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# East Europe

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## POLAND

### Reliability of Public Opinion Polling Methods Questioned

26000005a Warsaw ZARZADZANIE in Polish  
No 7, Jul 87 pp 30-32

[Article by Drs Lena Kolarska-Bobinska, Institute of Philosophy and Sociology, Polish Academy of Sciences, and Jerzy Wertenstein-Zulawski, Institute of Culture: "One Who Asks Wrong Errs, or Who Needs a Survey?"]

[Text] Over the past several years, specifically since 1980, one can observe a growth of interest in public opinion research. Since 1982, not only have new centers for public opinion research emerged—including the Public Opinion Research Main Center [CBOS]—but centers that have existed up to now under various social, political and academic institutions have also become active.

At the same time the result of sociological research are being published more and more often in the mass media. This growth in the popularity of sociological research is a fact that interests not only sociologists of learning or politics. It also deeply concerns the entire sociological environment because it generates both methodological problems and problems of a more general nature associated with the ethics of the sociological profession and the role of sociology in contemporary Polish society.

Certainly the interest of centers of political and state authority in the attitudes of the public or its individual groups is a favorable sign. But the method of using research results and their dissemination in the media raises doubts. Also disturbing is treating as results of sociological research the results of surveys conducted amateurishly, with disregard for basic methodological requirements, by centers that are sociological in name only. The question of whether surveys are the best means for getting to know social reality has turned up in discussions within the sociological environment for many years. Theoretically at least, everyone is aware of the limitations of this method and the possibility for distortions that comes with using it, yet most research in Polish sociology is based on the survey interview.

Under these circumstances, reflection that sorts out the problems related to this kind of study of social reality achieve a special rank. At a meeting of the Polish Sociological Society devoted to the effectiveness of surveys in analyzing contemporary Polish society,\* the imminent shortcomings of the survey method were discussed, as was that which interests us most, the characteristic limitations associated with its use in Poland in recent years.

One of the most serious problems with surveys is the language barrier between the researcher and the interviewee. This is not only a Polish phenomenon, but it has peculiar causes and implications here.

Generally, one could say that survey questionnaires are formulated in an official, intellectual language. In our country the intelligentsia is often identified (by workers, for example) with the government, and intellectual language with the official language of newspaper or television propaganda. This can affect the distortion of responses to an extent that is hard to describe. Using a language foreign to a given social group leads to the use of concepts that sometimes depart considerably from common experience. As a result, the reality that emerges from the research or its individual elements is closer to an assumed vision than the one that is actually functioning in the consciousness of those surveyed. This leads to multiplication of stereotypes and slogans and, at the same time, contributes to the respondent's isolation in the research situation. Asking questions that are incomprehensible to respondents is a frequent error known from sociology textbooks, yet in practice we have to deal with it constantly.

In connection with the political situation in Poland and the lack of a long-term tradition in survey research, a person responding to a survey often feels threatened, seeing the interviewer as a government messenger who is checking up on citizen loyalty. The method of formulating questions and treating respondents as experts means that they feel like privileged ones being tested on "knowledge about Poland and the modern world." These psychosocial conditions, in combination with doubts as to the expediency of the research, affect the responses of those surveyed. Another factor that has an effect on results obtained is the observed philosophical chaos and lack of crystallization of socio-political attitudes associated with the lack of open social discourse. This often disposes interviewees to answer that are contradictory or that conform to the presumed attitudes of the interviewer and his principals.

An important factor that influences the distortion of survey answers is uncertainty as to the purposes the research is to serve, as was already mentioned above. In Poland it is often believed that research is supposed to service political monitoring or, somewhat conversely, it is seen as a "Book of Suggestions and Complaints" for relevant factors, an opportunity to "throw everything in their teeth." In connection with the general feeling of a lack of influence on public affairs, bitterness toward research becomes apparent, a feeling that our answers "will not change anything" anyway. This contributes to an increase in the number of refusals and to the feeling that one is being manipulated. This bias is evident particularly in the case of surveys conducted in the workplace. Workers often treat sociological research as an attempt by plant management and administration to manipulate their behavior. The situation of a threat to their interests naturally is not conducive to candor in the statements made.

In connection with the phenomena described, there is a suddenly growing problem in recent years of the increasing number of refusals to participate in surveys. This

greatly worries sociological circles and calls the representativeness of much research into question. Thus in recent years the refusals encountered by the Public Opinion Research Center increased from 12 percent to 28 percent in random samplings and from 33 percent to 45 percent in targeted samplings; the number of refusals tendered to the Media Research Center sometimes even reached 60 percent. In the case of the CBOS the number of refusals is decreasing (from 55 percent in 1984 to 30 percent in 1985). Fewer refusals are encountered in the case of surveys conducted by academic groups. It is interesting that this process, which drastically affects the quality and representativeness of the sampling itself, as well as the results obtained in the research, seems to disturb least the practitioners conducting public opinion research. They are inclined to attribute refusals more to the low qualifications of respondents than to the political attitude expressed thereby or the feeling of menace. Meanwhile, the question is raised with all acuity by methodologists analyzing the structure or and reasons for refusals in light of accessible though scant data.

Another issue that disturbs researchers is the frequent selection by respondents of the neutral or say-nothing category of "hard to say." In a situation where the respondent did not have the courage or did not want to refuse to participate in a survey, the escape to "hard to say" seems to be his last line of defense. Of course there are many reasons for choosing this category, but the markedly highest percentage (often varying between 25 and 45 percent) of those selecting this category on questions of a political nature implies their connection to the political situation in Poland.

The issue of refusals is also related to the selection of samplings, error and inaccuracy in their creation and the non-representative nature of some samplings treated as representative. Even greater possibilities for faulty selection lie in targeted samplings, which offer interviewers significant freedom. In sum, in many cases one must approach the results obtained with much caution, since there is a possibility that the conclusions have been formulated on the basis of a study of a specific fraction of the population, namely the one that has agreed to be studied. On the other hand, one should note that the increasing number of refusals can be treated as an indication of the growth of society's subjectivity—a greater number of people than before do not feel coerced; they are able to say "no."

This phenomenon has not yet been adequately analyzed and sociologists have not given sufficient attention to it. That is why it is also important to record the number of and reasons for refusals to participate in surveys.

Related to this is the issue of the credibility of research institutions in the public's opinion. They are seen as more or less directly subject to state administration and political authority. So often there are doubts about the impartiality and professional integrity of researchers and about the scientific purpose of the research, which affect

the kind of statement offered. In the sociological environment this produces a demand for pluralism and independence for agencies conducting both public opinion research and more thorough sociological surveys.

Another problem is the low level of many survey questionnaires that often abuse basic methodological principles. Note the restricted description of the world, the nature of categorization, the suggestion of a specific choice though faulty composition and formulation of questionnaires, the lack of a control questions. Generally, sociologists and methodologists in particular have a low opinion of the state of expert knowledge used in practice in surveys. Poorly prepared surveys also affect the essential level of the results obtained and cause the omission of large areas of public life significant to the phenomena studied, which are hard to analyze with the simplified survey method used most often. Another factor having a bearing on the reliability of survey data is the situation where an interview is conducted. This very often takes place in the presence of third parties. This has particular significance in research conducted in schools and the workplace.

The bias that appears in surveys may be conscious or may result from a lack of skill. Its danger occurs, as we noted above, at every level of research work, from the conception of the study and its hypotheses, through the selection of a sampling, composition of the questionnaire, the study's circumstances, the social context in which it takes place, working out of contingencies, through description of the results and their interpretation. The reasons for it may be the researcher's official position, the level of his dependence, his social, political and cultural convictions, his methodological knowledge and awareness, the material resources available to the executing apparatus, moral principles and so on.

All the factors mentioned here need not but can lead to distortions in getting to know social reality, to erroneous diagnoses and, in the case of decisions made based on them, to mistakes of major social significance. Analyzing them also explains, to a great extent, the major differences in results of individual studies dealing with the same issues and leads to the conclusion that in sociological studies one should attempt to rely on the greatest possible amount of accessible data with an understanding of the circumstances contributing to these differences. But the toll itself, the survey, should be used cautiously, with full awareness of its limitations. It is neither the most perfect nor the only means of becoming acquainted with reality by sociologists.

The problem that results from the growing popularity of surveys in our country cannot be analyzed separately from the prevailing political system because the rules of conduct stemming from it exert an influence on both the surveys themselves and the operation of the results in social and political life.

First of all there is the question of the credibility of the material collected, especially when political issues or issues clearly associated or identified by the public with party ideology, the party system, foreign policy, etc., are raised in surveys. In a system where the existence of only one ideology is officially acknowledged and where, for many years in one way or another, the declaration of attitudes diverging from its official interpretation is frowned upon, can one expect candid statements on so-called ticklish subject from respondents?

Of course, in every society there are subjects that are reluctantly broached in the presence of people foreign to respondents (i.e., sexual relations or income). In Polish society among these so-called ticklish subjects are political issues and attitudes, which are studied mainly by the survey method. Yet these are the subject studied most often and most willingly by public opinion research institutions.

The large number of refusals to participate in surveys and the very high percentage of people who choose the "hard to say" category on questions dealing with political issues signify that only part of the respondents are unafraid to express their opinions. In connection with this, one should take into consideration the fact that research results, which are supposed to supply information about social attitudes, are distorted for reasons independent of sociologists. It is hard to us to speak unequivocally on the subject of using survey results in making basic political and economic decisions. We cannot say whether they constitute a premise for decision making or whether the results serve to justify the correctness of decisions already made. Postulating the former, we are far from supporting such senseless actions as, for example, general plebiscites on the prices of specific products. But if survey results are to serve as a premise for making socio-economic decisions and not for justifying such decisions, then the fortification of their informational function at the expense of their political function rises to the rank of leading problem. Because currently the political functions that survey results perform reduce and distort sociology's informational function, which should be based above all on furnishing society with information about itself and secondly furnishing decision making bodies with information about public attitudes and moods.

In speaking of the political function we are referring to the fact that in a situation where the number and kind of channels for articulation of public interests are limited, survey results begin to fulfill the function that in a more pluralistic system is fulfilled by official and unofficial institutions expressing those interests. Survey results currently constitute an important tool used in the political game among various pressure groups. This generates or perhaps promotes the publication of survey results in the media on a scale unheard of in Poland before 1982. So public opinion has become a factor so important that its moods can be an argument used in negotiations. These facts affect the method, which distorts results, of

their presentation in the media. In other words, one can draw a conclusion about the use of survey results as arguments in the political game from the way they are disseminated or the way they are cited in political announcements.

The point here is mainly the publication of only some survey results and the omission of information that is contrary to the official view of social attitudes and divisions. Many results are presented in a way that proves the thesis of an article's author. A frequently used method is using the phrase "the majority of society," which suggests an overwhelming majority when actually it is often about 60 percent. In the case of many political and economic decisions, both the existence of that 40 percent and the social composition of both groups is crucial.

In some cases only the percentages of opponents or supporters of a given decision are published, omitting the number of refusals and the percentage of people who chose the "hard to say" category. Yet only all these data presented together shed proper light on survey results. There are many ways to manipulate sociological data, especially when the material presented is percentages.

The foregoing remarks should not be treated as an expression of reluctance to offer data to the public in the media. On the contrary, we feel that publishing survey results leads to an increase in the public's subjectivity and promotes its knowledge of itself and its own problems. But in order to achieve this goal, it is necessary to make possible the publication of a variety of data, even data that seem inconvenient for political reasons at a given moment. Suppressing a great deal of data that is available only to narrow circles can lead and in many cases does lead to manipulation of public opinion. So the mistrust of many respondents toward surveys is justified. Moreover, because the public is beginning to identify surveys with an entire scientific discipline—sociology—mistrust toward sociology is also beginning. The media are the basic source from which the public forms its opinions and stereotypes about sociology and sociologists. And this mistrust, which makes it more difficult to get to know opinions, aspirations, attitudes and interests, not only turns against government bodies and sociologists, but also against society itself, which sociology is supposed to serve in the first place.

We must strive so that sociology would stop being identified with surveys and percentages in the public mind. This point concerns not only publications in the media but also sociologists themselves. Exposing only numerical data generates not-unfounded suspicions that numbers are to serve the "objectivization" of results in times when socio-political conflicts have contributed to impairing the authority of science.

Currently the problem of Polish society's isolation from the theoretical achievements of world sociology and its practical applications is becoming extremely apparent.

In the past 15 years world sociology has clearly departed from absolutizing survey results in favor of more subtle, qualitative methods, such as interactionism, phenomenology, sociolinguistics and others. But their broader application in the Polish practice of social research would require fundamental changes in the system of administering scientific activity in the realm of financing

and accounting. It could encourage sociologists to expand their cognitive workshop.

The whole of the material from this session, entitled "Surveys in Contemporary Polish Society," in the Polish Sociological Society's duplicated material.

12776

## HUNGARY

### **Air-Defense, Mine-Sweeping Capabilities of Danube Flotilla**

*Budapest NEPHADSEREG in Hungarian  
16 May 87 pp 1, 8*

[Article by Istvan Harsasi]

[Text] We are not a seagoing nation. Perhaps this is the reason that many people look at the river flotilla of the People's Army with a curiosity that is mixed with amazement. Yet the people who serve there are also everyday people, not very different even in their external appearance from the other soldiers in our People's Army. Their "special" quality lies chiefly in the fact that their battle vehicle is a warship and their favorite exercise ground is the Danube. Although we generally think of our greatest river as "the beautiful blue Danube," for the men of the flotilla its waters are certainly not always peaceful and blue. Sometimes it happens that they are an angry green, a muddy gray, covered by fog or whipped by rain. But the warships must cruise on such occasions as well, since in our People's Army this flotilla is the guardian of the waters.

The men of the warships must prepare primarily against two kinds of enemies. One may attack from the air, and the other from under the water. The latter is the more insidious, for one cannot tell where he is hiding or when he will surface. He is not choosy about the victims he attacks, and if he is allowed to, he can turn the peaceful waterway into a watery grave. It happens even in our own day that rusty and seemingly harmless metal objects come to the surface of the water, and only faint signs enable us to deduce that we have found yet another World War mine. It is primarily the warship crews who must see to it that these mines will never destroy again, and that no new mines are ever put in their place. The fight against floating mines is not an easy job. It requires conscientious preparation, a thorough grounding in the necessary skills, and a very high level of attention. And even though some of them already have some measure of preparation and training, the sailors are far from being warship crewmen. After all, nowadays the mines are not fished out with bare hands; the handling of the equipment and weapons used for this purpose requires a great deal of expertise. On one of the first real spring days, the ships of First Lieutenant Laszlo Balogh, the section commander, went out on a cruise to give the soldiers of the flotilla this kind of expertise.

If the ship is good, it cannot sink. And the ships of the flotilla are faultless, nimbly cutting the waters of the Danube in spite of their heavy tonnage. Quite a few days have already passed since they left port, but First Lieutenant Laszlo Balogh's squadron of warships continues its exercises with undiminished diligence. What they are doing seems both simple and incomprehensible to outsiders: their ships are sailing upstream and downstream, in connected formations or singly. It is true that the

larger ones are dragging some odd-looking object behind them, an object whose shape looks like something between a log and a submarine. According to First Lieutenant Balogh, they are sweeping mines, and the "odd-looking" object plays the leading role in this; with the aid of the instruments hidden in its belly, it can detect and destroy even the most insidious mines.

On the deck of the Szazhalombatta there is a great deal of running around; they are in the midst of an air raid alert. The helmeted gun directors are already seeking out the target with their machine cannon, and the others are scurrying down into the bowels of the ship. They move with practiced skill on the gently rolling metal deck, although most of them are not exactly born sailors. Many of them come from the Great Plain, where the only waves they might see are waves of sand—if the sands have not already been bound. Most of the commanders also enter the world of the flotilla without previous training, since it is a commonly known fact that our military academies do not yet include any "sailor training."

For example, Deck Master Ferenc Siranko—who in civilian life is a staff sergeant and in charge of company services—graduated in 1980 from the School for Engineering Noncommissioned Officers. He became very expert in the skills of fortification and road and bridge construction, but he certainly had little skill in sailing. Today, however, he is no longer a man who can be "sold in any port." He has learned things, partly from books and partly from his own harsh experiences, until he finally gathered enough knowledge to be a warship crewman.

"The first year proved very hard," he says, reminiscing about his beginnings, "but fortunately I had two commanders in a row who were real sailors. I acquired a great deal of experience from them."

One of the real sailors, First Lieutenant Rezso Sarady, continues to serve today as the leader of the subsection. Under his expert guidance, even the boys from Szabolcs and Bihar Counties soon become real warship soldiers. Until then, however, they will have to have quite a number of practice sessions on mine-sweeping and air-raid alerts.

13285

### **Officer Training Reduced to Three Years**

*25000410b Budapest NEPSZABADSAG in Hungarian  
10 Jun 87 p 8*

[Article by "A Staff Member"]

[Text] The academic training of young people who choose the career of military officers, as well as the living and working conditions of the cadets, formed the subject of a press conference held yesterday morning at the Mate Zalka Military Engineering College in Budapest, where



future officers of the Hungarian People's Army have taken advanced training for 20 years. And the fact that the instruction is truly at an "academic" level is shown, among other things, by the fact that appropriate personal and material conditions have now been created to ensure that, beginning with the academic year 1987-1988, the time spent in courses will be three years instead of the previous four years, without making any reduction in the level of the instruction given. The leadership and faculty of the Academy have conscientiously prepared themselves to provide the People's Army in a shorter time than before with officers who meet their requirements in every respect.

As Major General Gyorgy Paal, commanding officer of the Zalka cadets, told us, among other things, the Academy's situation is made somewhat easier by the fact that the great majority of the students sent to it by military secondary schools are well suited to the handling of modern military technology and its application in battle, insofar as their preparation and their physiques are concerned; they also are equipped with pedagogical skills when they arrive at the Academy.

This press conference constituted an innovation because the domestic and foreign press was able to view on video film what it would scarcely have been able to view directly in a few hours—specifically, how the cadets are taught in workshops furnished with modern equipment, and the conditions of their lives, studies, and recreation. But the press representatives were not limited to video technology; anyone who was curious could convince himself by seeing with his own eyes what he had seen on the film.

At present the Mate Zalka Military Engineering Academy is training officers at 15 faculties and 28 branches; everything, from practical and handsome uniforms to complete room and board, is supplied free of charge to the cadets, so that they can concentrate on their studies and on practicing their future vocations. Another innovation besides the introduction of the three-year course is the fact that the Academy's senior-year cadets are already regarded as professional soldiers and are paid accordingly; if their performance is outstanding, if they undertake extra work, and if their conduct is exemplary, they can earn as much as 5,000 forints per month.

According to the press conference, the majority of the Academy's cadets are selected from among the graduates of technical secondary schools. The Academy also accepts a limited number of specialized workers who have not graduated from secondary school but exhibit exceptional ability; for these the Ministry of Defense organizes a one-year preparatory course.

The Academy would like not only to give journalists a more complete picture of the everyday life of cadets at the Military Academy but also to reach into more and more schools with the aid of technology, consisting

primarily of video films, so that those secondary-school students who are about to choose a career will also receive reliable information about officer training.

13285

### **Military Political Propagandist Lauded**

*25000410c Budapest NEPHADSEREG in Hungarian  
23 March 87 p 8*

[Article by K. M. I.]

[Text] Both parental encouragement and family upbringing helped to make Gyula Balogh choose the military in 1949 as his vocation.

He began working in the ranks of the MADISZ (Association of Hungarian Democratic Youth) in the spring of 1945. One year later he was accepted as a member of the party. Two years after that, he had become an independent party worker. Donning his uniform, he worked for two years as a political officer, and after that he became a student. He completed his studies at the Military Academy in 1953 and was ready for reassignment to a military unit. It was a surprise to him when he was asked to remain at the Academy as an instructor.

From that time on until the day of his retirement, he worked as a military instructor and an active propagandist. He taught the history of the Hungarian and international workers' movements, as well as military policy, at the Zrinyi Military Academy. In addition to his regular work, he prepared his doctoral dissertation, which later appeared in print under the title "History of the Communist International from 1939 to 1943."

Ten years ago came a major turn in his life: he was assigned to the political section of the National Rear Guard Command as a leading propagandist. His work did not cease when he retired. He continues to do his propaganda work to this day among the soldiers, and he will gladly travel to the farthest garrison in the country if he feels that there is a need for his knowledge and his readiness to help. In addition to this work, he also teaches military policy at the Lajos Kossuth Military Academy.

Lieutenant Colonel Dr Gyula Balogh (retired) is a devoted Party worker. He has always believed that political information work can be truly convincing only if we not only believe in the Marxist ideal and the party's policy but can get others to accept it as well.

The political education of professional soldiers and draftees has been a vital vocation for Lieutenant Colonel Balogh for more than three decades. Now that he has passed his sixtieth birthday, he too was given his well-deserved recognition on Propagandists' Day for his long years of tireless work.

13285

## CZECHOSLOVAKIA

### Important Points of State Enterprise Law Reviewed

24000390c Bratislava NOVE SLOVO in Slovak  
No 29, 1987 pp 1, 5

[Article: "Another Step in Restructuring—The Proposal of the Law on State Enterprise"]

[Text] Since the 17th CPCZ Congress issues related to the restructuring of the economic mechanism have been unquestionably in the focus of our party's attention. That is no coincidence. In view of the challenge posed by the tasks of our socioeconomic development stipulated by the 17th Congress and in view of the new conditions under which those tasks must be fulfilled, the restructuring of the economic mechanism is a top priority and a key political and economic task.

The Principles of the Restructuring of the Economic Mechanism in the CSSR, approved by the Presidium of the CPCZ Central Committee and by the CSSR government, outlined the main political and economic demands on the restructuring process. They were presented to our public in January of this year.

Another landmark was the planning of the material program and timetable for operations connected with restructuring of the economic mechanism as well as of other sectors, and with further intensification of our socialist democracy, which were discussed and approved by the Fifth Plenum of the CPCZ Central Committee in March.

The program specifies the principles of the Restructuring of the Economic Mechanism of the CSSR, provides the groundwork and the direction for the program, and simplifies the approaches to the drafting of the Comprehensive Document on the Restructuring of the Economic Mechanism. After its review by the party and state agencies, the Comprehensive Document will be published in late 1987. The work on the entire summary of changes is scheduled so that the preparations for the Ninth 5-Year Plan may fully apply the new economic mechanism.

Of course, the fulfillment of the tasks for the Eighth 5-Year Plan is already affecting, and will continue to affect the process of the restructuring of the economic mechanism.

