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# ***JPRS Report***

# **East Europe**

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## EAST EUROPE

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CZECHOSLOVAKIA

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## EQUIVALENTS FOR GLASNOST, PERESTROYKA SUGGESTED

## Possible Czech Translations Proposed

Prague TVORBA in Czech 25 Feb 87 pp 3-6

[Article: "Words Which Signify Actions"]

[Excerpts] It seems of late that each issue of RUDE PRAVO, as well as of other Czechoslovak newspapers and periodicals, the Soviet press--which also quickly disappears from the PNS (Postal News Service) stands--and finally, even broadcasts of news and publicity programs on Soviet television (whose signal can be monitored over a significant portion of our territory), give rise to ever new questions. They have to do with the dynamic development of the countries of the socialist community and, particularly, the USSR. People exchange views and impressions among themselves. Why should we remain apart from this trend? The objective of our round-table discussion in TVORBA, on the occasion of the first anniversary of the 27th Congress of the CPSU, however, is neither to merely multiply these questions nor to merely engage in a mutual exchange of impressions. On the contrary, both for ourselves and for our readers, like to facilitate the understanding of some new concepts in the political, economic, and social life of the USSR--with the participation of our leading linguists, educators, and journalists, some of whom worked in the USSR for longer or shorter periods--by talking about two key Russian words, from the linguistic as well as the substantive viewpoint, words which have become domesticated in the modern political dictionary: perestroyka and glasnost.

With the inquisitive participation of some of the editors and collaborators of TVORBA, the editor-in-chief of TVORBA, Dr Jaroslav Korinka, candidate of sciences (who would later say: "I vote for 'open policy' because that is a Leninist concept"), met with the following individuals, presented in alphabetic order: Alexandr Cibisov, director of the APN Bureau in the CSSR and editor-in-chief of TYDENIK AKTUALIT ("Perestroyka is actually a new political line"); Vladimir Divis, editor of the foreign section of RUDE PRAVO ("...when we will be discussing the same problem under Czechoslovak conditions, it would be illogical to use a Russian word"); Prof Dr Eva Fojtikova, candidate of sciences, deputy chairperson of the Czech Association of Russian Language Experts, Philosophical Faculty of Charles University in Prague ("Prestavba [restructuring]...is a word which is deep-rooted and is

generally intelligible and there is no need to seek a new expression"); Dr Tomas Kunca, special assistant at the Institute of Marxism-Leninism at the Advanced School of Economics in Prague ("It is very important for us to narrow the possibility that old content could be subsumed by this category"); Dr Ivan Mann, editor-in-chief of the Main Editorial Offices for Publicity and Documentation of Czechoslovak Television ("As prestavba is realized, open policy will become a matter of course to such an extent that calling it something will lose all meaning"); JUDr Evzen Paloncy, candidate of sciences, director of the Svoboda Publishing House ("Why not take over the word 'perestroyka' in the same way in which the world took over Capek's 'robot'?"); Eng Jan Rezek, deputy to the editor-in-chief of the international section of the Czechoslovak News Agency (CTK) ("From the standpoint of CTK's immediate translators, it is essential that the term be defined with maximum speed and accuracy"); Prof Dr Josef Skacel, doctor of sciences, Pedagogical Faculty in Ostrava, chief of the Joint Laboratory for Research in Linguistic Activities of the Czechoslovak Academy of Sciences and chief of the Ostrava Pedagogical Faculty ("We do not have a Czech word which would fully capture the content of the concept 'glasnost'..."); Dr Milan Syrucek, chief of the foreign section of TVORBA ("Let us recall the concept of 'detente' which also had a deeper-than-linguistic meaning"); and Josef Vesely, deputy editor-in-chief of MLADA FRONTA, who directed the discussion.

And now, dear readers, we invite you to join our round table.

J. Vesely: Does the Russian word "perestroyka" have the correct equivalent in the Czech language in the concept of "prestavba"? We pose this question irrespective of the fact that we have already essentially adopted this word and that it is beginning to slowly become rooted in our language. This word appeared in the modern political dictionary at the aktiv of the Leningrad party organization on 17 May 1985, when Comrade Gorbachev, following the April Plenum, was formulating some tasks for the Communist Party of the Soviet Union and used the word "perestroitsja." This was still during the preparatory phase of the 27th Congress of the CPSU. He formulated the following thought, among others, at the time: "It is clear that we all must reorient ourselves (perestroitsja), that all of us must truly adopt new approaches...." The immediate translation was essentially correct. Since that time, I have the impression that the word "perestroyka" has gained a certain permanent causative connection in political practice with the verb "perestroitsja"--"to reorient oneself, to change (one's own) orientation," and that it is based on the active posture of the creators of a new society.

In other words, I believe that even we should not limit ourselves to a cool linguistic disputation, to merely dealing with questions of grammar and the correctness of the translation, but that we should pose ourselves the question regarding the meaning of this and of other key words in the sense of the conclusions stemming from the 17th Congress of the CPSU, which took place just one year ago.

E. Fojtikova: "Prestavba," in the way this word is currently used in conjunction with some new substantive aspects (but not in connection with a new meaning!), became rooted in our political dictionary in conjunction with the revolutionary change of society (see "the socialist restructuring

[prestavba] of the village"). Prestavba in this context was frequently written about and spoken about. In other words, it is a word which is deep-rooted and generally intelligible and there is no need to seek a new expression.

The Russianism "perestroyka" would tend to disqualify the Czech language (or the user of the word); furthermore, it can even acquire a certain deprecatory and ironic shading.

E. Paloncý: With respect to the translation of the word "perestroyka"--the substantive meaning of this word was not made more precise until the period of preparations for the 17th congress and the realization of its conclusions. Its new meaning originated in the Soviet Union. Why then not take over this word in the same way the world took over Capek's "robot" and in the same manner in which we took over the word "sputnik"? It would differentiate the political meaning of this word from our use of the word "prestavba" (restructuring). It is a specific term which gives optimum expression to that which is happening in the Soviet Union today.

V. Divis: Let us assume that we take over the word "perestroyka." But then we will be talking about the same problem under Czechoslovak conditions and it would be illogical for us to use a Russian word to describe it. Why should we say "glasnost" (openness) when we are dealing with informovanost (being informed) under Czechoslovak conditions? Previously, the word "perestroyka" also had a different meaning in Russian; it has now been endowed with new content. To the extent to which we agree on the Czechoslovak equivalent being "prestavba," no danger threatens that our readers will fail to understand this. When I was a reporter for RUDE PRAVO in Moscow, we attempted to provide broad information to our public even before the 27th Congress of the CPSU regarding changes in the USSR and we sought various forms of expressing that which was new. One of the variants was "a change in thinking, methods, and in the style of work": however, this encompasses only part of the problem. I believe that the word "prestavba" comes much closer to the meaning of the original.

J. Skacel: In this country, the word "prestavba," which corresponds to the Russian word in its meaning, has been in use only recently. According to the dictionary, it did not show up until after 1945--perhaps in conjunction with the previously mentioned "prestavba" (restructuring) of the village as a revolutionary process. In the Russian language, however, for example, in works by the revolutionary Gercen, there exists a "perestroyka ubezdenij" as a "creative thought process." Even in this context, the word "prestavba" appears to be narrow.

A. Cibisov: In my experience, this "prebudovani" (recreating) or "prestaveni" (rebuilding) is utilized in a not exactly fortuitous situation, even with respect to "thinking in harmony with the requirements of perestroyka," although quite obviously, what is involved is a "preorientovani" (reorientation) or a "prerod" (transformation).

J. Korinek: We automatically make the adjustment in the sense that what is not involved is a "prebudovani" (recreation) of either science or thinking.

J. Vesely: However, I ask myself whether each reader of our newspaper will automatically make the same adjustment if he, for example, does not have the Russian text in hand and to whom we guarantee the correct translation. What if we are committing a distortion here?

J. Korinek: We will have to better prepare ourselves and the reader to comprehend the new concepts. At TVORBA, we have a small social science lexicon where we can list individual entries topically--and I believe that we can utilize even this discussion by drawing the readers' attention to the possibility of an incorrect translation, depending on the circumstances.

J. Vesely: I would also like to comment on the question raised by Comrade Fojtikova, as to whether "perestroyka" only concerns the USSR: according to our detailed academic dictionary, this word, which is understood "ideologically, in conjunction with new tasks," has the Czech meaning of "changes in orientation or in the course"--something which should be valid without regard as to where the mentioned process is taking place.

V. Divis: At the end of January, RUDE PRAVO carried a speech by Comrade Jakes and the same issue also contained material from the January Plenum of the Central Committee of the CPSU. In this case, if we were to use the term "perestroyka" on one page and the substantively identical concept of "prestavba" on another, we would only disorient the reader. After all, what is the substantive difference between them?

J. Vesely: I do not dare say that, in the given case, both words have the same meaning.

I. Mann: In Western media, the word "perestroyka" frequently shows up without a translation in various transcripts. Is this not so because bourgeois society, capitalist socioeconomic formation, is not capable of accomplishing such a "prestavba"?

J. Vesely: An interesting observation.

I. Mann: And therefore, they take over the word "perestroyka" as is.

E. Fojtikova: I have a similar view. For journalists in capitalist countries, the word "prestavba" is something specifically Soviet but something which concerns them all. By taking over the word "perestroyka" they emphasize the basic difference (perhaps with a sigh of relief), they do not make an effort to translate it, even though a word of similar meaning certainly exists in all so-called cultured languages. I would like to point out that there are two types of internationalism. Those which are used throughout the world (in older times they were based on Latin and Greek, in more recent times they were connected with the development of science and technology): manufacture, continuity, robot, sputnik, sci-fi, chip, and chozrascot. Then there are internationalisms which express a great national specificity and are difficult to translate; that is why they are taken over in their original out of a certain necessity: ikebana, samuraj. However, for languages of the same cultural level, actual untranslatability does not exist.

A. Cibisov: "Perestroyka" is a multilayered process including the process of comprehension, which means that it is not simple even for Soviet man. And it is a process which is realized on the march, which makes it even more difficult to find one's way with respect to the meaning of the new orientation of the party and of society. However, none of us will receive any time for any kind of retraining from anybody. This is another source for the varying explanations.

T. Kunca: The most important thing is the character of this process, of the general circumstances under which it is developing. If we translate the term "perestroyka" then it is a matter of showing, at the same time, that this is an active, living, socioeconomic and spiritual process of substantial qualitative changes which, at the same time, is unthinkable without the active participation of people. If we shall comprehend it narrowly only as "prestavba" (restructuring), then it does not correspond to the character of the social processes which are underway in the USSR. Thus, a certain danger of inaccuracy is inherent in it. If, for example, we use the Czech term "prestavba," without adding "what kind" and "of what," I believe it is very important in our explanation to achieve a maximum limitation of the possibility that old content could be subsumed in this category.

M. Syrucek: In the case of the Helsinki Conference in 1973-1975, a certain term was the object of discussion, polemics, and disputes for more than 11 months, not only by journalists but even by politicians, diplomats, and, naturally, linguists. Today, it is currently translated into Czech as "uvolneni" (relaxation of tensions). In French, it is "detente," and in Russian "razrjadka." In both of these languages it has its roots in the old military order: "Naboj skryj" (unload), which is an order to remove the charge from the chamber so that the weapon cannot be fired immediately. You understand that it was then difficult to define the very concept of "uvolneni." Particularly since English, but also other languages (including Czech) do not have a similar one-word expression. Our concept of "uvolneni" has, in the meantime, become rooted in the language, although it has remained only partially translated into Czech. It is natural that the full content of this expression called for patient explanation. It had its deeper meaning and it was worthwhile because "detente" within the framework of the Helsinki process, has begun to spread in recent years from the originally only political sphere to the military sphere--to specific disarmament steps in Europe. Therefore, in explaining the concept of "perestroyka" or "perestroitsja" let us proceed from their broader concepts, from the fact that their actual content could lie more deeply than is indicated to us by the dictionary. And its precise comprehension is not only a question of linguistics, but is a highly political, historical, and topical question.

V. Divis: If one says or writes the word "prestavba," the ordinary person first imagines the remodeling of a building. In its direct meaning, "prestavba" can mean that we will reach the original "malba" (painting) of the deninist style by removing deposits of errors and shortcomings from previous times and that we will then continue in the creation of what is new, modern, and progressive. I believe that, for a person who is less experienced in political terminology, the term "prestavba" is the most suitable and actually more logical term.

I. Mann: When I first heard the comparison with an old building, I had the feeling that it is inaccurate. But I understand what Comrade Divis meant to say. He had in mind the basic Leninist thoughts--the reason these buildings are constructed in the first place. Thus, as we want to understand it, we call "prestavba" a return to these basic principles--not to some kind of underlying paint, but to basic thoughts.

A. Cibisov: To me, understandably, even here the word "perestroyka" appears to be appropriate, because Russian is my mother tongue.

E. Fojtikova: As a philologist, I categorically disagree with the taking over of the concept of "perestroyka." This is an unjustified deformation of the Czech language.

