneurs lack confidence, the legitimate economy is not developing to a degree that it would substantially reduce "invisible" income. What is your opinion in this respect?

[Answer] It is clear that the Hungarian economy will have an increasing need for small enterprise in the future. In saying this I have in mind more than merchandise and services needed by the general public. I am thinking of the background industry—contract work for large industry. I would like to remind the readers of what several representatives brought up in the latest session of Parliament: Small enterprises could teach lessons to large enterprises in the field of organization, thrift and flexibility. On the other hand, it is equally clear that if enterprise earnings regulations are stringent, then small enterprises should be judged under similar conditions. It is equally clear that if someone in a small enterprise earns a large income, he should help defray the public burden to a larger extent, just as anyone else does with similar earnings.

We framed our regulations in a way so that enterprise and investment will continue to pay off in the future. Effective 1 January 1988 we intend to introduce a form of business in which a private enterprise may become a legal person. With respect to private small trade and

commerce, as well as in regards to some other entrepreneurial forms we are preparing regulations that will permit the employment of up to 30 persons, including existing employees and helping family members. These regulations are expected to go into effect next year, and the number of authorized employees doubles the present level of permissible employment. Consistent with these provisions, private boarding houses will be permitted to rent facilities to up to 60 persons, as contrasted to today's maximum limit of 30 persons. There is a great need for the conveyance of the skills of aging master artisans. The maximum permissible number of employees may be increased by hiring apprentice workers, and it is equally important that the new entrepreneur tax provisions grant tax benefits for hiring and training apprentice workers. The tax benefit is larger than it was before.

Beginning in 1988 enterprises and private entrepreneurs will have an equal footing regarding social security contributions. The private sector rate, just as the enterprise rate, will be set at 40 percent, and can be accounted for as an expense. Our plans include more than the uniform treatment of expenses. We are also considering a more favorable tax treatment of fringe benefits, such as sick pay, minimum pension and basic sustenance income. Many enterprises operate after work hours. In their case the social security contribution is set at 10 percent, and temporarily, during 1988, the contribution by small tradesmen and by private merchants will be 250 forints.

In formulating the applicable regulations we intended to motivate the establishment of modern small plants. The motivating factor is that the total investment related to such ventures may be written off as an expense during the first year of operation. At the same time we left the door open for accelerated amortization. From the viewpoint of personal income taxes, capital gain is treated separately and is subject to a 20 percent tax. From the viewpoint of the tax on entrepreneurs, reinvested capital gain is tax free. This provision encourages expansion, and discourages the use of capital gain for personal consumption purposes. Although we hoped for it, and I myself made a commitment to this effect earlier, it will not be possible in 1988 to discontinue the special enterprise tax payable by small entrepreneurs. We will not surrender this idea in its entirety, it will be implemented later.

Price Increases, Buying Up

[Question] The general public is increasingly concerned about rising prices. The fact is that already today there are many price increases, and price increases in 1988 are anticipated to reach 14-15 percent. In response to this increase real estate prices also are increasing, savings deposits are decreasing, and we are witnessing the buying up of products.

[Answer] We endeavor to ensure a balanced supply of goods in the future. This is one thing we cannot permit to deteriorate. We have become used to the proper flow of supplies, even though at prices higher than what we would like to see. It is the balanced flow of supplies that guarantees that it is worth working, because money can be spent. This is the foundation of every good currency. We took action to expand production particularly with respect to construction materials, and more recently to expand imports. Beginning in 1988 the financial conditions for securing residential dwellings will not worsen for a majority of the people. Increased benefits will be available to those who enter into contract after 1 January 1988. The granting of construction materials will be discontinued, but the related cost savings will be spent on a differentiated increase in socio-political benefits. We plan to increase the socio-political benefit by 10,000 forints for families with one child, 45,000 forints for families with two children, and 170,000 forints for families with three or more children. The central government fund available for borrowing by local councils at reduced interest rates will be increased by 500 million forints, and the maximum limit for low interest loans available for family housing will be increased by approximately 60,000 forints.

The price of finished residential dwellings is not subject to value-added tax. In the case of do-it-yourself construction the amount of value-added tax paid will be refunded on the basis of invoices. Such refund is limited by the ratio of construction costs and the area of the dwelling. In cases involving above-average residential construction designed to satisfy sophisticated needs, only a partial refund may be made. We continue to be interested in the purchase and completion of semi-finished residential dwellings. Refund on value-added taxes will be made in the form of checks negotiable at any National Savings Bank office. Savings for purposes of securing a residential dwelling are eligible for a 20 percent personal income tax reduction, up to a maximum amount of 36,000 forints.

Personal Savings

[Question] And how are we doing in the area of personal savings?

[Answer] Although the total amount of personal savings continues to increase, the rate of increase has slowed down. Within that the proportionate allocation of savings has shifted to the detriment of savings deposits. The latter phenomenon was probably triggered by the fact that bonds purchased after 1 January 1988 are not taxable. In 1988 only, savings depositors will not pay taxes after the interest earned. Financial institutions will pay a 3 percent annual premium over and above the interest paid on long term deposits during the 15 months period starting on 1 October 1987, and ending 31 December 1988. Bonds issued prior to the end of this year will remain tax-free in the future also. Bonds issued beginning next year will be subject to a 20 percent tax,

but the interest earned on these bonds may exceed that percentage. Finally, I would like to restate that the ownership of savings deposits and bonds will remain confidential, and deposits payable on demand will remain in effect. Such deposits are not subjects of tax or estate declarations. Incidentally, making an estate declaration is optional.

An estate declaration represents a voluntary choice by a citizen to prepare an inventory of his or her assets. In the course of taxation the taxing authority may find that a citizen paid a lesser amount of taxes than he should have, or that he has concealed taxable income. The burden of proof is on the taxing authority with respect to short payment or concealment. Nevertheless in order for a citizen to avoid unnecessary harassment by the taxing authorities, he or she may want to be able to prove the earlier acquisition of his or her assets, and that those assets were not purchased after the introduction of the new tax system, using funds that should have been paid as taxes or concealed income. In this sense then the preparation of an estate declaration is in the interest of citizens, and it also facilitates the work of taxing authorities by providing a factual basis.

Misunderstandings cause perhaps most troubles in the world. For this reason I wish to thank you for letting me respond to your questions.

12995

Decentralization: Moderate, Radical Approaches Outlined

25000297 Budapest FIGYELO in Hungarian
26 Mar, 2 Apr 87

[Articles by Gyorgy Matolcsi and Eva Koszka: "Has the Moor Done His Duty?" and "The Possibility of Organizational Decentralization"; Institute of Financial Research]

[26 Mar 87 p 5]

[Text] During the past decades, few governmental steps evoked such spirited debates as the breaking up of a few large enterprises. Mountains were pregnant and mice were born because—as also pointed out by Zoltan Roman in No 10, 1987 of our journal—in addition to the termination of 10 trusts, merely 41 large organizations were modified by the organizational decentralization between 1980 and 1985. While by now there is considerable agreement on the desirability of organizational mobility guided by the market—which would include both the establishment of new enterprises and liquidation of the old, non-competitive ones, the processes of decentralization and concentration—it is an open question how the suitable market conditions could be brought about. In their thought-provoking article below, members of the Institute of Financial Research also include the decentralization campaign among the prerequisites.

The "Moor" [a reference to Shakespeare's Othello who, in Hungarian parlance, "his duty done, can go"] is the governmental agency in charge of the organizational decentralization of enterprises. We assert that this Moor has not accomplished his task, that is, there is an unchanged need to continue the alteration of the existing scale structure which, under the present circumstances, is unthinkable without central decisions.

The Hungarian steps toward reform during the eighties, their progressive character notwithstanding, failed to provide the guidance and market conditions for a more forceful organizational mobility. Moreover, it appears that the large-enterprise and monopolized character of the enterprise structure had become more rigid after the introduction of the new forms of enterprise management. It appears that the state administration has given up its devices for changing the organizational structure at a time when they were most needed.

Several Attempts

Decentralization of the one-sidedly large enterprisa structure is useful if the reorganization is part of the reform measures. Decentralization would be important not only for increasing the number of participants in the market, but above all for improving the terms of the competition in a broader sense, for reorganizing the interests within the economy and the possibilities for the assertion of such interests. Namely, certain large, administratively established enterprises which have often been maintained through individual regulation, have an interest because of their poor competitiveness, in blocking the assertion of market forces which endanger their position and they are also capable of doing so because they are embedded into a political decision mechanism. Therefore, we consider the widespread perception illusory that first the appropriate regulatory-environmental conditions must be provided which will then gradually put into form an enterprise scale structure corresponding to the profitability requirements of the market. In our concept, organizational decentralization is indispensable for insuring the consistent introduction of reform and its subsequent effectiveness. However, although not of negligible importance, transformation of the enterprisa organization is only one factor in the modification of the institutional system.

Since, under the present circumstances, we cannot expect substantial decentralization to occur in a spontaneous fashion, the question arises whether a dissociation of the business cluster-type enterprises can be accomplished through central decisions. The question is particularly justified since in years past several such attempts were made in the large enterprise organizational system without, however, bringing about any radical changes.

In the eighties, reorganizations were initiated by both the government and the enterprises—factories, factory units, member enterprises of trusts. However, in both cases, the decisions were made by the administrative organs, ultimately by the branch ministries.

The formation of a coordinating committee consisting of leaders of functional and social organizations, through a governmental decision in 1980, was the first central initiative toward a coordination of the reorganizations. However, this body, still functioning in principle, has not been codified, which means that the mandate and responsibility of the committee are uncertain; moreover, its goals and duration of its mandate are also undefined. Its members perform their work in response to individual requests, as a secondary task. Their organizational apparatus is a secretariat of variable composition consisting of merely a few individuals.

Consequently, the actual sphere of authority of this body, which could be nourished through empowerment defined by law, the convictions of the members or their direct interests, and perhaps the composition of the body of experts available to them, was extremely limited. Additionally, although representatives of branch portfolios not generally involved in decentralization did not get a place on the committee, the representatives of social organizations, often representing similar views, did. Selected primarily according to their official position and representing an often equivocal position of the delegating organizations toward decentralization, the participants would have had to vote at times for reorganization contrary to the interests associated with their position or even their own personal convictions. Therefore, the committee was naturally divided in defining the principles and even in the evaluation of individual cases, and this was not concealed from the affected enterprises.

The 1979 resolution initiating the reorganizations failed to define either the main direction of the changes or their desirable extent. This and subsequent declarations on the part of the party and state leadership reflected caution and the divisions in economic management. Agreement was lacking on the basic principles of organizational modifications. Divergent concepts regarding changes in the economic mechanism were behind the different views. Consequently, the cause of decentralization was either promoted or pushed into the background as a function of the general balance of forces and chances for reform at any given time. During the first half of the eighties, the difficult economic situation was by itself a strong argument against dissociations, as was resistance on the part of the involved circle of enterprises. In contrast, the advocates of decentralization remained weak and dispersed.

The coordinating committee was also weakened by these circumstances. The committee failed to get a mandate for making decisions and also was not relieved of administrative conciliation requirements. Because it was a relative outsider and because of its external and internal instability derived from its transitory nature and lack of legal definition, the position of the committee was rather weak in debates with branch ministries, regional party organizations and large enterprises. Not only was its influence but also its debating capacity limited. Namely,

without an adequate apparatus, it was difficult to base the debate on a sufficient depth of information with those arguing against decentralization.