Of course, the fulfillment of the Eighth 5-Year Plan is already affecting, and will continue to affect, the process of the restructuring of the economic mechanism. Let us mention the measures applied this year. More stringent economic penalties were introduced for more effective control of the quality of our goods; the status of control units in enterprises was upgraded and the Committees of People's Control were granted far-reaching authority. Additional steps were taken to bring the production

closer with foreign trade. Manufacturing enterprises were offered the option of negotiating directly with their partners in the CEMA countries. The planned changes and measures which determine the application of the new economic mechanism are being tested in comprehensive experiments which allow the enterprises more independence and responsibility for their prosperous development. Preparations started for the restructuring of wholesale prices which will become effective on 1 January 1989. Concurrently, the planning of a new revenue and tax system, a proposal of amendments to the price system in relations between the CEMA states, preparations for general inventories and their reevaluation and for other tasks are also underway.

The law on state enterprise is the initial document adopted in the chronological and material program of works on the restructuring of the economic mechanism. Its draft was approved by the Presidium of the CPCZ Central Committee and by the CSSR government and published in our daily press last Saturday.

The proposal of the law on enterprise proceeds from the basic objective of the restructuring program which is aimed at a more intensive and comprehensive application of the advantages and fundamental principles in the management of our socialist society and economy. As stated in the grounds for the proposal of the law on state enterprise, its specific goal is the leading role of the party, the administrative role of the socialist state, democratic centralism, a planned development, distribution and rewards according to merit, and efficient management of supply and demand.

The aim of the restructuring program is above all consistent application of the principles of democratic centralism and a greater balance between improvement of quality and efficiency of the central management, and intensification of the initiative and independence of the enterprise sphere.

Fundamental changes affect our central agencies which will deal primarily with issues of long-term strategies for our socioeconomic development, the drafting of 5-year plans, the management of national economic priorities in terms of structural innovations, and with our integration in the international division of labor. At the same time, they must improve particularly the quality of the management system, apply the policy of balance and by its means create challenging and stimulating conditions for socialist commercial undertaking and competition among organizations, while satisfying public demands.

Another aspect of this process is fundamental consolidation of independence of enterprises in every area of their socioeconomic ventures, their transition to a comprehensive khozraschet [cost-accounting system] and self-financing system, and the application of the principles of self-management of socialist enterprises, in order to develop socialist undertaking. Socialist undertaking must be understood as the enjoyment of the enterprise's

rights and the assumption of responsibility for its operations, so that the enterprise may completely and efficiently satisfy the needs of our socialist society and promote and socioeconomic development of its work forces.

The proposal of the law modifies the legal status of the enterprise and its material base, and specifies the rights and obligations of the enterprise and its relation to society, particularly to our state authorities, national committees, branches of the Czechoslovak State Bank, customers, consumers and suppliers. The law stipulates the relations of the enterprise to our party authorities and organizations, the methods of safeguarding the leading role of the party, and the relations to the trade union and other public organizations. Furthermore, the law defines the relations between the management of the enterprise and the agencies of self-management.

The preamble to the proposal of the law states that the enterprise will fulfill its socioeconomic tasks in accordance with the policies of the CPCZ. Party organizations active in the enterprise represent the political core of the work force and unite the management of the enterprise, the leadership of the work forces and the public organizations associated in the National Front in the effort to satisfy public needs. They exercise the right to supervise the management of the enterprise and safeguard the rights to control the management of the enterprise and to implement the cadre policies of the CPCZ.

Enterprises are fully responsible for the property owned by the whole socialist society and entrusted to them, and for the social development of the work forces. For that purpose, in accordance with the self-financing principle, they must provide their own assets, in other words, show profit. If the enterprise is unable to meet its obligations, it is assumed that the state may apply extraordinary measures and sanctions; an enterprise whose management has shown poor achievement over an extended period may be closed down.

The proposal of the law calls for modifications of mutual relations between the state and the enterprise in such a way that instead of the set of mandatory indicators, the basic mechanism in the planning of the state-enterprise relations will use above all mandatory long-term standards (specified for individual enterprises). The 5-year plan for the state development of national economy will stipulate primarily all mandatory capital goods outputs for the enterprises. Specific tasks will be set in the future only in order to achieve the most essential national economic priorities.

Long-term standards will be the most important generally applied mechanisms by which the state plan will regulate enterprises. Standards and other regulations will determine the funds which the enterprises will need to finance primarily their R&D, investment development, cultural and social programs, and wages. These demands will be based on the principle of merit and fully depend

on the economic achievements of the enterprise (particularly on its disposable profits). The application of these standards should promote the interest of the enterprise in advanced tasks of the plan and in their achievements. As it follows from the proposal of the law and in agreement with the principles of restructuring, in the new situation the state will also apply mechanisms of prices, credits, and financial and wage policies in order to press more than before for rational economic management of enterprises.

The proposal of the law envisages the application of various organizational forms of operations, and prompt adaptation of organizational structures to material tasks in the economic development. It provides a latitude for the organization of various types of enterprises in terms of their scope, the focus of their operations, and their internal structure. Next to large economic units—enterprises, particularly those of the integrated type, small and average enterprises engaged in specialized production or trade and in extensive innovation programs, will be organized. It is envisaged that, in general, only economically sound large economic units (the current VHJ's [economic production units]) will continue, because their structural units (currently the enterprises) are organically connected by their basic production, research or marketing programs. As a rule, however, enterprises with specialized production programs, serving a great many consumers, which due to formal and organizational reasons used to be integrated in VHJ's, will be separated from those VHJ's. It is presumed that other types of the VHJ's will be split into several independent enterprises. Therefore, according to this law, the VHJ's will be abolished and transformed into enterprises, regardless of whether the integrated, sectoral or territorial principles of organization prevail in their establishment, or whether they will be called "integrated works," "enterprise," or "organization." Thus, this will put an end to the current situation where one juridical subject of the enterprise sphere (the enterprise) is subordinated to another juridical subject (the general directorate of the VHJ).

Furthermore, the proposal of the law aims at a dialectic linkage of the state administration with the socialist self-management by work forces. The self-management system is based on the participation of the whole work force and its social organizations in the management of the enterprise, in the planning of the most relevant decisions and in the supervision of their fulfillment, on the one hand, and on the other, on the right to elect the managers. Self-management encourages labor initiative and workers' responsibility in order to raise the profitability, teach discipline and organize the fulfillment of the tasks.

The proposals of the law includes the demand that the enterprise be managed by a single responsible manager jointly with the agencies of socialist self-management which will conduct the entrepreneurial programs. Thus

specified, the authority of the agencies of self-management will empower the manager to act with full responsibility and authority, energetically and promptly, to prevent any undesirable trends in decisionmaking stemming from the so-called split responsibility between the manager and the labor council.

These demands determine the proposed membership the labor council which includes the representatives of the workers, of the party, and of the trade union, youth and other public organizations, with one-third of the council composed of experts nominated by the director of the enterprise.

The candid public discussions which began in fact upon the publication of the law on state enterprise should above all clarify this important document and specify the general objective of the restructuring of the economic mechanism. Undoubtedly, many suggestions and recommendations will be proposed at meetings assemblies, debates and informal discussions; those submitted to the CPCZ Central Committee, the CSSR government and the National Front will be seriously considered and used during the final drafting of the proposal of the law.

In the editorial offices of NOVE SLOVO we welcome the experience of the party organizations and work forces concerning the clarification of the proposal of the law and information from the workplace; we shall present them to our readers in order to reflect and possibly also to help to stimulate the discussion. However, as we appeal for your impressions, suggestions and experience, we stress at the same time that it is particularly important here and now to make every effort to fulfill the tasks of the 2nd year of the Eighth 5-Year Plan. Therefore, when you write the editors of NOVE SLOVO, do not forget to mention your own activities and initiatives in this respect.

9004/12232

**Role of Enterprise in Economic Experiment Noted**  
*24000391a Prague HOSPODARSKE NOVINY in Czech*  
*No 25, 1987 p 5*

[Article by Miroslav Kana: "So That the Enterprise Will Prosper"; first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Halfway through the year the other organizations are supposed to join in the comprehensive experiment. The rules are determined to a certain degree of specificity, but the organizations must work them out according to their own situations, consider their capabilities, and decide on the method of regulating wages. Since no engineering organization had joined in the experiment to date, even though several had made preparations for starting on 1 April 1987, I selected a VHJ (economic production unit) from the electronics industry from among the neophyte organizations that plan on joining on 1 July 1987.

"We would like to join in the experiment as soon as possible. We have some experience from the earlier experiments, mainly as far as economic connections with the appropriate trade group of the Kovo foreign trade enterprise since 1983 are concerned. This brought about an increase in exports and in their effectiveness as well. Eventually the new rules will be applied the same everywhere, so why put it off," began Eng Jaromir Prochazka, economic director of VHJ [economic projection unit] Tesla Measuring and Laboratory Instruments Brno.

**The Role of the Enterprise and the VHJ**

It is expected that the rules will free the enterprises' hands by replacing roughly 20 mandatory indicators with the specifications for three or four indicators and several standards for them. The 5-year plan as such will obviously still apply, and we will enter into the experiment with the inputs and outputs that were established by specification of the directives, but it is possible to achieve the goals by more effective means as determined by the enterprises. Specifying the economic indicators in detail actually means leading by the hand. In fact, such indicators sometimes actually result in behavior that is not rational. For instance, the indicator of the share of material expenses in production sometimes led to limiting desirable cooperation or to a limited successful production. If the orientation indicator of net production is used, which is basically the adjusted value added, reduced by the material expenses and capital asset depreciation in which profit from foreign trade shows up, then many objections disappear.

The space for independent decisions and initiative by the organizations is opened up also by the establishment of a development fund that is supposed to combine the resources that today are designated for technical development, supplies, and investments. This consolidates three "kinds" of money into one. The organization must itself decide where to put the resources, whether it will give priority to investment and keep supplies down or vice versa. It must even think about just how it will support its entrepreneurial activities. This step is furthermore supposed to join up technical and capital development. It will also be hard for the organizations to request the construction of large capital investment projects when they will pay for them out of their own resources, and they will rather try to invest in technology that brings about an increase in the productivity of labor and in profit than in construction projects.

The VHJ Tesla Measuring and Laboratory Instruments is already familiar with the situation where the organization has only that which it itself earns. Last year it had outstanding results as an overall organization for which it received the Red Banner of the CSSR Government and the URO [Central Council of Trade Unions]; the profit exceeded Kcs 83 million. But the enterprises had to make contributions above the plan to the working capital fund because supplies grew too much, which reduced the grants to the compensation fund and, in fact,

some organizations did not share in the economic results. Economic performance was not at the desired level because not enough disposable resources were created. This is, of course, also supposed to be the procedure in the experiment as well. It will not be possible to allocate funds to the compensation fund without having earlier made the grants to the other funds and allocated the appropriate amounts to the state budget.

"In the experiment you cannot count on a rich uncle showing up and solving all your problems," is how Director J. Prochazka evaluated the situation. "Sometimes we helped the individual enterprises out in the past when they were not getting along." So, as the economic director of the concern you say that an organization that is not making it at the end of the year will not get any grant for the compensation fund from the general management? "It is still not entirely clear, but in any case the room for resolving such problems will be much less. An enterprise that is not getting by economically will feel it particularly in the financial resources that are necessary for effective development and especially in funds for compensation bonuses. We will use the reserve fund, which for the most part we want to centralize at the general management, only in exceptional cases."

And thus we got to redistribution, which the new economic mechanism does not consider too much. In this VHJ they think that they will still carry out a partial redistribution during the Eighth 5-Year Plan. There are investment actions for which the enterprise by itself would supposedly never be capable of providing the resources, just as was the case in the past. For example, Tesla Vrable had an extensive capital construction project in which resources from the organizations of the entire VHJ had been concentrated because the investor had not produced the necessary resources. In the experiment, Tesla Vrable would have relatively much depreciation from this large amount of production funds without having had to come up with it just by itself. We therefore anticipate that these resources will gradually be exhausted. We would like to centralize a certain part of the depreciation at the general management.

In contrast to this, we would like to centralize the reserve fund for the most part so that the general management can help out where it is necessary. So far it is not clear how the research institutes will be financed, and it has not been determined how technical development should proceed when the more extensive and expensive projects should again be paid for the VHJ's centralized resources. Rules are being prepared at the general management level, which lay out for the enterprises not only the method of financing, principles of trade policies, and rules of intra-enterprise management, but also the degree of the redistribution processes.

### **Pay Only for Results**

We devoted the largest amount of time to the subject that interests people the most, which is wages. According to my partner in this interview, they expect that they will

work in accordance with an incremental standard with a single-component regulation of wage resources while applying the net production indicator. In principle this means that the organization will create resources for itself on the basis of fulfillment of this indicator after conversion by the incremental standard. The higher the net production increments, the higher will be the growth in the overall volume of wage resources (of course, at a decreased rate). No redistribution of wage funds is expected in order to get rid of the current situation where a good enterprise sometimes suffers for a worse one.

The central agencies are presuming that additions and deductions to the wage scale will be dropped in the interest of simplification. Simplification is certainly a good idea, but sticking strictly to this rule can easily lead to complications. This is a matter of compensation for performing long-range technical development tasks being distributed over several years, according to the stage, and a substantial part is tied up until the entire task is completed. To avoid a situation where a number of tasks are completed in 1 year and the organization then does not have the bonuses called for, these sums in the form of debit entries from wages were transferred to future years as credits. In the rules for the experiment that are known so far it will not be handled this way. The concern is negotiating the matter so that such procedures do not slow down technical development.

As far as compensation generally is concerned, in this VHJ they have had the experience that a personal evaluation on the basis of point systems does not appeal to people. In fact, almost every supervisor decides on the amount that he wants to give to a certain employee and then arrives at that figure by using the points. They would rather introduce a pay scale with ranges that would be evaluated and changed every year. In the Tessek Czechoslovak-Danish cooperative, which was established by this very VHJ for the CSSR, they are checking out the possibility of adjusting the basic pay up or down in accordance with performance. It is true that it always depends on the supervisor's opinion, but the job performance of an employee can also be objectively judged.

The complexity of the bonus structure is often criticized. An indicator "tree" is specified for the organization management in a dependent relationship to the eight indicators for evaluating the organization. The manager has five decisive indicators and perhaps 20, or even 40, specific tasks that are looked at in establishing the annual bonus, even though sometimes the tasks involved are hard to affect. There is interest in deriving the indicators for material incentives from the indicators for the organization. But the documentation is relatively complex, and the management conditions change during the year, which affects the indicators, while the conditions for incentives are fixed and must be determined beforehand. Even reducing the premium pay is not well arranged for the average employee. Part is cut from the rate and part from the budgetary base.

In contrast to this, the method with which J. Prochazka acquainted me is a well arranged one. Basically, only three indicators are to be used. For a worker this would be in some form of economic results of the center involved, while another indicator would express the quality of the center's work, and, perhaps, the proportion of rejects from production. The third indicator would relate to his actual operations in terms of volume, schedules, and so forth, depending on actual conditions.

The wages of the technical-managerial personnel are supposed to depend on the net production, mainly as far as the staff units are concerned. Net production after all determines the usable amount of wage resources, so that everyone should be aware that he contributes to this somehow by his work. And the staff units do not have quite an effect on it through their operations. Another indicator for this category should express the effectiveness or quality with regard to what kind of a unit it is. The third indicator must express the specific operations of the unit, for example, in the trade sector perhaps marketing or exports, in the supply field the inventory of supplies or satisfying the demands of production.

The basic concept for all indicators must be to establish only measurable indicators as opposed to subjective ones. Subjective ones provide little stimulation in principle, and their use commonly means that just some kind of bonus in addition to the wages has never proved effective here.

As far as the creative technical personnel are concerned, there is enough room in the regulations. Here they do not have personal wages up to Kcs 7,500. In the view of the managers of the concern organizations, there are not individuals who are so outstanding as to have either three times greater output or significantly better ideas than the others in the design team, even though my partner agreed that the main problem is the lack of courage on the part of management. But it is possible to recognize exceptional personal evaluations, and the rates for bonuses for accomplishing tasks are practically unlimited. They want to maintain the current system of rewards, as far as the creative technical personnel are concerned, even in the experiment. The practice here is usually that when the task is assigned, the collective also gets a promise of a bonus. When the task is carried out with fewer people, the amount remains the same as for completion in a shorter time. Currently there are technical parameters, price limits, and so forth established that will likewise be continued.

They expect great difficulties in implementing definite differentiation so that the supervisor can allocate a bonus of 35 percent for one designer and only 15 percent for another. At enterprise after enterprise and for one task after another, the practice is the same where the bonus does not differ according to performance. There is an effort to increase all the technical personnel's earnings

without any difference, based on the level of performance. Neither the social atmosphere nor the supervisor's courage contributes to change. In VHJ Tesla Measuring and Laboratory Instruments they finally even tried to order that differentiation be implemented, so that perhaps five designers would have a special personal evaluation. It did not help. During audits the supervisors in question explained that all parts of the tasks are so complicated and all workers are so good that it is only fair that everyone get the same.

In my opinion, difficulties with differentiation and bonuses in general are connected to a certain degree with the viewpoint that payment is made for the quantity and quality of work. But these criteria probably cannot be the decisive ones; it is not decisive whether or not a person worked, but what results his work had. After all, in school a teacher does not rate a student by whether or not he studied, but by whether or not he knows the subject. Moreover, giving bonuses for work in some cases leads to alibis being made where people say, "I completed my job and they did not, so why should I not get something?" The experiment should also help to orient giving bonuses for results.

One should not think that the situation will change all at once on 1 July, particularly when the experimenting organizations will be working according to the new rules like a small island in a sea of those functioning according to the present method of management. After all, the economic contracts have been signed and the product mix determined, so one should not expect any substantial changes this year. But what can start is an orientation toward different, desirable behavior so that the enterprises begin to manage and not just to meet indicators. Management will, as it comes out, be oriented on the substantial aspect that the enterprise prosper.

6285/12232

#### **Joint Enterprise Projects With Western Countries Viewed**

*23000005 Luxembourg LUXEMBURGER WORT in German 27 Aug 87 p 9*

[Article by Dorothea Tukert: "Joint Enterprises With Western Firms Now Also in the CSSR"]

[Text] Of all communist-ruled countries, the CSSR is one of the last that has decided to push ahead with joint enterprise projects with Western capitalist firms. The first "joint venture"—without a sufficient legal base—was created last year in the CSSR. A second one has meanwhile come into operation. The CSSR experience so far could convince the last East Bloc country not having any "joint ventures" with the West, the GDR, and might also keep it from making beginners' mistakes.

Dogmatic Central Committee secretary Vasil Bilak, officiating in Prague to this day, had in 1981 called it a "pact with the devil" if one collaborated too closely with the

West. But, for some time now, there have been the first two joint ventures with "capitalist" firms in the West. So the "pact with the devil" has been sealed.

In both cases, the Czechoslovak electronics firm Tesla is the partner of the Western enterprises: both Tesla and the Danish Firm Senetek participate in the joint enterprise Tessek, founded in 1986. Tesla holds 51 percent of the joint enterprise and is in charge of production. Senetek holds 49 percent and contributes its share by financing and equipping a research laboratory in Aarhus, Denmark.

The activity of the Tessek joint venture concentrates on joint research into, and production of, biotechnological equipment, particularly in the field of chromatography. Exports worldwide are expected, including to the United States, whereby profits are to be distributed proportionately (49:51).

Under the contract, a CSSR scientist will work with the Senetek scientific team in Denmark, while a manager from Senetek will represent the Danish firm on the Prague Tessek board of directors. The general manager of Tessek, engineer Jaroslav Dymacek, is a Czechoslovak citizen.

### Philips a Partner

Tesla also participates in the second joint venture. In this case, however, it concerns the electronics plant for home entertainment in Bratislava. The Western side is represented by the firm of Philips as partner. The new joint venture, called Avex, will produce video recorders.

In the past, Tesla in Bratislava assembled moderate quantities of Philips video equipment for the CSSR market; it also assembled compact-disc equipment.

This cooperation agreement formed the basis for the creation of a joint venture with Philips. Other firms, such as Grundig and the Japanese giant Toshiba, also showed interest in this joint venture.

In the new joint venture, Avex, Tesla participates with 70 percent, Philips with 20 percent, and the Czechoslovak foreign trade enterprise Transakta with 10 percent.

### French Interest

Production of the video equipment is to start in early 1988. The share of parts produced in the CSSR is to increase gradually, and other CEMA countries are to produce ancillary parts. During the first year, 100,000 video recorders are to be produced; by 1993, the number is expected to reach 500,000. Avex is to supply the CSSR and other Eastern markets. Possible deliveries to the West are not expected before the 1990's.

This could turn into a good business, since the East European consumers crave video equipment on which one can play, within one's own four walls, smuggled German or Swedish films, even "Rambo," or Western TV reports critical of the East.

CSSR authorities consider these first joint ventures also as a test to gain experience.

But there is already greater interest in the West in such cooperation with the CSSR. Poclain, the French producer of construction equipment, supposedly is considering turning into a joint venture a cooperation agreement of many years' standing with the Slovak firm ZTS in Dubnica (which manufactures French power shovels under license).

Since, under a directive of 1 Feb 1987, the establishment of joint ventures in tourism is also permitted, the state-owned CSSR travel agency Cedok is negotiating a joint venture for the construction and modernization of hotels. This way, Czechoslovakia is to have 10,000 additional hotel beds by 1996.

### Legal Problems

The founding of both joint ventures was not without problems. In fact, even now the legal prerequisites are still not completely there. For example, Tessek, before its founding, had to negotiate with 46 Czechoslovak institutions. Even long after the official founding, negotiations had to be carried on with many institutions. In the case of Avex, also, entry in the enterprise registry took several weeks. Western entrepreneurs rightfully have reservations as long as the legal basis is so fragile. The activity of Tessek and Avex is based on many specially granted exceptions. But there exists no legal claim to the granting of exceptions. Western firms also want a guarantee for the protection of their investments, as is the case in some other CEMA countries. Taxes for joint ventures in the CSSR are also called too high by the Western side. Although the tax rate for joint ventures was lowered from 75 percent to 50 percent, this is still high. Only Poland has the same tax rate; in Hungary, Bulgaria, Romania, and the USSR, it is only 30 percent at most. The dividend tax of 25 percent is an additional thumbcrew.

### Cheap Know-How Import

There are also great problems in dealing with foreign currency. The CSSR state bank wants to grant permission for each individual foreign currency transaction. The general director of Tessek, engineer Jaroslav Dymacek, comments on this subject in the weekly CSSR economic newspaper, HOSPODARSKE NOVINY: "We cannot accept that under any circumstances; the Danes would laugh at us."



Also laughable is the ideological justification for the "pact with the devil," as stated by the official news agency CTK: "For the governments and certain circles of the capitalist states, these joint ventures with partners from socialist states have a favorable influence on the unemployment rate and offer better protection against market fluctuations."