From time to time, Western ideological-diversionary centers are heard from, alleging that Russian threatens the Czech language. This is a demagogic and generally ridiculous lie, because nothing similar exists now or existed in the past. However, the progressive and extremely coarse Americanization of the German language and the French language, connected with the Americanization of life, is a bitter reality.

However, for reasons of low linguistic culture we sometimes create linguistic monsters which catch hold and cannot be removed. As an example, I would like to cite "the park of culture and rest" (park kultury a oddechu) or the "Pushkin memorial" (Puskinuv pamatnik). It is precisely the linguistic relationship which sometimes leads toward blunting the feelings of differentiation.

V. Divis: I have a specific experience based on the 3x5 competition at the CST. In one question, we asked about the Russian word "glasnost." We wanted the competitors to explain this concept to us. The comrades, who represent various regions, had the task of carefully following the press during their preparations. To our surprise, their response nevertheless was: "hlasovani" (voting). This means that the competitors did not understand the meaning of this word. In the press, we attempted to use the term "informovanost" with the term "glasnost" in parentheses. This did not take.

I. Mann: Is this perhaps an indication that these people do not wish to be informed?

V. Divis: No, only that this Russian word did not take hold. Together with Comrade Cibisov, we were looking for a more precise translation. We agreed upon the term "verejna informovanost a nejsirsi projednavani" (public knowledge and the broadest possible discussion).

J. Skacel: We are in a different situation here because we simply do not have a Czech word which would fully capture the content of the concept of "glasnost." "Verejna informovanost" (public knowledge) evidently is inadequate. "Glasnost" is not only public knowledge, but should I wish to fully list the content of this word I would have to say "verejne kriticke a demokraticke posuzovani zalezitosti" (public critical and democratic consideration of events). However, it is a serious matter as to whether we

should replace the word "glasnost" with this phrase.

E. Paloncy: It is not always the best to try at any cost to translate a word which is listed in the dictionary. But, at present, it is not even possible to translate one word by excessive description. I believe that the translation of "otvarena politika" [open policy] provides an optimum expression of the content of the word "glasnost." I am unambiguously for the word "otvarena" [open] as opposed to "verejna" [public]. It is more precise and its content better expresses that which our Soviet comrades understand by the term "glasnost."

E. Fojtikova: If "perestroyka--prestavba" appears to be without problems, then the uncovering of the content and the finding of a translation for the concept "glasnost" is much more complicated. It encompasses the judging of socially significant questions and plans by the populace, it includes a broad "informovanost" [knowledge] and criticism from below which means: "I can meddle" (mohu do toho mluvit), influencing the selection and recall of managers. I believe that the common denominator of all of this is "otvarena politika" [open policy]. This concept exists and is generally intelligible.

For interest, I add that Karel Havlicek, in dealing with the above-mentioned meaning, actually used the term "verejnost" [public disclosure]. I like the term "publicita" [publicity] from the very beginning because it is one word and, as an internationalism, it is more all-encompassing in terms of its significance, it has the capability of including various shadings. However, in the Czech language, it did not take hold in this sense.

I. Mann: If there were to be a vote, I would favor the expression "otvarena politika" [open policy] because it is an inseparable part of "prestavba." I believe that this concept will, in time, become extinct. As "prestavba" is realized, so "otvarena politika" will become a matter of fact to such a degree that to give it any appellation at all will lose its meaning.

J. Rezek: I would like to see us use precisely defined concepts. "Otvarena politika" is a very fitting concept; so is "prestavba." For the majority of readers and listeners, the actual meaning of these terms is given by the context.

J. Korinek: I vote for "otvarena politika" because it is a Leninist concept. In his last speeches, in the so-called Testament, Lenin frequently used the term "glasnost" in connection with people's control. Herein lies the anchor of the legendary feedback. However, it is clear that, apart from the linguistic question, the realization of such a policy remains a problem in the first place. That way, people could better understand the significance of the word.

E. Paloncy: In today's discussion, we clarified some concepts. However, it would be necessary for such discussions to be ongoing constantly, particularly in areas where terminology is being created. This would be advantageous not only to the given scientific disciplines, but to the further development of the Czech language.

## Closest Slovak Renditions Noted

Bratislava NEDELNA PRAVDA in Slovak 10 Apr 87 p 7

[Article by Docent Dr Ella Sekaninova, "L'udovit Stur" Linguistics Institute of the Slovak Academy of Sciences: "The Slovak Equivalent of the Word 'Glasnost'"]

[Text] Language, as a social manifestation of its kind, whose principal function is communication between members of society, develops in conjunction with the developments of this society. The vocabulary supply of language as an entirety of all appellation is most subject to changes connected with social changes.

The vocabulary supply of a language is augmented by new words or neologisms, by the taking over of foreign-language words, by meaning shifts and changes of existing words, as well as by the taking on of words from nonliterary forms or, possibly, by the rebirth of obsolete words.

The vocabulary supply of the Russian language was enriched by the above-mentioned methods primarily during the period of the Great October Socialist Revolution. However, since World War II, virtually 15,000 new words and word combinations have been added. A special group is formed by words which were in the Russian vocabulary supply a long time ago and are currently becoming topical. This group also includes the word "glasnost."

The word "glasnost," which is of old Slovanic origin, is listed in all Russian definitive dictionaries. The Large Russian-Slovak Dictionary (Vol I, 1960) lists the following as the Slovak equivalent of the word: verejnost [public disclosure], zverejnenie [public airing], and provides the following examples: glasnost of criticism--zverejnenie kritiky [public airing of criticism]; glasnost suda (a legal term)--verejnost sudneho konanie [public disclosure of court actions]; princip glasnosti--zasada verejnosti [the principle of public disclosure]; predat glasnosti cto--zverejnit [to air publicly], dat nieco na verejnost [to publicize something].

In the Soviet press, the frequency of the use of the word glasnost has recently increased. This is in relation to the 27th Congress of the CPSU at which, in a presented report, the term "glasnost" was used to designate the starting point of the psychological "prestavba" [restructuring] of Soviet cadres, and as a guarantee to provide for the initiative relationship of each individual with respect to common matters. The 8 October 1986 issue of the weekly LITERATURNAYA GAZETA published an article under the headline "Glasnost: The Basis of Fairness and the Reserves for Renewal [obnovleniya]," in which glasnost is characterized as "one of the important forms of social control. In order for this form to be able to function, an entire system of mutually interrelated different information channels must be created to connect the managing organs with the populace and vice-versa. The article lists as many as seven conditions under which glasnost applies.

In translating the word glasnost into Slovak a certain disunity still persists because this word encompasses a broad circle of manifestations and new facts

and acquires the value of terminology. It is most frequently translated as follows: verejna informovanost [public knowledge], informovanost [the status of being informed], zverejnovanie informacii [the publication of information] or informovanost verejnosti [an informed public]. In certain contexts, this is a satisfactory translation, but it is not the full equivalent of the word "glasnost" because it captures only one of its directional aspects. Some contacts require the use of the equivalent terms verejna kritika [public criticism], otvorena kritika [open criticism], etc.

If we proceed from the definition of the meaning of the word "glasnost," from the description of the conditions for its use and many examples of its use in contexts, then we require a more precise Slovak equivalent. This could be verejne konanie [public action], verejnost konania [the public nature of action], or something which comes still closer to the truth, princip verejnosti [the principle of public disclosure], zasada verejnosti [the canon of public disclosure], as listed in the Great Russian-Slovak Dictionary.

We shall list some examples from the Soviet newspaper PRAVDA along with their Slovak translations with the listed equivalent: "My, tovarisci, rassirili glasnost, posli na otkrytoje obsuzdenije problem." Comrades, we have deepened the principle of verejnost [public disclosure], we have begun to openly solve problems. "Jesli nuzno komu-to cto-to skazat, kogda on sbivajetsia s pravilnogo puti, nado skazat ob etom priamo, s sootvetstviem s nasej socialisticeskoj demokratijej, principami glasnosti, otkrytosti, pravdivovosti." If someone starts down the wrong path and if it is necessary to point this out to him, it is necessary to speak of this directly, in conjunction with our socialist democracy, on the lines of the principles of public disclosure, openness, and truthfulness.

With this remark, we wish to place into the proper context certain doubts about the right and correctness of translating not only the word "glasnost," but also of other basic concepts and expressions in the process of acceleration, specifically the concept of an expression of the word perestroyka. The Slovak equivalent term prestavba [restructuring] is its precise equivalent and it can be said today that it has become fully rooted in the language. In the view that its broader meaning expands, the word "glasnost" must be translated in accordance with the appropriate context. In existing Slovak publishing activities, its equivalents are also used adequately. In certain contexts, it can also be used as a quoted word to increase emphasis.

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CSO: 2400/376

## OVERCROWDED PRISONS CITED, SHORTER PRETRIAL CUSTODY URGED

Budapest ELET ES TUDOMANY in Hungarian 8 May 87

[Article by Karoly Bard: "Pretrial Custody"]

[Text] Pretrial custody is probably the most familiar coercive measure. Public opinion tends to believe--through no fault of its own, we might add--that there are no criminal proceedings without pretrial custody. Almost invariably, press reports on crimes end with a brief statement that the police have placed so and so in pretrial custody and are continuing their investigations in his case. On the "Kek Feny" [Blue Light, as on police cars] program we have become accustomed to see that the actors, almost without exception, come before the camera from a detention cell.

But the statistics on criminal law enforcement show something else. Of the 100,000 or so suspects against whom proceedings are instituted each year, only about 10,000 are placed in pretrial custody. Most suspects and defendants remain free. But the 100 detainees per 100,000 population is not something to boast about in the light of international statistics. Today even the officials in charge of setting criminal law enforcement policy are watching with concern the steadily growing number of detainees, and the alarmingly ever-longer duration of pretrial custody. In 1981, the Supreme Court had to consider only in 19 cases whether or not to continue pretrial custody beyond one year. But in 1984, the number of such cases rose to 105.

The increase in the number of persons in pretrial custody and its longer duration are the primary cause of a phenomenon that a decade ago would have been unthinkable: the prison cell has become a "shortage item." Convicted persons are forming queues in front of penal institutions, waiting for a vacancy.

The relatively large proportion of persons in pretrial custody is due also to the fact that this institution (by depriving the citizen entirely of his personal freedom) is suitable to fulfill a number of important functions. It can guarantee the success of the pretrial examination (the accused "may be placed in pretrial custody when there is sufficient reason to believe that, if left free, he might foil, hamper or jeopardize the proceedings"). And it can ensure that the defendant will appear for his trial, and that the sentence will be served or carried out (pretrial custody may be ordered "if the accused escaped or hid from the authorities, or if the severity of his

crime or other reasons make it likely that he will attempt to escape or hide"). Pretrial custody is also able to prevent a crime or its repetition (pretrial custody may be ordered if there is sufficient reason to assume that the accused "if left free, might carry out the attempted or prepared crime, or might commit another crime"). Pretrial custody may also be ordered as a punitive sanction, when the accused commits another crime or violates the ban on leaving his domicile. Indeed, pretrial custody may be ordered also to quiet public indignation when "in view of the nature of the crime, to leave the accused free might disturb public order."

Pretrial custody deprives a citizen of his freedom temporarily, without a final court sentence, at a time when the law still presumes him innocent. In spite of this, laymen usually fail to distinguish between pretrial custody and a prison sentence handed down by the court. Undoubtedly, the two institutions have much in common, over and above the fact of incarceration. (This is also a reason why the duration of pretrial custody counts as time the prisoner has served.) The detainee, at least when the proceedings reach the court stage, is held in pretrial custody in a penal institution, in the same way as the prisoner serving his sentence. In the penal institution, the rights of detainees and prisoners are similar, and there is not much difference in their duties, either. And if in the end the detainee is found innocent, he is entitled to compensation for his pretrial custody, in the same way as an arrested person subsequently found innocent is entitled to compensation for false arrest.

The detainee's right to defend himself is limited. The law takes this into account and strives to compensate for it to some extent. For example, the participation of a defense attorney is mandatory in this stage of the proceedings. And if the suspect does not have an attorney, the court will officially assign one to defend the suspect. The suspect who is placed in pretrial custody may, after his first interrogation, talk with his attorney unsupervised, but written communication between them is supervised. The suspect also has the right to maintain contact with his relatives and others, through visits and in writing, but always under supervision. It is the duty of the police to place the detained person's young child, which has been left without supervision, in the care of a relative, a suitable other person or an institution, and to notify the public guardianship authority of this. Provisions must also be made to secure the detainee's property and home.

Two questions are especially important in connection with pretrial custody: its duration, and the circle of authorities that may order it.

"Detention cases" must always be given priority. The law allows pretrial custody for not more than one month. The prosecutor (or, beyond the third month, the chief prosecutor) may repeatedly extend this time limit. But after one year the Supreme Court must examine whether the continuation of pretrial custody is warranted. After indictment, the court decides whether to order pretrial custody or continue it. Pretrial custody could continue in principle until the final disposition of the case (but its duration may not exceed the prison sentence that the court of the first instance handed down).