In addition to the gradually slackening activities of the Coordinating Committee—maintaining the framework at any rate—two other governmental decentralization initiatives were also launched. One was the ad hoc committee set up in 1982 to examine the Csepel Trust, which was a temporary, high level body without legal definition, similarly to the coordinating committee. However, there was a significant difference—and it fundamentally defined the results—that is, that the latter was able to dispense with most of the usual conciliations. This committee was set up for a defined task, with adequate mandate and for a short duration. Thus, the organization was more unequivocally outside of the hierarchy than the coordinating committee, and this solution proved to be successful. However, this process could not automatically spread any further.

In the second attempt, launched a year later in 1983, groups of experts were set up by the Economic Committee. Compared with the coordinating committee, the most important difference here was the lower rank of assigned workers and, consequently, their more extensive concrete knowledge. This, however, was not enough to overcome the dampening forces also experienced earlier, derived from the lack of legal definition, internal divisions, conciliation requirements and definition of the tasks in terms of generalities. Moreover, compared with the coordinating committee, the direct participation of the branch ministries were regressive, and so were the variously conflicting interests of the ultimately decisive Economic Committee regarding decentralization, and the even more obscure nature of the spheres of influence—among them the linkages with the coordinating committee.

Other Path Toward Decentralization

In addition to the government initiatives, the striving of the production units toward independence was the other main path toward organizational decentralization. Later, after recognition of the necessity for a societal base, this originally informal possibility was endorsed by the government through new legal frameworks, and subsequently, when the new forms of enterprise management were introduced, it was also supported through a special appeal and automatic financial incentives. Although a few separations were successful, decentralization, also from this side, failed to produce a breakthrough. In addition to the unchanged conditions of economic management, and the differentiated situation of factory units and member enterprises of trusts—that is, the limitations on the incentives for separation—the most important reasons are again of an institutional type. The problem involves in part the danger of reprisal within the enterprise for intentions to become independent and the absence of legal and social guarantees limiting the existential risks. On the other hand, until the introduction of

the new forms of enterprise management—outside of this sphere even today—low level initiatives could be realized only through governmental decisions. But the chances for the assertion of the interests and the personal connections of those who wish to separate are generally weaker than those of the large enterprises fighting to remain united and thus it is not surprising that they often went under in this struggle. And, since the establishment of the new enterprise management bodies, when decision was given to the collective, that is, the enterprise council, the accomplishment of separation became almost hopeless. At the self-governing enterprise, the possibility of governmental reorganizations also ceased to exist.

According to available experience, what institutional conditions can help organizational decentralization which is contrary to the interests of many participants in the economy? First of all, it is important to appoint a high level inter-departmental government committee freed from the network of governmental coordination. (This, by the way, had already been proposed by many, among them the department of organizational development of the Ministry of Industry in 1982.) It is important to specify the task concretely, designating also the approximate extent, and to accomplish the changes rapidly. Where extensive organizational modifications are involved, the thorough examination of the individual enterprises is clearly impossible. Decisions must be made in larger packages and this can also improve the position of the committee because it would not need to engage in micro-level debates. However, the committee's power cannot be sufficient either to define or to accomplish the tasks unless it enjoys—this being the most important condition—the continuous support of the highest economic management.

These features, which so far were not at all or were hardly characteristic of the reorganization process, are characteristics of the campaign method. With this, we also maintain that organizational decentralization in the eighties was not a campaign if—in agreement with Attila Karoly Soos, Janos Kollo, Karoly Fazekas and Peter Bodo—we define the concept in terms of its mechanism of action. The climate was not there that would have made the new standard of separations an outstanding value; many participants questioned not only certain partial solutions but the concept as a whole. No sanctions were attached to a postponement of changes. The spreading effect of precedents can hardly be felt while, at the same time, there were instances of examined organizations having been left untouched and, moreover, of decisions having been rescinded. These reflect the indecisiveness of the regulators which is also the original factor of short-windedness. Although the reorganizations also showed some signs which are characteristics of the campaign but precisely the essence, the “psychosis,” the making of ambiguous norms unequivocal, and distribution on this basis of punishments and incentives, the demonstrative effect, was lacking. (Actually only the opponents of decentralization used the word campaign, and did so in a pejorative sense.)

On the Market, Reorganized

This is not accidental, of course. Because of the divergent opinions formed as to the functioning of the mechanism as a whole, the economic leadership did not want to start a campaign, and could not even want to start one because of the strong position of the opponents. However, the situation can change with the development of a radical, market-oriented reform process. Namely, into this, a thorough alteration of the enterprisa scale structure could also be made "to fit."

We assert the necessity of the campaign in the knowledge of clearly seeing the inevitable disadvantages of this method. Because of its uniformity and implementation with a single stroke, the campaign is accompanied by conflicts; the decision-makers have incomplete knowledge and they have no market-type interests. Considerations of administrative power dominate the decisions which can also lead to economically faulty resolutions. It is also true that such a change would further increase the burden on administrators who, in any case, already face large tasks—for instance, in preparation for the new tax system to come into force.

The unfavorable consequences of the decentralization campaign could be corrected by the market. Namely, a process of integration-concentration can also develop among the dissociated enterprises. But the large enterprisa structure developed according to other than market criteria can only evolve into a system, vindicated by the market, that naturally does not lack large units if, after a radical dismounting, it gets reorganized on the market. This also means that even decentralization produces the expected advantages only if it is realized jointly with other, no less important elements of the market-type reform.

The possible methods of a decentralization campaign, which we consider necessary, will be discussed in the second part of our article.

[2 Apr 87 p 3]

[Text] In the first part of our article, we started with the observation that altering the enterprise size structure and decreasing the monopolization on the domestic market is one of the prerequisites of the comprehensive economic reform.

In the following, a more radical and a more moderate method for doing it will be proposed. We advocate the more radical method, but it is not improbable that the realities will make only the moderate solutions possible. Nevertheless, a rebuilding of the organizational structure can in no way be delayed because the reform steps already carried out—creation of a two-level banking system, the legally enforceable bankruptcy procedure, the new forms of enterprise management and state guidance—presuppose a more significant reconstruction of the enterprise size structure. Also, the favorable

effects of the planned, new reform motions cannot evolve without it, because the monopolistic organizations, citing their indispensability, have always been successful in obtaining individual advantages for themselves. It is our conviction that the competition-neutral tax system could hardly become functional if the monopolistic-type enterprise structure is retained.

We consider campaign-type "starting impulses" necessary even for the more moderate decentralization program. Among these is the immediate application of the legal provision regarding insolvency to quite a few actually (prolongedly) insolvent (large) enterprises; the assertion of organizational aspects in concepts aimed at the rescue of branches in distress; initiation of organizational changes according to the law restricting dishonest economic behavior in enterprisa circles which misuse their superior power; as well as the formation and initiation of a "program to enliven enterprise."

During the past three-to-five-year period, nearly always the same enterprises came close to insolvency. However, this group consisting mostly of large enterprises, regularly emerged from its precarious situation. This, however, was the result not of their more efficient work, but of budgetary subsidies and dispensations from loan repayment obligations.

For an opening of the program, bankruptcy proceedings ought to be started against the approximately 30 large enterprises which have "stood in line" for several years, have been in an actual state of insolvency for several years, and whose decreased or abandoned production would cause the least supply difficulties. (We consider this number the lower limit since the number of acute cases is closer to seventy or eighty than the thirty indicated as a minimum.) The bankruptcy proceedings could be initiated by the Chief Control Administration of the Ministry of Finance in the name of the state budget as the creditor. In the course of the procedure, the budget office would consent only to such agreements which also prescribe an organizational restructuring, providing a guarantee for effective subsequent functioning. This group of enterprises is characteristically made up of large enterprises in a horizontal arrangement, with several plant sites; by subjecting them to bankruptcy proceedings and a subsequent organizational restructuring, the establishment of about 300 new state enterprises can be counted upon. (Just for comparison: between 1980 and 1984, the same number of new state enterprises was formed, initiated by the coordinating committee and with administrative decision.) This does not require special authorization by parliament, presidential council or the government, but a governmental and a high level of political decision is needed to initiate the process on a larger scale. Initiating organizational modernization in such a manner conforms to the economic policy goals, that is, to the liquidation of sources of deficit and to the moderation of budgetary distribution in inverse ratio to effectiveness. Thereby, it can become a basis for decreasing the tax burdens on dynamic and "good" companies.

The institution of bankruptcy procedures must be maintained even after the initial push, but by then in a continuous manner and probably not in the framework of a new campaign.

A method which differs from the one currently used for handling the crisis branches is needed in part for liquidating the sources of losses and in part because of the organizational restructuring. Organizational renewal must also be a part of the technical and economic programs that promise a true way out. It cannot be stated that, for instance, the crisis of Hungarian iron-metal-lurgy has primarily organizational and managerial causes but it can definitely be said that these are a part of it. Here, the establishment of a new type of organizations which function by wealth incentives, as centers of capital—wealth centers, new association forms—could be undertaken.

In its present form, the law dealing with dishonest economic behavior provides a small chance for initiating the "push for organizational restructuring." One of the reasons is that it does not include the organization which is in a monopoly status even today, the "natural monopoly," that is, those mostly naturally large enterprises which, covering a given specialized branch completely, dominate the domestic market. This law provides only for taking measures against the eventually established new cartels, and monopolistic situations.

In addition, in the sphere of market overseer activity, there is today practically no possibility either for the decentralization of enterprises which function under the new forms of enterprise management. The legal measure ought to emphasize two basic cases of abusing superior economic strength: when the given enterprise has indeed the status of a monopoly on the domestic market—that is, for instance, it belongs among the three domestic companies which supply a total of more than 60 percent of the domestic market—and also when the enterprise abuses its superior economic power against one of its internal units, that is, it rejects without economic justification the request for independence by the internal unit although the competitive situation on the market would be enhanced as a result.

On the basis of the mandate provided in the regulation, the central institution of market oversight—the National Material and Price Office—could initiate a decision toward organizational change. It would be purposeful to establish a cartel office independent of the management organs which would have the task of continually examining the market share of the enterprises, the enterprisal price and marketing agreements and other cartel agreements as well as following the distribution of imports within the economy. Should it notice any abuses involving superior economic power, it should initiate its discontinuation. Depending on its nature, the decentralization initiative would be sent to the government or to the courts.

This automatically functioning procedural system should also receive an "initial boost." The new cartel office, or still the market overseer organs should investigate—from among the 150 enterprises according to certain studies—the 30 or 40 enterprises in the most strongly monopolistic situation, followed by the initiation of organizational changes. Thereby, the number of state enterprises could increase by about 3 to 4 hundred and the competition on the commodity market place and on the market of developmental resources could become stronger.

Organizational restructuring could be aided by a governmental program to enliven ventures which would provide more significant temporary tax benefits to the "new" and "small" enterprises than those that are available today. The spread of new types of services and activities would be supported by infrastructural and tax allowances; the spreading of new kinds of organizational forms—rt [reszvenytársaság (joint stock company)], kft [korlátolt felelősségű társaság (limited liability company)], assets center, innovation park, infrastructural enterprise, insurance association, banking institution, etc.—would also be supported by tax allowances; additionally, it could pave the way, through modifications of rules of law, for the meshing of state-cooperative-popular-private enterprises and foreign capital jointly and individually.

The governmental program to enliven ventures would function primarily through infrastructural means and tax incentives for which detailed recommendations have been elaborated in the governmental program of many economically developed countries and their domestic adaptation could be worked out. One of the most important goals of this program is to aid employment in the economy as a whole and in its individual areas using a central money fund and the joint funds based on the voluntary pooling of the local money funds.