That's how "nice" they are in the East Bloc: they graciously go into a joint venture with Western firms so that unemployment drops over here. But CTK had nothing to report to its consumers about the fact that joint ventures with Western enterprises give the communist states above all know-how, technology transfer (sometimes even illegal), cheap capital import without interest, new markets and sales opportunities, and, particularly, quality.

9917

#### **Construction Industry Included in Economic 'Experiment'**

24000390a Prague HOSPODARSKE NOVINY in Slovak No 25, 1987 p 7

[Article by Engineer Otto Sedlacek, R&D Institute for Industrial Construction in Kosice, branch in Bratislava: "Construction Industry Joins the Experiment"]

[Text] In the SSR sector of construction, the Pozemne Stavby [Surface Construction Company] in Trnava, Pozemne Stavby in Nitra and Pozemne Stavby VHJ [economic production unit] in Bratislava and their cooperating planning organizations are preparing to join the experiment. An engineering construction enterprise will follow as of 1 January 1988; the participation of the Doprastav national enterprise is currently under consideration. The construction organizations in the SSR have been planning the experiment for some time by studying the extensive experience gained in 1975-1986 by construction workers in the Belorussian Soviet Socialist Republic.

#### **More Heads—More Wisdom**

Agencies and organizations of the Ministry of Construction in the CSR cooperated in the planning; experts in organizations which also will take part in the experiment may, and should, get involved in it. Appropriate forms and scope of the participation and active role by the managers of manufacturing enterprises in this undertaking do not necessarily mean that they must fight to have the "last word" and vehemently push through whatever best suits their enterprise sphere, even if it contradicts the interests of our society, as was unfortunately the case with the drafting of the Set of Measures. In this stage of development the experience gained over the past decades should provide us with sufficient ammunition for enforcing programs without the proverbial "handcapping." We must understand that we are not planning our experiment in order to "catch up" with independent

economic units, or to make allowances for their "shrewdness" and alibis vis-a-vis their superior authorities and the national economic center, as happened in past weeks with the proposals to adjust the state plan for the current year and with demands that the tasks for the Eighth 5-Year Plan be modified to some extent.

It is detrimental to our cause that industrial construction organizations have not joined and are not participating in this process. The Belorussian experiment was notable, among other things, precisely because it had been initiated by the department of industrial construction. In this respect the experiment with hydrocracking conducted in the Slovnaft in Bratislava does not represent an appropriate solution or adequate participation of our construction industry.

#### **And What About the Others?**

The training of managers, technicians and economists in general for the management of work forces in the new situation should not be limited to routine observations of the whole process of definite specification of the "Principles" and regulations of the experiment, to reviews of the experiment in our daily or professional publications, to the law on enterprise, and the planned amendments of the current legal provisions. It will be advisable to include in this program from the very beginning a certain system, at least necessary efficiency and regularity. It is expedient for individual organizations to directly coordinate teams of experts in individual areas, or as the case may be, the effect of the economic case may be, the effect of economic mechanisms by which they will observe, analyze, process and test their effect on economic production units. The measures for the development of the enterprise management system in the new situation and particularly the measures for the development of the system of enterprise-subdivision management under the conditions of complete khozraschet [cost-accounting system] and self-financing may be planned on the basis of the results of such programs.

One of the vital areas is the planning of two categories of construction projects: Those already under construction during the transition to the new management system, and those whose building will start after the transition. No independent economic unit can join the system of full khozraschet and self-financing with insufficiently planned projects. Managerial cadres in independent economic units must learn to resist false "public" pressures demanding an early start of inadequately planned projects. In the new situation the standards of quality, flexibility and advanced preparations of works, the planning of operations and logistics in the processes of production will be of the highest importance.

The original text "Principles" has already underscored the importance of the very delicate problem concerning the development and rationalization of organizational



structures; this fully applies to organizations of industrial construction. By the same token, insofar as they will be tested in the experiment and insofar as they will be based on the new economic mechanism, several relevant questions remain moot, among them the method of determination of constant contractual prices of industrial construction projects, or the adequacy or inadequacy of the current price level as regards the needs of the development of the sector under the conditions of self-financing, and furthermore, the determination of the amount of potential and actual savings derived from accelerated R&D and rationalization measures in the planning stage and especially during the building of industrial construction projects. In addition, this concerns the mechanism for the distribution of such savings or earnings derived from industrial construction projects put into operation ahead of schedule and divided among competent participants in the investment process, particularly investors, planners, contractors of construction works, and suppliers of technology. This problem is even more relevant because contradictions and conflicts may, and will, occur in this area. Special attention must be focused on the preparations of investment and planning of industrial construction projects.

9004/12232

**Restructuring in Retail Trade Discussed**  
*24000390d Bratislava NOVE SLOVO in Slovak*  
*No 29, 1987 p 2*

[Article by A.S.: "Restructuring in Domestic Trade"]

[Text] The federal government and the Presidium of the CPCZ Central Committee recently approved a set of measures for the implementation of decisions announced by the 17th CPCZ Congress concerning the upgrading of the quality of our domestic trade, commercial operations, and public dining services. Part of this important document includes measures aimed at an improvement of the management system. The new measures will fundamentally alter the mechanism of the management of our retail trade and public dining services. The drafting of the document on the restructuring of the mechanism of retail trade proceeded from the premise that extensive methods of management cannot lead to better satisfaction of consumers' demands and improve the operations of our domestic market in general. The imbalance in our domestic market and its unequal position in the system of national economic sectors were the reasons the market used to act mainly as distribution and could not sufficiently help to improve private consumption and, consequently, the living standard of our people. Adequate supplies of quality consumer goods in demand must therefore be the foundation on which the operations of our domestic trade may be activated. The purpose of the economic restructuring of the management of our domestic market and trade is to consolidate the socioeconomic function of trade—in other words, to turn the manufacturer-supplier market into a market that complies with the consumers'

demands. Furthermore, the approved document stipulates methods and conditions under which this objective may be achieved, with the assumption that the new mechanism itself will help stabilize our domestic market.

Good trade achievements depend on the consolidation of the central management and, by the same token, on substantially expanded economic independence and responsibility of organizations, and on the transition to full *khozraschet* and self-financing. This is the only approach that makes possible a high labor efficiency and stimulates the entrepreneurial initiative of commercial enterprises and the practices of commercial managers. The consolidation of the center's role calls for a change in the work of central authorities and for new contents of planning operations. The new mechanism will abolish the planning of the mandatory indicator of retail sales and, thus, our organizations will depend on their actual earned income or disposable profits. By the same token, this will motivate them to satisfy all consumers' demands and to raise the standard of their services and their profitability. Moreover, the substitution of the planned indicator of retail sales with profits will prevent speculations while adopting and implementing the plan.

What will greater responsibility and independence mean to our enterprises? The organizations will be able to choose their own profit-making strategy, naturally, while observing the principles of commercial policies and the conditions stipulated by the state plan. Material incentives will be focused on the highest possible earnings from sales and, thus, profit-making. In addition, the implementation of the principles of economic independence and self-financing will require a change in the current financial and management systems of our enterprises. It is envisaged that the amount and differentiation of the commercial margin will be adjusted, which will be distinctly reflected in better selections for customers' purchases. The new mechanisms will be tested in experiments conducted in selected trade organizations beginning on 1 January 1988.

9004/12232

**Agrokombinat Liptov Ceremoniously Established**  
*24000390b Bratislava PRAVDA in Slovak 29 Jun 87 p 2*

[Article by Jozef Sedlak: "A Milestone in Slovak Sheep Farming"]

[Text] Sheep—that word conjures idyllic images of hills and mountainsides, rounds of cheese, shepherds' huts, curds and whey, and also a cloud of smoke in the shepherds' eyes. Is it a vision of a long-lost world fixed in our memory, or does it still exist? Those who know sheep farms firsthand will not argue that even today many tasks that are outdated and long-forgotten in agriculture—such as the strenuous chore of milking by hand—are still being done, particularly where ewes are raised for milk production. It is understandable that the Slovak

sheep industry has developed most dynamically especially in the Seventh 5-Year Plan. The flocks of sheep increased to almost 700,000 head; wool production is up 18 percent and sheepskin production as much as 47 percent. However, the production of cheeses made from sheep's milk, from which one-third of natural cheese is made, has stagnated, although it is precisely cheese production that could considerably upgrade the economy of sheep farming. We are not the only ones who say so; the same conclusions were reached by many of the participants in the eighth annual sheep festival held last Friday and Saturday in the "29 August" JZD [unified agricultural cooperative] in Liptovska Osada.

However, the exhibits and competitions that very vividly illustrated the prospects for sheep farming must be promptly, without delay, turned into reality in all our sheep-raising enterprises. Yesterday's wish has come true: at the Ovnalia '87 festival Julius Varga, the SSR minister of agriculture and food, ceremoniously presented to Milan Paucul, the chairman of the "29 August" JZD, the decision on the organization of the Agrokombinat Liptov. This newly organized establishment will unite, transform, and, above all, advance Slovak sheep farming.

Comrade Varga said: "The existing organization of this branch could not guarantee that the goals we had set for ourselves would be fulfilled; therefore, we decided to change the organization of our sheep-farming base by establishing the Agrokombinat with headquarters in Liptovska Osada. Proceeding from the strategy of the 17th CPCZ Congress—an accelerated socioeconomic development of our society—we are now beginning to restructure and intensify our sheep industry." What purpose will the Agrokombinat Liptov serve? It will develop sheep farming according to a plan—in other words, fulfill land and gradually expand all related programs, especially biological and technical services offered to sheep farmers by sheep service enterprises. It is envisaged that it will further advance the processing of sheep's milk into special milk products, slaughter sheep, and produce meat products. The Agrokombinat will prepare a broad marketing program for sales of sheep farming needs and of finished products. It will be targeted not only at our domestic markets but also at foreign ones. Contacts with the organizations of the R&D base will enable the Agrokombinat to become an important center for consultation and training of all sheep farmers. The organization of the Agrokombinat will not displace the scientific sheep farming and production association founded 10 years ago. On the contrary, within its framework it will obtain an authoritative material and technical base, which it had been lacking in its operations thus far; it will be able to introduce scientific and technological achievements and will enable sheep farmers in the whole SSR to become acquainted with them.

In this context Comrade Varga emphasized: "We expect that this new spirit of R&D will have a reverse effect and will be reflected particularly in the new research and in

the fulfillment of tasks that our sheep industry must uncompromisingly fulfill land, which will advance it to the top position in the world."

The Agrokombinat Liptov will operate on khozraschet [cost-accounting system] principles as the first modern enterprise of the Ministry of Agriculture and Food. It is not coincidental that its "birth certificate" names the JZD in Liptovska Osada as its "birthplace." In recent years more than enough evidence confirmed that JZD's good management based on bold ventures. We may safely assume that it will continue to prosper also in its new form as Agrokombinat Liptov.

9004/12232

## GERMAN DEMOCRATIC REPUBLIC

### Plans for Modernizing Transportation Discussed

23000010 East Berlin DDR VERKEHR in German  
No 8, 1987 (signed to press 12 June 87) pp 231-234

[Article by Prof Falk-Rainer Fries and Dr Armin Godau, Hochschule fuer Verkehrswesen "Friedrich List," Dresden: "Socialist Economic Integration, Innovation and Transportation Infrastructure"]

[Text]

### 1. Transportation as a Reproduction Factor—An Overall Social Need

The economic strategy oriented toward the year 2000, as part of the comprehensive social platform adopted at the 11th party congress of the SED, is based on the following principles:

The advantages of socialism must be combined even more effectively with the achievements of the scientific-technological revolution.

The rise in output must be achieved in conjunction with reduced use of raw materials, materials, energy resources, depreciation and productive performance.

Intensively expanded reproduction must be achieved in more comprehensive and reproducible ways.

Utilization of scientific-technological advances and the further development and intensification of socialist-economic integration are a prerequisite for necessary dynamic economic growth, the much-needed refinement of production and the more effective structural development of the economy as a whole.

The scientific-technological revolution which is part of scientific-technological progress as such and a contributing factor to the revolution of the system of productive forces has entered a new stage.

The resulting profound impact can only be of benefit to the working population if it is accompanied by qualitative change in all other areas of socialist society. This calls for a qualitatively new dialectic interrelationship between the forces and the conditions of production. This finds expression in a multitude of qualitatively new social relationships. To turn these relationships into dynamic forces promoting economic growth thus becomes a crucial problem in the establishment of a developed socialist society. The intensive type of growth commensurate with it can only be realized, if we succeed in continually developing new qualitative growth factors. This is the reason that SED economic strategy aims at achieving greater efficiency through new products, technologies and organizational patterns—in a word, through innovation. Under the circumstances, innovation becomes one important manifestation of scientific-technological progress. Knowing how to bring about innovation becomes the key to greater efficiency, productivity, flexibility and social achievement. Innovation lends expression to new types of social relationships, e.g. in the dialectics and the uniformity of economic, technical, technological and social processes, in the utilization of social processes as motive forces promoting economic growth and in new combinations of science and production. Innovations are processes which not only operate by themselves but which have an impact on other processes, permeating them and thereby creating new social relationships. This becomes apparent in the proportionality of the different sectors, branches, stages and cycles of social reproduction and its dynamics. This also includes the proportional relationship between production and transportation or, better still, its dynamics under the conditions of scientific-technological progress and the development of socialist economic integration. Innovative processes result in a major transformation of the national transportation system. This, in turn, leads to a gradual, tangible change in transportation needs to handle foreign trade, particularly with the CEMA member nations. Innovations e.g. to help raise the production of electrooptical components such as sensors, actors, color video display tubes, microprocessor circuits, high vacuum technology components and new construction materials contribute to changes in the structure of the transportation system just as much as innovative processes to help increase production of laser equipment, minicomputers and data processing equipment as well as video graphics technology and digital equipment. The immediate impact on the GDR transportation system as it serves the CEMA member states takes place, among other things, via the integration of these products into flexible automated production systems in the machine building and equipment industry. This, in turn, leads to altered dimensions in this important group of goods in reciprocal trade both in terms of value and utility.

In making innovations to ensure the wide-ranging utilization in automation, it will be necessary to apply a combination of microelectronics and robot technology as well as computer and information technology. This

will place new demands on the reliability of the transportation system. In coal and energy production, in the chemical industry, in the mining of ores, in metallurgy and potash production, in the construction industry as well as in agriculture, lumber and the production of foodstuffs the complex innovation processes will be directed primarily toward the improvement of the products themselves and this, in turn, will eventually lead to a general stabilization of transport volumes.

As one of the sectors of material production, the transportation industry is a fully integrated component of the intensively expanded reproduction strategy of the GDR. As such, it is required to make an independent and absolutely essential reproductive contribution to the implementation of SED economic strategy. This contribution which is to cut costs and simultaneously increase use-value is directed toward influencing transportation needs in the direction of their socially necessary volume (i.e. the individual productive unit is to be produced at progressively lower cost) and toward efficiently providing the socially required transportation volume (i.e. the unit of transportation output must be produced at progressively lower cost and higher use-value).

These two programs are designed to achieve drastic cuts in economic transport costs in terms of one unit of GNP (by 3 to 3 1/2 percent by the year 1995).

With the introduction of government plan indicators for transportation usage (transport indicators) in 1981 and of transportation norms in 1983 two new and important elements of perfecting transport planning and influencing economic transportation costs were established.

This statement needs to be qualified with regard to passenger travel costs and in particular as far as passenger travel needs are concerned. The high-quality satisfaction of passenger travel needs is a part of the GDR's social policy program. In principle, the efficient fulfillment of passenger travel needs is analogous to the fulfillment of the requirements of goods traffic—the more so since major segments of the transportation infrastructure (particularly the routes themselves) are used by both. Due to space limitations we will concentrate on the goods traffic aspect. Analogous to the production process, the transportation industry must achieve its reproductive function by means of a national innovation strategy (in addition to other measures) which makes use of a welter of transportation-specific key technologies.

This innovation strategy should respond to the needs of the continued development and intensification of socialist-economic integration. It should incorporate both aspects of the reduction of economic transportation costs and be closely tied to the innovative strategies being applied in other areas of society.

Innovation strategy in transportation is to be developed along two main lines. It should provide and/or initiate new impulses to innovations which reduce transport needs in production and transportation. This might be called inductive strategy. And, it should adapt itself to the innovations in production with an aim to maintaining and increasing their efficiency. This might be called adaptive strategy.

Because of its strongly traditional nature the adaptive strategy takes preference over the inductive strategy in everyday practice.

The remainder of this article will focus on the problems of enhancing the reproduction function of the transportation system with regard to selected processes of further development and intensification of socialist economic integration of the CEMA member nations.

## **2. General Characteristics of the Scope and Structure of Transportation Needs**

The scope and structure of the transportation needs among the CEMA states designates the starting point for the concrete improvement of the transportation system on the basis of integrated innovation strategies. It alone represents the claims of society against this aspect of the transportation system.

Although forecasts already exist for the year 2000 and even beyond and although such a time frame is perfectly appropriate for the preparation of and reaction to innovative processes, it seems more useful to go by the coordinated figures for 1990.

The relevant transportation needs are based on the coordinated transport development plans of the CEMA member states for the period from 1986 to 1990. During that time, period goods traffic volume in the CEMA member states will rise by an average of nine percent as compared to 1985. The rise in the GDR will be below that average.

As compared to the 1985 volume, the CEMA member states do not expect goods traffic in raw materials and energy to rise. Nevertheless, these goods will continue to account for more than one-third of total volume. The GDR will have to maintain the volume of these goods at current levels. The relatively slight growth in total volume will be accompanied by noticeable structural changes occasioned by the relative stabilization of fuel and raw material deliveries from the USSR and an overall drop in the shipment of mineral and chemical fertilizers as well as lumber and a rise in highly refined products. The principal increases will be in machines and equipment as well as in chemical, perishable and other products. Because of the sizable shipments of fuels and raw materials from the Soviet Union, the volume of import shipments to the CEMA member states will continue to exceed the volume of export traffic—although there will be a slight improvement as against

1980. The strongest impact (a ratio of 1:4.2) caused by the economics and technology of this transportation problem will be felt by the GDR, the CSSR and Bulgaria.

In Section 1 above, the transition process to cost-saving intensified reproduction and its consequences for the improvement of a national transportation system was discussed from the point of view of the GDR. We will now turn to the question of how this applies to the CEMA membership area as a whole. The structural changes in transportation are making new and greater demands on transportation itself and on its organizational aspects. These are primarily qualitative demands concerning greater speed and continuity as well as greater security of the goods shipments. Although it may be assumed that the railroads will still be playing a dominant role in meeting transportation needs by 1990, structural changes in the railroad system will cause the different countries to look for more cost-effective means of transportation. In the case of the GDR, this will result in even greater reliance on conventional transport by sea, by ferry and by oceangoing inland vessels. The plan is to lower the percentage of export goods transported by rail from 89 percent in 1985 to some 67 percent in 1990. In 1990, imports transported by ferry will amount to about 21 percent. Conventional transport by sea will rise in the area of imports above all. This also applies to the GDR's coal and metal shipments from the USSR on oceangoing inland vessels. Not counting pipelines, the GDR plans to handle almost 70 percent of the goods traffic with the Soviet Union, its largest export partner, by sea as of 1990, using conventional means and railway ferries.

First indications are that transit trade through the territories of the CEMA nations will increase faster on average (i.e. by about one-fifth) than reciprocal export and import traffic between 1986 and 1990. Traffic between the CEMA member states and third countries is expected to decline slightly but will retain its dominant position, accounting for about one-half of total traffic. It is estimated, however, that the abovementioned changeover trend from rail to sea transport will lead to an average reduction in traffic volume below the 1981-1985 levels.

Expansion and intensification of mutual cooperation among the CEMA member states, the rise in the standard living and the cultural life of the people, the intensification of sociopolitical, scientific, cultural, athletic and other contacts as well as the concomitant rise in tourism will lead to more passenger travel by 1990 although not at as fast a pace as in previous planning periods. The largest increase is expected to take place in travel between the CEMA member states and the USSR. As far as the GDR is concerned, passenger cars account for most of the personal travel to the CSSR and Romania.

A general increase in passenger travel is expected both by the railroads and the airlines.

### 3. Priorities in the Implementation of Scientific-Technological Progress and Cooperation in Transportation

Given the fact that most of the traffic among the CEMA member countries as well as transit trade will be handled by conventional carriers not just until 1990 but even beyond that time, innovations drawing on scientific-technological advances will no doubt concentrate on carrier technology. But this also means that R&D on alternative components (such as engines) of the conventional carriers will be implemented in tandem with these innovations.

The following priorities must govern the development and introduction of new transportation technology: increased specialization of the means of transportation; greater payloads and better engine performance; greater speed; savings on fuel and energy costs; lower transportation costs and less environmental pollution.

Priorities for the long-term development of transportation technology include the following: completion of the transport coordination program; systematic containerization of goods suited to this mode of transportation; package and palette transportation; collection (enlargement) of transportation units; transportation speedup and greater safety; automation of technological processes and control of goods traffic; centralized transportation controls.

Particularly in the case of combined and heterogeneous loads automated recording and processing systems of commercial and industrial information can help significantly to speed up deliveries—not only in terms of actual travel time but also in terms of cutting down on waiting periods. Large-scale introduction of CAM terminals to help automate the majority of relevant processes will help deal with a great variety of transportation modes among the various CEMA member countries as well as between them and third countries and in transit traffic.

Bilateral and multilateral cooperation in science and technology directed at accomplishing the specific tasks assigned to the transportation system is reflected in the pertinent agreements.

Agreements of this kind between the CEMA member countries (of which the GDR is a signatory) concern testing methods for experimental railroad trains; the application of computer technology and mathematics; cooperation and specialization in railroad safety and communications technology; the fundamentals of container transport and the requirements of and standards for international highways. The problem of high-quality railroad tracks and track beds are the responsibility of a special science and technology advisory commission. The approval of the CEMA Comprehensive Program concerned with scientific and technological progress up to the year 2000 which contains specific references to transportation urgently calls for the signing of economic

agreements. In the transition to project-oriented economic agreements, the qualitative trend toward achievement-oriented work in science and technology becomes apparent. As far as the GDR is concerned, the priority is to conclude economic agreements with the USSR. The economic agreements to be signed as part of the comprehensive CAD/CAM agreement include an agreement on the development and introduction of automated control systems for national and international passenger and goods traffic by rail and the development of user software for computer-assisted projects to ensure railroad safety (including minicomputer switching stations).