In the criminal investigation stage, usually the police decide whether to place a suspect in pretrial custody, but the decision is valid only if the prosecutor approves it. The legal systems of other countries are reluctant to give the police such wide powers, fearing that the police conducting the investigation might be too eager to place and keep a suspect in pretrial custody. The International Covenant on Civil and Political Rights requires that a person arrested or placed in pretrial custody for a crime be arraigned, within the shortest possible time, before a judge or a magistrate vested by law with judicial authority. Thus it would be more in line with this provision to vest the impartial prosecutor with authority to order pretrial custody in the investigation stage. The National Assembly will probably take also this into account when amending our Code of Criminal Procedure in the near future.

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CSO: 2500/440

## NEW REGULATION CONCERNING STATE SECRETS

Budapest NEPSZABADSAG in Hungarian 25 Apr 87 p 5

[HUNGARIAN TELEGRAPH AGENCY report: "New Regulation on Safeguarding Secrets"]

[Text] The Presidential Council of the People's Republic met yesterday [24 April 87].

After considering a proposal submitted by the Council of Ministers, the Presidential Council issued a law decree to streamline the safeguarding of state and official secrets. The law decree defines what constitutes respectively a state and an official secret, lays down the principles of safeguarding secrets, and specifies who has authority to classify data as state or official secrets. It regulates the manner in which state and official secrets may be disclosed, and the conditions under which documents containing such data may be taken abroad. In the interest of effectively safeguarding secrets, the law decree--in addition to the already existing possibility of criminal prosecution--makes petty offenses the violation of some of the provisions for safeguarding state secrets and official secrets. A decree of the Council of Ministers will contain detailed provisions for the law decree's implementation.

Thereafter the Presidential Council relieved and elected judges, and considered other timely matters.

The requirements of modernizing state administration, the perfection of our system of economic management, the introduction of new forms of enterprise management, and the expansion of our reporting obligations in conjunction with our membership in international organizations, have raised numerous problems whose suitable solution necessitates perfecting the statutory regulation of the safeguarding of secrets. This is the purpose of the law decree that the Presidential Council has just issued regarding state and official secrets. The new provisions--the law decree and its executory instructions--will become effective as of 1 January 1988.

The purpose of the law decree is to safeguard state and official secrets in accordance with the state, social and economic interests of the Hungarian People's Republic, and to help prevent unauthorized disclosure of such secrets. The provisions of the law decree apply to any document, drawing,

sketch, photographic recording, magnetic or other image, film, model, map, data carrier or storage medium containing a state or official secret; to any device, in whatever form, which contains a state or official secret; to anyone who prepares, uses, copies, reproduces, handles, forwards, controls, or has access to and studies a document containing a state or official secret, or who comes into possession of a state or official secret in the line of duty or any other way; to a computer-processed document or data containing a state or official secret; and to a state or official secret learned through oral communication. But industrial secrets are protected by labor-law regulations and do not fall under the provisions of this law decree.

A state secret is an item of information which, if it were to come into the possession of an unauthorized person, would jeopardize the security or other vital political, economic or national-defense interests of the Hungarian People's Republic; furthermore, any item of information that the heads of the competent agencies and organizations classify as a state secret. On the other hand, an official secret is an item of information about a government agency, a voluntary public organization or a national federation of cooperatives, such that would jeopardize the orderly operation or security of these agencies and organizations if it were to come in the possession of an unauthorized person.

According to the new regulation, a document containing an item of information constituting a state secret or official secret must be classified. The head of the competent agency or organization has authority to classify documents, and he may delegate this authority to a senior official.

A document containing a state secret may be prepared, used, copied, reproduced, handled or studied only by a person who has received clearance from the official who has authority to classify the document. This provision does not apply to the prosecutor's right to have access to and study, within the scope of his official duties, a document containing a state secret.

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## REGIONAL REPORTS OF PZPR VOIVODSHIP PLENUMS

## R&amp;D Problems Examined

Poznan GAZETA POZNANSKA in Polish 29 Jun 87 pp 1,2

[Report on PZPR Voivodship Committee (VC) Plenum in Poznan by Maciej Lastowiecki]

[Text] The problems of scientific-technical progress in Poznan voivodship were on the agenda of Saturday's PZPR VC plenum, chaired by Edward Lukasik, VC first secretary. Present at the meeting were Politburo member Tadeusz Porebski, Czeslaw Krolikowski, deputy minister of science and higher education, and Adam Graczynski, deputy minister of the Office for Scientific-Technical Progress and Applications.

The executive board report was delivered by Jan Mackowiak, VC secretary, who said, among other things, that although it is one the many elements of economic reform, innovativeness continues to remain only a slogan. Due to the present producers' market, enterprises are not showing enough interest in improving their efficiency or searching for new engineering and technological solutions.

Last year, Poznan enterprises either did not make full use of the funds accumulated in the technical and economic progress fund or made no use of them at all. CENTRA, in Poznan, and TONSIL, in Wrzesnia, are the exceptions.

The poor quality of industrial production is disturbing. There are three times fewer products bearing the "Q" and "1" symbols now than there were in 1979 and the number of new items put into production has also dropped. Hence the need for closer contacts between the scientific-research facilities and the enterprises and a greater interchange of personnel between science and practice.

Aside from the shortcomings, the Poznan scientific community has some important achievements to its credit. ELWRO 800 Junior computers, designed by Prof Jan Weglarz at Poznan Technical Academy, are now in series production. New breeds of chickens and ducks have been raised in the Central Poultry R&D Center, and in the Central Food Concentrates Laboratory new recipes have been developed for dry snacks for children, and these are gaining popularity

abroad. The latest example of the application of basic research is the high-temperature superconductor obtained by Prof Janusz Baszynski at the Polish Academy of Sciences Institute of Molecular Physics.

Although many scientific-research centers collaborate with industry and work for the region, Adam Mickiewicz University has 150 inventions whose application in practice is negligible. Fifty percent of the inventions at the Agricultural Academy and 30 percent at the Farm Machinery Industrial Institute have not been applied in production. The number of inventions and designs submitted is lower than in other voivodships, although there are plants where efficiency-improvement is encouraged.

To make better use of scientific potential, said Jan Mackowiak, we must establish a scientific-technical progress center based on the existing display facilities of the Poznan Fairs and the production and scientific potential that we possess. One of the first elements of this center may be a computer information system, linked with computer information systems in the enterprises, dealing with scientific-research potential.

The psychological barrier is a real obstacle in the path of scientific-technical progress. Frequently, innovative, bold thinking by inventors does not meet with understanding in the working environment. It arouses envy and jealousy. That is why scientific-technical progress requires public and political support and more action on the part of all party organizations.

Fourteen speakers took part in the discussion. Many of them said that the authenticity of knowledge is proven in practice. Yet past experience has shown that in our country much of the research is only sham. That was the opinion also of Prof Jerzy Lutomski, who said that scientific achievements are not commensurate with the potential. A new system for guiding progress has produced greater activity in this area. But it is still not enough. It is hoped that the law on innovative enterprises, sent to the Sejm, will bring results. In the opinion of those taking part in the discussion, this law should make it possible to apply technical progress more rapidly to industrial practice. But by itself, even the best law will not solve all of the problems. The ultimate success will be determined by the people and their work.

Prof Jan Szymanowski, from the Poznan Technical Academy, referred to this problem. He said that scientists are normally interested in work that ends with a doctorate or a professorship. That is why very theoretical research is done, which has little relationship to practice. Such work brings renown and makes it possible to hold a high position in the university hierarchy.

It is also a fact that industry lacks a strong technical-engineering potential, and yet progress is made in the factory. To interest science in industry, people should be appointed who would concern themselves with the application of science. There simply are no such people.

Scientific centers should also establish innovative enterprises independently or in partnership with others. It was suggested that initially scientific-research apparatus should be produced, because Poznan has the personnel and

production potential. This would enable the startup of highly profitable production, which does not use a lot of raw and other materials and would establish a strong link between theory and practice.

It is true that progress is created in the enterprise, said Wojciech Weiss, president of the Poznan NOT (Chief Technical Organization). But we must remember that the days of the individual inventors are over. Now inventions are devised by groups. People in these groups should compete with each other to achieve the most success. Progress, however, must develop in accordance with the needs of the economy. Yet many research subjects are developed by scientific institutes at the instruction of the government. And in industry no one is interested in new technologies or designs unless he is given a guarantee that it will bring results. Hence the demand that under present conditions emphasis should be placed on the applied sciences and not the basic sciences, so that the funds for the development of progress come primarily from industry. It seems that innovative activities, said Jan Kolodziejczak, are directly proportional to the scope of economic reform. Until industry begins to earn money on applications and achieve financial success, it will not be interested in them.

Upbringing is an important element in the problems of scientific-technical advancement, said Jacek Szambelan. Youth should obtain skills which favor innovation, and this should be done through up-to-date teaching methods. Youth organizations conduct activity in such forms as a Young Master Engineers Competition, national efficiency-improvement idea exchanges, and computer clubs, thus promoting a cult of efficiency and ingenuity. But not very many young people participate in these events. Just as in the competitions of the efficiency-improvement movement. This is probably because only teachers who are innovative and full of initiative can bring people who are enterprising.

A great deal of the discussion was devoted to matters dealing with efficiency-improvement and inventiveness. A large potential of innovation exists in the inventions movement, it was said. Concrete examples were cited of efficiency measures and the results obtained when they were applied in practice, as well as the obstacles in the path of the efficiency-improvement work.

Dr Jerzy Grzeskowiak from the Plastics Institute talked about the psychological barriers standing in the way of scientific-technical progress. He shared the following thoughts with those in attendance: Will we be brave enough to fire a few employees simply because they are less productive or capable than others? If I were to do this, I would be acting in accordance with reform, which should encourage people to work harder and pay them better if they do. But then I would encounter resistance from the trade unions and the majority of the workers.

Next, Prof Klemens Ratajczak said that we see a lack of creativity in society, and yet the foreign debt is growing, disinvestment in the nation's assets is taking place, and no changes in the structure of production are seen. The second stage of reform is supposed to reverse these tendencies. We must also measure the quality of work not by its quantity but by the results that it brings. Yet society has been taught that nothing depends on the workers and

everything depends on the state. And after all, that is not how it is. Reform must change this awareness, also.

In summing up the discussion, the deputy director of the Office for Scientific-Technical Progress and Applications said that one of the primary elements of reform is the development of scientific-technical progress. That the government attaches a great deal of importance to progress is demonstrated by the fact that this year 2.6 percent of the national income is allocated for science. But the object is to use these funds to the best advantage. A system for guiding progress has been developed to do this, and it is beginning to bring results. Scientific work which is of primary importance to the economy is being financed out of the state treasury and special foreign-exchange funds have been set aside for this purpose. Government orders are also conducive to the development of progress. The plans provide for concentration of outlays on the most urgent goals of the economy and attempts are being made to improve the methods by which industry is supplied with funds. Agreements on scientific-technical cooperation with the CEMA countries, and particularly with the Soviet Union, are also conducive to progress. It is a fact that we would not be able to solve many scientific problems all by ourselves.

The participants in the plenum passed a resolution on the matter of scientific-technical progress. They also approved a work plan for the voivodship committee and one for the executive board for the second half of this year. The plenum closed with the singing of the "Internationale."

#### Curbs on Antisocial Behavior

Krakow GAZETA KRAKOWSKA in Polish 29 Jun 87 pp 1,2

[Excerpt] Events described as antisocial behavior are often spoken and written about, which means that these events complicate our normal existence to a significant degree. The range of these events is very broad, and although they appear in Tarnow voivodship only to the same extent as they do in other parts of the country, nevertheless the political and administrative authorities place great emphasis on minimizing and eliminating them.

In May of 1986, a "Program to Combat and Prevent Antisocial Behavior and Improve Society's Morals in 1986-1990," was developed and approved by the PZPR VC executive committee in Tarnow. In the first phase of the program's implementation, the focus was primarily on actions aimed at inspiring the broader circles of the voivodship's society to take a more active part in the struggle with signs of antisocial behavior. The efforts made brought visible results. The overcoming of social indifference to law and order, public discipline and the observance of principles of morality, is being seen more and more. The people's councils, the urban and rural self-management bodies, the social organizations, and primarily the PRON (Patriotic Movement for National Rebirth) organizations, have taken a greater interest in these problems. A real revival has occurred in taking bold social measures, particularly as regards the development of forms of public self-defense against violation of legal, moral and customs standards, and rules of coexistence.

The recent general meeting of the PZPR VC in Tarnow, which was held last Saturday, was devoted to some selected problems of antisocial behavior and measures to reduce and eliminate it.

The actions taken in Tarnow voivodship thus far to combat antisocial behavior have brought their first results: In 1986 the number of crimes dropped 8.2 percent compared with the previous year, and economic crime dropped 29.7 percent. A distinct declining tendency was recorded in such categories as: manslaughter, robbery, and break-ins into public and private buildings. Unfortunately, the number of rapes and bodily injuries increased.