Radical decentralization can be addressed by a campaign. We recommend the establishment of a governmental committee as a new institution which would have a right to decide organizational matters. In addition to the governmental committee—which could also be the coordinating committee in a new lineup and role, with reinforced official machinery—we recommend the establishment of a cartel office in this case also, as well as the temporary subordination of the Rehabilitation Organization and of decisions involving financial reorganization to the new governmental committee. It would fall to the secretariat of the new governmental committee to exercise the founder rights—for the duration of the reorganization. In preparing their balances, the new enterprises developing through organizational decentralization can turn for help to the State Accounting Counseling Service to be established on a regional basis.

Based on a direct mandate from Parliament, the governmental committee would enact the following measures. On a specified day, it would establish as independent

enterprisal organizations the factories, factory units, workshops and plants functioning in the processing industry which had before functioned within a multilateral, horizontal, large-enterprisal organization. (Horizontalness is present if internal deliveries, calculated as the average of the last three years, represent less than half of the unit's total income from sales and if more than 500 workers are employed in the unit.) In addition, the governmental committee would initiate a year-long investigation in the fields of the basic material and building industry, commerce and public services. The investigation would be based on the fundamental principle that every internal unit which is in a horizontal attachment to the basic profile, thereby having an independent market share, needs to be organized as an independent enterprise. On request from the cartel office, the governmental committee would have the right, for another year or two, to make individual organizational decentralization decisions in any other field as well. Subsequently, the cartel office would have to turn to the courts for such initiatives because it would not be practical to maintain the governmental committee for longer than three years. Under the mandate of the governmental committee, the Rehabilitation Organization would be placed within the committee's sphere of authority and its task would be to carry out the reorganization programs approved by the governmental committee and to arrange the steps for organizational decentralization. The decision-making authority involving the rehabilitation funds would also go to the governmental committee during the transition period.

One basic responsibility of the new enterprises is to satisfy accounting and budgeting requirements, and also the other accounting, reporting and bookkeeping tasks. To help them, the State Accounting Counseling Service would be established, which would consist of offices organized on a regional basis and would provide its services for a fee, at cost, during the first year of the new enterprises' functioning. Subsequently, the regional offices would be turned into independent, profit making state enterprises.

The briefly described organizational decentralization campaign also requires legal modifications; for instance, a temporary suspension of certain provisions in the enterprise law and a special mandate from Parliament to the governmental committee and the cartel office would be needed.

Organizational restructuring, of a state administrative character, and established on the basis of a parliamentary mandate, can only initiate the development of new enterprisal structure. Additionally and subsequently, there is need for institutions and mechanisms which will aid the correction processes of the market. Through them, the organizational structure can assume the healthy state where there is no longer a place for additional organizational interventions of a state administrative type and which is characterized by organizational mobility, primarily guided by the market.

The adverse feelings associated with organizational restructuring are certainly derived from well-based fears. As the result of a radical organizational decentralization, what will happen to exports and imports, domestic supply, employment, regional differences and inflation?

These are justified questions. However, it is not justified to stress exclusively only the risks and the unfavorable side of restructuring. Namely, through the increase in the income producing capacity of the enterprise, the organizational changes can have a strongly positive restructuring effect on exports and employment capacity, and also moderate the strong inflationary pressure.

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ROMANIA

Need To Perfect Unitary, Planned Management of Economy

Introduction

27000004 Bucharest ERA SOCIALISTA in Romanian
No 13, 10 Jul 87, p 21-27

[Text] Extensive experience has been accumulated during the years of socialist construction in the area of unified organization, planning, and management of economic and social life. This activity has been steadily improved especially during the period following the 9th Congress so as better and more efficiently to conform to the realities and requirements of each stage of development of the country, account being taken of the demands of objective laws, the potential and the needs of the national economy, the international economic situation, and so forth. As was pointed out by Comrade Nicolae Ceausescu in his address delivered on the occasion of reception of central committee secretaries of communist and worker parties of certain socialist countries to discuss organizational problems, "we attach great importance to planned management, improvement, and strengthening of the forms of unified, planned management of all sectors of activity. In our opinion this does not conflict with but rather ensures broadening of the rights and autonomy of enterprises. However, these rights and this autonomy must operate in a uniform direction for the sake of general development of society and of creating socialism and communism."

The recent joint plenary meeting of the National Worker Council and the Supreme Council of Economic and Social Development recently adopted new and important measures aimed at improving management and planning of all economic and social life. They are a new and vivid expression of the constant effort of the party and its secretary general to adapt the forms and methods of organization, management, and planning to the requirements of each stage through which our country passes on its course of building socialism and communism.

In view of the fundamental theoretical and practical importance of the problems involved in improving planning during the current stage of development of Romanian socialist society, REVISTA ECONOMICA is publishing in this issue the first part of a group of articles devoted to topics connected with various aspects of unified planned management of all sectors of activity resting on the lasting foundation of socialist ownership.

Scientific Concept of Activity Management

27000004 Bucharest ERA SOCIALISTA in Romanian,
No 13, 10 Jul 87, pp 21-23

[Article by Prof Gheorge Fierbinteanu: "An Innovative Scientific Concept of Management of All Activities Based on the Unified National Plan"]

[Text] The experience accumulated during the years of socialist construction in Romania forcefully demonstrates that unified planning and management of all social and economic activities on the basis of the unified national plan represent an essential requirement for development of production forces at a fast pace and improvement in the welfare of the people, and constitute one of the most important instruments in carrying out the major revolutionary transformations which characterize successful accomplishment of the work of creating the new system.

Proceeding from extensive analysis of the objective Romanian situation and the progress made in the area of the science of management and organization of society and taking into account the entire complex of factors on which economic and social progress depend, our party has evolved an innovative unified concept of the principles, functions, and methods of effecting planned management during the stage of creation of a comprehensively developed socialist society, Comrade Nicolae Ceausescu making the decisive contribution to the creation of this concept. This concept takes into account the fact that a modern economy marked by a high degree of collectivization of production and by extensive changes and rapid diversification of relationships between production units entails coordination of all activities at the national level. This is especially true in a socialist economy, which objectively has available to it the conditions needed for coordinating overall reproduction and conscious guidance of all social life and in which solution of the complex problems of development is linked directly to unified planned management of the national economy.

The objective prerequisite for unified management of economic and social life on the basis of a uniform plan is the existence of socialist ownership of the means of production, something which transforms every economic and social unit into a "link" in a unified chain of activities oriented toward the fullest possible satisfaction of the material and spiritual needs of the people. It must be stressed, however, that the fundamental unity of socialist society determined by the nature of public,

common ownership of the means of production represents only the precondition for unified management of the work of creating socialism, the need for directing the process of development on the basis of a unified plan being a consequence of the entire system of economic and social laws which are in effect in our society.

As is known, economic and social life is characterized by a particularly complex system of interrelationships among the different domains and aspects of society. This makes it necessary to ensure that a proportionality will be constantly maintained between phenomena and economic and social processes in the process of development. The objective link between the degree of satisfaction of the material and spiritual needs of the population and proportional and balanced development of all aspects of the life of society stresses the need for unified coordination of the entire process of development, concentration, and orientation of all material and human resources on the basis of a single national plan. At the same time, on the basis of production relationships of a new type, socialist society ensures fundamental unity of the interests of participants in economic life, along with the possibility of reconciling all categories of economic interests, those of individuals, groups, and of society as a whole. An especially important role is assigned to the unified national plan in this regard.

Analyzing the requirements of ongoing development of production forces and relationships in Romania, Comrade Nicolae Ceausescu stresses that "We must at all times keep in mind that, during the current stage of development of a comprehensively developed socialist society, an objective requirement for progress is conduct of all activities on the basis of a unified national plan." Indeed, development of production forces at a fast pace, ensuring uninterrupted increase in the importance of quality factors in accomplishing expanded capital replacement of an intensive type, and modernization of the structure of the entire economy in step with and on the basis of the most recent achievements of science and technology make it necessary now more than ever to unite material and human efforts in a single direction, in accordance with a unified concept as embodied in the unified national plan. Transition to a new and better balance, elimination of the contradictions that have arisen in economic and social life, and prevention of their transformation into sources of conflict are inconceivable except on the basis of a general view of the progress of society and suitable mobilization of all resources in the context of a unified national plan.

The concept of our party and of Comrade Nicolae Ceausescu regarding the unified national plan of economic and social development generalizes the content and the numerous functions of the plan. According to this concept, the plan is a national one, inasmuch as it brings all the human and material resources of society together at the level of the nation as a whole, orienting these resources in the direction of continuing prosperity of the nation. At the same time, the plan is a unified one,

in that it represents a single context in which all the spheres of the economy and all complex elements and means necessary for accomplishment of expanded capital replacement are coordinated in close interrelation. The plan is also a plan of economic and social development, and as such reflects the unity and interaction of economic progress and social progress as a whole. Consequently, the unified national plan is all-inclusive, in the sense that it includes all the aspects of economic and social life, ensuring conduct of all activities in a uniform, proportional, and harmonious manner, correlated at the level of the economy as a whole, by individual branches, and at the local level. Hence it is indivisible, inasmuch all its component parts are correlated and organically combined to form a unified whole, not one of which can exist independently outside the unified national plan. The mandatory, binding nature of the plan derives from these features.

It is the concept of our party that planned management constitutes a fundamental and inalienable aspect of national sovereignty and independence. The goals and tasks of development of society are achieved the most efficiently through full exercise of all the political, economic, and social prerogatives by the party and state, which are the sole representatives of the national will.

The objectives of planned development derive from the content and features of each stage of socialist construction. The plan is and must always be a living mirror of the status and prospects of development over a certain period of time. Along with transition to creation of a comprehensively developed socialist society, the principal objectives of the unified national plan relate to swift increase in material production, steadfast promotion of the intensive, qualitative factors of development, and the most harmonious possible combination of all sectors and areas of activity, under conditions of balanced regional distribution of production forces and of development of all local administrative units.

Of particular interest in ensuring vigorous growth of the entire economy is optimum division of the national income into a consumption fund and an economic and social development fund in order to provide the resources necessary both for increase in and modernization of production and for improving the material and spiritual welfare of the people. Broad promotion of technical and scientific progress is ensured by the unified national plan through orientation of scientific research toward solution of the essential problems of development of the national economy and creation of conditions for practical application of the results of scientific activity. Closely coordinated with the promotion of technical progress, the plan specifies the directions of modernization of the structure of the national economy, primarily industry, through development of high-technology sectors and subsectors, for the sake of better utilization of all resources, reduction of consumption of materials and energy, and mobilization of reserves for increasing labor productivity and ensuring intensive use of production facilities.

One important objective of the plan is increasingly active participation by Romania in the international division of labor and the world economic cycle, increase in foreign trade and improvement in its efficiency, extension of technical and scientific cooperation, and achievement of balance in foreign trade and foreign payments.

The fundamental principle underlying planning activities is increase in the leading role of the party, the nerve center of our entire social system and the basic factor in scientific management of society. The content of the new stage of development, which is characterized by revolutionary changes of especially great complexity, necessitates uninterrupted increase in the leading role of the party in all spheres of activity. On this basis alone is it possible to ensure unified development of society and further intensification of economic and social progress for the purpose of application, through the unified national plan, of the provisions of the party program of creating a comprehensively developed socialist society and application of the resolutions of the 13th Congress. At the same time, the leading role of the party in society is organically combined with the ever broader functions of the socialist state in organization and control of all economic and social activities.