### 4. Basic Guidelines and Measures for the Improvement of the Transportation System

The classification of transportation according to reproduction theory under the conditions of comprehensive intensification (cf. No. 1 above); the concrete development of the spatial and objective structure of goods and passenger traffic needs as a function of the gradual transition of the CEMA member states to cost-saving intensively expanded reproduction (cf. No.2 above) as well as the multilaterally coordinated priorities of scientific-technological progress and cooperation in transportation (cf. No.3 above) form the basis for the elaboration of project-oriented measures aimed at improving the transportation system.

The following international documents set forth (even prior to 1985) the long-term binding international character of the coordinated measures taken by the CEMA member states for the purpose of improving the transportation system:

The comprehensive program for further intensification and improvement of cooperation and development of socialist economic integration of the CEMA member states (Section 11, 1971; 25th CEMA Conference).

Guidelines and Goals of Cooperation in the area of transportation for 1976-1980 and the subsequent period in 1975 (30th CEMA Conference).

The long-range cooperative target program for the expansion of transport links and the 1979 agreements pertaining thereto (23th CEMA Conference).

The 1984 resolution adopted by the CEMA member states at the highest level (Item 18).

The 41st CEMA Council meeting in 1985 approved the comprehensive program for scientific-technological progress up to the year 2000. In addition to the previously mentioned call for the conclusion of economic agreements, the council also approved some major programs aimed at improving transportation by the year 2000. In the GDR, central decrees have been issued to ensure national implementation of these programs.

The basic guidelines for the improvement of the transportation sector under the conditions of scientific-technological progress and the intensification of socialist economic integration are as follows:

Continuation of the mutually coordinated expansion program to ensure through traffic and mobility on international rail lines—in the first instance by means of electrification of rail lines and sections; of automatic blocks and central train dispatching; the construction of second tracks and two-track sections and the modernization of overhead lines.

Increasing the capacity of selected frontier and seaport rail terminals through expansion of their track system as well as the mechanization and automation of terminal operations.

Increasing the capacity of various ocean and inland ports through expansion of their transshipment facilities and the construction of special docks and transshipment complexes.

Enhancing the through traffic capability of various sections of international highway through construction and modernization and upgrading of roads to higher categories.

Construction and modernization of various international airports.

Opening of large-volume container transshipment facilities for international carriers.

In implementing these six basic programs which pragmatically call for concentrating the available financial and material resources of the individual CEMA member states on the satisfaction of goods and passenger traffic needs in a more efficient manner, the partners are guided by the positive experiences of their coordinated efforts during previous planning cycles. The transportation system of the GDR, for example, concentrated its innovative efforts to fulfill its obligations under the long-range target program in the following manner:

It completed electrification of the north-south rail link from Rostock to Bad Schandau via Berlin in 1986. Agreement was reached with the CSSR to electrify the Bad Schandau-Decin segment by 1990 and jointly to use twin current system locomotives on this line.

By 1990, it will electrify the Berlin-Frankfurt/Oder segment and link up with the electrified network of the Polish railroads.

To facilitate through traffic on international coordinated rail lines, the GDR will electrify some 350 kilometers of track and modernize some 650 kilometers of overhead lines by 1990.

To facilitate through traffic on the international highway from Berlin to Moscow via Warsaw, the GDR will rebuild the bridge across the Oder River.

To facilitate through traffic on the international highway from Rostock to Prague via Berlin, that road will be repaired and upgraded.

Work will continue on the Autobahn segment from Dresden to the CSSR border.

The GDR will rationalize the shipment of foreign trade goods. One goal will be to increase large container shipments substantially and another to improve packaging methods, e.g. of cut lumber from the USSR.

These more adaptive innovations (which are being instituted after the fact in some instances so as to adapt payloads to the new production conditions or have been integrated into the economic plans) are accompanied by primarily inductive innovations of the transportation system, e.g. the Mukran-Klaipeda rail ferry which began operating in 1986. As soon as this integration project has stabilized from a technological point of view, the new transport link will have a major impact on production and transportation.

The comprehensive expansion and maintenance of the transportation systems of the CEMA member states will continue to be an international priority item in the planning cycles of the future. At present, the responsible committees of the Council are working out the legal framework for cooperation between 1991 and 2000. The GDR will continue to play an active part in defining the details of cooperation and fulfilling its own obligations. This applies above all to its concentration on programs which contribute to utility-enhancing implementation of socially required goods and passenger traffic needs. It also applies to its position on the establishment of enterprises operated jointly by the CEMA member countries and direct contact between such enterprises insofar as this may be of economic advantage to both sides. The GDR believes that scientific-technological progress and the concrete projects aimed at improving the transportation system by the year 2005 should interpenetrate, i.e. that they should constitute an integrated whole.

9478

#### **East Berlin Harbor Continues Expansion**

*23000007 East Berlin SEEWIRTSCHAFT in German No 8, Aug 87 pp 391-392*

[Article by economics engineer Klaus Skodowski, managing director of the VEB Inland Harbor Berlin: "VEB Inland Harbor Berlin"]

[Text] The Berlin inland harbor is situated on the right bank of the Spree River in the Friedrichshain city sector. Along the Stralauer Allee, the southeast radial of Berlin,

it stretches from Warschauer Street to the Elsen bridge of Treptow. This central location predestines it to ensure supplying the many and various demands of the city.

Plans to build an inland transshipment harbor in Berlin go back far into the last century. Berlin's development into a metropolis also made it into one of the most important junctions of world traffic. Its central location and good linkup with the most important and efficient waterways in Europe practically demanded the construction of a centrally situated harbor. As early as 1893, architect Schwabe presented a project for the building of a harbor. Overly high financial demands and other drawbacks made the project fail. In 1897, the task of developing a new project for the harbor installation at Stralauer Anger was given to municipal building officer Krause. In February 1899, he presented this project in a first design and, after various improvements in design details, it was executed.

Numerous negotiations with all parties concerned from the city of Berlin and the community of Stralau (Boxhagen), of differing viewpoints, time and again led to delays. Only in May 1905 and May 1907, respectively, the first and second proposals could be submitted to the Berlin city council for consideration, which then confirmed them. The road to construction of the harbor was finally clear. In September 1907, construction was begun. After a construction period of 6 years, the east harbor was inaugurated on 28 September 1913 and fully turned over to traffic on 1 October 1913.

The harbor contains two storehouses, a grain storage facility, a cold-storage depot, a warehouse, and two open-air storage areas. The two storehouses for goods are identical. In order to store the goods arriving by train or waterway on the individual building floors, two semi-portal cranes are positioned in front of each storehouse, designed in such a way that they can deliver to all floors. For the ground floor, the goods are unloaded on the loading ramp; for the basement, they are lowered into hatches from the loading ramp, and for the upper floor, they are unloaded from the crane platform. The actual storing is performed with forklifts. When covered freight cars of the German Reich Railroad are used, unloading is usually done with forklifts. In addition, for further distribution of the goods, both storehouses also have two elevators accessible from all sides and reaching all three floors.

For the goods transfer from ships and freight trains to the open-air storage areas and vice versa, there are three turning derrick cranes, a luffing crane, and a conveyor bridge available. All these lifting machines are mobile and can be used in various places. At the center of the harbor is situated a full gantry block crane, going back to the time of the harbor construction. It was built in 1913, cannot be moved, and even today handles a respectable load of 25 tons. Both open-air storage areas are used for dumped and hook goods. Because of its age and structural condition, the inland harbor has been undergoing reconstruction since 1981. It began at open-air storage area No 1, which was used primarily to supply the Berlin construction business. At a length of 217 meters and a width of 17 meters, the Spree River was literally drained of water. In this area, where the Spree River was flowing until 1984, two cranes and three sand silos with 11 funnels are today working on a quay installation. There is a total of 25,000 tons of storage capacity available. The funnel installations have a volume capacity of 2,200 tons and serve to load trucks. The average loading time for a dump truck with trailer is 3 minutes. The major advantage of the silos is the separation of the unloading of ships and German Reich Railroad trains, respectively, from the loading of motor transport vehicles. Independent of whether or not dump trucks are available for loading, the transport capacity of the ships or freight trains is being unloaded and not sent into the funnel installations.

In addition to dump goods—among them gravel, sand, stone chips, slag, clinker, apatite, and ores—hook goods such as iron, home construction elements, concrete pre-fabricated parts, girders, tracks, and sheet metals are loaded and unloaded in the open-air storage areas. The storehouses serve primarily for the storage of moisture-sensitive goods intended for supplying Berlin and—depending on orders of the cooperation partners—delivered by motor vehicle transport. This concerns, among other things, goods for daily needs, foodstuffs, and paper products specifically for Berlin printing shops.

In the course of transport changes, the delivery by ship of fruit, juices, and canned goods from the Potsdam area has increased considerably. Contrary to other modes of transportation, this transport and transfer does not cause damage to the goods to be transported. High-quality products, television picture tubes, or machines, for example, demand great capability and skill of the dock workers.

Changes in the Structure of Types of Goods

	1950	1960	1970	1980	1986
Dump goods (in 10 cubic tons)					
Crude brown coal	400	150	—	—	—
Brown coal briquets	400	200	5	5	5
Gravel	300	600	1000	1500	2100
Other dump goods (stone chips, clinker, etc.)	30	50	130	180	245
Board-to-board transfers (by lighter and reloading)	5	15	30	70	50
Unit loads (in 10 cubic tons)					
Manual unloading	80	60	10	5	10
Palletized loading and unloading	—	10	80	120	103

Changes in the Structure of Types of Goods

	1950	1960	1970	1980	1986
Foodstuffs	12	12	12	12	12
Paper in rolls	3	5	30	80	60
Other unit loads in car load transport (iron, construction parts, concrete parts, machines)	60	120	170	200	300

At present, the harbor is in a further reconstruction phase. Still, this year, open-air storage area No 2 (near the Elsen bridge) will be completed and open for use with its new crane installations, coal bunkers, outdoor storage spaces, and transport installations. More cranes are being added, and performance capacity, particularly for inland shipping, is being increased. In 1986, the transfer capacity was 2,870,000 tons. It is planned to expand the inland harbor and to create modern transfer installations in order to be able to fully satisfy the needs of the capital. Its transfer capacity is to reach 4 million tons. On 1 October 1988, the Berlin inland harbor can celebrate its 75th anniversary.

9917

**Minister Describes Environmental Policy**

23000008 East Berlin BAUERN-ECHO in German  
14 Sep 87 p 5

[Article by Minister Dr Hans Reichelt: "The GDR Contributes Much to Environmental Protection"]

[Text] As reported in our BAUERN-ECHO correspondent's report in the 9 September issue, the deputy chairman of the Council of Ministers of the GDR and minister for environmental protection and water management Dr Hans Reichelt, [also] deputy chairman of our Party, made a statement at a press conference in Bonn because of a topical event. In the following, we are publishing it verbatim:

"Ladies and Gentlemen! Just now, the 'agreement between the Government of the GDR and the Government of the FRG on the further development of relations in the area of environmental protection' was signed. This document provides for the exchange of information and experience in important areas of environmental policy, such as technologies and measures for the reduction and measurement of air pollutants; causes of damage to forests and measures for its reduction, avoidance, use, and harmless removal of waste products; experiences and measures in the area of nature protection; and technologies, experiences, and measures for the efficient use and protection of water resources.

"Simultaneously, today the representatives of both sides initialled the work plan; it contains the subjects of cooperation, the participating institutions, and the dates of the experts' meetings for the next 3 years, including the work programs.

"The Government of the GDR considers the conclusion of the agreement an important step in the normalization of relations between the two German states and the further shaping of the treaty on the bases of relations between the GDR and the FRG.

"This agreement is given particular importance with its signing in the presence of the general secretary of the SED Central Committee and chairman of the GDR Council of Ministers, Mr Erich Honecker, and the federal chancellor of the FRG, Mr Helmut Kohl. We consider its implementation a significant contribution to the political dialogue, and to securing peace and detente.

"The agreement aims at helping to find better solutions for fundamental tasks of environmental policy in both German states. This cooperation in science and technology to develop and apply new technologies low in, or free of, waste products, closed material cycles, higher processing of raw materials, and utilization of industrial waste products corresponds to the worldwide concern for the careful treatment of nature and its resources and thus, also, for better environmental protection.

"The GDR does not consider scientific-technical cooperation in the field of environmental policy a one-way street. Our country carries out extensive research in the use of high technologies for a more effective and accelerated purification of waste water in industrial enterprises, cities, and villages.

"We possess acknowledged results and modern findings on the causes and effects of forest damage, which form the scientific basis for guidelines of forest management. Research in scientific forest installations, begun in the last century, have been continually improved upon in the last decades.

"The Meteorological Service of the GDR, as coordination center for ozone research in Europe, is carrying out internationally recognized research work on the development, expansion, and effects of ozone. It possesses the longest measurement tabulations on ozone damage.

"Much has been done in science and technology in recent years to create the technologies necessary for the desulfurization of flue gases in the burning of brown coal. At present, 25 test and pilot installations are being operated, constructed, or prepared, using different processes, such as several dry-additive processes, fluidized solids combustion, and washing processes. Naturally, we also pursue the development and introduction of modern processes for flue gas desulfurization in other countries, and use them.



"The results of scientific-technical and technical organizational work for lowering emissions of nitric oxides are manifold. In the transport sector alone, during the last 5 years the amount of such air pollutants was lowered by 15 percent. This makes the GDR one of the few developed industrial countries in Europe that have lowered the emission of nitric oxides.

"Great efforts in science and technology are being made in our state for the efficient use and protection of natural resources. Within the area of the Academy of Sciences of the GDR alone, about 1,000 scientists work in this field. In addition, there is extensive research and development in all industrial sectors, in land and water management.

"All of this has the effect that today, a great number of processes and technologies aim to a large extent at production without waste or low waste, or in closed material cycles. While in 1975 only 20 percent of industrial waste products were utilized, last year it was already 42 percent. By 1990, it will be at least 50 percent. These waste products, and the secondary raw materials gained from households, at present constitute over 12 percent of the raw material resources of our economy.

"All of this demonstrates that the GDR contributes much to the international scientific-technical and technological cooperation in environmental protection.

"The implementation of environmental policy is actively supported by the citizens of our country through numerous initiatives. The GDR starts from the premise that the shaping and protection of the natural environment are the concern and business of every citizen, since everyone influences the environment with his attitude at the work place and his living and recreation area. For this reason, all parties, state authorities, and social organizations, and numerous scientific societies, pay great attention to the development of environmental awareness and to the formation of new behavioral attitudes in dealing with nature and its resources. This is reflected in the growing activities of citizens from all walks of life—in particular, also among youth—for the shaping and protection of the natural environment. With the signing of the agreement, relations between the two German states, which developed positively in recent years, will reach a higher level and far greater breadth—in treating waste water, protecting against floods, maintaining border bodies of water, as well as in keeping the air clean and protecting forests and bodies of water.

"I am pleased to use this occasion to express my warm thanks to Minister Prof Toepfer, the ladies and gentlemen of his ministry, and other ministries involved for their constructive and pertinent work in the materialization of the agreement.

"We are certain that implementation of this agreement will be of service to the people in both German states. The GDR will do its part in order to imbue the agreement with life both in spirit and letter." 9917

## Scientific Council for Economic Research Holds April Session

### Results of Session Summarized

23000370 East Berlin

WIRTSCHAFTSWISSENSCHAFT

in German Vol 35 No 3, Aug 87 pp 1121-34

[Report by Prof Herbert Kusicka, Dr of Economics, born 1933, director of the Research Institute of the Ministry of Science and Technology, chairman of the [Department] for Economic Issues Concerning Scientific-Technical Progress. Original title: Session of the Scientific Council for Economic Research: Theoretical and Practical Requirements to Combine Scientific and Technological Advance with Effective Marketing Policies; first three paragraphs are English language summary.]

[Text] Session of the Scientific Council for Economic Research: Theoretical and Practical Requirements To Combine Scientific and Technological Advance With Effective Marketing Policies.

In April 1987, the Scientific Council for Economic Research of the GDR Academy of Sciences held a joint session with its main research body to study economic issues related to scientific and technological progress in Berlin to exchange views and experience on methods to intensify the interdependent processes of scientific and technological progress, production and the satisfaction of consumer demands by increasing the effectiveness of distribution relations as the first stage of the economic cycle of an industrial combine and pivotal point between the stages of production and consumption. This should produce conclusions for economic research and practice.

This issue carries the key speech of the session and an extensive review of contributions. WIRTSCHAFTSWISSENSCHAFT, Berlin, 35 (1987) 8.

In the discussion with the first secretaries of the SED district committees, Erich Honecker summarized the high demands on the combines and enterprises to raise their performance capacity to a qualitatively higher level in close cooperation with the GDR Academy of Sciences and the universities and technical institutes as the following task: "There must be a maximum development of the capability of applying scientific-technical innovations in high-quality products without delay, of producing them at low cost and of offering them in accordance with demand. That determines success." (1)

This also aptly characterizes the basic idea of this council meeting. The relationships between scientific-technical performance and effective marketing doubtless reflect fundamental processes of the economy and of continued strong and dynamic economic growth as elaborated in the economic strategy of the SED.

The economic strategy of the SED with its core of economic and social policy aimed at the well-being of the people is based to a considerable degree on the comprehensive utilization of science and technology and the more effective linking of the advantages of socialism with the achievements of the scientific-technical revolution. It proceeds from the optimum utilization of the latest scientific-technical results, especially the accelerated development and national economic application of key technologies. This puts the highest demands on one's own work and requires outstanding scientific-technical work and its rapid realization. In so doing, proceeding from the high educational potential of the work force, those sources are to be developed that make intensification comprehensive in the long term and reproducible without limitation, that is, make it possible on a permanent basis.

The development of the qualitative factors presupposes that one proceeds from the new demands on the control of the cycle of intensively expanded reproduction characterized by the revolutionary changes in productive forces. The well-functioning socialist planned economy thereby continually proves itself. In it the central state management and planning is and remains the transcendent factor as the fundamental and indispensable advantage of socialism. It expresses overall social interests and ensures their fulfillment. At the same time, central state management and planning take into account the objective fact that goods, value and money exist in socialism. If it is to be successful, the economic cycle also takes place under socialistic conditions in accordance with the well-known Marxist formula that ends with  $W^6 - G^6$ . In the process, a decisive role is played by the interrelationship between utility value and value and by the factors that have a substantial impact on this relationship, particularly the scientific-technical level of production, quality, costs and time. Also taken into account in this connection is the Marxist reference that "utilization as such does not exist without exchange. Without exchange, it would merely be a matter of the measurement etc. of the produced utility value, generally only of the utility value." (2) And elsewhere Marx notes: "The exchange...realizes the potentially existing values; realizes the prices, if you like." (3)

Under socialistic production relations, the combines and enterprises produce according to plan through the exchange of work activities and products for the society. Every product must first be in demand as a utility value before it can be realized as a value; it cannot serve as a utility value until it has been realized as a value. Consequently, the increase in final national economic production, especially the surplus product, is unthinkable without the production of demanded utility values at favorable costs—and without effective marketing relations. It is always a matter of the cycle process and its acceleration as a whole, from research to marketing.

The combines, the backbone of the socialist planned economy, realize substantial economic relations with their own enterprises, other enterprises in the national

economy and foreign trade partners on the basis of the plan through commodity-value categories. Through these categories and their systematic formation in the system of management, planning and economic accounting, they become increasingly interested in effective management and in the economic control of the cycle processes of the intensively expanded reproduction. It is thereby apparent that the nationally owned combines as the main force in mastering the scientific-technical revolution in the GDR are doing a better and better job of coping with their national economic responsibility by performing scientific-technical work at a high level.

Because of the vigorous development of productive forces in our time, the relations between scientific-technical achievements and effective marketing have become closer, more direct and more compelling. Through the application of key technologies, especially in the case of complex automation solutions, the marketing relations are taking on qualitatively new characteristics and one can assume that in the future these processes these processes will take place even more intensively. Three aspects are becoming more and more obvious:

1. The availability of scientific-technical results of research and development with a high degree of newness and the capability of using them quickly and cost-effectively as products in accordance with the demand and markets in the appropriate quantity or production volumes are becoming a decisive question.
2. The economic success of combines and enterprises will in the future be determined more and more by performance that corresponds to a price level meeting international standards. That is valid domestically and especially for exports.
3. At the same time, it is of fundamental importance how dynamic and effective the renewal process is and the extent to which it is supported by outstanding scientific-technical achievements in products and technologies. "A higher quality of products, a better processing, declining costs and increasing labor productivity are to be achieved through a decisively improved effectiveness of science and technology. This ultimately determines the size of the final product distributable in the national economy, the sales of products with good proceeds and consequently the increase in national income." (4)

At the 1987 spring fair in Leipzig, the following perceptions and experiences were again pointed out with respect to the close connection between scientific-technical achievements and effective marketing relations.

In the first place: Today and in the future, effective marketing relations will be determined primarily by a high scientific-technical level of the products. They must increasingly be offered in expandable assortments and different variants and produced with technologies that

make possible the highest productivity at low costs. Economically convincing scientific-technical achievements at the international level are the first precondition for good proceeds.

In the second place: Today these requirements in connection with scientific-technical achievements and effective marketing relations are being met through the thorough utilization of the economic strategy for the accelerated development and application of key technologies. There are fundamental changes in the classical machine tools and processing machines, communication engineering, component and control technology, above all in the metalworking industry. Microelectronics, industrial robots and computing and information processing technology are increasingly integrated both in the preparation of output and its production with the manufacturer as well as in the products or plants themselves. They have a substantial impact on a high utility value and a favorable cost level.

In the third place: Effective marketing relations presuppose a production that meets the quality demands of the population, the own national economy and the world market. Proceeding from demanding scientific-technical performance parameters of products, this requires an elaborate technical and technological production level, care and excellence of manufacturing, general securing of quality and delivery in the entire production chain without complaints, including marketing through the final producer.

In the fourth place: Today effective marketing relations are determined increasingly by a great reaction capability in research, development and production. The length of time in which scientific-technical achievements are produced and applied as well as the point in time when new developments are offered do much to determine the possibilities of reacting quickly to the requirements of markets and to the innovative needs of users domestically and abroad. Particular weight thereby attaches to the capability of reacting flexibly to specific requirements of customers and of offering appropriate solutions at short notice.

In the fifth place: For effective marketing relations, more and more decisive are those scientific-technical achievements that offer convincing economic advantages for the user. Today economic advantages for the user or the customer that also secure good proceeds for the manufacturer spring chiefly from scientific-technical solutions with a high degree of newness. Consequently, the most important condition for a high economic yield is the capability of offering something special or of going beyond what is known internationally in crucial areas and realizing such innovations through the application of modern technologies at low costs and with high quality.

In the sixth place, overall the efficiency and the economic yield are substantially determined by how successful one is in achieving appropriate quantities, production volumes or an adequate range of applications of technologies as quickly as possible through outstanding scientific-technical work.