Drunkness and alcoholism are a serious problem. These are phenomena that are very damaging socially, therefore the struggle with them should be reinforced. In implementing the law on sobriety, the number of places selling alcohol in Tarnow has been reduced and the police are conducting a fierce drive against bootlegging and the illegal sale of alcohol. Last year, 85 stills were confiscated, 108 illegal-sales places were closed down, and the guilty parties were heavily fined. These actions brought about a slight reduction in the total amount of alcohol sold. Unfortunately, drinking on the job and bringing alcohol into the workplace is still occurring. This is probably due to the leniency of the plant managements in their dealings with the violators. An inspection conducted in March 1987 showed that out of 276 cases of violations of the sobriety rules in 75 plants, in only 27 cases were the culprits fired immediately.

The number of persons in Tarnow who refused to work also dropped greatly. Since the law went into effect, 4,687 such cases were recorded, but by the end of last year the number was reduced by 3,249.

Other disturbing antisocial behaviors include lack of work discipline, lack of respect for work, and insufficient improvement in cleanliness of the locality, enterprises, institutions and even some health services. The weakening of family ties is also disturbing. A great deal of space to this was also devoted in the VC executive committee paper, which was delivered at the opening of the meeting by secretary Janusz Ilcewicz. He said: "The state and society have the greatest interest in maintaining the cohesiveness and integrity of the family. Yet each year approximately 600 divorce cases are filed with the court, and in almost all of them the divorce is granted. Thus the divorce rate for families with minor children is constantly rising. As a result, the problem of 'social abandonment' is growing.

The increasingly longer stays abroad to earn money have a negative effect on family integrity. They often lead to a complete breakup of the marriage, and thus to divorce. This has an especially unfavorable impact on the upbringing of the children, particularly those who are in their formative years. More and more, even mothers with babies only a few months old go abroad for long periods of time, with no concern for the fate of their children."

Several speakers took part in the plenary discussion. The first was Antoni Koziol, who said that we should develop better ways of combating the phenomena which to a large degree make it difficult to implement the 10th Congress resolutions. He also demanded that an honest accounting be made of the losses

incurred as a result of on-the-job accidents in which alcohol was involved. Henryk Trunow talked about the procedural, nonprocedural and preventive activities of the courts, and Marian Garstka spoke of the work of the public guardians. He called attention to the fact that guardians, thanks to cooperation with the courts and political and social organizations, can boast of good results from their work. Nevertheless, it is important that guardians function in every housing-community committee. The speaker said that some problems with youth can be solved by setting up community dayrooms. Henryk Koziol, first secretary of the town committee, spoke of the extent of antisocial behavior in Tarnow itself, while Roman Piekarcz dealt with those phenomena which are not really criminal, but are looked upon unfavorably by society and are very difficult. He included the matter of accepting ineligible children into preschools, unfair distribution of housing, unwarranted interruptions in service in shops, offices, etc. Col Edward Kubrak, head of the Voivodship Office of Internal Affairs, reported on the measures being taken by the militia to eliminate antisocial behavior and the growing public self-defense movement. He remarked that the elimination of antisocial behavior is not based on spectacular campaigns, but on honest implementation of the approved programs. Anna Pragłowska said that the upbringing influence of the schools is also affected by how students spend their free time, and yet the new housing communities have no cultural facilities. The school, in which classes are held from 7:30 am to 6 or 7 pm, really cannot involve itself in outside activities. Tadeusz Blazowski, director of SANEPID, talked about the importance of prevention and health education, and Augustyn Dullan dealt with what he termed "reprivatization of state enterprises." Use of official vehicles and telephones for personal purposes, job-bungling, acceptance of patients into hospitals at "agreed-upon prices,"--all of these must end, the speaker said.

The deputy director of the CC Socio-Legal Department, Marek Wieczorkiewicz, said that the speed with which antisocial behavior and public discipline is being corrected depends on the standard of living, because, after all, a sense of personal safety is involved. We must also note the economic losses which occur when the law and social standards are not observed. In addition, the speaker reported what the central authorities are doing as regards antisocial behavior and what is being done in other voivodships.

The deliberations were summed up by Wladyslaw Plewniak, who also discussed the voivodship's present social and economic situation. The resolution that was passed states, e.g., that both party members and independents should be singled out and held up as examples of irreproachable moral and ethics. The sobriety movement should be strengthened and all party echelons should make a regular accounting of their own activities as well as those of the organs of state administration, social organizations, and plant managements, as regards implementation of programs dealing with counteraction to antisocial behavior. The police departments should improve the detection of crimes and offenses, especially those pertaining to theft of private and public property and state treasury delinquencies, and emphasize preventive measures. We should also unfailingly enforce sanitary regulations and those pertaining to environmental protection, improve health care for addicts, and prevent family disintegration by improving family counseling and jurisdiction over family matters.

## Youth Upbringing Criticized

Rzeszow NOWINY in Polish 30 Jun pp 1,2

[Excerpt] Every third adult inhabitant of Rzeszow voivodship is under 30. Almost half the people of productive age are in the 18-34 group. One out of two has a higher or secondary education. This is, therefore, an enormous human and intellectual potential. How is it being used? Will these people be able to realize their life's dream? What is their attitude and relationship to the contemporary problems of the region and the country? What has been done and what is being planned to improve the younger generation's start in life?

Those are the problems around which a debate at yesterday's meeting of the PZPR VC in Rzeszow was centered. The meeting was conducted by Franciszek Karp, VC first secretary. The discussion was very critical, with the criticism based on the present realities. The fact that the plenary meeting was preceded by many meetings of members of the voivodship organizations in various youth circles contributed to this. Also, a few dozen people in their 20s were invited to the meeting.,

What then, is today's youth like? In attempting to answer this question, Marian Skubisz, VC secretary, in a VC executive committee paper, referred to an opinion expressed during one of the meetings mentioned. The sociopolitical awareness of the young, their morals and ideals, are the mirror image of the adult society: parents, teachers, upbringers. There are no bad children, there are only the wrong upbringing methods, the wrong teachers and upbringers.

Following that line of reasoning, consideration was given to how to change these frequently ineffective methods, and what the weaknesses in upbringing are. We see them, for example, in the overzealousness of the adults. ("We try to do everything for the young, beginning with finding a spot for them in a camp abroad, getting them admitted to a university--often by pressure, attempting to get them exempted from military service, getting them excused from classes, etc."). Those are some of the points made by Wieslaw Ciesielski, director of the VC Science and Education Department and Col Emil Czelnny, deputy director of the Voivodship Military Staff Headquarters. The mistakes and setbacks are also the result of the inadequately prepared teaching personnel. ("There must be a more thorough evaluation of professional qualifications, in the context of both political and social activeness. Some teachers demonstrate apolitical attitudes, teaching methods are most important, and the upbringing tasks of the teaching institution are being treated marginally.")--those are extracts of opinions expressed by Marian Suwala, chairman of the school administration of the Union of Socialist Polish Youth in the Higher Pedagogical School (WSP), Jakub Daszkiewicz, first secretary of the party college committee at the technical academy, and Wieslaw Gumula, scientific worker at WSP.

The opinions expressed by the heads of the voivodship echelons of the youth organizations were also unfavorable--how the young people and their organizations are still being treated with indifference. This opinion was

also expressed in the paper and shared by other speakers. It was underscored that we cannot expect directives or prohibitions to be effective today. We cannot have an organization for show only, to present flowers, or shout slogans. Anyone not able to enter into a dialogue and substantive argumentation can expect to fail.

It is the first duty of the party to maintain an organizational relationship with the younger generation. Forms of party work must comply with this. Yet a large part of the Primary Party Organization committees approach these issues perfunctorily and insincerely. There are still not enough young people among the leadership of the trade unions, self-managements, etc. Although on the other hand, added Jozef Rzeznik, director of the Regional Center for Party Work in Lezajsk, some of the young people elected do not always meet the demands of job. Several young councillors in this area have been dismissed because they were not active.

We also have to demand more from the young PZPR members and candidate members. Above all, their role is to be always present in the youth clubs and help in solving the problems of their contemporaries.

The plenum passed a resolution defining the future tasks of the Rzeszow voivodship party organizations on work with youth.

A report on the work of the VC secretariat and executive board in recent months was accepted and plans for the second half of the year were approved.

#### Feminist Issues Raised

Bialystok GAZETA WSPOLCZESNA in Polish 30 Jun 87 pp 1,2

[Text] Over half of the inhabitants of Suwalki voivodship (and over 450,000 people live here) are women. They make up 45 percent of the workforce in the public sector. They dominate in health protection and social welfare, finance and insurance, education and upbringing, culture and the arts, and in sales.

Their professional qualifications and training are constantly growing. Almost 52 percent of the women employed in the public sector have a higher education. They also have their own, peculiar to them, problems. It is not surprising, therefore, that several times (during 1982-1986) the Suwalki PZPR VC secretariat and executive board concerned themselves with these problems. Yesterday, however, the VC plenum was devoted to the participation of women in the voivodship's political and socioeconomic activities. It was preceded by meetings at which the VC secretariat and the management of the voivodship administration met with the workforces of six workplaces which employ women and with the Rural Housewives' Circle (KGW) in Lipsk.

The meeting, which was conducted by Waldemar Berdyga, VC first secretary, was attended by the following invited guests: the boards of the voivodship echelons of the League of Polish Women (LKP), the KGW, the Voivodship Cooperatives Committee, representatives of the voivodship's ZMW and ZSMP girls' councils, the Organization of Military Families, and the Militia Families Clubs. Also at the meeting were Gabriela Rembisz, CC Politburo

candidate member; Zofia Bojarska-Zygler, vice chairman of the LKP main board; Maria Plucinska, secretary of the National Cooperatives Committee; and Kazimierz Koziol, president of the ZSL VC.

Everyday problems make it difficult for women to perform their family, occupational and social functions. Their lives are affected by the way various areas of the economy function. In the paper delivered by Wieslaw Kolodziejcki, VC secretary, the existing problems were described, together with ways to solve or alleviate them.

Women's professional aspirations are growing. In Suwalki over 3,700 women perform management functions. This is 37 percent of the entire management staff. But each year they constitute scarcely 16-18 percent of the total recommended for management positions, despite the fact that often, from the professional and political standpoint, they are superior to the men. This happens not only because they have the responsibility of running the household, but also because of a psychological barrier. It is essential, therefore, that women and men be given an equal chance at professional advancement.

The activities of women's organizations are very visible--the large participation of women in social organizations, local and workers self-managements, and trade unions. But this is not commensurate with capabilities and needs. Female party members have a large role to play in inspiring women to become more active politically and socio-occupationally. They make up 28.5 percent of the voivodship party organization. Together with almost 3,600 female members of ZSL and SD, they constitute a force which can have a much greater influence on life in the voivodship than heretofore.

Teresa Wozniak opened the discussion by saying that equal rights for women will be decided by changes in customs. Educated women often reach for professions which are typically masculine. But a stereotype still exists which leaves them only the role of wife, mother and housekeeper. Therefore, we must disseminate knowledge about the role of both parents in bringing up children. We must popularize a partnership relationship in the family. But a great deal depends on the women themselves--their perseverance and consistency in striving to reach their chosen goals.

A woman cannot be faced by a choice--home or work. A good home is a requisite for productive work, said Lucyna Krutulowicz. She also called attention to the hardships of the rural women. Most of their work is manual. This is due to the shortage of mechanized household equipment. The problem is also the lack of running water.

Czeslawa Bartosiewicz also pointed out that what makes it difficult for women to become socially committed are the everyday problems caused frequently by organizational confusion and inertia in enterprises and institutions. One way in which they might become active is in their housing-community committees.

Lena Anna Olechowska talked about the effect of family planning on a woman's mental and physical state. A family should await the birth of a child with joy. Pregnancy should not be a necessary evil. Yet there is a shortage of

birth-control means or they are expensive, making them unavailable to many women. She called attention to the valuable initiative of the Augustinian women, who popularized research on prevention and organized a "birthing school." More knowledge would reduce the risk of women's diseases. The women affiliated in various organization should promote health education.

Halina Slimko strongly emphasized the role of the family in bringing up a young person and counteracting antisocial behavior. A value system learned in the home, judgments and truths about the world, constitute a firm foundation for the behavior of an adult. Often the state assumes too many social welfare functions, relieving the family of responsibility for their offspring. Orphanages, emergency shelters, and juvenile centers are overflowing, and often financial help is not going where it is most needed. It is essential, therefore, that laws be changed to require that parents who are not fulfilling their duties pay a share of the costs of keeping their children in the care centers. Compulsory pre-marital education should also be instituted. Social abandonment could also be reduced by establishing day-care centers for children from "problem" families.

Edyta Hawrylik, wishing to establish a public drive to counteract antisocial behavior, proposed that civil-patrols be organized at stations, parks, etc.

In the opinion of Jadwiga Kluczynska, economic reform has assigned the women's movement an economic-education task, i.e., to obtain the skills by which to efficiently run a household, manage the family budget, make the best use of food, etc. This would allow women to consciously participate in the activities of the countryside, housing community and workplace.

The resolution passed by the plenum defines tasks for the party organizations and echelons, organs of authority and state and economic administration. Implementation of these tasks will permit women to achieve more in their professional and sociopolitical work.