Democratic centralism represents the fundamental principle of management and organization of economic and social activities. While stressing the need for firm application of this principle, Comrade Nicolae Ceausescu at the same time emphasizes the necessity of broad development of revolutionary worker democracy, in the form of increase in active participation by the workers and the people in management of economic and social life and of the life of society as a whole. "While retaining the principle of unified leadership based on the unified plan," the party secretary general points out, "we must take action constantly to extend the autonomy of economic and social units in all sectors of activity. It is necessary at the same time for development of autonomy and initiative from below to take place in the context of the unified leadership concept and the unified program for development of our society." Reconciliation of unified, planned management of the national economy with worker self-management and initiative by the masses is achieved by means of the tentative and normative plan levels, which ensure full harmony of the general interests of society as a whole with the interests of the personnel of economic and social units.

On the basis of the experience gained in applying the new economic and financial mechanism, the stage reached in the development of Romanian society, and the requirements for ongoing progress of society, the 13th Congress of the Romanian Communist Party and subsequent plenary meetings of the RCP formulated new directions for improvement and elevation of all management and planning activities to a higher quality level. The following goals have been set in this context: even more vigorous growth of the role of the state in planning,

organization, and management of all economic and social activities on the basis of the unified national plan, combining the activities of state organs with those of the new democratic bodies, further improvement and development of the system of revolutionary worker democracy, steadfast application of the principles of self-management, self-administration, and self-financing, increase in the initiative and responsibility of all collective management organs in implementing the provisions of the unified national plan for economic and social development of the country, etc.

The especially important measures adopted by the joint plenary session of the National Workers' Council and the Supreme Council of Economic and Social Development held in June 1987 also fit into this context. They give new expression to the firmness with which action is being taken by the party and state leadership, by Comrade Nicolae Ceausescu, to implement the resolutions of the 13th RCP Congress, to improve planning and management of the national economy, and to mobilize all the creative energies of the workers and channel them in directions ensuring unflagging implementation of the unified national plan and accomplishment of the goals and tasks of the new stage in development of the country.

Planning Needed for Development of Economy
27000004 Bucharest ERA SOCIALISTA in Romanian
No 13, 10 Jul 87, pp 23-24

[Article by Horatiu Dragomirescu: "Planning as an Objective Law-Governed Need for Development of Socialist Economy"]

[Text] The problem of the need for objective planning is of major importance to the theory and practice of unified organization and management of socialist economy on a planned basis. Consequently, solution of this problem in the spirit of the dialectical materialist method, of the principles of scientific socialism, cannot, of course, be limited exclusively to formulation of a general, affirmative answer to the question of whether planning is necessary and possible under socialism or exclusively to presentation of arguments in support of such a thesis of a fundamental nature. The repeated objective findings of the need for and possibility of planning in a socialist economy have been determined by historic conditions, and the forms of their manifestation from one era to another are accordingly marked by dynamics of their own.

When a socialist economy has reached a certain stage, it requires planning not in general terms but in a specific mode of execution in keeping with the objective requirements of the system of laws governing development, with the specific historical conditions, and with the orientation and goals of the economic policy of the socialist party and state during the particular stage concerned. Similarly, economic science cannot be reduced merely to explaining in principle the possibility of planning in the socialist economy; it rather has the additional function

of finding practical solutions for the most efficient possible utilization of these possibilities under the existing concrete conditions. As a result of such an approach to the needs and possibilities of planning, it is possible to design and implement measures for improvement increasingly reconciling the system of planned, unified management of the economy with the requirements formulated by society for the structure and operation of this system in each stage.

Of particular importance in arriving at a thorough understanding of the problems of current and future trends in asserting the need for planning are the assessments and findings formulated by the secretary general of the RCP, Comrade Nicolae Ceausescu, in the report presented to the 13th RCP Congress, in which it is stated that "the objective tendency determined by the development of society is that of strengthening and improving the role and functions of the state as organizer and manager of all economic and social activities. The functions of organization and conscious management of activities in socialist society will never disappear. Socialist society must always have central authorities of its own to provide for management of economic and social activities on the basis of application of societal laws while avoiding disproportions, resolving contradictions, and ensuring harmonious development of all sectors and constant improvement in the material and spiritual welfare of the people."

The increase in the importance of planned management is due to the objective nature of transition of the Romanian national economy to predominantly intensive development. It may be said that, generally speaking, the processes of a qualitative nature inherent in intensive development require superior coordination, control, and regulation than those of a quantitative nature inherent in extensive development. As an object of planned management, these processes entail the need for high functionality of the entire economic mechanism, so that the components of this mechanism will operate in concert to stimulate increase in efficiency in all elements of the economy and in all phases of capital replacement.

Under the current conditions of development of our socialist economy, it is urgently necessary to intensify the deliberate, planned nature of economic progress, by increasing the role of the unified national plan in rational, deliberate conduct of the process of expanded socialist capital replacement with the highest possible efficiency. An evolution of this kind is dictated by factors linked primarily to progressive accentuation of the unity and complexity of the national economy. Briefly stated, these factors are intensification of the social division of labor as a result of ongoing amplification and diversification of social needs, and also of the list of the resources of society and the range of the ends for which these resources are used; intensification and multiplication of the interconnections (direct and reverse) between components, which themselves are increasingly numerous and complex, of the national economy, components the

coordinated functioning of which presupposes maximum rationality in their interaction, in the context of intensification of the social nature of production, ever stronger promotion of the effects propagated at the scale of the national economy as a result of introduction and extension of technical progress; increase in the degree of socialization of the means of production, as a result of improvement of socialist property relationships based on ever closer linking of state to cooperative ownership; increase in the complexity of problems as a whole efficient solution of which can be ensured only at the level of the national economy and which can be part of the problem of optimizing economic and social development, including rational allocation of resources, establishment and adjustment of economic proportions, maintenance of a dynamic economic balance, ensuring maximum efficiency, etc.

The processes which take place within the framework of a modern economy are becoming increasingly brisk in nature, especially under the current complex international economic and financial conditions, and trade proceeds at an ever faster pace, this posing the problem of increasing the degree of adaptability to initially unforeseen changes, and also the problem of extending the capability of medium-term and long-term anticipation of probable situations and of possible alternative actions for each of these situations.

The capability of predicting future developments, and accordingly of adapting to changes, is determined by the extent to which it is possible to offset or prevent the action of inertial or random factors. This capability allows advance preparation of normal operating conditions, without disruption, of the economy in a new situation.

Strengthening the predictive nature of management is also determined by the requirements relating to assurance of continuity in control of long-range economic and social processes in a context in which the problems of correct long-term orientation assume growing importance in relation to those of adjusting short-term development. Experience shows that situational changes generally increase the frequency and the consequences of the action of random factors and require great effort for subsequent correction in relation to long-term objectives. It is for this reason that continuity in promotion of long-range objectives must be constantly paralleled by increasing capability of prompt adaptation to the dynamic nature of the conditions under which the process of economic and social development takes place.

In the current stage through which Romania is passing, the urgent demand for increase in the role of the unified national plan as the chief instrument of economic and social management is determined by a number of interdependent elements, including extension of the sphere of application of the plan in the process of development; assurance of the highest possible degree of scientific and realistic substantiation of the provisions of the plan;

performance at a higher level of quality by the unified national plan of the functions of guiding economic and social development, determining the dimensions of needs and resources, mobilizing economic agencies, and regulating operation of the economic mechanism; stressing unity and cohesion within the internal structure of the unified national plan; and reinforcing the mandatory nature of the plan and plan discipline as it is being implemented.

From the viewpoint of the possibilities of planned management of the Romanian national economy as a whole, during the current stage there is also observed a marked trend toward multiplication of such possibilities. This trend is promoted by the increase in the extent of operation of economic science, of its application in planned management, in the form of principles, methods, techniques, and specific instruments; increase in data processing potential for the needs of planned management, analysis, decision making, supervision, and adjustment in this area, on the basis of development and optimum utilization of the economic and social data processing system and building of flexible and rationally dimensioned organizational structures capable of promoting efficient and timely planning and action in exercise of planned management; accumulation of vast experience of our own in the practical activities of planned management over the 4 decades of socialist construction in Romania. Broad use of this experience, both in the direction of maintaining elements whose viability has been confirmed and in that of eliminating or modifying ones which have become inadequate, represents a major requirement assigned by our party to planning agencies at all levels.

In its progressive evolution, and accordingly in its advance along the path of socialism and communism, Romanian society is undergoing a process of increasing homogenization from the economic and social viewpoints, this promoting reconciliation of the various categories of interests, better correlation of the functions of the plan with those of economic and financial factors, and increasingly orderly conduct of economic processes. Of decisive importance in this connection are development and improvement of the democratic environment for organization and management of economic and social life, strong promotion of revolutionary worker democracy, and increasing use by workers, in their threefold capacity of producers, owners, and customers, of the advantages of socialist democracy of the participatory type, along with the enthusiasm and dedication with which the entire people is implementing the policy of the RCP and the superlative plans and programs devoted to assuring all-round progress of Romania.

Improvement in Economic Management Ongoing
27000004 Bucharest ERA SOCIALISTA in Romanian
No 13, 10 Jul 87, pp 24-25

[Article by Dr Stelian Militaru: "Improvement in Planned Management of the National Economy is an Ongoing Process"]

[Text] On the basis of a broad analysis making use of the extensive experience accumulated during the years of socialist construction, the secretary general of the RCP, Comrade Nicolae Ceausescu, has summarized the principles, functions, and methods of planned management during the current stage of development of Romanian society, in a unified, dynamic concept of high theoretical and practical value. This concept is firmly anchored in Romanian realities and takes into account the requirement of objective laws, worldwide trends, the progress made in the area of the science of economic and social management and organization, and the entire array of factors which determine economic and social progress. Proceeding on the time-tested principle that the forms and methods of social management and organization are not immutable, set in stone, and that they must be constantly improved in keeping with the tasks imposed by the objective process of development, our party stresses the need for continuing improvement in management and planning of the national economy, on the basis of socialist ownership. As was pointed out by Comrade Nicolae Ceausescu in his address delivered at the joint plenary session of the National Council of Workers and the Supreme Council of Economic and Social Development in June of this year, "implementation of all the programs, the plan for this year, and the plan for the coming year require ongoing improvement in planning and management of all economic and social activities."

A vast, sustained campaign for improvement in planned management of the economy has been conducted during the years of socialist construction, and especially over the last 2 decades, under the leadership of the Romanian Communist Party. In keeping with the resolutions of the 9th Congress, the 1967 and 1972 national conferences of the RCP adopted a broad and unified program of measures for improving management and planning. This program ensured elimination of the phenomena of excessive centralism, along with combination of unified management of the economy with broadening of the autonomy and initiative of economic and local administrative units. The 9th Congress, which adopted the RCP program for creating a comprehensively developed socialist society and progress by Romania toward communism, elaborated new measures to improve economic and social management. These measures were aimed at ongoing improvement in the organizational framework for participation by the working class and the entire people in the management of society, and intensification of revolutionary worker democracy in all spheres of economic and social life.

A landmark in this process was the plenary meeting of the RCP central committee in March 1975, which adopted a "resolution on improvement in economic and financial management and planning." The aim of this resolution essentially was to reconcile the economic and financial mechanism with the democratic organizational framework that had been created, so that planning and

management methods would clear the way for unfettered, active display of initiative by the masses of workers. In resolutely eliminating any form of excessive and rigid centralism and strengthening the role of the unified operational plan, along with the decision making authority of enterprises, centrals, and local organs, the new economic and financial mechanism, based as it is on the principles of self-management, self-administration, and self-financing, represents a synthesis at a higher level of the concept of the RCP and its general secretary, Comrade Nicolae Ceausescu, of unified management of the economy based on application of democratic centralism.