In the seventh place, decisive weight for effective marketing relations is also attained by all those factors that not only give the customer the assurance of acquiring a high-quality product at a favorable cost but also guarantee performance up to international standards with respect to the time of the offer and delivery, the conditions of payment and customer service, including warranties and the provision of replacement parts.

Taken together, all of this leads to a highly dynamic and effective production renewal as the decisive basic process in comprehensive intensification. Today advantageous marketing relations are mainly determined by the pace and the economic results of the renewal processes, especially on the basis of key technologies. The resource-saving type of intensively expanded reproduction is advanced primarily through renewal.

From the point of view of the connection between scientific-technical achievements and effective marketing relations, new questions arise for economic research, some of which should be emphasized:

1. What changes are becoming apparent with the increasing use of key technologies in the development of needs and demand, what consequences are to be taken into account in the relationship between production and consumption, and what conclusions are drawn from this for the formation of effective marketing relations?
2. What requirements result from the vigorous development of productive forces for the renewal strategy in the combines and how are the renewal processes to be improved qualitatively and made even more effective economically?
3. How are outstanding achievements of research and development to be further improved and used more effectively to ensure the broader application and more efficient utilization of key technologies? How do sales correspond to the demand and sales-oriented management of the entire scientific-technical work in the combine as well as to the close connection between research and development?
4. What requirements spring from the qualitatively new tendencies that are arising in particular in the flexibly automated manufacturing or machine systems in the customer and supplier relations and that are increasingly making the marketing relations a systematic and long-term cooperation between manufacturers and users?

5. What consequences result for the further increase in the level of the marketing work in its totality to attain top proceeds with outstanding scientific-technical achievements?

The following will delve deeper into the renewal process and some resulting questions with respect to the effectiveness of science and technology. There is no doubt that precisely the pace and efficiency of the renewal processes in the combines reflect the level and degree of newness of scientific-technical achievements as well as the capability of utilizing them in the cycle of reproduction in the most economic manner possible. The connection between scientific-technical achievements and effective marketing relations is clearly expressed in the results of the renewal process.

In past years, it was possible to introduce a far-reaching renewal process in the national economy of the GDR, especially in industry. The decisions of the SED Politburo and of the GDR Council of Ministers in May and June 1984 were of particular importance for this. In accordance with the international tendencies toward an accelerated commodity turnover, they turned the combines emphatically toward a faster pace in the renewal of production and products as a basic process of comprehensive intensification. The determination of new production and the differentiated assignment of the renewal rates to be achieved by the combines in the long term at least thereby turned out to be steps that had become necessary to accelerate this process. Average renewal rates of 30 percent can be achieved in the national economy and 30 to 40 percent for consumer goods.

If one analyzes the renewal process, of particular interest are all questions that have to do with

- the pace of renewal,
- the efficiency of renewal,
- the newness content of products and technologies,
- the production volume or range of applications of outstanding scientific-technical achievements.

The degree of renewal shows the pace and dynamics with which the renewal processes are taking place in the combines or in the national economy. It expresses what percentage of the volume of industrial commodity production in terms of value is no more than 2 years old. That is, the new production is based on the products newly developed or produced with new technologies that were introduced in the plan year and the previous year. That should be emphasized once again, because the degree of renewal is sometimes equated with an annual renewal of products, which at 30 percent would mean that on the average in the national economy the products would be renewed about every 3 years.

In many combines and enterprises, it certainly will be necessary to turn the product assortment over in 3 years and in part to do so in considerably less time to guarantee effective sales. We are by no means speaking of fashionable products, for example, that in many collections of the clothing industry are changed in substantially shorter time periods.

There is no doubt that an average rate of renewal of 30 percent in the national economy is absolutely necessary even to approach the rate of the international product turnover. Remarkable progress has already been achieved in the pace of renewal. The focus thereby is doubtless what effects are achieved with the renewal. It is precisely for this reason that great importance is attached to the analysis of the efficiency of renewal in combination with the rate of renewal.

A crucial question in the overall renewal in which these relations are reflected over the long term is doubtless how substantial cost reductions can be achieved with better utility values through the use of up-to-date technologies so as to realize a larger surplus product in sales, especially in foreign economic relations. The reduction of costs does much to determine the economic yield and thus the success of economic activity.

The present analyses show that in 1986 most of the combines of the centrally managed industry whose production is to be renewed systematically achieved a reduction of prime costs per unit of new production relative to overall production. For some combines, in contrast, the costs of new production rose.

Greater expenditures and higher costs are not—at least in exports—synonymous with greater value. In the interrelationship between utility value and value, greater expenditures can be realized as value only when—as Marx said—comparable utility values contain identical quanta of socially necessary work. Accordingly, the “quality of the added work” must be much greater than the associated additional costs expended to realize them fully as value.

Many of the new products are increasingly meeting the international level of utility value. In this way, they achieve not only higher receipts of foreign exchange but in part find themselves in top positions internationally here. On the other hand, they are sometimes still produced at excessively high costs.

It is quite apparent: the renewal process and improvements in utility value achieved with it must be linked with declining costs per unit of utility value. Only in this way is there a true increase in value that can also be realized in the marketing relations. The crucial question is therefore how the new products with a better utility value through the application of up-to-date highly productive technologies can also be manufactured at favorable costs with this being reflected in the marked reduction of costs of new production.

Significant, therefore, are the experiences "that in combines in which the decisions to improve the management, planning and economic accounting are used creatively for a decisive improvement of the relationship between expenditures and results and the use of key technologies can be accelerated good results are also achieved in the reduction of costs. The reduction of costs is not simply a question of economic activity among many others. In terms of value, the reduction of costs is the main source for the increase in national income and of socially distributable surplus product. It is thus a critical condition for our dynamic economic growth in general." (5)

Of particular importance for the evaluation of the effectiveness of renewal are the receipts thereby achieved domestically and especially in exports. In combination with costs, they are the most important criterion for measuring the introduction of new products and the achievement of the given objectives in the renewal rate against economic standards. They make possible above all a very reliable economic assessment of the degree of renewal. In connection with the necessarily accelerated pace of renewal, it is of particular importance for the management work of the directors general and the performance comparison what effectiveness the achieved or proven degree of renewal represents.

Without delving into methodological questions, it can be said: the overall renewal process is more effective the more the proportional yield from new production exceeds the renewal rate. In exports, the percental share of the foreign exchange proceeds from new production must be greater than the rate of renewal of exports. Only under these conditions is the renewal reflected in an improved foreign exchange yield relative to overall production.

If one analyzes this effectiveness in terms of the profit or foreign exchange receipts, then it becomes apparent that a significant share of the combines of the processing industry achieved with renewal a greater effectiveness relative to overall production. The combines that were able to increase effectiveness substantially through renewal processes include, for example, the machine tool building combines as well as VEB Carl Zeiss Jena, VEB Cable Works Oberspreewitz "Wilhelm Pieck," VEB Combine Nagema, VEB Heavy Machine Building "Karl Liebknecht" and VEB Lausitzer Glass. These combines are also characterized by good quality work. The share of new production with the quality mark "Q" is above the goal of 60 percent named in the decisions of the SED. Combines such as VEB Lausitzer Glass with 72 percent, VEB Cable Works Oberspreewitz with 77.3 percent, VEB Polygraph "Werner Lamberz" with 80 percent, VEB Machine Tool Combine "Fritz Heckert" with 87.4 percent and VEB Machine Tool Combine "7 October" with 92.2 percent thereby achieved peak values.

"Precisely the results in the renewal of production and thereby the share of newly developed products with the quality mark 'Q' are," as Guenter Mittag said at the

Leipzig seminar, "an unerring statement of how successful the struggle for higher quality in our national economy is being waged." (6) That underscores the fact that it is primarily a matter of the effectiveness of renewal. In it—in accordance with the dynamic development of the renewal process—is also reflected the effectiveness of the marketing relations domestically as well as in exports. To a large extent, precisely from the new demand-oriented products with higher quality and low costs springs the continued increase in national income. "The fundamental characteristic of the development of the industry of the GDR must be continuous renewal of production at an increasing scientific-technical level and with greater economic results." (7)

As experience shows, a high effectiveness of renewal as the basis as well as the expression of effective marketing relations is supported primarily through top products and technologies with a high degree of newness in the appropriate quantities or with the appropriate productivity efficiency. The differentiation according to four degrees of newness essentially agrees with the characteristics of newly developed products and procedures valid for us. Close interrelationships exist between these degrees of newness. Thus further developments, when they are based on top products or technologies, may be no less important than products newly included in the production assortment. Today world innovations, on the other hand, are often a combination of traditional top products, their technologies, their know-how and the latest results in the area of key technologies. The combine Textima, for example, delivers in addition to its flat knitting machines recognized as a top product a system that it developed itself on the basis of microelectronics for the inspection of knitted goods, including the related software. Whereas until now the making of pattern warps lasted 5 days, for which the most experienced and qualified specialists, masters of their trade, were employed, only 5 hours are now needed for this. Whereas previously the economic lot size was 10,000 knitted goods of the same pattern, it is now 3,000. Internationally flat knitting machines with the inspection system on a microelectronic basis represent an innovation at a high level.

The sheet-fed offset machines of the Varimat series manufactured by the combine Polygraph have a good reputation worldwide. Through the microelectronic control of the colors, an even greater precision and brilliance of the color printing is achieved relative to international competition while simultaneously reducing the conversion times. The combine Polygraph is a recognized market leader in the socialist as well as the nonsocialist economic area. It is the scientific-technical level, the quality and the finish that distinguish these products. About them it is said: "Often sought to copy but never achieved."

Similar examples can also be named from other combines. They have in common the fact that there is an uninterrupted continuation of the organic link with

traditional machine building at a high level and micro-electronics and that such innovations have a large share in the qualitative changes in the qualities of utility values and the higher efficiency of products as a whole. They are the critical foundation for effective sales. Not a few combines that for the first time are including new products in their production program must—especially when it is a matter of consumer goods—cope with numerous difficulties. The degree of newness is often very high for these enterprises. Through the extraordinary performance of the work force, these combines are able to make a substantial contribution to the better supply of the population and to the fulfillment of export tasks.

New for the enterprise or combine does not, notwithstanding the performance that words cannot diminish, in every case mean new for domestic sales or for exports. If the product is not better and available at a more favorable cost internationally, then in exports sometimes only a part of its value can be realized. Precisely in the case of technically high-value consumer goods, new questions are increasingly arising in the relations between production and consumption and the establishment of corresponding production capacities and favorable sales. This is seen especially when domestic demand is largely satisfied or can be satisfied with a certain share of the original production capacities.

For the GDR, whose demand is visible, these questions are always also to be resolved with an orientation toward exports. In addition to precise market research, that presupposes above all high variability in utility value, flexibility in the manufacturing process and the introduction of cost-effective solutions in general. New developments that are already available domestically or internationally can be convincing and ensure adequate returns only through better characteristics and lower production costs.

In any case, effective marketing relations require top products with a high degree of newness and high quality and with the corresponding favorable production costs, whereby the international level must always be the point of departure. As experience shows, a high degree of newness, high quality and production at favorable costs require a technical-technological level in the entire production chain that meets international requirements. Today this is unalterably linked with the application and the control of modern technologies and methods, including the necessary measurement techniques for the comprehensive guarantee of quality. As Horst Schoene, chief editor of *Planeta Radebeul*, stressed, primarily new ideas and new solutions are needed for advantageous marketing relations.

Internationally one assumes that the renewal process is 75 percent further development and 25 percent new development of products and methods. In general, this ratio may well apply for us as well. Every combine must

always examine carefully which further or newly developed products are in demand by the population and in international markets. "Above all in the case of newly developed products, especially high demands are placed on their quality; for only with high quality do new products make the necessary contribution to growth in output. All combines and enterprises thus face the task of directing the efforts of their researchers, designers and technologists to outstanding performance of an international caliber. It must be achieved as quickly as possible. We need achievements in research and development that make it possible to develop the key and high technologies even more rapidly, to apply them more broadly and to utilize them more efficiently than heretofore. Needed are scientific solutions that systematically lead us to top positions so as to guarantee dynamic growth in efficiency and quality on a stable and permanent basis. In this sense, it is a matter of qualitatively improving the process of production and of making it even more effective economically." (8)

At the same time, greater efforts must be made to achieve higher quantities or production volumes in the case of outstanding scientific-technical performance with good receipts. "The purpose and objective of high creative achievements of research and development will be met only if they are employed in a demand-covering production with no time delay. Only then will the possible effect become an economic reality and contribute effectively to better satisfying the vital material needs of people. Those are central questions for the management and realization of the renewal process as a uniform process." (9) For all combines today, it is a matter of achieving scientific-technical performance of international importance, of establishing the material-technical conditions in time for their accelerated introduction, and of attaining a cost-effective production output or an appropriate range of applications of the technologies as soon as possible. These are the basic questions involving the economic effectiveness of science and technology that determine the entire renewal process, a highly efficient production and advantageous marketing relations.

This task can be resolved successfully only when every combine, every enterprise and every research team takes the approach that it is a matter of a relentless international contest, a class struggle in the area of the economy. Many countries, utilizing considerable potentials, are working intensively on new solutions, highly productive methods and technologies, and new attractive products. The efforts for the best possible marketability of products, for production at favorable costs, for the securing and improvement of market positions, and for the best possible receipts have again increased internationally. Today "parallel research" is the absolutely normal situation in international economic life. The ones in the top group are the winners here. Therefore, as far as research and development work is concerned, the scientists, engineers and workers with their wealth of ideas, education,

practical abilities and experience along with the equipment, materials and resources employed are in competition with products and methods offered internationally. The management processes of research in the combines are likewise being tested. It is thereby a matter, to name just some of the aspects, of the demanding tasks and objectives for research and development oriented toward international standards through the director general; of the development of the research and development potential and its qualitative effectiveness; of the selection and employment of capable cadres, especially young cadres in research and development; of the purposeful development of own basic research and close interaction with the Academy of Sciences and the universities and technical institutes, and of the effective application of the principle of work performance and the persistence of the research manager. Not least as part of this is the efficient and comprehensive management of scientific-technical work in the entire cycle of reproduction from research to marketing

In the struggle for new products and technologies, growth and efficiency, and the best possible relationship between expenditures and results, there must be a further increase in the efforts of the combines in the area of science and technology. As experience shows, advantages in the renewal process and breakthroughs to top positions are achieved in the forefield of the actual developments of products and methods. It is a matter of recognizing changes and trends of development as timely as possible, even before they are part of the common body of knowledge.

In the case of the high demands on the renewal process, in the combines it is primarily a matter of the further expression of the atmosphere and basic intellectual approach to what is truly new. As the combines that have been successful with top scientific-technical results prove, that presupposes a decidedly conceptual-strategic approach, a sensitive tracking down and reaction to what is maturing, diverse communication on ideas, products and projects, and high flexibility. The will and capability for performance of all those involved in the bringing forth and utilization of innovations is to be developed through commitment, initiative and technical competence combined with imagination, diligence, endurance and tenacity. The closest cooperation of research, production and sales and the common responsibility for products of high economic effectiveness in line with market conditions are characteristic for successful combines.

If one attempts to generalize the experiences of the combines achieving top performance, then the following main factors result:

First: demanding objectives and tasks. The pivotal point is the demanding objectives and tasks oriented toward top international performance for the collectives in research and development through the directors general. The directors general of these combines are very

demanding, because only in this way can the appropriate performance be initiated. In all of their management work, they are proceeding from the repeatedly confirmed recognition that the tasks are already having a decisive impact on the results and their economy. They organize the management process so that they can personally exercise this responsible task to make the necessary decisions themselves on sound bases. For the directors general of these combines, this task determining the effectiveness of the entire reproduction process cannot be delegated.

Second: information advantage. The advanced combines proceed from the well-known basic principle that half of research is good information. They are making increasing use of up-to-date information technology, are making themselves versed in the paths or wrong paths already taken, and are increasing guaranteeing the provision of selective information. All of this saves time and costs. The competition for high scientific-technical performance is largely being decided by better information.

Third: utilization of the best-suited cadres qualified for the resolution of the task. Solutions that systematically lead to an international capability and that make possible a scientific-technical advantage must be found in a very early stage, that is, in basic research. For the combines, it is therefore a matter of systematically developing their own basic research in close cooperation with the academies of science and with university installations. The maxim of combines that are successful in this is: good research and development with the corresponding results is above all the result of the creative work of competent and qualified scientists, engineers and workers. If research results are not satisfactory over a long time, then it is primarily because no or too little attention is paid to whether the appropriate cadres are being utilized for the desired goal or task. On the basis of demanding tasks, therefore, absolute primacy belongs to the competent composition of the research and development teams. If it is a matter of novel products and processes, then the experience of many years in a certain area is usually not sufficient. Of importance here too is the cooperation of several fields, whereby above all the cooperation with academy and university installations as well as with research departments of other combines and installations is to be intensified. As practice shows, early cooperation with the appliers and users brings advantages, for there are frequently already specific concepts or attempts at solutions on the part of the users.

Fourth: timely material-technical securing of the project. If the scientific-technical task and its qualitative labor state justify it—and this must be checked repeatedly—then the timely material-technical securing of the project and the preparation of its rapid introduction are crucial.

Fifth: shortest possible processing and introduction times. All experiences from combines teach that the time factor is most significant for the economic success of the project. Therefore, the rapid realization of the idea up to



production must be ensured and marketing preparations must be made in time. It is thereby a matter of the shortest possible processing times for the overall project, not just for individual stages. It has proven successful to appoint for each project competent orders or project managers with full powers who guarantee an expeditious handling of the entire process. Joint teams from research and marketing are becoming increasingly important for the rapid application of ideas in marketable products. Once begun and confirmed, development work should be carried out without interruption in accordance with exact timing and deadlines.

Sixth: true technical-scientific innovations. The critical question that is made the focus of the development work of these combines is what in the new development is actually better and less costly in comparison with the traditional product and how the costs can be minimized through modern technologies and highly productive and resource-saving manufacturing.

Seventh: rapid achievement of the necessary production quantities or an appropriate production diversity of the products or a broad range of applications of technologies. The multiplicative effect determines the economy of the new developments and the best possible relation of expenditures and results. Proceeding from good research and development work, this effect is always determined by the quantity or diversity of the new products, the possibilities for modifications desired by the customer, the palette of offers and additions in which the scientific-technical result is objectified and marketed, or by the scope and productivity of the new technologies. With the new technologies, especially flexible automation, greater efficiency is no longer possible just through the quantity but also through greater diversity, because with the same equipment numerous products can be produced in combination at less cost than separately.

The capability of organizing economic effects and of realizing them in the marketing relations is increasingly being determined by such an approach. It is highly imperative in order to achieve scientific-technical performance of international importance and to utilize them in the best manner possible. The faster these processes takes place, the more solid they must be.

At the same time, the sales-oriented management of the entire scientific-technical work of these combines also shows qualitatively new features that in the future should be investigated and generalized even more scrupulously. To be emphasized thereby are above all the following:

—The “trial” of products is measured less and less frequently in individual articles, because their duration of production is frequently too short due to the increasingly short marketing periods. On the contrary, one takes the approach—in the cases of the combines Polygraph, “Fritz Heckert” and “7 October”, for example—of continuously developing a line of articles or products and of

improving it technically through different “generations,” especially with respect to quality and reliability, utilizing key technologies. In this way, the reputation of these combines in international markets is extended and consolidated.

—Today advantageous marketing relations secure products, machines and equipment that in the framework of their function remain variable, capable of development and flexibly adaptable to changing needs and special wishes of customers. The key technologies make possible the most different technical variants, which—as experience shows—are also soon in demand. For new developments, then, the finding of new complexes of needs is more and more a condition for success. The structures of a particular demand have become more diverse, because they have become differentiated with the varying supply internationally. Success is determined not least by knowing and meeting the demand. The direct cooperation of research and marketing to the point of the formation of joint teams is decisive; for this purpose, close buyer and supply relations or a long-term cooperation with the users and customers are necessary.

—The increasing development of products in accordance with their use functions oriented toward the demand requires one to overcome a rigid product conception that is sometimes still encountered, according to which new products are primarily developed according to the scientific-technical and economic concepts of the manufacturer, possibly of the research areas alone. Scientific-technical work oriented toward an international standard must subject the development concepts for a new product or process to a fundamental economic and technical analysis. Decisive is what the product or process must actually do for the applier or user and what it does not have to do. This often results in substantial cost savings and sometimes in completely new concepts. This product orientation adapted to the requirements of the specific customer is an unconditional precondition for the success of most developments and must be considered by the director general in establishing the objectives for research and development.

—A production oriented toward effective marketing relations and flexibility is possible only through shortening of the time of enterprise processes and through short flow times from the placing of the order or contractual commitment to delivery. A substantial acceleration of the cycle processes requires

a) rapid, short-term access and availability of all supplies determining the level. For this reason, their production must be realized in the combines themselves to continue as final producer. Under these viewpoints, there are further conclusions in the relationship between final product and supplies;

b) an acceleration of the turnover processes through computer-aided control of the entire flow of materials and goods from the suppliers to each producer and



through the production to the customers. That presupposes the development and utilization of logistical methods and concepts. This raises many questions in traditional production in a new light, above all with respect to the division of labor, the working off of job orders, the completion time, and transport, turnover and warehousing processes, whereby new and effective solutions become possible precisely through the application of key technologies.

Overall, the following can be said:

Today the interactions between scientific-technical accomplishments, efficient production and advantageous marketing relations have doubtless become closer and more intensive. They raise many questions anew or in a new way. The demand-oriented management of the reproduction process of the combines, which is characterized by high scientific-technical performance, products competitive in the world market and the best possible economic utilization of these products, is moving even more into the focus of the efforts for the further successful realization of the economic strategy decided upon by the 11th SED Party Congress.

#### Footnotes

1. E. Honecker, "Die Aufgaben der Parteiorganisationen bei der weiteren Verwirklichung der Beschlüsse des XI. Parteitag der SED" [The Tasks of the Party Organizations in the Further Realization of the Decisions of the 11th SED Party Congress], Dietz Publishing House, Berlin, 1987, p 39.

2. K. Marx, "Grundrisse der Kritik der politischen Oekonomie" [Outlines of the Criticism of Political Economy], Dietz, Berlin, 1953, p 351.

3. Ibid., p 353.

4. "Course of the Main Task Characterizes the Work of the Party and the Action of the Masses," seminar of the SED Central Committee with the directors general of the combines and the party organizations of the Central Committee on the 12th and 13th of March 1987 in Leipzig, Dietz, Berlin, 1987, beginning on p 27.