#### Importance of Culture Stressed

Krakow GAZETA KRAKOWSKA 10 Jul 87 pp 1,6

[Report on PZPR VC plenum in Nowy Sacz by K. Bryndza]

[Text] Ten years have passed since a program for the development and dissemination of culture in Nowy Sacz Voivodship was approved. It has been long enough to permit an assessment of achievements, and where necessary, a verification of the methods by which culture is disseminated under the very-different sociopolitical conditions of today.

The PZPR VC in Nowy Sacz made the problems of culture, from the standpoint of its development in the future, the subject of the deliberations. The meeting, which was chaired by Jozef Brozek, VC first secretary, was attended by many invited guests--activists and creators of culture. The guests included Zbigniew Domino, deputy director of the CC Cultural Department, and Janusz Nowicki, department director in the Ministry of Culture.

"Our voivodship is rich in talent and people who are completely dedicated to culture, rich in a regional movement and creative circles," Janusz Tomalski, VC secretary, reminded in the executive board paper. "The people of culture are rich internally, but the facilities for culture are poor, and this is a subject of concern to both the authorities and the aficionados. There is every reason to develop culture--the most important of which is that the state and condition of the entire national economy is dependent on it to a large degree."

A long, controversial discussion was expected and it was indeed just that.

Ireneusz Wrzesien, referring to the past 10 years: "These were 10 years of hopes, and also breakdowns, unrest, disintegration of creative and human relationships, and their gradual renewal. Now, when we think and look at culture differently, we speak not only eloquently but honestly. We have finally obtained some legal decisions which will help us solve the burning problems of culture. We are open to all worthwhile initiatives."

"What obstacles do not permit us to fully achieve our planned goals? Are the people right, who say that workers' culture has collapsed? They should look at us more kindly," remarked Wladyslaw Michalus. "Culture needs a more kindly look and a more generous hand." "And we always have to count so that two and two make six, and not four. State patronage will not fulfill all our prosaic needs," said Barbara Mardylowa in her speech. Tadeusz Bednarski mentioned the lack of money and the inadequate facilities.

"It is the same in Nowy Targ. The model for managing local centers is obsolete, because Podhale is not based just on folklore, it is not just the highlanders," said Leszek Koperniak. "In several cases, culture has even been run out of cultural centers. I ask--is this development, or is it the breaking up of cultural activity? In compliance with the slogan of the unity of culture, we must free it from its subordination to the ministry. I suggest we establish a building fund for a Nowy Sacz cultural center," proposed Michalina Wojtas.

Piotr Lulka: "The statement that there are 700 centers in the region is only a statistic. The centers must be modernized. Those who want to economize on culture are making a big mistake."

Jan Turek believes that "the sociocultural movement is an enormous force. This movement should be supported politically and financially."

Stanislaw Szyszka and Marek Majchrzak spoke of the problems troubling rural centers. "There are those watchdogs who are slamming the doors of their cultural centers in the face of the young people," complained Czeslaw Kosinski.

Elzbieta Piotrowska spoke with passion and cited many good examples about the role of the school in arousing a love for creativity, a willingness to do volunteer work in the field of culture. The role is rewarding and necessary, because as Franciszek Rusnarczyk observed, "The old customs are disappearing. Some are returning, but they are different, less authentic." And about

traditions, Roman Reinfuss said, "The countryside is becoming poorer, because the educated people are not returning to it. Culture, like history, cannot be undone, but we should not reject from the past that which we will need to rest on in the future. Traditional culture has not lost its qualities. It lives, and this fact does not in the least interfere with our taking advantage of what civilization has to offer."

Jozef Buszek devoted his speech to the musical movement. Stanislaw Pasicka talked about support for the initiatives of the cultural centers by the voivodship people's council. Stanislaw Stanuch spoke very eloquently in a different vein: "May creativity, the passion to do things, be more important than possessions. May we serve not only ourselves and those closest to us, but everyone. In culture there is also place for struggle, and for our own identity. May we be better, more honest, and more efficient." Henryk Tokarski called attention to another aspect of culture, broadly interpreted. His definition is a culture based on law, customs, religious toleration, and social coexistence.

Janusz Nowicki also spoke and Jozef Brozka summed up the meeting. The concluding resolution was far-reaching in its scope and defined the most indispensable tasks which must be undertaken immediately--by all of us.

#### POP Activities Stressed

Warsaw TRYBUNA LUDU in Polish 30 Jun 87 p 2

[Article by Krystyna Majda and Mariusz Jakubek: "POP Activity the Source of the Party's Strength"]

[Text] Piotrkow Trybunalski. The primary party organizations determine the atmosphere of work. Society's attention is focused on them, and they often alleviate tensions and emotions in their milieux. Yesterday, the role and status of the POPs [primary party organizations] resulting from the resolutions of the 10th PZPR Congress and the 4th Central Committee Plenum were the subject of a debate at a plenary meeting of the PZPR Voivodship Committee in Piotrkow Trybunalski, in which Politburo member and Central Committee secretary Jozef Baryla took part.

The discussion, which was held in three topical groups, concentrated above all on the nature of the role and position of the primary party organizations in individual milieux. Consideration was given to how one should work in order to interest the broad group of non-party members in the party's undertakings, and how to obtain as many allies as possible among them, and especially among the younger generation.

Not all of the party organizations are still managing to plan their work properly and carry it out consistently. They are also not always skillfully involving non-party members in their undertakings. The participants in the discussion emphasized that a POP, rooted in its milieu, should know its moods, expectations, and aspirations, and that it should be the one to initiate the resolution of difficult problems. The statistics portraying the state of the party organization in rural areas are disturbing, since of over 1000 villages in the Piotrkow voivodship, 459 do not have a POP.

As the speakers stated, both in the topical groups and during the plenary proceedings, the changes in the style of party work have resulted in the autonomy and effectiveness of the POP, which is openly criticizing people who violate the norms of social life, and is able to be a partner in solving difficult economic problems. It was consequently stressed that the primary elements of the party, and their participation in social, economic, and political life, should be further strengthened.

Jozef Baryla described the most important tasks for the party's primary elements, resulting from the resolutions of the 4th Plenum of the PZPR Central Committee. Among other things, he emphasized that a change in the system for exercising the party's leading and supportive role is already becoming evident. It has gained greater autonomy, and can solve the problems occurring in the milieu of its work more effectively. The fundamental thing in this regard is the partnership among the POP, economic management, workers' self-management, and the trade unions.

An important instrument of party action is a correctly conducted cadre policy. The POP should promote not only valuable members of the PZPR, but also non-party members. In cadre policy, one should back people who are aggressive, bold, and capable. It is also necessary to pay attention to the political, social, and moral attitudes of individuals working in local administration and serving citizens, since it is often on the basis of these people's conduct that the entire party is assessed.

The party should be present wherever something is happening, Jozef Baryla continued. An important area of the POP's activity is its concern for proper interpersonal relations and for social justice. The party's primary elements should work more effectively with youth. The party echelons, meanwhile, must assist the weaker POPs, and improve their standing in the milieux where they operate. More attention should be devoted to rural party organizations.

The 4th Plenum of the PZPR Central Committee made specific party actions in every milieu obligatory. That plenum's resolution must be converted into the language of everyday practice. Organic work in the party will have a decisive influence upon the changes occurring in it.

The PZPR Voivodship Committee in Piotrkow Trybunalski, chaired by Voivodship Committee First Secretary Stanislaw Kolasa, adopted a resolution outlining the voivodship organization's tasks in strengthening the party's primary elements.

#### Strong Words on Women's Issues

Warsaw TRYBUNA LUDU in Polish 30 Jun 87 p 2

[Article by Alicja Zagorska: "Partnership Taken Seriously"]

[Text] Suwalki. Men say with full conviction that women should get ahead, only not this closest one--that is the essence of the equal rights of Suwalki's women, who constitute half of the voivodship's residents, according to Lucyna Kutulewicz, the first secretary of the PZPR City Committee in Budry, who spoke at Monday's Plenum of the PZPR Voivodship Committee in Suwalki.

In spite of those bitter words, Suwalki women are as professionally and socially active as men. Women constitute 45 percent of those employed in the voivodship's economy. In some sectors, such as health care and social welfare, finance and insurance, education and upbringing, culture and art, trade, and state administration, they constitute a definite majority. Even in these female-dominated sectors, however, it is difficult to get promoted to a management position.

The plenary discussion, in which only women took part, focused on answering the question of what should be done in order to make better use of their talents, and in order for them to be able to cope with their twofold obligations.

The participants in the discussion spoke especially sharply about the burdens of daily life: the lines in the shops, the poor supply of even basic consumer goods, and their poor quality. The question was raised of why well-supplied shops are not being opened in female-dominated plants. Why is there a lack of dining facilities in major housing developments?

The most important thing in all of this, the participants in the discussion stated, is to have women's partnership in both family and professional life taken seriously.

The plenary meeting was chaired by Waldemar Berdyga, the first secretary of the PZPR Voivodship Committee. Gabriela Rembisz, a candidate member of the Politburo, took part in it.

#### Local Enterprise Favors POP

Warsaw TRYBUNA LUDU in Polish 30 Jun 87 p 2

[Article by Henryk Heller: "The Example of the POP at the Gostyn 'Asko'"]

[Text] Leszno. The PZPR organization here includes 25,413 members and candidates. There are 1,280 primary party organizations operating in the voivodship, including 526 in rural areas.

The considerable growth of the POPs' influence in the most important areas of the sociopolitical and economic life of this region has not satisfied party activists. During a plenary meeting of the PZPR Voivodship Committee in Leszno on 29 June, they attempted to assess the state of the party in the voivodship and to define the essential actions--in accordance with the resolutions of the 4th Central Committee Plenum--aimed at increasing the activity of all of the organizations and echelons at the primary level, and mobilizing party forces in daily life, just as during the days of major political campaigns.

Here, before the beginning of the plenum, which was chaired by Stanislaw Sawicki, the first secretary of the Voivodship Committee, I spoke with worker Leonard Gardys, the first secretary of the POP at the "Asko" Leather Industry Labor Cooperative in Gostyn, who also holds the post of chairman of the PZPR City-District Inspection-Audit Commission.

"In our POP, the comrades are aware of their responsibility for what happens at the plant and wherever they live. After all, a great deal is said on this subject among us in the party, but in sort of a general way--that we 'ought to,' that we 'should,' and that we 'must.' We do not always remember, however, how difficult it is to cope with party tasks in situations where production difficulties are accumulating, for example difficulties with supplies of raw materials and with social issues, for which there is a shortage of funds.

"Our POP meetings, at which we make a realistic assessment of comrades and of the degree of the implementation of party tasks, also assist in integrating the work force. News from our discussions rapidly reaches people in blue-collar positions. They see the consequences of party decisions--this strengthens our credibility in the eyes of the work force."

Comrade Leonard Gardys's assessment was also confirmed by the plenary discussion, in which, among other things, the need to strengthen the POPs' inspection functions and to ensure the conditions for constructive criticism was emphasized.

Stanislaw Gabrielski, the chief of the Political-Organizational Department of the PZPR Central Committee, took part in the proceedings.

#### Youth Goals, Needs Discussed

Warsaw TRYBUNA LUDU in Polish 30 Jun 87 p 2

[Article by Ryszard Zatorski: "Perceiving the Aspirations of Youth"]

[Text] Rzeszow. The ideas contained in the Voivodship Committee Executive Board's report on the plenary discussion were in accord with each other. This was probably influenced by the fact that the leadership of the voivodship party organization met with youth from 37 different milieux during the period preceding the plenum. The suggestions collected in this way and the comments of the youth organizations were thus reflected in the materials presented at the meeting.

A note of concern that youth should not be treated as an instrument, and that its independent concerns should be perceived, became very clear. In the Rzeszow voivodship, nearly half of the individuals old enough to be in the working population are less than 34 years old; only a fourth of the reserve personnel are in that age group, however.

Young people wait too long for professional advancement.

How does it happen that the ZHP [Polish Scout Union] instructors in schools are still teachers, as if it were somehow compulsory? But after all, as Krzysztof Grzebyk emphasized, these are the personnel who determine whether we or our ideological enemies will win the "struggle for the hearts of youth." In this regard, we cannot apply the strategy of self-reassurance. It is only in every other troop that young people "survive scouting." The sad fact is that scarcely 30 zlotys a year per scout is spent on scheduled scout

activities in the voivodship, and that replacing scout meeting facilities with lecture halls is a common practice.

Franciszek Karp, the first secretary of the Voivodship Committee, who chaired the meeting, recalled at the outset the instructions of the 4th Central Committee Plenum about the need for the party's voice to be consistent with the aspirations and expectations of youth. The discussion at the plenum in Rzeszow and the conclusions contained in its resolution confirmed that the voivodship party organization is not indifferent to the conditions in which the young generation will grow up, the kind of educational influence that will be exerted upon youth, and how youth's knowledge and enthusiasm will be utilized.