In keeping with the requirements of the new economic and financial mechanism, profound changes have been made systematically over the last decade in the process of drawing up and substantiating the plan. The entire flow of operations involved in drawing up the plan has been reorganized so that enterprises and centrals will participate actively in substantiating the provisions of the plan. Improvement has been made in the system of indicators, emphasis being placed on indicators in expressed in physical terms and on ones which characterize the efficiency of using resources and the final results of economic activity; the system of tentative levels and plan norms has been greatly expanded for this purpose. To ensure the best possible substantiation of the plan, a comprehensive system of special programs has been established for shorter or longer periods. Such programs are drawn up for individual products, product groups, activities, subsidiary sectors, and general national and local problems. Action has also been taken to enhance the role of economic contracts in the work of planning and implementing the provisions of the plan.

Our party and state devote particular attention to amplification of the activity of monitoring implementation of the plan and assisting units in solving problems which arise in the course of plan implementation, this activity being an essential component of planned management. At the scale of the economy as a whole, a uniform system has been instituted of monitoring implementation of the unified national plan, at both the ministerial department and the local levels, firm action being taken to improve the economic and social information system so as to provide data on the status of implementation of the plan on a daily, 10-day, monthly, quarterly, and annual basis.

On the basis of the experience gained in applying the new economic mechanism, the stage reached in the development of Romanian society, and the requirements for ensuring its continuing progress, the 13th Congress formulated new requirements and directions for improvement and further elevation of planned management to a higher level of quality. In the light of these guidelines, and in keeping with the needs imposed by transition to predominantly intensive development of the Romanian economy, the planning mechanism has undergone new improvements aimed at further strengthening of the role

of the unified national plan and creation of preconditions such that economic units can exercise with increasing frequency the rights and obligations assigned to them in the area of planning their own activities.

Broad measures have been adopted in recent years for improvement in the system of indicators, and especially the economic efficiency indicators, so that enterprises will be oriented to a greater extent toward the qualitative, intensive aspects of activities. The measures are also aimed at broadening the normative base of the plan, as an especially important factor in efficient operation of the economic mechanism, at improvement in short-term planning (on quarterly, monthly, and 10-day basis), as an element permitting prompt adjustment to plan assignments, at creation of conditions for implementation of each annual plan, etc.

The emphasis placed on the intensive nature of economic growth, the improvement in organization, and the modernization of production processes have made necessary and continue to make necessary ongoing improvement in the system of indicators of economic and social development through promotion of new economic and financial indicators and norms relating to the resources, consumption, and consumption standards for the principal raw materials; the structure of material cost and live labor elements; stock level standards for raw materials, unfinished output, and finished products; economic and financial standards for the individual product; the degree of utilization of raw materials and export products; the efficiency of fixed assets; the accumulated national wealth; and so forth. In essence, such indicators orient the activities of economic units more firmly towards toward the highly urgent quality aspects in the process of development of Romania under the current 5-year plan, when a decisive step forward will be taken, that of entry by Romania into the ranks of countries with a moderately developed economy.

In assessing the results obtained thus far, the party secretary general, Comrade Nicolae Ceausescu, points out the need for ongoing improvement in planning activities so that the unified national plan will become an increasingly viable instrument for stimulating the creative initiative of the organisms of our democratic state and all worker collectives and for ensuring increasingly efficient use of the resources available to Romanian society at a given time, in the direction both of development and of general elevation of the standard of living of the people. Of particular importance in this context are the measures recently adopted for enhancing the role of the Supreme Council of Economic and Social Development, and that of the executive bureau of the council in particular, in drawing up the plan and monitoring its implementation. All sectors of activity are represented in the executive bureau of the Supreme Council of Economic and Social Development: the management councils of both the economic and the social sectors. This bureau is accordingly the most suitable organism for drawing up long-term programs, taking into account the

needs of general development of the country, along with the 5-year plans and annual plans. In keeping with the new measures, the bureau of the Supreme Council of Economic and Social Development is the agency which decides on the plan and the measures required, including those relating to equipment and material supply problems and to all activities in general. The enhancement of the role of the Council of Ministers in monitoring and ensuring efficient implementation of the plan, including monitoring implementation of measures for efficient equipment and material supply and for implementation of the export program, fits into this context.

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modernization of production processes have made necessary and continue to make necessary ongoing improvement in the system of indicators of economic and social development through promotion of new economic and financial indicators and norms relating to the resources, consumption, and consumption standards for the principal raw materials; the structure of material cost and live labor elements; stock level standards for raw materials, unfinished output, and finished products; economic and financial standards for the individual product; the degree of utilization of raw materials and export products; the efficiency of fixed assets; the accumulated national wealth; and so forth. In essence, such indicators orient the activities of economic units more firmly towards toward the highly urgent quality aspects in the process of development of Romania under the current 5-year plan, when a decisive step forward will be taken, that of entry by Romania into the ranks of countries with a moderately developed economy.

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In accordance with the guidelines established by the party secretary general at the working conference of the RCP central committee on economic problems held on 6 and 7 April 1987, an essential direction of action for improving planning activities is represented by increase in the role and responsibility of the industrial centrals, units which operate in accordance with the principles of

self-administration, self-financing, and self-management. In participating actively in drawing up the plan, the industrial centrals will receive the plan—all sections of the plan—directly from the State Planning Committee and other supervisory agencies rather than through the ministries as has been the case in the past. As plan administrators, the industrial centrals bear responsibility for implementation of the provisions of the plan as regards all indicators, starting with exports. Under the new concept, the plan of the industrial central must in essence include the plans of all its subordinate enterprises, account being taken of the specific nature of production of each enterprise; the ministry and the industrial central will specify all the indicators for the plans of individual enterprises and the measures required for their implementation. At the same time, the ministry will receive from the State Planning Committee, through appropriate channels, the plan of each industrial central and a general summary for the ministry as a whole, and will be responsible for the implementation of these plans.

Also of particular importance in improving planning activities are the tasks set by the party secretary general at the 30 January 1987 meeting of the Political Executive Committee and the RCP Central Committee, which analyzed the report and the communique on implementation of the 1986 plan. In view of the deficiencies which arose last year, the party leadership has demanded that sustained activity be conducted for permanent substantiation of the provisions of the plan, with emphasis placed on the qualitative aspects of development, accomplishment of the tasks assigned by the approved economic and financial norms and on the programs for improvement in organization and modernization of production processes.

One of the problems which must be approached with maximum responsibility is represented by improvement in the activities of drawing up, substantiating, and monitoring implementation of all special programs. In this connection, Comrade Nicolae Ceausescu stresses the need for all ministries and central agencies to analyze with the greatest attention the status of implementation of the programs established and to take practical measures to ensure strict adherence to all the provisions of these programs. "We must set about with firm resolve to carry out the programs for organization and modernization of production," states the Party secretary general, "so as to complete the first stage of these programs during the first half of this year and start the second stage, as we are well aware." In accordance with the tasks assigned, measures must be taken to ensure constant monitoring and regular, systematic reporting on implementation of these programs.

The address delivered by the party secretary general at the meeting of the Executive Political Committee of the RCP Central Committee held on 20 February 1987, at which a number of reports on conduct of activities in 1986 were discussed, contained assignments and guidelines of exceptional theoretical and practical importance

for further improvement in the activities of substantiating and monitoring implementation of the provisions of the plan. On this occasion the party secretary general directed that firm measures be adopted to ensure compliance by all units with the approved consumption standards within the shortest possible time, constant improvement in product quality, full use of production capacities, sharper increase in labor productivity, and improvement in the efficiency of all economic activities. An important task is that of closely monitoring and promptly reporting on the status of plan implementation so as to be able to take measures quickly along the way and ensure regular fulfilment of all the assignments in the unified national plan.

In view of the tasks assigned by the party secretary general at the working conference of the RCP Central Committee on economic problems in April 1987, particular attention must be devoted to review of the statistical record keeping and reporting system, with emphasis placed on monitoring exports and progress in turning out physical output in all spheres as a cardinal indicator.

Attainment of the objectives and completion of the tasks assigned by the party for ongoing improvement in planning activities represent an important requirement for ensuring successful meeting of the targets of the 8th 5-Year Plan, carrying out the historic resolutions of the 13th RCP Congress, and raising Romania to ever higher levels of progress and civilization.

Centralism, Autonomy in Administration of Socialist Ownership

27000004 Bucharest ERA SOCIALISTA in Romanian
No 13, 10 Jul 87, p 26

[Article by Dr Ion Mihalache: "Centralism and Autonomy in Administration of Socialist Ownership"]

[Text] Ownership represents a basic social relationship in any system; it determines all other relationships, and above all the relationship which arises in connection with taking possession and control of material goods by mean, and of means of production in particular. Unlike private ownership, which is characterized by appropriation of means of production and output by specific persons who are independent of each other and by exclusion of the majority of the members of society from ownership, socialist ownership expresses the relationships which are established in connection with joint ownership of the means of production and appropriation of the results of production by society as a whole or by collectives of united socialist workers, for the sake of satisfying the material and spiritual needs of the workers.

In the theoretical work of Comrade Nicolae Ceausescu an especially important place is occupied by the problems of increasing and improving socialist ownership. In the report delivered to the 13th RCP Congress, the Party secretary general stated that "socialism creates a new form of ownership of the means of production: joint

worker, state, and cooperative ownership. This form of ownership of the means of production represents one of the fundamental and decisive objective laws in relation to other objective laws. Socialism and communism can be successfully built only on the basis of common social ownership by workers of the means of production."

As is shown by the experience of history, maintenance of private ownership, nonsocialist relationships, in one or another sector of the economy, slows down the process of organizing society and impedes creation of unity of interests of the entire people. Experience has shown and continues to show fully that socialist ownership, as ownership by the entire people, regardless of the form it assumes (state or cooperative), and strengthening and development of such ownership represent the only way of applying the principles of social fairness and justice in practice, for the purpose of increasing the welfare and strengthening the independence of each nation.

One of the fundamental problems of cardinal interest that arises in connection with socialist ownership is that of the relationship of centralism and autonomy in the administration of ownership.

The development of revolutionary worker democracy and the improvement in the system of democratic worker organisms have created in Romania the preconditions for continuous increase in active participation by the popular masses in management of the state and all economic and social life and for strengthening the autonomy and increasing the initiative of the staffs of economic and social units. However, this active participation by the popular masses in management and development of worker democracy by no means presupposes abandonment of unified management of economic and social activities or decrease in its importance. On the contrary, the powerful development of the forces of production and the unprecedented increase in the complexity of economic and social activities apace with advance along the path of socialism make it an objective necessity to improve and increase the role of the state in ensuring unified administration of socialist ownership. "The rights of the general assemblies," points out the Party secretary general, Comrade Nicolae Ceausescu, "of the workers' councils, to pass resolutions on all problems relating to economic and social plans and activities should be combined with application of the provisions of the national plans for unified development. Abandonment of the principle of management on the basis of the unified national plan of economic and social development would inevitably lead to disorganization of activities, with serious repercussions on creation of socialist society, development of the country, and improvement in the material and spiritual standard of living of the people. We cannot allow each enterprise to produce what it would like to or to sign whatever contracts it wishes." We find formulated with exceptional precision in these words the thesis of dialectical unity of centralism and autonomy in administration of socialist ownership and in planned management of the economy.