5. Ibid., beginning on p 33.

6. Ibid., p 44.

7. Ibid., beginning on p 43.

8. Ibid., p 44.

9. Ibid., beginning on p 45.

#### Comments from Individual Participants

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[Text] In April 1987, the Scientific Council for Economic Research under the GDR Academy of Sciences held a meeting in Berlin together with its Main Regional Council for Economic Questions in Scientific-Technical Progress on the theme "Theoretical Findings and Practical Requirements of the Connection Between Scientific-Technical Achievements and the Formation of Effective Marketing Relations." The objective of the meeting was to discuss and exchange experiences on how the process of intensification of the interrelationships between scientific-technical progress, production and the satisfaction of needs can be met increasingly well by increasing the effectiveness of the marketing relations as the end point of the economic cycle of the combine and an interface between production and consumption and to derive consequences for economic research research and economic practice.

Prof Dr Herbert Kusicka, chairman of the Main Regional Council for Economic Questions in Scientific-Technical Progress and director of the research office under the Ministry for Science and Technology, reported on the theme. (1)

The closing speech was given by Prof Dr Karl Hartmann, candidate of the SED Central Committee, deputy chairman of the Scientific Council for Economic Research, first deputy rector and director of the science sector Political Economy and Economic Sciences of the party's Karl Marx University under the SED Central Committee.

Participating in the discussion were Prof Dr Willi Kunz, corresponding member of the GDR Academy of Sciences, member of the Scientific Council for Economic Research under the GDR Academy of Sciences, chairman of the Scientific Council for Questions of Socialist Economic Integration, and deputy director of the Central Institute for Socialist Economic Management under the SED Central Committee and Dr Renate Weiss, Central Institute for Socialist Economic Management under the SED Central Committee. Other participants in the discussion were Alfred Adolph, director general of

the VEB combine Cable Works Oberspree "Wilhelm Pieck"; Prof Dr Dr h.c. Fritz Haberland, deputy chairman of the Scientific Council for Questions of Economic Management and department head at the Central Institute for Socialist Economic Management under the SED Central Committee; Prof Dr Harry Nick, deputy chairman of the Scientific Council for Economic Questions in Scientific-Technical Progress and manager of the research area at the Academy for Social Sciences under the SED Central Committee; Prof Dr Klaus Thiessen, deputy director of the Central Institute for Optics and Spectroscopy of the GDR Academy of Sciences; Dr Joachim Abicht, director general of the foreign trade combine VEB Carl Zeiss Jena; Dr Gerhard Goebel, scientific assistant in the foreign economic relations section of the "Bruno Leuschner" College for Economics; Prof Dr Werner Theess, deputy director of the research institute of the Ministry for Foreign Trade; Rudolf Martin, sector head at the same institute; Prof Dr Christa Luft, member of the Scientific Council for Economic Research under the GDR Academy of Sciences, deputy chairman of the Scientific Council for Questions of Socialist Economic Integration and director of the foreign economic section of "Bruno Leuschner" College of Economics; Prof Dr Hans-Joachim Beyer, deputy chairman of the Scientific Council for Questions in the Improvement of Planning and Economic Accounting and manager of the research area at the Academy for Social Sciences under the SED Central Committee; and Klaus Henkel, main department head at the Office for Patents and Inventions.

Written contributions were submitted by: Prof Dr Kurt Bernheier, Central Institute for Socialist Economic Management under the SED Central Committee; Prof Dr Eberhard Garbe, member of the Scientific Council for Economic Research at the GDR Academy of Sciences, chairman of the Scientific Council for Questions of Socialist Enterprise Management and teacher at "Carl Schorlemmer" Technical College, Leuna-Merseberg; Prof Dr Karl Oehme, deputy director for research in the Economic Sciences Section of Karl-Marx-Stadt Technical University; Prof Dr Ronald Gericke, Central Institute for Socialist Economic Management under the SED Central Committee; Prof Dr Karl-Heinz Jasinski, Socialist Enterprise Management Section of "Otto von Guericke" Technical University, Magdeburg; Prof Dr Karl-Heinz Kosser, Central Institute for Socialist Economic Management under the SED Central Committee; Dr Walter Siegert, member of the Scientific Council for Economic Research at the GDR Academy of Sciences and undersecretary in the Ministry for Finance; Prof Dr Klaus Steinitz, member of the Scientific Council for Economic Research at the GDR Academy of Sciences and deputy director of the Central Institute for Economic Sciences of the the GDR Academy of Sciences.

In his contribution, Haberland presented the problems and tasks in the efficient cooperation of research/development and marketing/foreign trade in the combine. He proceeded from the demand and objective necessity of

approaching all questions in socialist enterprise management and the management, planning and organization of the reproduction process with a consistent orientation toward demand and high national economic efficiency and competitiveness in world markets of products and achievements and of adapting the entire management system consistently to the dynamics of demand.

The areas of research and development as well as marketing and foreign trade have specific responsibility resulting from their position and function in the reproduction process. That was made clear in national economic requirements that are decisive for the calling forth of a research and development task, for its substantiation on the basis of the demand, and for the renewal of production. Only in close cooperation between research and development and marketing and foreign trade can it be determined in time whether potential customers can adequately absorb an effective production and what quantities must be produced. Some consequences from this for the management of the combines are:

1. Increasingly basic research will determine the competitiveness in world markets of future products and processes, because opportunely transferable products must be available.

2. The sense and purpose of highly creative achievements in research and development will be met only when they can be utilized without delay in a demand-covering production and sold with great effectiveness. It was shown that the transfer process is a very critical factor determining the pace and effectiveness for the entire product and process development.

The following were named as experiences that can be generalized to shorten the times for development, transfer and marketing of a new product:

- joint elaboration of the tasks as well as of the precisely defined and observed conditions for all contact with the users, partners in cooperation and suppliers;

- concentration on the product in the management and organization of the development and transfer process (transfer system as a central management instrument);

- monthly checking of the observance of the tasks;

- use of the technology of the final enterprise;

- defenses without the necessity of additional instructions for the improvement of the functional parameters;

- elaboration of defined conditions for reliability work;

- the appropriate motivation of the own design of the means of rationalization and prototypes;

- computer-aided work methods.

3. Good experiences were had with the inclusion of the marketing and foreign trade bodies in the process of elaborating the tasks and objectives for the refinement concept, for the renewal process and the specifications. The "New Production" reporting system practiced in some combines has proven itself.

In summary, it was estimated that the effective cooperation of research and development with the marketing and foreign trade bodies of the combines is a basic prerequisite to guarantee top performance at the correct point in time and to make possible their direct and economically most efficient utilization.

Abicht spoke on experiences of the combine VEB Carl Zeiss Jena in considering the connection between scientific-technical achievements and the formation of effective marketing relations. Above all four components are of decisive importance for this:

1. the competitiveness of the product and performance program available for marketing,
2. the growing competitiveness of socialist work in foreign markets,
3. the better and better organization of a production according to contract,
4. the uniform political and technical management of the overall process of research and development, techniques and production, and marketing/foreign economic relations through the enterprise director general and thus the qualification of the cadres employed in these areas.

In the daily work of the combine, it is assumed that the capability of developing new achievements and of introducing them in the markets to satisfy needs better and to stimulate new ones is a chief characteristic of the performance capability of a socialist combine. Marketing has to make an increasingly independent contribution to establishing the content of production as a whole. The following preceptions were derived from the experiences in the combine VEB Carl Zeiss Jena:

1. The success of an innovation depends largely upon the task. It has proven successful for marketing and foreign trade to set forth product-specific requirements prior to the start of development that are based on thorough market studies (parameters of utility values, price in foreign exchange and the resulting costs and profitability development, and marketable quantities). In this connection, above all the mixed commercial companies with which the combine is currently working in nine countries of the nonsocialist economic area turned out to be very effective.
2. The marketing success of innovations is to a very critical degree dependent upon the ability to bring forth own completely new scientific-technical solutions and to

realize them with great commitment in the research, development and production process. This complex process is managed and coordinated by the technical product group committees.

3. Research and development, transfer and introduction into markets must form an organic unit. Today the actual scientific-technical achievement is no longer the self-contained first series but the sales target realized with economic success. Concepts for the marketing of new products have proven successful in this connection. In particular the following preconditions must be fulfilled thereby:

—The scientific-technical achievement is completely proven and the equipment has been tested in the GDR or with selected customers of reference.

—The technical documentation, especially the instructions for use and service documentation, are fully available in the most important commercial languages.

—The production is prepared so that orders placed in the course of the marketing of new products can be filled within a few weeks.

—The range of applications has appropriate equipment for those main products that cannot be demonstrated to the user.

—There are well-balanced and easily usable sales arguments, a publication whose contents and form correspond to the market conditions.

—The application specialists and the training and service personnel of the foreign trade enterprise, the production enterprise or the research center are skilled and employable.

—The prices are set in accordance with the market; possibly necessary conditions for the introduction of products have been determined.

These preconditions must be viewed as unalterable, because the named points have a critical impact on the decisions of customers to buy.

4. Users and customers should not simply acquire a product but the solution to its quite specific user problem according to specific economic performance requirements.

5. The technical-economic user consultation takes a central position in connection with the sale of problem solutions suitable to users.

Abicht pointed out that the operating function of circulation in the reproduction process is coming more and more into effect. To be able to resolve this task, marketing/foreign trade need their own scientific-technical base. In the foreign trade enterprise of the combine VEB

Carl Zeiss Jena, a sector is working with about 80 employees who have substantial technical knowledge and skills in application technology.

In his contribution to the discussion, Nick made fundamental statements on the cooperation between manufacturers and users of flexible automation solutions. Using the example of machine tool building, he shows that only with the transition to the continuous production of flexible machine systems is a truly material-technical self-containment of the reproduction process achieved that puts new demands on the strategic-conceptual work and on planning through operational management work. Decisive in this connection are clearly determined responsibilities, the formation of the appropriate specialized relations, and the elaboration of the truly relevant interfaces between suppliers and customers. It is above all important that

- the determination of the parts assortment to be processed and thus of the basic point of departure for the formulation of the production system as well as the elaboration of the entire organization project for these systems is the undivided responsibility of the user;

- the producer (supplier) has responsibility for the production, the establishment and putting into operation (including for the supply of the basic building blocks of the software).

For putting into operation and testing, primary success in all cases has been achieved by temporary but long-lasting teams in which researchers of different disciplines from the producer and user enterprise cooperate as well as through the exchange of experiences on the development and introduction of key technologies as a central question in management activity and comparative performance. At the same time, more capacities should be created in the area of the producer, as has proven successful in the "Fritz Heckert" Combine. Above all they produce the very important "immaterial services" for the user. Software production is one of the most important fields of the cooperation of producers and users of flexible automation systems. Here existing problems were pointed out; it was possible to convey important experiences.

The production and application of flexible automation systems also put new and higher demands on the overall social management and organization of complex renewal processes. It also involves such basic matters as the theoretical bases of rational information flow systems, elementary prerequisites in the formation of the data base, and the granting of the same value to the organization that technology possesses. That requires a clear definition of the field "organization and data processing" and also makes necessary the appropriate conclusions for training at the technical colleges and universities, especially in the field of socialist enterprise management.

In their contribution, Kunz/Weiss dealt with questions in the strengthening of the export capability of the GDR through research-intensive combines. They proceeded from the questions of how the advantages of socialism can be better and better combined with the achievements of the scientific-technical revolution, how one can achieve peak scientific-technical performance, and how these achievements are reflected in the acceleration of the reproduction process and in economic and social results. It is thereby increasingly a matter of producing performance in research and development that makes it possible to develop key and high technologies even faster, to apply them more broadly and to use them more efficiently. The result must be stable growth in efficiency and quality, a rapid renewal of production, and its improvement and economically more effective organization.

High performance goals and demanding solutions for new, high-quality and market-attractive products as well as more efficient technologies are preconditions now only for raising the export volume of the GDR but also for increasing the effectiveness of exports through the purposeful increase in the research intensity in the combines.

It was demonstrated that the scope, intensity and efficiency of research, the effective transfer of scientific results to production, and the degree of international interlocking have a large and increasing influence on the reproduction process of the national economy of the GDR. The further course is a coordinated policy in science and technology with the CEMA member states, especially with the USSR, on the basis of the long-term program for cooperation in science, technology and production through the year 2000 but also for the development of market positions in the nonsocialist economic area taking into account the changes rapidly taking place in the demand in international markets and for the expansion of the trade latitude and the guaranteeing of the economic and political stability of the GDR.

The research intensity of the combines was assessed and the conditions were worked out for the economic utilization of the growing advance performance for research and development. What is needed is a further deepening of the socialist international division of labor and cooperation with the CEMA member countries, especially with the USSR, which makes possible a further concentration of the available potentials of research and development on focal points. Kunz/Weiss also pointed out the connection between export profitability and the scope of the research potential as well as the standards for the new products and technologies and called for a further increase in the share of research-intensive products in overall exports. In this connection, it was possible to convey important experiences of combines with respect to a long-term strategy of above-average growth in production and exports. Also seen here is the growing importance of the development of direct relations with

the partners in the Soviet Union and the other CEMA countries. A high profitability of exports can be ensured only when thinking in terms of costs and efficiency is prominent in the entire reproduction chain and when the struggle for high quality of products and technologies as well as for low costs is the focus of management activity.

In his contribution, Siegert dealt with questions in the active role of finances in the formation of the connection between scientific-technical achievements and the organization of effective marketing relations. He emphasized that the economic result of science and technology must be visible and measurable in the reduction of the prime costs of products, in greater output in the national economy and in the increase in the export capability. The following possibilities for a greater influence on the increase in the economic effects of science and technology on finances were emphasized:

The interest of the combines in a high effectiveness of science and technology must be promoted by having them be even more strongly involved in the economic results of the research work through their own formation of funds. There should be a further increase in the effectiveness of the principle of the self-generation of resources in the framework of economic accounting in independent research installations as well as in the development of economic relations between the combines and the Academy of Sciences as well as the universities and colleges. At the same time, it is necessary to examine how the results of the economic utilization of the scientific-technical achievements in the production enterprises and the formation of their funds for science and technology can be tied together even more closely. One should also take into account the consequences of the use of resources from the state budget for scientific-technical tasks depending upon the economic results on the basis of financing agreements. One must thereby pay greater attention to the prospective influence through finances on the economic results of science and technology.

The application of cost concepts in the combines has proven successful in bringing about a greater orientation of science and technology toward the reduction of costs. As for exports, it was established that the development of the profitability of exports as the utility standard for scientific-technical work must always be linked with the reduction of the national economic expenditure and the accumulation of foreign exchange.

In his contribution to the discussion, Adolph spoke on questions involving the relationships between the market and the quality of products. He detailed experiences of the combine VEB Cable Works Oberspree in the realization of "zero-defect-work" and explained that today questions of quality are more and more keenly affecting marketability and export capability, reputation, costs and profit. Quality production must be politically guided, strictly managed and resourcefully organized. Only through flexible market work was the combine essentially able to support the export targets for 1987 with contracts as early as the beginning of the year.

The profiling and refining concept and the inclusion in the long-term and annual plans are important prerequisites to be a dependable partner in exports and domestically at the right time with desired products of high quality. Quality work for the combine begins commercially with the receipt of the order and technically-technologically with the definition of the tasks. It proceeds from the inclusion of the managers and teams in the development and transfer process and extends to shipping and customer service. To that end, the quality-assurance system was continuously developed. The principle is to prevent the production and delivery of defective intermediate products, final products and services in the entire quality chain and the entire reproduction process.

Today about 80 percent of the combine's workers and 174 members of quality panels are involved in the "zero-defect-work." Top products must be manufactured with top technologies. That requires the raising of the degree of mechanization and automation through the application of microelectronics and reproducible technologies that guarantee constant quality parameters. The use of measurement and testing technology becomes more important directly in the production process.

Through science and technology, primarily the necessary preconditions and bases are established for flawless work at every workplace; it becomes possible to plan the quality. That also requires defined technological conditions and puts higher demands both on the management and preparation of the production in accordance with the requirements of the product as well as on the quality of the supply products. The monthly analysis of the quality identifies focal points and provides for an accelerated feedback for the introduction of the appropriate management measures in the combine. Quality work is a first-rate political task and demands that everyone be consistent and intolerant toward shortcomings and that there be more "zero-defects-work."

Luft dealt with factors that bring about a high market effectiveness of new products and that also are the subject of analyses of the foreign economic section of "Bruno Leuschner" College for Economics. She proceeded from the performance-determining parameters of utility values and the early marketing of new products and concentrated especially on working out the role of the export quantity.

In the interests of a maximum utilization of the increasing advance research and development work and the development of top international achievements into main supports of exports, substantial weight attaches to the scale of production and the export quantity. A development of the export quantity that is well adapted to the marketing possibilities in the individual phases of the market period and especially in the introduction of new products into the market is a decisive reserve for efficiency.

Additional critical factors in the competition for market shares and effective sales are the offerings of system solutions or system palettes (user-oriented solutions or offers for specific customers). It is also necessary to offer an adequately broad spectrum of services. The latter become partially independent and become a comprehensive system of applied research, user consultation and other services. Investigations of the main scientific-technical development trends influencing the individual markets are becoming increasingly important in market research.

In a second focal point, Luft delved into questions of the securing of such utility value qualities of export goods or services that satisfy real user needs and derived specific possibilities for the cooperation of the marketing and foreign trade organizations (careful analysis of the user problems, examination of marketability, periodic updating of the comparisons of world standards, elaboration of a marketing concept for new products, and continuous analysis of the export effectiveness of new products).

Finally several additional statements were made on the necessary further development of the foreign economic theory under the aspect of comprehensive intensification. The foreign economic relations are increasingly becoming a factor that has a fundamental qualitative influence on the reproduction process overall and on all of its phases and elements.

On the measurement of the intensity of foreign trade, it was stated that the level and dynamics of such indicators that express the utilization of qualitative growth factors, particularly of scientific-technical progress, are decisive today for the evaluation of the magnitude of the effect that a national economy can potentially derive from the international division of labor. Included, for example, is the share of

- engineering-intensive products,
- products of higher processing steps, that is, with a high proportion of qualified living labor,
- top-quality products,
- products with the highest quality level,
- technologies and services,

in each case related to the country's total exports and in an international comparison. Such an approach naturally puts demands on statistical data.

Thiessen dealt with the interaction of basic research and industry. The consideration of this interaction must always also include marketing. Not always, after all, does the best product scientifically have the most decisive success in the world market. Rather, it is often the one

that determines the standard. Thus, one must either win the market for himself through the early utilization of the results of basic research or achieve this through skillful licensing policy.

There can be no doubt that without basic research there is no key technology. Nor is this disputed by the representatives of the producing sectors, although as a rule they are not able to be much involved in basic research. Accordingly, one must by all means achieve a situation in which specialists are active in the chain basic research—applied research—development—production—marketing who know all of these links of the chain from their own work. Only in this way is the complicated dialectics of basic research and production to be mastered. At the same time, it is not to be denied that there must be a basic research that does not yet show any points of departure for a subsequent application. But this is more a question of cultural policy and less one of economic or science policy.

Through experience as well as through intuition, natural scientists are obliged to recognize and promote those tasks of basic research that promise far-reaching economic successes. An example for this is the semiconductor laser diodes, for which it took about 20 years to progress from the idea to their revolutionary use as an element of optical fiber transmission. This component would not exist today in accordance with customary concepts on the duration of research themes. In the organizations managing science, then, one must convey the understanding for a flexible approach to the planning of research themes through technically well-founded arguments. As was seen, this has been achieved in this technology. Such developments are substantially facilitated through small flexible innovation units that test these absolutely new products or technologies.

Of special importance is the knowledge of the international development levels and trends. This knowledge is achieved not merely through the study of technical magazines but must also be taken mainly from the patent literature. The lively contact of scientists among themselves is indispensable for the success and benefit of basic research.

Gericke worked out the importance of gaining time in achieving the highest creative performance in the research and development process. This performance is achieved in connection with the introduction of CAD/CAM solutions. The full utilization of resulting potencies requires an appropriate change in the enterprise organization and an overall concept on product renewal and automation of the enterprise, in which increasing the process of research, development and the transfer of individual products and methods is included. The following directions of the application of CAD/CAM solutions for the further shortening of research, development and transfer times were pointed out from the view of numerous experiences of combines and enterprises and examples were given:

First: Rationalization of the routine processes so that developers, designers and technologists will have more latitude for creative work. The gain in time for the designer is 20 to 30 percent in the case of new designs and several hundred percent in the case of adaptation and variant designs.

Second: Utilization of the CAD solutions to raise the labor productivity of developers, designers and technologists as well as to realize a greater parallelism in the overall process of the constructive and technological preparation of production.

Third: Use of computer-aided methods for the calculation, simulation and mathematical modeling of time-consuming experiments as well as the carrying out of computer-aided work in product testing departments and testing to open up additional capabilities of scientific-technical and technological work.

Fourth: Introduction of universal CAD/CAM solutions from the product development to the constructive and technological preparation of production to production control. In this way—as was demonstrated in the example—it has now become possible to raise the labor productivity to 200 to 400 percent and to save about 30 hours working time per rotary part.

As conclusions for management in the use of CAD/CAM solutions, the following experiences were generalized: necessary are above all a more qualified management work in elaborating the critical focal points and interfaces of a clear organizational concept, the reorganization of the manner of working of the developers, designers and technologists, and the multishift utilization of the available computer technology.

In their contribution, Garbe/Oehme spoke on the market-effective organization and utilization of scientific-technical achievements. They thereby concentrated on the questions and problems in the ensuring of the necessary responsiveness of the combines and enterprises to the dynamic development of needs and markets, which for several years have been the focus of the economic research at Karl-Marx-Stadt Technical University. The responsiveness of the combines and enterprises to the dynamics of needs and markets must be a quality of the economic units that makes it possible to be in accordance with the qualitative and quantitative development of the need and with the changed market situations in the target markets over time through the prospective adaptation to future requirements in the development of needs, demand and markets on the one hand and through operative-reactive adaptation to real requirements of customers and users and changes in demand and markets with socially recognizable reaction times and expenditures of living and objectified labor on the other hand. That requires in particular development and marketing-strategic work and a systematically secured flexibility, elasticity and variability to be able to react in the short term and within an acceptable forecasting risk

to customer and user requirements and changes in demand and markets for defined product and service programs. The main courses to be combined for ensuring and raising the responsiveness in the combines are thereby:

- the prospective adjustment to the future development of needs and markets as well as to the possible demand and

- the subsequent adaptation to real customer requirements, user conditions and changing demand.

It was stressed that the national economic effects of a higher responsiveness do not necessarily correspond to the view of enterprise management at the level of the combines and enterprises as producers or consumers. This results in demands on the performance evaluation and the economic stimulation through the price and price conditions to guarantee a shift from the ability to the willingness to respond that is oriented completely toward national economic efficiency.