9909

CSO: 2600/721

## ORZECHOWSKI, ZBOWiD BACK PZPR UNIT TO POLICE HISTORY EDUCATION

Warsaw ZA WOLNOSC I LUD in Polish 11 Jul 87 p 1, 5

[Conference paper by Professor Dr. Hab. Bronislaw Ratus, prorector, PZPR Academy of Social Sciences, and Dr. Mieczyslaw Szyszko, Secretary, Party Task Force on Historical Education, PZPR Central Committee, presented at a "Conference on the Participation of Veterans of the Struggle Against Fascism in Socialist History Education for the Public" organized by the Polish Union of Fighters for Freedom and Democracy [ZBOWiD] and the GDR Antifascist Fighters Committee [Antifa] and held during April 1987 in Zloty Las - Walbrzych: "Directions for the Historical Education of Socialist Society"]

[Text] History as a scientific discipline plays an important role in the life of every nation. A nation's knowledge of its past strengthens its sense of identity and its awareness of its own place and role in history and influences its understanding of the class essence of the historical process.

Historical awareness involves the entirety of knowledge about a nation's past, its material existence and culture, its class history, political parties and movements and the chief social forces in its historical process. This awareness therefore consists of knowledge and also the emotional attitude toward the past and the conviction that historical experiences influence our understanding and evaluation of the present. We therefore are dealing with a conglomerate of knowledge, emotions and motivations that shape public attitudes.

Considering such a structure, historical awareness is an essential ingredient of a society's political awareness. It is not strange that contemporary political conflicts have always and still continue to be waged on the ground of history. This has been especially obvious in periods of sharp class conflict. History then became one of the most important areas of this struggle. All of the communist parties of fraternal socialist countries had to deal with such a situation in years of intensified struggle for the victory of working-class ideological values. We had to deal with such a situation after August 1980 when the antisocialist opposition inspired by the so-called rectification of history subordinated significant areas of Polish history to

the interests of the political struggle. Our political enemies also corrupted historical education and especially its working-class revolutionary substance. During this campaign, the antisocialist opposition tried to make a myth of and therefore distort our tradition of independence and covered up or ignored anything that compromised Poland's former bourgeois governments. The opposition propagandized a cult of personalities who struggled against communism and in order to oppose any Polish-Soviet alliances, conceived of Poland-Russian conflicts as "historically permanent". Marxist historiography in Poland was never able to completely prevent such tendencies. In spite of its considerable resources in personnel, many outstanding scholarly works and the systematic ideological indoctrination in the system of institutions of the socialist state, we were unable to overcome certain stereotypes and misconceptions. Most of them were the product of times of national subjugation and these include:

- the tendency to idealize the past;
- "Polonocentrism" which regards Polish history separate from world history;
- the use of different standards for judging our own nation and others.

Aside from the above, we also have to deal with the form of "education" given by the Catholic Church. Its chief intent is to restore the old ideas under new conditions and to cultivate the idea of the Pole as a Catholic and identify being Polish with being a Catholic with all of the characteristics of that stereotype. Under such a concept, independence was synonymous with Poland's belong a Catholic country while Polish culture was seen as the history of the ideological bond between the Polish people and the Church. Obviously, this left no place for any class concepts of the nation's history since the worker's movement was seen through the prism of solidarity and Christian social doctrine.

The conditions described above show how complex and difficult it is to take action in the educational field. In this situation, Marxist historical education above all had to present a certain method of factual knowledge, teach people how to understand the historical process and take a rational view of the past with and at the same time arouse patriotism and internationalism.

We are all the better understanding that many of our failures in historical education can also be blamed on our own past mistakes. Therefore, when we formulate programs, we must address previous shortcomings such as:

- an instrumental attitude toward the past in which we use history for our own immediate and changing political goals which has hurt the party's credibility;
- isolation of national history from world history;

-- from negation of lack of a large part of national traditions in 1949-1955 to an insufficiently critical attitude in the 1970's, a lack of cohesive ideological concepts for the party's attitude toward Poland's past;

-- clumsy use of the traditions of the Polish worker's movement and the radical people's movement as a part of national history;

-- ignoring of certain events that are deeply ingrained in the nation's memory.

Considering the above conditions, the most important strategic task which defines all other specific tasks must be to strengthen the Marxist-Leninist concept of the party's attitude toward Poland's past. This concept is a product of our ideology and denotes the desire to understand and portray history as a complex process of many factors. Such an attitude is depicted by our party's most important documents in the form of the resolutions of the 9th and 10th congresses and the PZPR's Long-Term Program.

According to these documents, the construction of detailed educational plans must grow from a thorough knowledge about the state of public awareness including the historical awareness of modern Poles and especially the young generation. Such studies are conducted and their first results have already been put to the service of educational practice. They show that the teachings of history must be more closely bound with the actual and prospective needs of political life. For example, it is well known that our historical education has been subject to excessive and unjustified emotionalism and sometimes even irrationalism. At the same time, history should make it easier to understand contemporary social phenomena and teach people to think in rational political terms. This requires certain corrections to the substance and methods of the teaching of history. History cannot bend itself to satisfy popular beliefs but at the same time, it must also make some allowance for them.

Historical education should place greater emphasis on the history of the state. Without giving up a class evaluation of older Polish states, we will more boldly show their achievements in various areas of social life, economics and culture. We must therefore show what has strengthened the state and weakened the country. After much discussion, we feel that historians wonder how appropriate it is to excessively advocate a romantic martyrological-revolutionary vision of Poland's various partitions. It would also be correct to stop juxtaposing romantic and positivist traditions and to thus acknowledge that romanticism and positivism are mutually complementary.

We consider it one of our prime tasks to change the historical awareness of modern Poles by making class factors important in the history of the nation and state. We think that class has definitely not been emphasized enough up to now. Therefore, we also stress that the blurring of class conflicts seen in many works and especially in the popular works has distorted the image of socialist ideology in its historical and contemporary dimension. We must improve our method of popularizing the histories of the Polish and

international worker's movement. Not only is too little written and said about it but that which does exist is unattractive. The profiles of figures from the worker's movement do not remind one of living persons and they are biased, too one-sided and idealized. We must improve education by making greater use of biographical threads. Nothing speaks as much to the imagination like the life and activities of a concrete person portrayed fully with both his faults and virtues.

Schools have the centermost role in the public's historical education and it should be a matter of foremost importance to meet their needs. In 1982-86, there were fundamental changes in teaching programs. History texts and other teaching materials were adapted to meet the program's requirements. The new textbooks follow Marxist methodology but do not avoid sensitive and controversial moments in the life of our nation and state. By taking a class approach to the historical process, they also create patriotic, internationalist and prosocial attitudes.

There is ever-better coordination of educational activities between schools and institutions of parallel education such as publishing houses, the press, radio, television, films, theater, etc. Both the plans of the publishing industry and the radio and television repertoire consider the ideas set forth by party documents and the decisions of the PZPR Central Committee's Party Group on Historical Education which is chaired by Politburo Member Marian Orzechowski. The coordination work of the group has contributed to greater efficiency and smoother operations in the various ideological institutions responsible for historical education. By bringing together outstanding scholars, popular writers and political figures, this group has enhanced the rank of historical knowledge and inspired more lively action to propagate it.

These observations also apply to many academic establishments, their research plans and their personnel training and this is especially true of the PZPR Social Sciences Academy, the Military Political Academy, the universities and the Polish Academy of Sciences. This has also been reflected in centralized research plans in social sciences among which especially important topics from history have come under "government order" in 1985-1990.

Much work is also contributed by the Party Group of Historians in the Central Committee Department of Science and Education. This group of outstanding party scholars has made a comprehensive evaluation of the growth of this field of knowledge in Poland. Acting as the chief collective party expert, this group provides many recommendations for the historical education of the public. It collectively authored an analysis of historical journalism in Poland, reviewed the state of personnel for the historical sciences in higher schools and has also many times supported concrete editorial and publishing decisions, etc. It has also analyzed the popularization of history by Polish Radio and Television and evaluated the publishing policy of both our leading nationwide and regional publishers.

Personnel problems play an especially great role. Reviews and evaluations of educational personnel in higher schools are used for penetrating analysis of methodological and political attitudes. Furthermore, all concerned ministries and institutions have plans for training employees involved in historical education. In the party's theoretical support institutions as well, personnel training for historical education has become a priority.

In recent years, the problems of historical education have become an object of great interest to party organizations on the voivodeship level. Their basic task is ideological and educational activation of the party's history teachers and party scholars. We want to see the party scholars more effectively become involved in methodological discussions, to use the press to attack anti-Marxist attitudes and to more boldly reveal the lies of bourgeois historiography through their own academic achievements.

In order to overcome the historical myths found especially among university youth, it was decided that Poland's most recent history must begin to be taught at all higher technical, medical and agricultural schools. These courses would be required studies and be taught under the political sciences. The subject matter presented would above all concern the problems presently troubling our society.

The history of the Catholic Church in Poland would be one of these problems. We therefore feel that church history should be given considerably more attention through a lay, Marxist interpretation of the role of religion and the role of the Church as an institution as well as the class nature of its policies. Current evaluations have shown that there has been much to little Marxist historiography of the Church in Poland.

The social and political crisis in Poland in 1980-82 also showed enormous shortcomings in historical education. It turned out to be the case that the mass attack by counter-revolutionary forces exploited history for its own political goals. At that time, our official historical education in the schools (and especially the primary and middle schools) was completely hopeless. Very quickly, there appeared various new programs and textbooks that were nationalistic, cosmopolitical and even anti-Soviet in nature. We too were guilty because of our educational policy that too often subordinated history to the needs of our current propaganda.

Drawing its conclusions from the crisis and the threat of counter-revolution, the PZPR has considered this problem while the Central Committee Politburo adopted a special Program of Historical Education.

Wojciech Jaruzelski spoke about this at the 13th Plenum of the PZPR Central Committee in 1983:

"The party bears special responsibility for the historical education of society and especially the youth.

"The history of our nation is the flow of a river that cannot be turned back to its starting point. The task of the living generations is to shape our own slice of history to meet the requirements of our times and in accordance with social progress. The idea of a 'bulwark', catastrophic concepts and seeking enemies near and friends far are all a misuse of patriotism and must be strongly opposed in the name of our own most vital Polish interests.

"We will not cease fighting attempts to rehabilitate historically discredited doctrines and political trends or efforts to throw a nationalist, Polonocentric, nihilistic or cosmopolitan throw on our history" (Wojciech Jaruzelski, "Przemowienie 1983" [Speech 1983], Warsaw, 1984, pp 245-246).

In the historical education program adopted by the Central Committee Politburo, the activities of ZBOWiD, whose members and aktiv are living witnesses and participants of the most recent historical events of our state and nation, are of central importance. Their personal experience and high moral and ideological standing which was tested not only during the struggle for national liberation but also in defense of the rule of the people and throughout the entire period of the building of socialism in People's Poland should be put to effective use in the socialist historical education of Polish youth. It is in this spirit that the PZPR Central Committee's Party Group on Historical Education is acting.

Therefore, we have been realizing our intentions for socialist, Marxist trends in historical education in its new form since the beginning of the 1980's. However, the rebuilding of historical awareness requires a lot of time, sometimes a generation or more. Education shows results and effects only after years. Nevertheless, the first signs of reevaluation are already obvious and have made themselves felt in more realistic political attitudes and greater criticism of antisocialist ideas, especially in their historical aspect. We have eliminated a series of insinuations and have therefore also increased the public's respect and faith in historical studies. Public interest in historical problems has also grown. We want to supplement this interest with earnest knowledge and the objectivism of Marxist science.

12261

CSO: 2600/722

PRESS, PERSONNEL CHANGES, MEDIA DEVELOPMENT, APRIL 1987

Warsaw PRASA POLSKA in Polish June 1987 pp 55-59

[Unattributed article: "Chronicle"]

[Excerpts] 1 April

Wladyslaw Kobylski has been entrusted until 31 December 1987 with the duties of deputy chief editor of KURIER PODLASKI.

1 April

Zbigniew Messner met with the presidium of the Press Council that has been functioning over the last two and one-half years under the Council of Ministers. During the meeting with the premier, the results of council's opinions and recommendations concerning the public's need for information, evaluations of the mass media's material resources and the conditions under which journalists practice their professions were discussed.

Much attention was devoted to the social and living problems of journalists (this subject was presented in greater detail by Editor Jozef Krolikowski during the 17th Plenum of the Chief Directorate of the Polish Journalist's Society and his remarks were published in PRASA POLSKA).

2 April

The Press Council discussed conclusions drawn from the three years since the press law was passed in Poland. The discussion was based on studies conducted by the Krakow Center for Press Studies and an analysis by the Justice Ministry of court cases in which journalists were accused of violating personal rights (a discussion of the studies on the functioning of the press law was published in PRASA POLSKA, No 5).

6 April

At the Warsaw Journalist's Palace, the Polish Journalist's Association's Polonia Club organized a meeting with Foreign Affairs Minister Marian Orzechowski who discussed present trends in Polish foreign policy with special consideration of cooperation with Polish communities abroad.

9 April

In Warsaw, Foreign Minister Marian Orzechowski met with representatives of the newly elected board of the Polish Journalist's Association's International Affairs Writer's Club: Chairman Editor Marian Podkowinski and editors Zdzislaw Antos, Kazimierz Baranowski, Bogdan Herbich, Zbigniew Kilmas, Michal Kolodziejczyk, Jerzy Pacula and Krzysztof Wojna.