Analysis of the current stage of development of our socialist society reveals the existence of factors which objectively necessitate organic, dialectical combination of unified management of economic and social life with intensification of democracy and self-management, along with continuing increase in initiative "from below" in the sphere of administration of socialist ownership. The most important of these factors are the increasingly complex and more comprehensive nature of economic and social processes, the predominantly intensive development of production forces as a result of the new technical and scientific revolution and the rapid modernization of these forces, the tendency toward development of higher forms of socialist ownership, involving a high degree of socialization, improvement in social relationships, elevation of the level of awareness and responsibility of the masses, and constantly increasing participation by Romania in world trade and in international life in general. Any decision made on these problems and on many others of the same nature embody elements of both aspects of democratic centralism: unified, centralized management and development of worker democracy, along with increase in the initiative of the masses—aspects which are closely interrelated and interdependent.

As is known, within the social division of labor each economic and social or local administrative unit performs a certain function in the aggregate of material production, each unit having a portion of socialist property under its administration for this purpose. Consequently, it is the responsibility of each unit to take general needs into account at all times and to comply with the provisions of the unified national plan of economic and social development. The autonomy of each unit in administration of the socialist property entrusted to it by the people must be manifested primarily in exemplary accomplishment of the tasks assigned by the plan, in elevation of the technical level and improvement in the quality and efficiency of production, and in ongoing improvement in economic activities from all viewpoints. In his address delivered on 24 June 1987 at the joint plenary session of the National Workers' Council and the Supreme Council of Economic and Social Development, Comrade Nicolae Ceausescu stressed that "we must strengthen and apply much more firmly the principle of self-management, self-financing, and self-administration, on the basis of the responsibility assumed by producers and owners of a portion of the national wealth for further development of this property, which represents the basis of our society. Without further development of socialist ownership, state and cooperative, it is not possible to ensure development of the country or to secure the victory of socialism and communism."

It is beyond any question that, along with the process of improvement in revolutionary worker democracy, society must always have central organisms of its own with which to provide for management of all economic and social activities in all their complexity and in all the

components making up their structure, avoiding disproportions and ensuring harmonious development of all sectors, further elevation of the standard of living, and improvement in the quality of life. This is why, proceeding from the fact that socialist ownership and real economic democracy in Romania represent the foundation of collective leadership at all levels of society and of development of the specific forms of revolutionary socialist democracy, Comrade Nicolae Ceausescu has substantiated from the theoretical and practical viewpoints the thesis that dialectical unity must be forged in administration of socialist ownership between the two aspects of the same process of management, centralism and democracy. This unity is the aim of leading to development of socialist ownership, to diversification of the structure and improvement in the quality of such ownership, to increase in concentration, specialization, and cooperation in production, and to extension and intensification of interaction of the forms of socialist ownership, so as to bring about further improvement in the material and spiritual standard of living of the entire people.

National Plan in Efficient Use of Resources

27000004 Bucharest ERA SOCIALISTA in Romanian
No 14, 25 Jul 87, pp 22-23

[Article by Dorin Jula: "The Decisive Importance of the Unified National Plan in Efficient Control and Use of National Resources"]

[Text] Experience in economic development confirms the fact that full mobilization of the human, material, and financial resources available to a society at a given time, along with efficient use of these resources to meet the needs of society, plays a decisive role in ensuring the progress of any country.

Every mode of production and every stage of development, having specific features of its own, has corresponding to it a specific mechanism for ensuring dynamic structural balance between the needs of society and the possibility of satisfying these needs. The efficiency of the activity of controlling resources by sectors, subsidiary sectors, and activities, something which presupposes an overview of the system of social needs and the volume of resources, as well as the possibility of timely intervention to cause economic factors to act in the direction desired, is, however, subject to the influence of the predominant production relationships.

Under the socialist system, the unique and indivisible nature of ownership by the entire people, whether state or cooperative, both creates the preconditions for unified coordination of the capital replacement process, representing the basis for convergence of social interests, and objectively imparts a similar nature to the system of management and to the ways and means of controlling and using the object of ownership.

When private capitalist ownership of the means of production exists, even if the need is felt for unified coordination of economic processes, adjustment of the distribution of resources occurs spontaneously, chiefly by way of feedback in the context of the market mechanism. This mechanism, however, operates post factum, that is to say, after production has taken place and resources have been consumed. On the basis of public ownership and new production relationships and social relationships in general, socialist society ensures fundamental unity of the interests of participants in economic life. Reconciliation of the various categories of interests—general, group, and personal—does not take place spontaneously, of course, without deliberate intervention by society as represented by the socialist state. The complex problems of harmonious development of society as a whole are best and most efficiently solved on the basis of the unified national plan. Comrade Nicolae Ceausescu stresses that "we believe the unified national plan of economic and social development to be an objective necessity in the development of socialist society, a factor which eliminates anarchy in production and marketing."

Assertion of the central role of the unified national plan in the mechanism of functioning of the socialist economy can prevent the occurrence of phenomena such as unwise and inefficient distribution of resources on the basis of narrow group or local interests, in conflict with the general interests of society.

On the basis of the decisive role of the plan in mobilizing and controlling all the forces of the nation, all its material, human, and financial resources, in accordance with the goals of creating the new system, our party and state have, especially since the 9th RCP Congress, devoted and continue to devote special attention to continuing improvement in planned management, in conduct of the activities of economic and social units on the basis of a plan, along with strengthening of worker self-management, economic and financial self-administration, and self-financing and increase in the initiative and responsibility of enterprises in administering the portion of the national wealth which has been entrusted to them. Because of the democratic way in which it has been drawn up, discussed, and approved, the unified national plan, as is pointed out by the party secretary general, "in effect represents the will of our working class, of all workers in all sectors of activity. It is the collective expression and creation of producers, beneficiaries, and owners, the true owners of all the wealth of our socialist homeland."

To ensure balance in the process of expanded capital replacement, the resources of the country are distributed chiefly by applying a coordinated system of planned budgets expressed in terms of materials, value, and manpower. These budgets are based on technically and scientifically substantiated norms and standards, which are plan indicators determining the volume of activity, the resources allocated, and the results which are to be

obtained, as a function of the criteria of maximum efficiency. Over the last 2 decades the system of material budgets has been improved in the direction of extending it to include the principal raw and intermediate materials, equipment, and other products, unified allocation of resources strictly in accordance with the tasks and objectives of intensive development of the economy, stimulation of greater efficiency in utilization of domestic economic potential, and reduction of imports. The application of individual norms and correlation of these norms with the tasks of increasing labor productivity have also improved the method of drawing up the manpower budgets, including those at the local level, so as to ensure that the relationships and structures formed in the process of reproducing labor resources will be reflected uniformly.

To make it possible to monitor as accurately and effectively as possible the way in which the major problems of economic and social development of the country are solved, special programs have been introduced into planning practice for individual products, product groups, subsidiary sectors, activities, overall problems, and for individual districts. Such programs, which form an integral part of the current 5-year plan, involve geological reserves, better utilization and increase in available mineral and primary power engineering raw materials, orientation of scientific research toward the finding of solutions for full use of natural resources, etc.

It goes without saying that forces can be distributed in the decisive sectors of the national economy only on the basis of unified evaluation of resources and by keeping attention concentrated at all times on efficiency criteria. Because of the way in which it is drawn up and substantiated, the unified national plan of economic and social development creates the preconditions for unified and efficient use of resources in accordance with the fundamental economic law of socialism, with the values promoted by our society. On the other hand, in the process of plan implementation adherence to the established norms and standards which determine the magnitude of specific consumption of resources and the volume of activities to be achieved leads to production of the use values needed by society through rational and scientifically substantiated efforts.

The requirements of firm and constant guidance by plan of all economic units and all sectors and subsectors of the national economy in the direction of intensive development, better utilization of resources, and large-scale introduction of science and technical progress have necessitated increase in the role of consumption norms and standards, both in substantiation of development plans and programs and in monitoring implementation of these plans and programs. As was pointed out by Comrade Nicolae Ceausescu in his address delivered at the joint plenary session of the National Workers' Council and the Supreme Council of Economic and Social Development, "we must take action and proceed to implement and establish the necessary measures in the

future, so that we may carry out the measures provided in the modernization program from the viewpoint both of consumption norms and of modernization and modification of plant and machinery leading to lowering of consumption of materials."

Introduction of standards reflecting a high degree of coordination and applicable to total costs and costs per 1,000 lei of commodity output, rated average costs for the principal products, the profitability rate, stock level and raw and intermediate material consumption norms, unfinished production and completed output, and to measures for improvement in the finance and credit system adopted in 1986 has created conditions for more efficient management of resources and achievement of better economic results. Although there has been some reduction of material and general expenses, resolute measures are still being carried out too slowly, as has been pointed out by the Party secretary general. "We cannot feel ourselves to be at all satisfied with the heavy consumption of energy and materials, which last year continued to go far beyond the established norms for all sectors of activity. Merely by adhering to the established consumption norms we would have added at least one more percentage point of growth to the national income," stressed Comrade Nicolae Ceausescu.

As a matter of fact, the large overruns of material expenses and production expenses in general in 1986 and the unsatisfactory progress of the campaign for recovery and reuse of materials and subassemblies reduced the amount of resources available to our society with which to implement the plans, programs, and objectives for development of the country and had a negative effect on supply of equipment and materials and normal progress of production in a number of units. As is stressed by the party secretary general, the national economy must not be placed in the position of having to sustain such consumption overruns, in view of the fact that economic and social development can be achieved only on the basis of our own resources. The party leadership has indicated that it is imperative promptly to eliminate the negative situations, mobilize all resources, concentrate forces in the decisive directions of progress of our socialist society, and improve management and planning in all sectors of activity.

The experience of the last 4 decades in socialist construction, and over the last 22 years in particular, has demonstrated that rapid development and modernization of production forces, continuing increase in the weight of qualitative factors in carrying out expanded capital replacement of the intensive type, improvement in the structure of the entire economy, attainment of a new and better balance in the process of economic growth, and elimination of contradictions can be accomplished only by uniting all material and human efforts in a single direction, on the basis of a unified concept, a general view, of the progress of society, and on the basis of suitable mobilization of all available resources through the unified national plan of economic and social development.

State Part in Managing Economic, Social Processes

27000004 Bucharest ERA SOCIALISTA in Romanian
No 14, 25 Jul 87, pp 23-25

[Article by Emil Dinga: "The Increased Role of the State in Management of Economic and Social Processes"]

In social relationships as a whole, economic (production) relationships, and above all property relationships, play a decisive role in connection with political relationships. As Engels pointed out, "any political power is founded initially on an economic and social function."

The institution of socialist ownership of the principal means of production in Romania has led to essential changes in production relationships, which have come to be socialist in nature. The superstructural institutions specific to the socialist system have been formed and strengthened on this new economic basis, the state being one of the most important of these institutions. Consequently, the socialist state is an objective expression of the relationships of socialist ownership of the means of production, state power embodying the political power won and held by the working class, together with the peasantry and the other social categories. In its turn the socialist state, as for that matter the entire political superstructure (and not just the political), exerts a powerful active influence on the economic base, and naturally above all on property relationships, strengthening and development of which the state ensures through all its activities.