The reaction time effective for marketing was determined as an important criterion of responsiveness. In its realization, the interrelationships between research, development, production and marketing must be given due consideration. That is also valid especially for the proposed solution directions for raising the responsiveness effective for marketing relative to the dynamics of needs and markets.

Kosser dealt with questions in the further qualification of the market work through the combines, export suppliers and foreign trade enterprises. Here as well, it is important to have a maximum development of capabilities so as to utilize scientific-technical innovations in high-quality products without delay and to offer them in accordance with the demand. For high flexibility and rapid reaction, management needs a clear strategy and longer-term concepts.

The development of productive forces and the application of key technologies result in consequences for demand-oriented management and planning. Just as for other phases of production, market work should also be organized in all markets and all economic areas in accordance with the usual high international demands. The experiences of combines and foreign trade enterprises confirm the following viewpoints:

1. Introduction into the market is a main activity for the economic utilization of the results of research and development. It requires the concentrated use of scientific-technical and commercial capacities as well as a uniform and efficient management in cooperation between the export and foreign trade enterprise in permanent accordance with the long-term conceptual work to develop products and services—a market strategy that is oriented toward the international level.

2. For the introduction into the market, the tasks, ways and methods of market preparation and work with the potential customer are to be determined and the material and personnel preconditions established.

3. The market introduction and its preparation are to be linked in content and time with the process of product development. On the one hand, market introduction and its preparation lead to additional knowledge on needs, desired applications and conditions for realization. On the other hand, the personnel in the development areas must have an interest in testing the results of their work as early as possible in the market with a potential user.

International experiences indicate that the expenditure for the introduction of new products into the market is smaller for prepared customers. In this connection, timely tests of new products with customers play an important role. Their results are reflected in concepts for market introduction. A qualified and responsible cooperation between research/development, production and marketing taking into account the differentiated conditions for realization (specifications of goods, customers, competitive situation and other factors) is necessary in this connection. Sales arguments combined with economic and technical arguments are an important working tool in the process of market introduction and sales. The external marketing and delivery organizations have proven successful. The level of qualifications of the personnel working there has also been raised.

Problems in the selection and evaluation of development processes of the production structure were the subject of the contribution of Steinitz. He thereby characterized the development of the production structure as the most important link between the changes in demand reflected in the marketing requirements on the one hand and the new possibilities and conditions of scientific-technical progress on the other. The economic strategic is aimed at perfecting the production structure of the GDR as the materialization of science and technology, especially of the key technologies, and including the foreign economic interlocking so that the dynamically changing demand can be better satisfied and a continuous and stable increase in efficiency guaranteed. It is clear therein that the constant development of the production structure is aimed at ensuring the unity of economic and social policy under the changing conditions and at putting intensification on a permanent and reproducible basis.

It is important to take into account new or modified requirements that result especially from the scientific-technical revolution and the comprehensive intensification. They involve both the selection and evaluation of the changes foreseen in the production structure as well as the manner of carrying out these structural changes. The following deals with some interrelationships from this named set of problems.

The focus was the relationship between structural changes and growing advance performance for the new production systems that come about on the basis of the key technologies of the scientific-technical revolution. Two tendencies are to be considered thereby:

—far-reaching changes in the expenditure structures between the current expenditures for the production and the advanced expenditures that can be characterized as expenditures for the preparation of production or for the establishment of the scientific-technical qualification and material-technical bases of production,

—the increase in the shares of expenditures for intellectual achievements relative to the material expenditures within the advanced expenditures (investments).

The demonstration of these tendencies led to the recognition of the necessity of viewing the guaranteeing of the conditions for the reflux of these advanced expenditures as a central issue in the effectiveness of production and market. This resulted in conclusions both for structural decisions in economic practice as well as for the analytical and theoretical work and especially the greater weight of the time factor, the production volume and the level of international socialist cooperation in the phases of research and development before production was emphasized.

Furthermore the connection between structural development and processing was worked out and the corresponding problems in the evaluation of the production structure and its improvement were pointed out. Among the main problems is the fact that the national economic efficiency effects of processing, especially the contribution to the efficiency dynamics for users and in exports, must more closely correspond to the higher standards of comprehensive intensification and that the increased degree of processing of production must be reflected even more effectively in the degree of processing of the products for export.

The consequences were named for the selection and the evaluation of structural changes as well as for the manner of their preparation. Questions in the structural development and the reproducibility of the increase in efficiency were discussed and it was demonstrated that with the comprehensive intensification in the process of the scientific-technical revolution the relations between short-term and long-term efficiency effects will become even more important. In this connection, the corresponding problems of evaluation must be considered.

In conclusion, there were several comments on questions involving the structural development and the international reproduction conditions. The increased consideration of international conditions and tendencies in these areas can help to qualify the assessment and evaluation of the structural development in our national economy and to derive additional measures for even greater efficiency in the production structure.



In his contribution to the discussion, Goebel dealt with questions in the measurement of the scientific-technical level of the export products on the basis of research results from "Bruno Leuschner" College for Economics. Proceeding from the demand for comprehensive use of the highest scientific-technical achievements and for their best possible utilization in production and marketing for a continuous and highly dynamic economic growth, the following key tasks were named:

—qualitative growth, which must be oriented toward the needs of the own population and toward the highest international requirements;

—real evaluation of the scientific-technical level of our products, for the foreign as well as the domestic markets. On the basis of intelligent management decisions, international exchange must not take away from available national income and "true" scientific-technical progress must be guaranteed;

—recognition and detection of new product or process developments and proper integration of own products in the market or life cycle of the products;

—strategic utilization of the corresponding knowledge so as to hold or achieve top positions in the international scientific-technical level.

Goebel concluded that the rapid and accurate analysis and the measurement of the scientific-technical level of production in general and of production for export in particular are increasingly becoming a critical management task. He declared that in addition to the indicators that "mirror" the overall picture of the scientific-technical level of products, the obtained "kilo prices" of the export products should be shown in Deutschmarks or dollars per kilo. This indicator expresses the foreign exchange proceeds per mass unit of the export good. It permits a comparison with the world level for the individual products and rapidly and reliably yields indirect information on the achieved scientific-technical level of the products. In this connection, reference was made to the possible assignment of the products to the stages of the innovation process but it was also noted that still more indicators must be drawn upon for a comprehensive analysis of the scientific-technical level of the exports in the industrial enterprises or combines.

In his contribution to the discussion, Henkel dealt with problems of the level in the area of innovations and questions in marketing-oriented offensive patent rights work in connection with the formation of effective marketing relations. As practice shows, the internationally successful renewal of technologies and equipment systems is presently in each case supported by an entire set of dozens, in part even hundreds of patented key and rationalization inventions. Annually almost 1 million new inventive ideas document the growing dynamics of productive forces throughout the world.

The economic function of the patent as an instrument for the legal guarantee of the systematic and economically productive utilization of the internationally newest scientific-technical results of the combines and research installations is growing, especially in external markets. Measured against the fundamental national economic requirements the magnitude of the existing reserves is made clear when

—the economy has not yet gained the necessary influence on the quality level of the renewal of production through inventions, despite their dynamic development in a number of combines;

—even in areas with a high rate of renewal and processing, often only a small share of the exports of goods and license sales is directly supported by inventions and patents;

—as yet not all combines have developed sufficiently economically consistent patent protection work. Here the combines Polygraph, Carl Zeiss Jena, Textima and Nagemma are to be named as exemplary.

The further expression of the national economic responsibility of the combines is therefore directly linked with the task of much more comprehensively developing and supporting the specific forces of the economy through inventions in the economic cycles and of establishing-stable bridges between research and markets with the help of patents. As was explained, that requires, in the first place, the systematic tackling of a substantially larger number of tasks requiring inventive solutions in the accelerated development of key technologies; in the second place, the development of more aggressive patent protection work by all combines to secure production and exports; and in the third place, the even more effective recognition of economically successfully realized creative advance performance with the help of economic accounting and the special stimuli of creative work and the further impeding of the ineffective subsequent development in the national economy of the internationally already-known level of technology. Points of departure for this are above all:

—the consistent concentration of the additional stimuli in research and development—and meanwhile there are quite a few of them—on those scientific-technical achievements that are reflected in the internationally dominant patent positions, in high market shares and in above-average export proceeds;

—the substantially higher social recognition of those inventive achievements that have brought about actually available extra national economic profits in exports relative to rationalization inventions of primarily enterprise or national importance;

—the awarding of the quality mark "Q" for export products, predominantly under the condition that these products contain function-determining scientific-technical solutions that have not yet been generalized internationally.

With the further improvement of the economic stimulation of a high international degree of newness of products and technologies, the interest of the combines in the persistent fight for dominant trade marks—including branded articles—should also be strengthened. An important part of the struggle for high economy on the basis of our scientific-technical achievements is waged precisely in this field.

In his contribution, Bernheier went into the fact that the increased use of science and technology has led to a substantial improvement in performance in the production of consumer goods as well. It was possible to make further progress in the supplying of the population and in exports. But he also emphasized that the requirements increase with the thorough implementation of the main task in the combination of economic and social policy and that the consumer goods sector makes necessary a substantially more productive utilization of science and technology. This was worked out on the basis of three crucial points:

In the first place, it is a matter of the standards and demands on scientific-technical work in the development and production of high-quality consumer goods. The international development trends, the level of consumption and equipment of the population, the financial assets of the households and the development of the net monetary receipts of the population, and the structurally changing and increasingly differentiated demand are to be considered thereby.

In the second place, one should proceed from the fact that today the consumer goods production in its full extent is being seized by the scientific-technical revolution. This results in fundamental effects on the development of products and technologies as well as on expenditures and costs. That is linked above all with the consequence that the basic sciences and with them the key technologies as well as preliminary research are also critical components of the development and renewal process for consumer goods. For this reason, all combines and especially the combines producing the means of production face the task of purposefully strengthening the research and development potential necessary for the production of consumer goods and of achieving better performance. Good examples were generalized. It should be emphasized that progress is achieved when a uniform approach of the forces in research and development is guaranteed and the various sides and aspects are considered that lead to a marketable product in the unity of the utility value, price and quantity.

In the third place, reference was made to the developing very promising forms of a close cooperation of the production of consumer goods and trade that are also of importance for an even more effective orientation of scientific-technical work based upon needs. Experiences make clear that special activities develop in the cooperation, for example in the

—qualified preparation of the plans and supply contracts,

—precise realization of the contracts and the ensuring of a greater responsiveness,

—establishment of joint sales areas in the Centrum department stores under the name of the combine or enterprise as well as the brand names of the products.

An important role is played here in particular by the responsiveness of the production enterprises to the specific demand of the buyers as well as by the new possibilities through the increasing application of computer technology.

Jasinski discussed problems in long-term strategic work and the raising of the responsiveness of the combines in the exporting of fixed capital, to which far-reaching significance is attached in the realization of the economic strategy. Important is the concentration on such exports of capital goods, for which among other things

—adequate experience exists,

—there is comprehensive technical-technological knowledge from the general suppliers to the secondary suppliers and partners in cooperation,

—a competitive procedure exists or such technology along with the corresponding references.

Several aspects repeatedly discussed are to be given more attention, for example:

—the larger time horizon in the planning and balancing, which exceeds the limits of the annual plan as well as those of the 5-year planning;

—the securing of the disposability of the general suppliers on the basis of stable, long-term organized cooperative relations and short reaction times (delivery and service times) of the partners in cooperation, especially for balanced supply shares;

—the greater time horizon for the securing of demand fairness, especially with regard to quality, which can lead to reequipment and modernization work with respect to projects and performance for capital goods to be delivered;

—the combination of the uniqueness of certain parts of each individual facility with the increase in the standardization and repeatability of compatible partial solutions, subassemblies and components.

The characteristic high complexity of the achievements for the export of capital goods, the specifics of the capital goods and the increasing importance of reconstruction and modernization create a relatively limited clientele and thus favorable preconditions for the organization of stable export-import lines. That requires the qualification of the demand forecast. It is therefore necessary

—to undertake long-term studies of the dynamics of demand and the most extensive classification of its causes possible,

—to improve the quality of the advance elucidation of contractual projects through qualified methods so as to create the preconditions for the objectification and qualification of necessary decisions.

At the same time, project-related variants of the export of capital goods as well as country and customer-related export concepts are to be elaborated. The following means can be used as the basis for long-term strategic development concepts of the combines:

—the long-term assessment of the development of science and technology and the resulting conclusions for the production and capital goods export profile of the combine;

—the analysis of the state of development and the national economic classification of the combine as well as the assessment of the necessary and possible development of the performance of the combine and its partners in cooperation;

—the analysis of the development of the export of capital goods taking into account the development of the foreign policy and foreign economic requirements and conditions as well as of the forming country groupings;

—the long-term national economic orientations and basic decisions.

That must, however, be linked with the further improvement of science and technology as well as marketing and foreign economic relations (as information systems of the combines), whereby here too, in addition to the inclusion of the information system of the foreign trade enterprise, all cooperative possibilities of the gain in information are to be utilized better and converted into independent statements.

In their joint contribution, Theess/Martin spoke on marketing conditions in the capitalist markets for consumer goods of light industry and the resulting requirements for the realization of the processing strategy.

Despite good market experiences, the changing marketing relations in recent years are increasingly linked with a number of problems. The current marketing conditions in the capitalist markets for consumer goods of light industry are characterized by the following trends:

1. Changes in the rate of growth and in the demand structure that are making the cutthroat competition in a number of capitalist countries a typical manifestation of these markets.

2. Shifts in the structure of the forms of retail trade with consumer goods in Western Europe since the mid-1970's primarily in favor of the self-service or consumer markets.

3. Transformation of a number of developing countries into the strongest competitors in capitalist markets for consumer goods of light industry, among which Hong Kong, Taiwan and South Korea are still prominent; as additional competitors, such countries as Tunisia, Morocco, Thailand, the Philippines and Malaysia have attracted attention.

4. The reaction of the capitalist industrial countries to the growing competitive pressure from the developing countries, with increasing restrictions on market access for consumer goods.

5. Acceleration of the renewal process in material production as also completely applicable for the consumer goods of light industry.

From this, requirements were derived for industry and foreign trade and in particular two aspects were emphasized:

1. The highest possible processing of the domestic and imported raw materials and other materials used must be guaranteed with the export offer of light industry. To that end, a high scientific-technical level in the production, the highest demands on the product design, rapid reaction to changing assortment requirements, market research and more are required.

2. The offer of consumer goods for export should be formed so that it differs clearly in quality from the offer of important competitors. In particular, in connection with a flexible reaction to the rapidly changing assortment requirements of the buyers, one must also pay attention to the advantage of a favorable location situation with respect to the main markets in Western Europe.

Beyer spoke on the quality standards of comprehensive intensification and worked out the connection between high quality and greater economic effects. A very important question that is related to this is the economic

evaluation of the quality and its actual economic weight in the complex of the qualitative factors of intensification and thus in the overall reproduction process of the combines and enterprises.

In the first place, it appears that today the quality effects already go far beyond the actual costs for rejects, reworking and warranties and must be evaluated in a substantially more complex manner and more in relation to sales.

Secondly, the connection between the new quality demands and a rational utilization of the working faculties is becoming more and more important. The solution can only be in novel rational methods of quality assurance and an increasing automation of the testing technologies.

Thirdly, the interest in quality assurance is substantially determined by the demand for the accumulation of funds and the economic advantages in economic accounting.

Fourthly, quality work is linked to the continuity of production. Overall a comprehensive quality assurance related to the reproduction process, that is, the guarantee of increasing quality with the technological flow, is becoming increasingly important.

In this connection, attention was drawn to new trends in the development of quality requirements and their economic consequences:

1. The linking of new products with the highest demands on quality increasingly presupposes a timely integration of measuring and testing techniques in the research and development process.
2. The higher demands on quality require substantial changes in the division of labor or in the traditional work flows.
3. The quality of production is largely determined by the quality of the work.
4. The quality of the work is linked with increasing technological demands on rationalization.
5. Important aspects of quality assurance are in teamwork within the chain of cooperation.

In a final word, Hartmann summarized the orientations of this scientific council meeting: the subject of the meeting, the theoretical findings, and the progressive experiences and practical requirements of the link between scientific-technical achievements and the formation of effective marketing relations are becoming increasingly important in the realization of the decisions of the 11th SED Party Congress and in the better and better utilization of the qualitative factors of economic growth under the conditions of the new phase of the

scientific-technical revolution for the further consistent securing of the course of the unity of economic and social policy. Erich Honecker stated in his report to the first district secretaries: "There must be a maximum development of the ability to apply scientific-technical innovations in high-quality products without delay, to produce them at low costs and to offer them in accordance with the demand." (2)

Since in this meeting we have devoted ourselves to the link between science/technology and marketing, we were essentially dealing with the question of how and in what direction the economy can and must be further developed, that is, with the unity of the methods and the goal, which is reflected in the unity of economic and social policy. Accordingly, it was a matter of the reproduction process as a whole, beginning with research and development and extending to the application of scientific findings and to consumption and its active repercussions as the driving force of economic growth. The consistent realization of the unity of economic and social policy has not only proven to be an important basis for the political stability of the GDR at the dividing line of the two systems in Europe but also a powerful driving force of social progress. The knowledge gained in more than a decade and a half and verifiable by every working person that good work also leads to noticeable sociopolitical progress is an irreplaceable motivation for enterprising and disciplined work for the society.

The relationship between production and consumption takes a central position in the process of social progress. In accordance with the findings of Marx in the question, the unity of economic and social policy proceeds from the primacy of production, from the fact that both the scope as well as the manner of consumption are decisively determined by production and that consumption plays an extremely active role in this interrelationship. "Consumption," writes Marx, "creates the drive of production;...without a need there is no production. But the consumption reproduces the need." (3)

The discussion emphasized that within the dialectical interrelationship between production and consumption consumption actively influences the production. Neither is production an end in itself nor is consumption a passive function of production. This is especially valid for socialism, where production is aimed directly at the satisfaction of physical and intellectual-cultural needs of people. Accordingly, these needs also represent the point of departure for production and its planning. Work in line with market conditions cannot be mastered in the realization phase alone. In reality, work in accordance with market conditions begins earlier, that is, in research and development and even as early as basic research. The question is raised of what is produced, how it is produced and how it is sold. Naturally the realization phase is of the greatest importance in all of this. In it the question is substantially decided whether the society recognizes the utility values and values created.

The discussion confirmed that under the conditions of the accelerated development of productive forces in our time the relations between scientific-technical achievements and effective marketing have become substantially closer, more direct and more compelling. In the future, these processes in their complexity will doubtless increase even more intensively. This raises questions involving the reproduction cycle that especially affect the combines in which these components in the cyclical process must be utilized more efficiently. The basic idea that already determined the process of the formation of combines—to bring together what belongs together organically from the standpoint of the national economic reproduction process and thus to ensure the closest connection between science, production and marketing—is gaining immediate importance at a qualitatively higher level. The objective is a high performance capability of the entire process through a shortening of the cycle of research, development, production and marketing. That means that the process is to be organized proceeding from the final product, the expenditure of living and objectified labor, the utility value and the time of the necessary use in the domestic market and the external markets. In every combine, just as in the most progressive combines, the efficient renewal of production and the rapid reaction to changing demand requirements call for the strengthening of all necessary members and the most rational organization of all phases of the reproduction process. Success is determined not only by the individual performance in a reproduction phase but by the control of the entire reproduction process.

A basic theoretical question of this meeting involved the continuous consideration of the unity of the utility value and value. The following aspects above all play a role: how must the potentials of research, development and production be employed to produce goods whose utility values fully meet the needs of users? Here it was underscored in the discussion that it is basically a matter of ensuring outstanding performance with the reduction of the research and development times at the correct point in time and above all to make possible their most efficient utilization directly in the economy. This is the critical point in many combines.

How is the value of the goods created in production realized through a high level of marketing operations in the domestic and external markets and how is the expenditure in the production reduced to a degree that corresponds to the social necessities and possibilities? This meeting has brought us a step forward in all these aspects that are just intimated here. In particular, the knowledge of internal interrelationships and the complexity among different objective requirements was deepened. It is thus not merely a matter of the highest demands on the utility value of goods but also of the lowest expenditure in production. Ways of thinking and behavior that concentrate on marketing are aimed not only at meeting the demand but also at the utilization of the expenditure included in the good. From this point of view, the campaign to reduce costs becomes more and more important.

The control of the time response is also crucial for the extent and stability of the improvements in efficiency and for marketability. At least three directions play a role thereby: the rapid generation of outstanding scientific achievements at the right time, the full productive utilization of such achievements, and their continuous and rapid improvement. A gain of time makes research and development results more valuable, whereas lost time depreciates them. The role of the time factor as a factor to increase and realize value is growing. In the interrelationship between expenditures and results as factors determining productivity and value, the time factor is not just simply becoming more important but is having an increasing influence on the two other factors and sets standards for the pace of renewal.

We follow the remarks of Marx, who with a view to the future socialist society that has now become reality stressed that the economy of time will become a law to a much greater extent than in all previous social formations. To that end, it is naturally important to utilize all the advantages of the socialist planned economy. That is one of our greatest reserves and at the same time our obligation.

#### Footnotes

1. Compare p 1121 and the following pages of this publication.
2. E. Honecker, "Die Aufgaben der Parteiorganisationen bei der weiteren Verwirklichung der Beschlüsse des XI. Parteitag der SED" [The Tasks of the Party Organizations in the Further Realization of the Decisions of the 11th SED Party Congress], from the report of the conference of the secretary of the SED Central Committee with the first secretaries of the district committees on 6 February 1987, Dietz, Berlin, 1987, p 39.
3. K. Marx, "Grundrisse der Kritik der politischen Ökonomie" [Outlines of the Criticism of Political Economy], Dietz, Berlin, 1953, p 13.

9746

#### HUNGARY

##### Customs Duties, Restrictions Said To Burden Private Sector

25000439b Budapest FIGYELO in Hungarian  
25 Jun 87 p 22

[Roundtable discussion: "Customs Duties and the Private Entrepreneurs"]

[Text] As economic regulators, customs duties must continuously reconcile two important interests—the production and services, that is, the budgetary income considerations of the sector in question. How do they presently fulfill this task? We asked Mrs Ilona Legrady Dett, captain, section head of the National Command of

the Customs and Internal Revenue Police; Bela Locsmadi and Gyorgy Vass, chief department heads of KIOSZ [National Free Organization of Retailers] and KIOSZ [National Organization of Artisans], respectively; Lajos Nemeti, dental technician; and Judit Szabolcsi, department head of the Ministry of Finance, about this.