The minister discussed the most important aspects of the current international situation and expressed his belief that the Polish press and its journalists will accompany the activity of Polish foreign policy.

Journalists informed the minister about the club's activities and plans for 1987.

10 April

Jacek Wilamowski was appointed deputy chief editor of RAZEM.

13 April

A "Warsaw Literary Premiere" was given to Daniel Passent's book "Dolt Under Lock and Key" consisting of POLITYKA editorials from September 1983 to March 1985.

14 April

Lech Pilawski was dismissed from his post as deputy chief editor of NA PRZELAJ.

15 April

Teresa Kardacz was appointed secretary of the National Working Class Agency.

Miroslaw Ziach was dismissed from his post as secretary of National Working Class Agency.

22 April

At the Warsaw Journalist's Palace, representatives of the Polish Journalist's Association met Viktor Afanasyev, chief editor of PRAVDA and chairman of the USSR Journalist's Association, who was visiting Poland at the invitation of

TRYBUNA LUDU. During the meeting, Editor Afanasyev answered questions about the tasks and role of the press in the social and political and socio-economic changes in the Soviet Union and the conditions under which journalists work in the USSR.

24 April

At the Warsaw Journalist's Palace, there was a reports and elections meeting of the Polish Journalist's Association's Philosophical Writer's Club at which the two years of the club's activities were summarized and new officials were elected. The new club board included Editor Boguslaw Czarminski (TV, Warsaw) as chairman, Editor Radoslaw Piszczek (MYSL SPOLECZNA) as vice-chairman, Editor Czeslaw Glogowski (ZYCIE CHRZESCIJANSKIE) as secretary and editors Krzysztof Bielecki (TYGODNIK POLSKI) and Romuald Falkiewicz (SOLWO POWSZECHNE) as board members.

Following the club elections, there was a meeting with journalists who took part in a study trip to Vilno, Leningrad, Zagorsk and Moscow to learn about religious life in the Soviet Union. The club's guests talked about their conversations with representatives of the Russian Orthodox Church, meetings with representatives of the Religious Affairs Council of the USSR Council of Ministers and about Catholic, Orthodox and Protestant churches in the USSR.

The meeting was also attended by Soviet guests including Yury Ryndin, advisor to the USSR Embassy to Poland, Lubin Kopylenko, vice-director of the Soviet Palace of Culture and Science in Warsaw, and Oleg Spirin, deputy director of the Warsaw bureau of the Novosti Press Agency.

28-30 April

At the Warsaw Journalist's Palace, there was a roundtable conference of Polish and Soviet journalists titled "Lenin's concepts of the press and modern times" (which will be discussed in the next issue of PRASA POLSKA).

28-30 April

At the Jelenia Gora Club for Foreign-Opinion Writers, there was a session on cooperation between Jelenia Gora Voivodeship and border districts of Czechoslovakia and the German Democratic Republic. During the session, there was a meeting with voivodeship officials and a trip to Liberec (in Czechoslovakia) where club members met the town's youth and officials.

30 April

Roman Matlak was dismissed as chief editor of SWIATA CISZY.

Bronislaw Slomka was dismissed as deputy chief editor of ZIEMIA GORZOWSKA.

12261

CSO: 2600/715

PARTY ACTIVITIES CALENDAR, 11-24 MAY 1987

Warsaw ZYCIE PARTII in Polish 3 Jun 87 p 23

[Unattributed article: "Party Chronicle, 11-24 May 1987"]

[Text] 4th Plenum of the PZPR Central Committee

22-23 May. The 4th Plenum of the PZPR Central Committee met at the Ursus Machine Works and was chaired by First Secretary Wojciech Jaruzelski. The topic of the meeting was "Concern for a growth in the role of basic party organizations [POP] in the sociopolitical and economic life of People's Poland".

Meetings of the Central Committee Political Bureau

12 May. The Political Bureau evaluated the sociopolitical situation in the working class and the implementation of the tasks outlined by the 16th Central Committee Plenum which was dedicated to these problems.

The Politburo looked at information gained from letters, complaints, recommendations and interventions sent last year to party instances and state, economic and cooperative administrations.

The 2nd PRON Congress's recommendations for party organizations were accepted.

19 May. The Political Bureau learned about the sociopolitical situation in artistic communities and the problems of promoting Polish culture abroad.

Information about the economic situation was examined and conclusions were drawn on the basis of the first quarter of this year.

The Politburo also conducted its monthly assessment of the realization of the resolution of the 3rd Plenum.

## Meetings and Conferences

11 May. The 10th PZPR Congress's Revocations Commission met under the chairmanship of Politburo Member Kazimierz Barcikowski. The present results of the commission's work were discussed.

13 May. Central Committee First Secretary Wojciech Jaruzelski and Premier Zbigniew Messner met with members of leadership. They discussed the most important tasks facing Polish science as well as its most urgent needs. The meeting was also attended by Politburo Member and Central Committee Secretary Tadeusz Porebski and Vice-Premier Zbigniew Szalajda.

Central Committee Secretary Henryk Bednarski received a visit from the secretary of the Executive Presidium, Central Committee of the Union of Communists of Slovenia, Milos Prozenec.

14 May. First Secretary Wojciech Jaruzelski met Yury Sklarov, director of the Propaganda Department of the CPSU Central Committee.

This meeting was also attended by Jan Glowczyk and Jozef Barecki.

15 May. In Warsaw, there was a meeting of voivodeship PZPR committee first secretaries chaired by First Secretary Wojciech Jaruzelski. The meeting was devoted to preparations for the 4th Central Committee Plenum and the course of consultations on the second stage of economic reform. Members of the Central Committee Secretariat and directors of Central Committee departments also attended this meeting.

First Secretary of the PZPR Central Committee Army General Wojciech Jaruzelski met the supreme commander of the Warsaw Pact United Armed Forces, marshall of the Soviet Union and chief of staff of the United Armed Forces, Army General Anatoly Gribkov.

16 May. The Central Committee Propaganda Commission examined proposals for adapting the publications of the "Prasa-Ksiazka-Ruch" Worker's Cooperative Publishing House to needs and interests. The meeting was chaired by Politburo Member and Central Committee Secretary Jan Glowczyk.

18 May. Politburo Member and Central Committee Secretary Jozef Baryla met with journalists involved with writing on party affairs. They discussed work connected with preparations for the 4th Plenum of the Central Committee. Central Committee department directors Jozef Barecki, Stanislaw Gabrielski and Wladyslaw Honkisz also took part in the discussions.

The Party-Government Commission for Review and Modernization of the State and Economic Organizational Structures met under Politburo Member and Central Committee Secretary Marian Wozniak to examine the functioning of the consumer services industries.

Central Committee Secretary Andrzej Wasilewski received a visit from representatives of the Union of Polish Artists, Painters and Graphic Artists [ZPAMiG]. The achievements of the 2nd Congress of the ZPAMiG were evaluated. Tadeusz Sawic, director of the Central Committee Culture Department, also took part in this meeting.

19 May. Central Committee First Secretary Wojciech Jaruzelski met a group of employees of "Prasa-Ksiazka-Ruch" Worker's Cooperative Publishing House in honor of the 40th anniversary of the cooperative. Jan Glowczyk, chairman of the Supervisory Council, was present.

20 May. Central Committee Secretary Henryk Bednarski met with a delegation of editors of chief party newspapers at scientific institutes from socialist countries. The delegation is visiting Poland at the invitation of the publishers of MYSL MARKSISTOWSKA.

21 May. First Secretary Wojciech Jaruzelski was visited by Herman Axen, a member of the politburo and central committee secretary for the German Socialist Unity Party. The meeting was also attended by PZPR Politburo Member and Central Committee Secretary Jozef Czyrek and the German Democratic Republic's ambassador to Poland, Horst Neubauer.

First Secretary and Chairman of the Council of State Wojciech Jaruzelski received an official visit from Abdula Vakila, member of the politburo of the Central Committee of the People's Democratic Party of Afghanistan and foreign affairs minister for that country. The meeting was also attended by Politburo Member and Foreign Minister Marian Orzechowski.

The Central Committee Commission on Economic Reform Policy and Worker Self-Management discussed topics from the second stage of economic reform. The meeting was chaired by Politburo Member and Central Committee Secretary Marian Wozniak.

The Central Committee Commission on Social Policy and Health Care discussed the public's living conditions in 1981-86. The meeting was chaired by Politburo Member Kazimierz Barcikowski.

The Central Committee Science and Education Commission learned about the results of a review of academic personnel and the state of realization of the Teacher's Charter. The meeting was chaired by Politburo Member and Central Committee Secretary Tadeusz Porebski.

The Central Committee Commission on Agriculture, Food Economy and Forestry discussed the mechanization of agriculture and examined a preliminary plan draft of an evaluation of the realization of the resolution of the PZPR Central Committee and ZSL Supreme Committee joint 11th Plenum. The meeting was chaired by Deputy Politburo member and Central Committee Secretary Zbigniew Michalek.

Politburo Member and Central Committee Secretary Jan Glowczyk received a visit from the chief editor of NEUES DEUTSCHLAND, Herbert Naumann, and Werner Micke, the deputy editor of the German Socialist Unity Party Central Committee's chief press organ.

#### In Party Instances and Organizations

15 May. The Czestochowa Voivodeship PZPR Committee discussed the role of physical education, sports and tourism in youth education. The meeting was attended by Politburo Member Zofia Stepien.

16 May. The Skierniewice Voivodeship PZPR Committee held the second part of its conference on strengthening the role and functions of POP's in the sociopolitical and economic life of the voivodeship. The conference was also attended by Stanislaw Gabrielski, director of the Central Committee Political Organization Department.

At Polichno near Warsaw, there was a demonstration in honor of the 45th anniversary of the departure of the Stefan Czarniecki Detachment of the People's Guard. Participants included Central Committee Secretary Henryk Bednarski, Director of the Central Committee Personnel Policy Department Wladyslaw Honkisz, Vice-Minister of Defense General of Arms Tadeusz Tupczapski and Chairman of the Union of Fighters for Freedom and Democracy General of Arms Jozef Kaminski.

18 May. The Internal Affairs Ministry PZPR Committee held a ceremony awarding the title of "Meritorius Worker's Movement Activist" to a group of 35 officials. The awards were presented by Deputy Politburo member and First Secretary of the Voivodeship PZPR Committee Janusz Kubasiewicz.

The Gorzow Wielkopolski Voivodeship PZPR Committee discussed tasks in strengthening the education function of socialist schools.

#### Interparty Cooperation

Poland was visited by a working delegation from the Central Committee of the Korean Labor Party led by Director of the Foreign Department Kwuon Min Dzun. The delegation held a conference with the PZPR Central Committee Foreign Department and visited Radom Voivodeship where it met with the first secretary of that voivodeship's PZPR committee, Bogdan Prus.

13 May. Director of the Central Committee Foreign Department Ernest Kucza spoke with Nadim A. Samad, the deputy secretary general of the Libyan Communist Party, who was currently visiting Poland.

12-13 May. In Bucharest, there was a conference of the secretaries of central committees of communist and worker's parties in the socialist countries. The conference was dedicated to the problems of political organization work. The

PZPR delegation was led by Politburo member and Central Committee Secretary Jozef Baryla.

16 May. The 5-day 12th Congress of the Greek Communist Party ended in Athens. A PZPR delegation under Politburo Member and Central Committee Secretary Jozef Czyrek took part in the congress.

21 May. A Central Committee delegation under Central Committee Secretary Jozef Czyrek ended its visit to Hungary. The members of the delegation visited the deputy secretary general of the Hungarian Socialist Worker's party, Karoly Nemeth, and held a conversation with a secretary of the Hungarian Socialist Worker's Party Central Committee, Istvan Horvath.

12261

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## PARTY ACTIVITIES CALENDAR, 9-21 JUNE 1987

Warsaw ZYCIE PARTII in Polish 30 Jun 87 p 21

[Unattributed article: "Party Chronicle, 9-21 June 1987"]

[Text] Meetings of the Central Committee Political Bureau

9 June. The Political Bureau:

-- received information on the realization of the 3rd Central Committee Plenum's resolution on pro-export policy;

-- examined the results of an NIK [Supreme Chamber of Control] audit of thrift management, waste control and product quality and the conclusions of that audit;

-- received information about the course and results of an official visit to Poland by a Chinese party-state delegation.

16 June. The PZPR Central Committee Political Bureau and the Presidium of the ZSL Supreme Committee held a joint out-of-town meeting in Czempin to evaluate the realization of the joint 11th Plenum's January [illegible] resolution on the growth of agriculture and food economy.

Meetings of the Central Commission for PZPR, ZSL and SD Cooperation

17 June. There was a meeting of the Central Commission for PZPR, ZSL and SD Cooperation which was also attended by other signatories of the PRON declaration. The PZPR was represented by Wojciech Jaruzelski, Kazimierz Barcikowski, Jozef Maryla, Jozef Czyrek and Tadeusz Porebski.

The participants received information about the course of Pope John Paul II's third visit to Poland and about the course and results of a meeting of the Political Advisory Committee of the Warsaw Pact States in Berlin at the end of May.