As general administrator of the property of the entire people, the socialist state is the instrument of the workers in their work of building the new system. It is at the same time responsible to the people for the method and the results of general administration of socialist property. It is important at the same time to note that the socialist state is the general and not the direct administrator, the latter role being assigned to the workers as a result of the functional autonomy given to a certain portion of the national wealth at the level of the economic units. This qualification is of great practical as well as theoretical importance. From the theoretical viewpoint the state, in entrusting a portion of the national wealth to the economic units, transfers to these units not the right of ownership but only the right to administer this portion. From the practical viewpoint, emphasis is to be placed on the importance of the activities performed by each group of workers and on the responsibility of this group for the results obtained in production and for protection and development of socialist property.

The institution of collective ownership of the means of production represents a necessary, cardinal, but not also sufficient condition for building and developing the new social system and for ensuring all-round progress of this system. Hence the socialist state is called upon to act steadfastly to bring about functional development of public property, continuing improvement in property

relationships, and organic integration of economic relationships into general social relationships. This integration is one of the essential requirements for ensuring high social performance of property relationships, and it is achieved primarily through development of socialist democracy. Another essential requirement is represented by powerful and balanced development of production forces, because socialist production relationships themselves, to be able to assert their superiority, their real value, in practice require a certain level of development of production forces.

The socialist state thus asserts itself as the principal social and political organizer of socialist construction. For this purpose, in addition to creating and utilizing socialist law it also uses the other elements of the superstructure (political, cultural, moral, ideological) to create and develop among the workers and advanced socialist awareness in keeping with the new sociopolitical realities, and above their awareness of being united socialist owners and direct administrators of a portion of the wealth of the people (a portion which has been made autonomous but which remains indivisible).

One normative measure with broad positive implications from the viewpoint of development of socialist awareness was institutionalization of the system of worker participation in the economic development fund of production units in the form of shares of capital. This measure strengthens the right of direct administration by each worker of the portion of the national wealth entrusted to the unit to which he belongs for management and development. We may thus refer to addition to the qualifications of the workers in our socialist society of a fourth sociopolitical determination, beside and along with that of owner, producer, and beneficiary of all the goods created. We refer to his qualification as direct administrator of a portion of the wealth of the people. The economic basis of this new qualification is participation with capital shares in the economic development fund of the unit, while its political and legal basis is the pledge contract.

The relationships between the state and the people in connection with administration of the national wealth, with socialist ownership, are not simple legal relationships, but rather represent primarily political relationships. The people are the sovereign holder of economic power (and of political power as well), but it exercises this power through the state. However, this situation does not in the least impart to socialist ownership dimensions generating alienation, as is the case with private capitalist ownership, inasmuch as the state is not the holder of the right to social ownership.

The ultimate goal of the action taken by the socialist state in the direction of development and consolidation of socialist ownership by the entire people, in its two forms (state and cooperative), is, of course, in the remote future, unified communist ownership by the people. It is

to be noted in this connection that cooperative ownership is not outside ownership by the entire people, that is, common ownership by the workers, but rather is an organic part of the latter.

The socialist state performs both its role as principal political administrator and that of general administrator of the property of the entire people through the practical activities of organizing, planning, and managing the entirety of economic and social life in the light of the strategic guidelines established by the party, the leading political force of society as a whole. The principle on which management by the state is based in Romania is that of democratic centralism, which permits organic, dialectical combination of unified management based on the unified national plan with functional autonomy of the economic units, with broad initiative of the latter in conducting technical and economic processes.

Of fundamental importance in this context is the new economic and financial mechanism based on the principles of self-management, self-administration, and self-financing and comprising the principal economic and financial factors which act in the direction of achievement of the results proposed by the economic and social policy of the party and state.

Worker self-management represents the form of manifestation, from the legal viewpoint, of the concept of direct administration by economic units of a portion of the national wealth entrusted to them by the socialist state and is one of the most striking manifestations of our economic democracy, a decisive element of revolutionary worker democracy. But worker self-management does not in the least mean separation of united socialist producers or fragmentation of socialist property. On the contrary, it connotes stronger assertion of the indestructible unity of this property and its development on the basis of collaboration and cooperation relationships among economic units and between the state and economic units. As the party secretary general, Comrade Nicolae Ceausescu, pointed out in his address at the joint plenary session of the National Workers' Council and the Supreme Council of Economic and Social Development, "we must strengthen and apply more firmly the principles of self-administration, self-financing, and self-management, on the basis of the responsibility borne by the producers and owners of a portion of the national wealth, whether state or cooperative, for continuing development of this property, which constitutes the basis of our society."

The socialist state represents an institution which is preeminently political and whose vocation is macrosocial. Hence its decisions are predominantly political and are complex in nature, applying as they do to a prolonged period. Management at the microlevel must fit into the limits of the long-term political decision and must rest on a solid foundation in keeping with the requirements

of the science of management. The essence of the concept of self-management is represented by interdependence of democracy and science, it being the task of worker self-management to use as efficiently as possible the professional and political-organizational skills of every group of workers and the creativity of every member of society. Worker self-management is at the same time a way of socializing the decision making process, and thus a way of strengthening and developing socialist democracy.

Inasmuch as worker self-management is conducted against the background of indivisibility of ownership by the entire people, the socialist state is in a position to organize and manage the entire national economy in a unified manner, through the unified national plan, and to reconcile personal interests with collective (group and general) ones in a unified manner specific to each stage of history.

In addition, the function of insuring unified management, organization, and planning of economic activities is becoming increasingly predominant over the other functions during the current stage in the evolution of the functions of the Romanian socialist state.

In exercising this important function, the state cooperates with all the other organisms of the system of our socialist democracy. Uniting the activities of the agencies of the socialist state with the activities of the organisms of the system of socialist democracy, of revolutionary worker democracy, represents the essential framework within which increasingly organic integration of the state into society and gradual transformation of the socialist state into self-government by the people are developed.

Coupling the activities of government agencies with the activities of the worker-self management and local administrative self-management authorities does not in the least diminish the role and the functions of the socialist state during the current stage. Just the opposite—such coupling tends to heighten this role. The socialist state is constantly improving under the impetus of development and improvement of the economic base and in its turn exerts a specific and increasingly active influence on development and improvement of the structure of society. In speaking of the interdependence of base and superstructure, of improvement in production forces and production relationships as a function of increase in the role of the state, the party secretary general, Comrade Nicolae Ceausescu, stressed in the report presented at the 13th RCP Congress that "vigorous development of production forces and unprecedented expansion of economic and social activities make it objectively necessary to improve and increase the role of the state in ensuring unified and harmonious development of society."

New Economic Mechanism Based on Ownership
27000004 Bucharest ERA SOCIALISTA in Romanian
No 14, 25 Jul 87, pp 25-26

[Article by Florian Nicolae: "Socialist Ownership: the Lasting Basis of the New Economic and Financial Mechanism"]

[Text] The steadfast continuation of the policy of creating a comprehensively developed socialist society and advancing Romania toward communism, and in this context emergence of Romania from the status of a developing country and entry into that of a moderately developed country, focus the efforts of all our people on creation of a new quality of work and life and placing of emphasis on the aspects of a qualitative nature in all areas of activity. Attainment of this fundamental goal is indissolubly linked to and determined by development and modernization of production forces, the most revolutionary factor in ensuring the progress of society and elevation of the level of civilization of any nation.

Over the period inaugurated by the 9th RCP Congress, with a decisive contribution made by the secretary general, Comrade Nicolae Ceausescu, a long-term strategy has been evolved for developing production forces, in accordance with the specific conditions existing in Romania, the requirements of creating a modern, efficient, and competitive high-technology socialist economy, and the trends generated by the contemporary technical and scientific revolution and the processes and phenomena taking place in the world economy and in international economic relations. Being closely coordinated with the objectives and the tasks established for the development of production forces and accentuation of the qualitative aspects in the life of our society, this strategy also has the aim of further improvement in production and social relationships, reconciliation of production relationships with the nature and level of production forces, as one of the main factors contributing to strengthening of the mode of production as a system, to strengthening of this system, to its consolidation, and to activation of the functions which it performs.

A decisive role is played in this broad process by socialist ownership as the cardinal economic relationship in the entire system of socialist production relationships and the one on which all the other components of these relations are based—social structure, relations between classes and social groups, income distribution, trade, and consumption relationships, and the forms of organization, planning, and management of society. Consequently, development, modernization, and consolidation of socialist ownership, in its two forms, state and cooperative, have been and continue to be matters of constant concern for our party and state. As was pointed out by Comrade Nicolae Ceausescu at the joint plenary session of the National Workers' Council and the Supreme Council of Economic and Social Development, "without

continuing development of socialist state and cooperative ownership it is impossible to ensure development of our homeland and the victory of socialism and communism."

The institution of socialist ownership of the means of production has represented the most important economic achievement of the Romanian working class and of the entire Romanian people. On it have been based all the revolutionary changes that have occurred in the nearly 40 years of socialist construction, and especially over the last 2 decades, in all spheres of material and spiritual life, in production, distribution, trade, and consumption, in the political and legal areas, and in the awareness of the masses.

The institution of socialist ownership has put an end forever to the objective socioeconomic basis of economic and political inequality and exploitation of man by man. Socialist ownership has for the first time created real and necessary conditions for exercise of democratic rights and liberties by all workers and stimulation of the workers' initiative and creativity. As a result of the appearance and development of this form of ownership, the members of our society have assumed a new capacity, that of owners, producers, and beneficiaries of the entire national wealth, this being a definitive trait of the new property relationships and an essential element in reconciliation of general with collective and personal interests.

It is the conception of our party and its secretary general that strengthening and development of socialist ownership as ownership by the entire people, regardless of the form—state or cooperative—which it assumes, represent the only way of applying in practice the principles of socialist equity and justice, of ensuring rapid and continuing progress of production forces over the entire country, and of security the national welfare, independence, and sovereignty. This great and well-tested truth was summed up with particular forcefulness by the party secretary general, Comrade Nicolae Ceausescu, in his speech delivered on 26 January 1987 on the occasion of his birthday and the anniversary of his long revolutionary activity. "Socialist economy is inconceivable unless it is based on socialist ownership of the means of production. This represents an objective law, without which there can be no question of creating a juster and better social system."

The most conclusive proof of the validity of Comrade Nicolae Ceausescu's concept of the importance of consistent application of this objective law in the process of socialist construction is provided by the historic achievements of our people, especially over the period inaugurated by the 9th RCP Congress, a period over which socialist ownership has been developed and strengthened to an unprecedented extent. It is significant, for example, that the national wealth of Romania increased from 330 billion lei in 1950 to 4,715 billion lei in 1986, that is, by a factor greater than 14. The value of fixed assets rose

from 160 billion lei in 1944 to nearly 3,000 billion lei in 1986, there being more than 130,000 lei per inhabitant. Around 90 percent of the fixed assets have been created over the last 2 decades.

In the light of these unquestionable realities, development, strengthening, and efficient utilization of socialist property represent one of the major and constantly topical objectives in the building of socialism. It goes without saying that the greatest importance attaches to increasing involvement of the workers in organization and planned management of the process of strengthening and utilization of socialist property, setting in motion a system of factors, economic and financial elements, forms, methods, and resources ensuring increase in the efficiency of the labor of every worker. Also included in this context are the measures adopted by the party leadership in the direction of systematic improvement in the economic and financial mechanism in operation in Romania.

Deliberate creation of a scientifically sound economic mechanism and constant improvement in this mechanism in keeping with practical needs represents an essential condition for efficient organization, utilization, and development of the national wealth, for advancement of our society along the path of progress. In effect, the economic mechanism represents an expression of the method of conducting socialist production relationships and of meeting the requirements of objective laws, in the form in which the latter have been translated into measures of political economy and legal standards. Consequently, in strict keeping with the complex problems of increasing and consolidating socialist ownership, substantiation and improvement of the mechanism of operation of the economy assumes a prominent place, as a main point of reference, in the vast theoretical work done by the secretary general of our party, Comrade Nicolae Ceausescu.