[Question] Do the current customs regulations help small industry and small business to bring modern products and services to the economy?

Mrs I. Legrady Dett: Until 1981, a maximum of 30,000 forints worth of machinery, appliances, instruments, and tools at domestic market value could be imported without paying duties. This allowance was only for a single occurrence, or for one individual. Between 1981 and 1984 the limit was already 60,000 forints and covered a five-year period. Since 1984, the allowance is 200,000 forints, and may likewise be used every five years. Machinery, appliances, and so forth that are sent as gifts are now burdened by only 30% customs duties instead of 40% ones.

[Question] How far does the 200,000 forints go?

G. Vass: Two to three years ago, for example, it was enough to cover about half or a third of the domestic cost of an average lathe; today it covers at most 20 percent. This is why KIOSZ has, on more than one occasion, proposed, unsuccessfully for the time being, that the value limit be raised to 500,000 forints and that it also include motor vehicles classified as production instruments.

B. Locsmadi: The 200,000 forint value limit is sufficient for a significant section of the private-small business occupations, but in certain areas, for example, in the entertainment, hotels creation, and basic food supplies provisioning small businesses, the present level of the allowance is low and does not at all cover leasing businesses.

[Question] Do private artisans and small businesses utilize the full 200,000 forint limit?

Mrs I. Legrady Dett: Up until now, a total of 2 percent of those eligible for the allowance have reached the 200,000 forint limit. It is not practical to raise the allowance limit until all that remains is not used up. According to the data, we have little production instrumentation, machinery, or equipment entering the country. Many request duty allowances for devices that do not fundamentally serve production, for example, answering machines or video cameras. It must be understood that the allowance may be utilized only for equipment defined by macroeconomic management and permitted by law. The private artisan must pay duty on value above the allowance limit.

G. Vass: It is difficult to decide what is included in the category of equipment that is fundamentally important for the running of a business when we are talking about market sensitive areas where perhaps product changes have to occur from one week to another. The allowance limit does not affect the majority of those in the service industry; it is much more likely to affect the producers who, however, constitute only 20

of the small businesses. The above mentioned 2 percent must be viewed in this context. However, we should talk not only about private artisans and businessmen but also about business partnerships and private business corporations. Many are not eligible for the allowances—as a corporation—because they lack a donor.

Mrs I. Legrady Dett: The 200,000 forint customs allowance may be used on an individual basis. The donor need not be a relative. Thus, there is no objection from a customs viewpoint if the same individual sends several members of a business partnership a present.

[Question] And what is the situation with regard to materials and finished products needed for production and services?

J. Szabolcsi: The possibility of importing materials was terminated in September 1986. Why? It was our experience that in very many cases fictional gift giving and illegal currency export lay behind the private importation of materials, and, in addition, the majority of materials did not serve direct production.

L. Nemeti: I have been a practicing dental technician for 20 years; during this time I have replaced my equipment five times—with the help of relatives. Whoever does not have relatives or acquaintances—and this is also perhaps a reason that only 2 percent of the allowance is used up—is unable to change technologies. And it often happens that we are able to work only with materials imported from capitalistic sources. Various hard acrylics and ceramic materials of a high quality are not manufactured in a single socialist country.

B. Locsmadi: KIOSZ views the termination of this allowance as a retrogressive step because it causes a gap in the stock of goods. It is however possible to import noncommercial quantities, but this makes the continuity of the activity of both the small businessman and private artisan more difficult. In addition, a directive of the domestic trade ministry further restricts, that is, prohibits the sale of certain products made from imported basic materials to private businesses. All this will sooner or later lead to a deterioration of the supply of the consumer.

[Question] Will the September modification bring about the desired result?

J. Szabolcsi: The elapsed time is too short for an evaluation, but the stores selling the affected import goods, for example, cosmetics and toys, are not empty.

G. Vass: It has created dissatisfaction and even alarm.

J. Szabolcsi: And, aside from alarm, do you know of anyone who is unable to purchase goods?

G. Vass: This is a question for the future. At present, both private artisans and businessmen are forced to hoard so that they may work continuously despite fluctuations in the supply of materials and goods. The restrictions will sooner or later make their effect felt.

[Question] Are private artisans and small businesses permitted to place import orders with enterprises having foreign trade rights? That is, are they allowed to use their own currency to import materials and goods?

G. Vass: Theoretically, yes. It's just that the majority of artisans and businessmen do not have convertible currency. And it is not worth it for the foreign trade enterprises to deal with transactions totaling a few hundred or a few thousand dollars. If an artisan's work aids an enterprise's exports, for example, it is easier to have access to the imported materials.

J. Szabolcsi: Furthermore, in the case of authorized export orders, the Bank of Foreign Trade will also release the currency needed for the importation of materials or machinery to a private artisan or business partnership; naturally, it will do so under the same stringent conditions that it has for the state or coop industries.

[Question] In light of all this, is it not conceivable that a private artisan applies for his passport and currency and, instead of a three-week-long museum visiting trip, purchases all that he needs in three days. And then pays customs duties on it as an individual traveler.

Mrs I. Legrady Dett: He thereby commits a criminal offense because the currency was not used for the purpose it was purchased from the state—for tourism.

G. Vass: These anomalies will persist until such time as the private artisan, businessman, and members of a business partnership are not classified as participants in economic activity.

J. Szabolcsi: Under the current structure of the customs system it is inconceivable that in the course of customs check someone would be treated as a private artisan or businessman. A product may enter the country either as a commodity or gift, or through passenger traffic. This cannot be changed just at a moment's notice, and selectivity applied to spheres of activity is especially unrealizable at the present time.

G. Vass: Customs regulations are in accord with general regulations. If there would no longer be a distinction between private individual and economic entity in the civil code, the situation could also be changed at customs.

B. Locsmadi: Even if the abolition of the distinction between a private individual and economic entity is inconceivable, it would nevertheless be justified to take into consideration the activity one pursues from the viewpoint of customs and currency operations even if it means developing compromises. KISOSZ has already submitted a petition of this nature to the competent authorities: examine in what way a private artisan or businessman could make purchases either at home or abroad with convertible currency for the purposes of further resale.

G. Vass: Customs are an important instrument of economic management. I think, as it concerns the private small-scale industry and small business today, there still does not exist a suitable harmony between economic policy goals and customs regulations. Technical development is, for example, a central issue. Throughout the world small plants are on the leading edge of technical progress; however, in our country the majority of them are at an extremely low level. Progress in this area would be the most urgent.

09956

## POLAND

### Tax Hikes on Private Car Imports Assailed

#### Tax Explained, Need Questioned

26000010d Warsaw ZYCIE WARSZAWY in Polish  
21 Aug 87 p 2

[Text] (PAP) During the first half of this year, through the customs offices, almost 1,040 passenger cars were imported, of which only 725 were imported by private individuals. The others were brought into Poland by foreign diplomatic and trade agencies and Polonia firms. Of these 725 cars, most were equipped with high-compression engines—to be exact, 479 of them. The following rule applies: as long as you are paying a high duty for something, it might as well be something good. That is why most of the cars brought in this way are Mercedes or Volkswagens.

New customs duties have resulted in the almost complete disappearance of the private import of trucks (including delivery vehicles) and buses. Customs offices, during the first half of this year, registered 35 of these vehicles bought by individuals and 18 imported by agencies.

The main purpose for making changes in customs duties on automobiles was to reduce the outflow of dollars abroad for their purchase. In 1984, approximately \$1

million was lost in that way. This money, it was said at that time, should be spent primarily on automobiles of our own production. And, indeed, their purchase in internal export [sale of Polish automobiles to Polish citizens for non-Polish currency] rose greatly in recent years. In 1985 we sold over 35,000 cars for foreign exchange (of which 26,000 were produced in our country and over 4,000 were from other socialist countries) for approximately \$65.5 million. However, in 1986, 74,000 vehicles were purchased for foreign-exchange, including over 57,000 produced by us and almost 10,000 from other socialist countries. The customers paid over \$140 million for these vehicles. But now the demand for Zeran [automobile factory] cars in internal export greatly exceeds the supply—the waiting period is many months. The supply of cars produced in socialist countries is far from sufficient.

Since the supply of domestic cars and cars produced in other socialist countries is insufficient (with the exception of the 'midget' Fiat), should the high duty tariffs be maintained? After all, duty, as a rule, is assessed in order to protect one's own producers. In this case, however, there is very little necessity to do this.

#### **Industry 'Protectionism' Scored**

26000010d Warsaw POLITYKA in Polish  
No 36 5 Sep 87 p 11

[Text] PAP has reported that the huge tariffs instituted over a year ago have "resulted in the almost complete disappearance of the private import of cars." A nation of over 35 million in the first half of the year imported privately scarcely 1,040 cars, of which only 740 went to individuals, and barely 18 trucks! However, internal export, that is, the sale of Polish cars to Polish citizens for non-Polish currency, rose greatly because, unfortunately, the Polish economy officially regards this currency to be better, and its owners also.

This success appears to be highly doubtful. As a defense of producers, this is an undeserved success because our automotive industry is one of the worst, and such a defense, thanks to which for its own new automobiles it can demand and receive good money, simply coddles it even more. We condemn protectionism in Japan, in America, and in Western Europe, and yet we ourselves have yielded to its temptation.

Second, the Polish automobile market is completely a producers market. People wait years for automobiles on which they made prepayments a long time ago. And they wait longer and longer, because the foreign-exchange customers have priority. This is a poor lesson in saving and prepaying. It is really an incentive to buy up dollars, escalate their exchange rate, and persuade them to make easy money abroad, according to the rule: earn there, spend here.

Third, from the standpoint of the number of automobiles, especially small trucks and delivery vehicles, Poland remains far behind the second-rate economic powers of Europe and Asia. The "disappearance of the private import of automobiles," about which PAP writes, simply increases this backwardness.

As far as the foreign exchange that the Western firms collected from Polish citizens is concerned, there was, and still is, a remedy for this: the sale in Poland of Western automobiles, both new and used, and engines and parts, should be arranged in such a way that it would not pay for Poles to take the trouble and money to go abroad for automobiles. It should be possible to buy them here, on the spot, with benefit to the state and the citizens.

In order to do this, we have to make a greater effort than simply establishing a prohibitive duty, from which only an incompetent industry and economy benefits, and the citizens pay—both the foreign-exchange ones and the zloty ones.

9295

#### **Statistical Profile of Industrial Monopolies**

26000010a Warsaw ZYCIE WARSZAWY in Polish  
31 Aug 87 p 4

[Text] Beginning on 1 January 1988, an antimonopoly law will go into effect. It would be well, therefore, to know the extent of the concentration, or monopolization, of production in our country. Such a study was conducted by the Institute for Economic Development in the Main School of Planning and Statistics, which polled several hundred enterprises.

In the production of market products, 283 enterprises were surveyed. It was accepted that a monopoly exists when the share in the supply of a given goods in the country is 30 percent. The study showed that almost one-third of the market-goods enterprises hold a monopoly position. The number of enterprises that hold more than a 60-percent share of this supply is 18.4 percent.

The highest concentration prevails in branches of industry that produce raw and other materials, and investment goods. Approximately 53 percent of the enterprises classified by this method are monopolies.

In the case of producer goods, the producers whose share in market deliveries is more than 60 percent, of 320 surveyed, total almost 41 percent. However, of the 95 surveyed producers of investment goods—that is, machinery and equipment—this percentage exceeds 41.

Thus, we have a high concentration of production in this country, with definite economic consequences, for example, in price-fixing, the domination of a producer-seller market and not a buyer market, lack of competition, and so forth.



Implementation of the antimonopoly law (right now there are no executive orders) will make it possible to counteract the monopolistic operations of the large producers.

The elimination of central distribution is also anticipated within the framework of the second stage of reform. According to studies made by the same institute of the Main Office of Planning and Statistics, as many as 44 percent of 582 enterprises surveyed receive at least half of their supply goods through the central distribution or sector method. Of 345 surveyed enterprises, about 30 percent receive at least half of their investment goods through the distribution list.

It need not be added that distribution makes the operation of enterprises very inflexible and restricts their independence.

9295

#### **Sejm Commissions Critically View 1988 Annual Plan**

26000010c Warsaw TRYBUNA LUDU in Polish  
9 Sep 87 p 2

[Text] The deputies' present attention is being concentrated on the assumptions of the National Annual Plan for 1988. This document was discussed at meetings of six substantive commissions.

Consideration was given primarily to the realism of its provisions.

In the Construction, Land-Use Management, Municipal, and Housing Commission, implementation of the plan for this year was taken as the starting point. Unfortunately, the opinion was not optimistic, and the proposal to build from 200,000 to 250,000 apartments in 1988 is an amount that does not come close to meeting social needs. It is also, as the deputies underscored, less than had been envisaged in the National Socioeconomic Plan for the current 5 years. The lack of mechanisms in the assumptions, solutions which would guarantee the elimination or at least a lessening of the obstacles that construction has had to cope with for years, is also disturbing.

Deputies from the Commissions for Overseas Cooperation and the Maritime Economy said the same thing. But in this case an examination of this year's results brought a favorable opinion, making it possible to initially include in next year's foreign-trade plan indicators higher than the average that had been envisaged for the individual years of the 5-year plan. This shows, as the deputies point out, that the economy is adapting to more difficult conditions.

The situation in the Mining and Energy Commission was found to be less optimistic. Because it is not possible to increase the extraction of hard coal, the deputies decided

that there is no alternative except to finally learn how to conserve it. Effective education should ensure that the price of coal will rise to the level of the actual costs of its extraction. Otherwise, the plans for reducing the energy-intensiveness of the national income will not be implemented because it will be far more profitable to burn cheap coal than to invest in conservation measures.

Deputies from the Environmental Protection and Natural Resources Commission, too, were not ready to put on rose-colored glasses, noting the past delays in the implementation of investments that would protect man's surroundings. Examples of this are water-treatment plants, of which there are more than was planned, it is true, but are nevertheless of much smaller capacity.

Excluding price-income policy from the assumptions of the Annual Plan met with the disapproval of the Domestic Trade, Small-Scale Production, and Services Commission. It was said that this creates a great deal of confusion as to the anticipated movement of prices, their level and effects on the market and on people's standard of living. On the other hand, the government's concern about improving consumer services was given a good rating. This also met with the approval of the deputies in the Transportation and Communication Commission, but they expressed fear as to whether economic realities had been taken into account in the assumptions.

Also on that day two commissions met jointly: the Economic Plan, Budget, and Finances Commission and the Legislative Work Commission. This time the subject of discussion was not the assumptions of the Annual Plan, but the first reading of the draft law changing the law on income taxes. The object is first to reduce the amount of taxation and change the rules on taxing receipts from sales or replacement of things, and property rights, mainly pertaining to residences and buildings. The deputies acknowledged the reasonableness of the proposed changes and sent the draft of the amending law on income tax for further work in the appointed subcommittee.

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#### **Sejm Debates New Contract With Fiat**

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4 Sep 87 p 1

[Report by Jerzy Sieradzinski: "What is the Future of the 'Midget' Fiat?"]

[Text] The discussion Thursday in the Sejm on the assumptions of the recently initialed contract with the Italian firm, Fiat, on the planned startup by the Compact Car Factory (CCF) of production on a new subcompact passenger car lasted over four hours.

The discussion, which took place at a joint meeting of the Sejm Industry Commission and the executive committees of the following commissions: Economic Plan,

Budget and Finance; Science and Technical Progress; Overseas Economic Cooperation; and Maritime Economy, was based on information presented by minister Janusz Maciejewicz on the subject of cooperation of the Polish automotive industry with the Fiat company until the year 2001. This information was prepared by two ministries: metallurgy and machine industry and foreign trade.

The main portion of the information was the matter of the future of CCF in light of the recently OK'd contract with Fiat on cooperation in the production of a new subcompact car in the Bielsko and Tych factories. CCF directors Ryszard Wenter and Roman Grzywacz (the latter conducted negotiations with POLMOT [motor vehicles and automotive equipment foreign-trade enterprise]) described the important commercial-trade and financial provisions of the drafted contract.

CCF would begin production of the new automobile in mid-1991. Until then, Fiat 126 Restyling would be exported, production of which CCF is just starting up. This is a car with a new air-cooled engine, higher cubic capacity and horsepower, and much more economical in fuel consumption.

The deputies asked why Fiat 126R (Restyling) is not being treated as a "base" vehicle for further modernization. In short, is it absolutely necessary to produce a completely new automobile in this class?

It appears from the reply made by the CCF director that the factory decided to produce the 126R version in order to maintain foreign-exchange export for the next few years. This export is indispensable for CCF to maintain its production for the domestic market. Suffice to say that the foreign-exchange input for every 'midget' Fiat is

now approximately \$150. Over the long term, it would be difficult to expect that even the modernized version of the Restyled 'midget' Fiat would attract buyers on the foreign markets, where there is strong competition.

Therefore, a new, modern subcompact car is needed, one with the technical-operating characteristics which its buyers would demand at the turn of the century.

However, the deputies' discussion did not touch upon the technical-operating characteristics of the new automobile, but concentrated mainly on the financial and credit terms contained in the initialed contract and the practical feasibility of implementing this large investment undertaking. The fear was expressed as to whether this will not violate the general assumptions of the National Socioeconomic Plan, particularly in that part which affects the anticipated investment outlays: how much this undertaking will help the restructuring program of our industry, and how much it will complicate it. What will be the practical consequences of the temporary growth of the foreign debt, connected with the new credit? Is the mechanism of the self-repayment of obligations, contained in the contract, in lengthy settlements, in compliance with the rules of the second stage of reform? These are some of the questions which came up in the discussion.

After the long hours of debate, the deputies decided to send an opinion to the chairman of the Council of Ministers approving the general principles of cooperation with Fiat in the development of the production of a subcompact car in CCF. But they included a reservation and comments as to the initialed contract, because they were doubtful as to some of its details.

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## HUNGARY

### Increasing Social, Psychological Strains on Families Analyzed

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14 May 87 pp 18-19

[Interview with Eva Molnar, sociologist, faculty member of the Eotvos Lorant University Department of Sociology]

[Excerpts] [Question] It is generally known that the number of so-called disadvantaged families and the severity of their problems have increased to an extraordinary extent here in Hungary. These phenomena are partly the result of financial problems and could, in part, be attributed to "subjective" causes. What are the latter?

[Answer] It is very difficult to give a general answer. It is obvious to all family counseling professionals that every family's problems are unique and that there are no general recipes to solve them. In my opinion it is clear that there is no direct, that is, straight correlation between a family's internal problems and the existential situation of the family.

[Question] It is quite apparent from this answer, and it may well be that this is generally not known, that there is no certainty that a family in a relatively good financial position does not have serious internal problems. This prompts the next question: Nevertheless what is the reason for the accretion of these problems?

[Answer] If we consider the current confusion associated with social roles then it is obvious that the roles or social conduct of the father, the mother, as well as the children are in serious conflict with society's other expectations. For example, becoming a mother may cause very serious turmoil if it existentially brings tensions into the family or if the relationship between the parents is unable to bear the emotional demands of the child, primarily with regard to the mother. While on the level of expectations society is child-centric, the general conditions for this do not exist; thus, the bearing of children on the part of many women causes, for objective reasons, problems, in many instances emotional problems that they are unable to resolve themselves.

[Question] May I contrapose this answer by saying that in very many cases a woman may become a good mother only by undergoing difficult hardship, which in itself is a role disorder?

[Answer] Yes, that is precisely the point.

[Question] What sort of institutional system is there today to aid the family with its various problems?

[Answer] There is no unified institutional system; different institutions try to provide aid according to different viewpoints. There are the district nursing service network, the mental health centers, and educational counseling, family care centers, and so forth, but only in extreme cases are these institutions able to resolve the majority of the new problems associated with the arrival of a newborn. Another example of this is: The district nurse service gives the parents health care advice and if the new mother is "nervous" and stays that way then she may go to the mental health center; however, because of the lack of time there is no opportunity for more serious therapy. Until now we have not mentioned that in this new situation very often greater burden falls on the father because emotionally he does not find his place and at the same time he is not home, often because he must supplement the child care subsidy payments with extra work, and so forth.

[Question] "Our child is growing up." At first there were only "problems" with him in nursery school and then later also in school; and they are the kind that neither the school nor the parents are able to cope with. What is the institutional system able to do in this case?

[Answer] This is already a matter for the educational psychologists.

[Question] To what extent is there a possibility of more complex therapies within educational counseling than in the mental health centers?

[Answer] The operation and effectiveness of the educational counseling system is significantly better, and I might also add that in this respect it is perhaps the best functioning institutional system. The reason for this is partly historical. In the 1950's, primarily on the initiative of Julia Gyorgy and her colleagues, attempts were already made to do something about handling the problem child. The currently existing educational counseling network was predominantly the result of a series of initiatives coming from below, and I believe that its perspective and methodology is of a high level.

The educational counseling centers primarily deal with the protection and care of children and youth and are institutions that have changed a great deal. In the beginning the dominant view was "face the child squarely," but it quickly became apparent that a large majority of the children's problems could not be solved without an understanding of the family's internal relations, problems, and disturbances. This is how the examination and treatment of the family as a whole as a relational system evolved in these institutions, which by international standards meet the test. In general, their methodology could also be considered modern. It "ferrets out" the internal conflicts of the family, which are very often manifested in the "problematic" behavior of the child; it could turn out, for example, that the child is aggressive because of the bad relationship that the parents have, and so forth.

[Question] Let's go another step further into the institutional system. If the child does not have parents, or if he does but they are unsuitable to raise the child, then everyone thinks the same usual alternative, the state care institution. What are the chances of a child raised in the care of the state for fitting into society?

[Answer] Very poor. I am not against state care institutions, but I do think that this solution should be utilized only in the most extreme situations, just about only in the case of criminal behavior. What I mean is that this solution should be used if and only if the parents endanger the physical well-being of the child and when there is no hope of change.

[Question] Why is it that for a long time no problem collective of Hungarian society has appeared publicly in a form that is understandable to all, which in the long run endangers the viability of the society?

[Answer] In this area professionals see contradictory phenomena. On one hand, the psychologists try to help solve the conflicts and tensions using their own methodology, and a good example of this is the announcement of

the "psycho-team," which a few years ago would have been inconceivable, not to mention other things. On the other hand, psychologists and psychology alone not only are unable to change all the social conflicts, that is, the processes that are behind them, but also can hardly influence them. It does not matter if, for example, psychology and medicine classify alcoholism as an illness if the alcoholics and teetotalers in society do not interpret and consider it as an illness in their everyday behavior.

There is, however, a "more subtle" answer to the question. What I mean is that officially, this society has for many decades thought only in terms of communal values. Thus, it is not surprising if the importance or responsibility of the individual creeps into society's consciousness only slowly and protractedly.

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