The new economic and financial mechanism introduced into Romania nearly a decade ago is distinguished by its original character conforming to the specific conditions and the changes that have taken place in the social and economic life of Romania and in the development and maturing of socialist ownership. Its essential nature is represented, on the one hand, by maximization of the economic and social efficiency of activities, and on the other by creation of the democratic framework required for exercise by the members of society of their capacity of owners, producers, and beneficiaries and for their active and effective participation in the management of all economic activities. In view of the interdependence of these elements, the principles on which the economic and financial mechanism of Romania has been based are worker self-management, self-administration, and self-financing as an expression of socialist economic democracy. These principles place two fundamental realities in a new light, firstly the fact that socialism is inseparable

from democracy, and secondly that revolutionary socialist democracy is inseparable from improvement in the economic and social efficiency of activities.

Moreover, worker self-management would not even be able to function were it not to have available to it an array of economic and financial factors and resources of sufficient strength and capacity in creation and planned use of the workers' own funds. Precisely this economic self-administration represents in essence the chief form of expression of worker self-management, its material underpinning. In this context, economic self-management promotes and simultaneously entails the obligation of active participation in management and organization of increasingly efficient operation and utilization of socialist ownership. This leads to elevation of the status of workers as collective owner and consequently heightens their responsibility for administering and increasing the general wealth of the country.

The experience gained by Romania, the results obtained in economic development on the basis of the unified plan, strongly confirm the validity of these operating principles of socialist economy. Of course, as is stressed by party documents, deficiencies in their application have existed and continue to exist, this continuing to raise the problem of improving the operation of these principles and the economic and financial mechanism as a whole, along with that of steadfast application of the principles of worker self-management and economic and financial self-administration.

As an expression of its unflagging concern for ongoing progress of the Romanian economy, along with transition to the stage of predominantly intensive economic development, our party, with the decisive contribution made by its secretary general, has in recent years inaugurated a broad program for improvement in the economic and financial mechanism, as an essential element in development of socialist property, the constantly growing national wealth, diversification, and improvement in quality. Of the greatest importance in this context are the measures for establishment a more appropriate legal framework ensuring stronger stimulation of the initiative of the masses, full guarantee of the rights of workers as owners, producers, and beneficiaries, along with strengthening their responsibility for use, preservation, and development of collective property. Of particular importance are the regulations intended to lead to enhancement of the role and responsibility of the collective management organs of units (general meetings, workers councils and their executive bureaus, problem commissions, etc), to more consistent exercise of the functions and authority conferred on them by law. What is ultimately aimed at is firm guidance of general efforts toward increase in the efficiency with which material and financial resources are utilized, toward planned organization and management, and toward a higher level of quality for all economic and social activities.

Measures to be taken in this context to improve the quality of management, administration, and development of the national wealth, socialist property, are steadfast reduction of production costs, primarily material costs, complete elimination of the tendency in some sectors toward unjustified raising of prices, strict compliance with economic and financial norms, ensuring profitability of operation and on this basis creation of retained earnings, strict observance of contractual obligations, the new credit system, and so forth.

At the same time, measures of particular importance have been adopted to enhance the role of distribution relationships in general, and of remuneration for labor in particular. These measures are designed to increase the material incentives of workers for carrying out all economic and social activities at a higher level of quality. The object is to link remuneration for labor more closely and organically to the specific results obtained in work, which are to be measured with much greater accuracy than in the past, and also to link remuneration more closely to the ways and means of intensive development of production.

Participation by the workers in the management of economic units and in administration of the assets assigned to them and improvement in the system of remuneration, to which are to be added equitable distribution of profits and establishment of the right of workers to contribute capital shares toward creation of the development fund of the economic units in which they work and to obtain additional income on this basis, are designed to increase the material interest in exemplary accomplishment of the tasks assigned by the plans and programs for development of the country, in placing all capabilities and creative power in the service of the general interest. In essence, these basic elements of the economic organism forge an indissoluble link between general, collective, and individual interests, between planned development of the country, strengthening of socialist ownership, and diversification of the personal property of the workers.

Unified Management, Coordination of Plan with Market

27000004 Bucharest ERA SOCIALISTA in Romanian
No 14, 25 Jul 87, pp 26-27

[Article by Dr Constantin Danciu: "Unified Management of Economic Activities and Correlation of the Plan with the Market"]

[Text] In the conception of the party secretary general, Comrade Nicolae Ceausescu, of the conduct of planned, unified, and harmonious management of all economic and social activities, the operation of the unified national plan, as the chief and indispensable instrument of this management, is combined harmoniously with the operation of the market generated by the existence of commodity output also in the socialist economy. The two mechanisms, that of the plan and that of the market,

are of course mutually complementary, each presupposing and strengthening the other. In the relationship established between them, which is dynamic in nature, the decisive role is nevertheless played by planned regulation, that is, planned management of the economy. Negation or undervaluation of the plan is tantamount to giving free rein to spontaneous, anarchic elements, competition, and squandering of resources, which are phenomena peculiar to capitalism.

It is obvious that when we speak of the market we must keep in mind the nature of ownership of the means of production and of production and social relationships in general, along with the particular features of the system under which the market operates, inasmuch as the market operates in one manner under capitalism and in a different manner under socialism. In our planned socialist economy based on state and cooperative ownership, supply and demand can be and are to an overwhelming extent predetermined. By establishing the volume of production of imports of producer and individual consumer goods, it indirectly determines the volume of supply. Insofar as demand is concerned, in the sphere of means of production it is determined in particular by planning of investments and supply of equipment and materials. In the area of solvent demand, it is established, generally speaking, by planning individual monetary income. We must not, of course, disregard the fact that, along with the organized market, which comprises trade relations conducted between socialist units and retail marketing of goods through the socialist commercial network, and in which the volume of sales and the prices of goods are set by the state, there is also an unorganized market in which prices are set, within certain limits, on the basis of supply and demand. Our socialist state, however, is in a position to exert influence and does so on the unorganized market to further the general interests of society. The state does this through the amounts of goods placed and the prices charged by the socialist commercial network on the organized market.

Production and consumption represent two important factors, two organic, inseparable elements of the overall process of reproduction. Production determines consumption, which in turn contributes toward orientation of production, exerting a strong influence on the latter. The close interdependence of production and consumption assume particular importance and are of particular complexity in socialist society, in which the immediate aim of social production is represented by optimum satisfaction of the constantly growing material and spiritual needs of man.

The economic and social development plans of Romania, which are drawn up in accordance with directives of the party congresses, and the instructions of the party secretary general, Comrade Nicolae Ceausescu, have been and are based on knowledge of the needs of society and on study of and allowance for domestic and foreign market demand. In all planning activities it is constantly

kept in mind that the plan is opposed to the haphazard nature of the competitive market and the fluctuations of this market. Introduction of unpredictable elements, leaving it to the market alone to meet social needs and to regulate the proportions of production, would mean abandoning one of the major advantages of socialism, the possibility afforded by the existence of public ownership of the means of production of predetermining the pace and balance of development. It would mean subjecting the economy to the action of unstable and uncontrollable forces and clearing the way for powerful disturbances in the progress of economic and social life. Acceptance of the theses advanced by some theoreticians, on the pretext that it is required by objective laws, that is, the theses to the effect that the socialist economy should regulate itself spontaneously, on the basis of fluctuations in the competitive market, would ultimately jeopardize attainment itself of the goals pursued by the new social system. As the party secretary general, Comrade Nicolae Ceausescu, rightly points out, "to speak of achieving socialist improvement by looking backward, to speak of so-called freely competitive market socialism, and in doing so to invoke objective laws is absolutely out of the question."

To draw up production and marketing plans and to reconcile production with consumption, use is currently made of such planning instruments as the planned budget of social product and national income and the planned budget of individual income and expenditures. These budgets reflect the way in which such income is used to buy goods and services, to make various mandatory and optional payments, and for saving, and in doing so provide valuable information at the macroeconomic level needed for substantiation of the plan indicators relating to production, marketing, stock levels, and so forth. On the other hand, systematic analysis of implementation of the unified national plan furnishes information on demand for products from the viewpoint of variety, quality, sizes, and so forth. The establishment of a suitable flow of information creates conditions for making the most appropriate decisions relating to unified management of economic processes, to competent and timely intervention in organization and control of production and commodity distribution.

The unified national plan includes indicators of essential importance for developing the national economy and raising the standard of living of the people. All the planning activities of the collective organs of the ministries, centrals, and enterprises are conducted, and production and investments, supply, and deliveries are organized specifically and in detail, within this general framework and on the basis of the mandatory parameters established. With the needs of the domestic and foreign markets known, the centrals and enterprises establish detailed programs on the basis of the unified national plan, setting forth products and assortments, quantities, completion and delivery deadlines, and other indicators.

Use of modern computer methods in analyzing and simulating economic processes in the sphere of commodity distribution and the preparation of long-term economic forecasts and studies in this area contribute to elevation of planning activities to a higher level of quality, affording the possibility of reconciling the demands of unified planned management of the economy with the demands of consumers and the market.

Through its contribution to reinforcement of the role of the unified national plan as an instrument for setting and reaching the goals which our socialist society proposes to attain, the new economic and financial mechanism introduced into Romania nearly 10 years ago ensures organic combination of unified overall management with broad initiative and sensibly dimensioned autonomy of the units in which production is conducted. From the viewpoint of the relationship of plan to market, application of the new mechanism entails the necessity of making realistic forecasts at all levels of our social organism, in the sense of including in the plan only activities for the output of which there are assured sales and which meet actual, specific needs of society.

In the view of our party and its secretary general, Comrade Nicolae Ceausescu, the essential element in satisfying this requirement is the obligation of basing the plan on contracts. This heightens the responsibility of the centrals and enterprises for the way in which the volume, structure, and quality of their output conform to the general and dynamic balance between supply and demand. The improved economic and financial mechanism has created the conditions necessary for resolving the conflict revealed in party documents between the need for timely knowledge of the market, the relationship of supply to demand, and the bureaucratic slowness exhibited by certain organs which have had the function of providing such knowledge. Economic units are firmly guided by the system of indicators currently used in economic and financial planning in the direction of producing only as much and that which meets the needs of the national economy, ensuring that there will be no disruptions of the production-marketing cycle.

It goes without saying that in a management mechanism operating on economic principles enterprises cannot shift to hierarchically higher authorities the task of perceiving the demands of the market, since otherwise they would be isolated from reality, from specific determinations of social needs. This would generate contradictions leading to unfavorable consequences for the overall development of the economy, and indirectly for improvement in the welfare of the nation. It is for this reason that increase in the initiative, autonomy, and rights and authority of the basic units (enterprises and centrals), firm application of the principle of planning "from the bottom up," entails for these units the obligation of systematically conducting their own market research, of establishing direct contact with consumer demand, both domestic and foreign, in order to obtain the data necessary for realistically substantiating their

plan proposals. Economic and financial self-administration presupposes that every enterprise will secure the marketing of its own output through contracts, thereby verifying directly the socially necessary and useful nature of the work performed and at the same time realistically assessing the way in which the production capital entrusted to them for administration, an integral part of socialist property and the national wealth, has been used in keeping with the interests of the nation. Consequently,

the plan-market relationship, in which the plan plays the decisive role, acts as an organic unit in the process of economic and social development of our socialist society.

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