## Meetings and Conferences

11 June. There was a meeting of the Central Committee section on historical education. The state of youth historical awareness was discussed in the light of scientific findings. The meeting was chaired by Politburo Member Professor Marian Orzechowski.

15 June. The Central Committee's Marine Commission discussed the state of pollution in the South Baltic and environmental conditions along the Baltic seacoast as well as how they have affected tourism. The second half of the meeting was dedicated to discussion of the Theses for the second stage of economic reform. The meeting was chaired by Deputy Politburo Member Stanislaw Bejger.

16 June. Before the joint session of the Central Committee and the ZSL Supreme Committee Secretariat at Czempin, members of the leadership of both parties visited state, cooperative and private farms, food industry plants and agricultural service establishments in Poznan and Leszno voivodeships. Also taking part in these visits were Central Committee First Secretary Wojciech Jaruzelski and the following members of the Politburo and Central Committee Secretariat: Premier Zbigniew Messner, Kazimierz Barcikowski, Jozef Baryla, Jozef Czyrek, Marian Orzechowski, Alfred Miodowicz, Wlodzimierz Mokrzyszczak, Florian Siwicki, Zygmunt Muranski, Tadeusz Porebski, Zofia Stepien, Marian Wozniak, Stanislaw Bejger, Bogumil Ferensztajn, Zbigniew Michalek, Gabriela Rembisz, Henryk Bednarski, Kazimierz Cypryniak and Andrzej Wasilewski.

17 June. Central Committee Secretary Henryk Bednarski received a delegation from the Higher Party School of the Central Committee of the Communist Party of Vietnam under its rector, Nguyen Suc Binh.

19 June. Central Committee First Secretary and Chairman of the Council of State Wojciech Jaruzelski received an official visit from the Republic of Cuba's foreign minister, Isidora Malmierke. The meeting was also attended by Foreign Affairs Minister Marian Orzechowski.

19-20 June. In Serock near Warsaw, there was a seminar for the first secretaries of voivodeship party committees. During this meeting which was chaired by First Secretary Wojciech Jaruzelski, means of popularizing and implementing the decisions of the 4th Central Committee Plenum and the Themes for the 2nd stage of economic reform were discussed. Members of the Central Committee Secretariat and directors of Central Committee departments also attended.

20 June. As part of the "TRYBUNA LUDU Days" in Warsaw, this newspaper's traditional yearly medals were awarded by Politburo Member and Central Committee Secretary Jozef Czyrek.

## In Party Instances and Organizations

13 June. The Opole voivodeship PZPR and ZSL committees held a joint meeting dedicated to evaluation of the state of realization of the program for development of agriculture and food industries in the voivodeship. Deputy Politburo Member and Central Committee Secretary Zbigniew Michalek and the vice-chairman of the ZSL Supreme Committee, Vice-premier Jozef Koziol, also participated.

17 June. The Ciechanow Voivodeship PZPR Committee outlined tasks for the voivodeship's party organizations for strengthening the basic party organizations in the light of the 4th Central Committee Plenum.

The Koszalin Voivodeship PZPR Committee evaluated the realization of Central Committee resolutions on strengthening the ideological indoctrination of youth.

The Warsaw PZPR Committee discussed the role of party instances and organizations in accelerating scientific and technical progress. The meeting was chaired by Deputy Politburo Member and First Secretary of the Warsaw Voivodeship PZPR Committee Janusz Kubasiewicz. Also participating were Grzegorz Kierplezow, deputy director of the Department of Science, Education and Scientific and Technical Progress, Alfred Stroka and Minister Konrad Toit.

## Interparty Cooperation

14 June. In Helsinki, the 21st Congress of the Communist Party of Finland ended. A PZPR delegation under Central Committee Secretary Kazimierz Cypryniak participated in the congress.

The Congress of the Tunisian Communist Party ended. A PZPR delegation under the director of the Central Committee Department of Internal Party Management, Alojzy Zielinski, participated in this congress.

16-19 June. A delegation of the Palestinian Communist Party visited Poland. Its members were Central Committee Politburo Member Naim Ashab and Central Committee Member Mohamed Abu Shamaa. The delegation was received by Central Committee Secretary and Politburo Member Jozef Czyrek and spoke with the director of the Central Committee Foreign Department, Ernest Kucza.

12261

CSO: 2600/715

## REVIEW OF 2-VOLUME WORK ON ROMANIAN MILITARY HISTORY

Bucharest REVISTA DE ISTORIE in Romanian No 4, 1987 pp 438-440

[Review by Pavel Abrudan of "Istoria Infanteriei Romane" [The History of the Romanian Infantry] by Colonel Dr Gheorghe Romanescu, Colonel Dr Gheorghe Tudor, Colonel Mihai Cucu, retired, and Colonel Ioan Popescu, Stiintifica si Enciclopedica Publishing House, Bucharest, 1985, 2 volumes, 400+519 pages; passages within slantlines published in italics]

[Text] Written on the initiative of the Infantry and Tank Command in order to describe the evolution of the Romanian infantry over the centuries, which has always been the most numerous branch of our Army, and its fighting in the many wars waged by the Romanian people for freedom and independence, the book comes to fulfill this desire. A result of long and meticulous research work on archive documents and of study of an extensive Romanian and foreign bibliography, the work presents the long and heroic path traveled by the Romanian infantry from its origins to the present, drawing many conclusions and lessons "from the vast treasury of experience accumulated over the millennia, to enrich the present and future activity," as Comrade Nicolae Ceausescu, the secretary general of the party, underscored.

Having dialectical and historical materialism and Comrade Nicolae Ceausescu's valuable instructions as a scientific foundation, the history of the infantry is presented as an integral part of the history of the Romanian Army, and the latter as a component part of the history of the Romanian people. Within the history of the Romanian Army, the infantry occupies the main place, it being the oldest branch, the largest in manpower, with the biggest contribution and with the heaviest sacrifices of blood in the struggle for the ancestral homeland's defense, for the Romanian people's freedom, independence, and national unity.

Taking into account the infantry's predominant role on the battlefield and the immense sacrifices made in war by this branch, some military writers and thinkers have called it the "Queen of Battle" or the "Goddess of Victory." In fact, the infantry has always been not only the largest branch of the Romanian Armies but also the most complex and most complete one, the only branch capable of starting, carrying on, and finishing the fight and battle, fulfilling very difficult missions. A victory has never been consummated until the infantry, equipped with ancient weapons, and later with grenades, with rifles

and bayonets, with submachineguns and machineguns, has overcome the final resistance of the enemy, has forced him from his fortifications, and has controlled the positions occupied by him. Even now, the infantry is still the polarizing branch in the main efforts of the Army. Over the centuries, this branch has embodied the steadfastness, courage, and tenacity of the Romanian Army and, in the final analysis, has concretized the vitality, vigor, and steadfastness of the Romanian people, because it has been the basic exponent of the masses under the battle standard, of their heroism in the battle for the ancestral homeland's defense. The heroism of the infantry has been and still is the faithful expression of the heroism of the Romanian people.

The book, in 2 volumes, is broken into 15 chapters, each corresponding to a distinct stage in the history of our people, and begins with a preface signed by Colonel General Ion Hortopan.

Chapter I (pp 19-33), titled "The Infantry of the Ancestors of the Romanian People," deals with the circumstances in which the Geto-Dacian infantry came into being, its evolution, the system of fortifications, and its fighting up to the occupation of Dacia by the Romans; the Roman Army in Dacia; the Geto-Dacian elements in the Roman Army.

Chapter II (pp 73-189), "The Infantry of the Romanian Armies in the Middle Ages," deals with the evolution of society on Romanian territory from the 14th century to around the revolution of 1821 led by Tudor Vladimirescu; the organizational structure of the Romanian infantry in this period of time; its participation in the big battles fought by the Romanian Armies for the ancestral homeland's defense, for freedom and independence; the features of the Romanian art of war; the beginnings of the modern Romanian infantry; plans for reorganizing the native Romanian Armies.

Chapter III (pp 190-198) is devoted to "The Infantry Troops During the Revolution of 1821, Led by Tudor Vladimirescu." Chapter IV (pp 199-228) follows the path traveled by "The Romanian Infantry From 1821 to the Revolution of 1848." An important place in this framework is occupied by the year 1821, when, with the organization of the modern Romanian Army, the first seven infantry battalions came into being in Walachia and Moldavia; the evolution of the infantry and the founding of the first officers school in Walachia, in the fall of 1847, for the training of military cadres.

Chapter V (pp 229-262), titled "The Romanian Infantry During the Revolution of 1848," deals as a unit with the organizational structure and the participation of the infantry in the revolutionary events; the national guards; the camp in Riureni; the battle of Dealul Spirii on 13 September 1848; the infantry in the army of Avram Iancu; the defense of the Apuseni Mountains by the revolutionary army led by the King of the Mountains.

Chapter VI (pp 263-276) follows the evolution of the infantry troops from the revolution of 1848 to the union of the Romanian principalities under the rule of Alexandru Ioan Cuza in 1859.

Chapter VII (pp 277-307) deals with the qualitative leap experienced by the Romanian Army, like, in fact, all the institutions of the country, during the reign of Alexandru Ioan Cuza. The unification and new organization of the Army, its modernization and evolution for attaining the level of the armies in the developed countries, the standing Army, the territorial troops, military laws and regulations, military education, and the training of cadres are a few of the matters contained in this part of the work.

Chapter VIII (pp 308-332) covers the evolution of the infantry within the Romanian Army between 1866-1877, dealing with the continuation of the process of developing and modernizing the Army; the introduction of new regulatory acts concerning the infantry branch; new elements in the reorganization of the infantry in the standing and territorial Army; the people's-type formations; the combat training of infantry troops.

Chapter IX (pp 333-397), titled "The Romanian Infantry in the War of Independence in 1877-1878," deals with the matters of the participation in the operation of covering the Danube border; the contribution of the Romanian infantry to the battles of Plevna, Rahova, and Vidin; the heroism of the infantry in the war of independence; conclusions and lessons of a military nature coming from the time of the war of independence.

The second volume begins with Chapter X (pp 7-54), which describes the progress made in the development of the Romanian infantry in the period from the war of independence to Romania's entrance into World War I (1878-1916); the creation of new infantry units of all sizes and the modernization of them; the technical-material equipping of infantry troops; the training and specialization of cadres; the training of the civilian population for the country's defense.

Chapter XI (pp 55-153) is devoted to the Romanian infantry during World War I. It deals with the situation of the infantry on the eve of Romania's entrance into the war; its mobilization on 15 August 1916; the combat equipping and training of the infantry; the plan of operations in 1916; the Romanian infantry in the fighting in 1916; the reorganization of the Romanian Army in the winter of 1916/1917; the infantry troops in the big battles in 1917 in Marasti, Marasesti, and Oituz; the heroism of the infantry in World War I; the formation of the unitary Romanian national state in 1918.

Chapters XII and XIII (pp 154-263) deal with the matter of the evolution of the Romanian infantry in the 1919-1939 period and its participation in the first part of World War II.

Chapter XIV (pp 264-418) is devoted to the Romanian infantry's participation in the antifascist and anti-imperialist revolution for social and national liberation and in the anti-Hitler war (23 August 1944-12 May 1945). In this context, it deals with the situation of the infantry units of all sizes on the front and inside the country on 23 August 1944; the fighting of the infantry troops in the days of the revolution in August 1944; the participation of the infantry units in the covering operation in August-September 1944; the combat actions of the infantry for liberating the northern part of Transylvania, the

western areas of Crisana and Banat, and Hungary and Czechoslovakia up to the defeat of the German troops and the victorious end of World War II in Europe; the feats of bravery and heroism performed by Romanian infantrymen in the anti-Hitler war; conclusions and lessons of a military nature coming from the combat actions performed by the Romanian infantry units of all sizes in the war against fascist Germany.

Chapter IV (pp 419-480) deals with the evolution of the Romanian infantry after World War II; an innovative change in 1945-1947; the revolutionary transformations from 1948 to the present.

The work is abundantly illustrated throughout, with black-and-white and color plates, the uniforms of the Romanian infantry in various periods, the weapons in use, maps, diagrams, and photographs. In the final section, it contains /appendices/ (pp 481-499) with the tables of organization of the units of all sizes participating in the anti-Hitler war, a /selective bibliography/ (pp 500-507), and /summaries/ (pp 508-516) in the English, Russian, and French languages.

Written analytically and skillfully, in an appealing manner, by infantry officers, some of whom participated in the anti-Hitler war, "Istoria Infanteriei Romane" [The History of the Romanian Infantry] has a strong instructive and educational role and is addressed both to the specialists and to the general public.

12105

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## MACHINE TOOL EXPORT INCREASE TO GDR DISCUSSED

Prague SVET HOSPODARSTVI in Czech 6 May 87 p 2

[Article, author not given: "Increased Exports of Machine Tools, CSSR-GDR"]

[Text] Traditionally the GDR has been the second largest trading partner for Czechoslovakia, after the Soviet Union. This is also true of exports and imports of machine and forming tools. Long term contracts for 1986-1990 provide for exports, through the Strojexport foreign trade organization, valued at 220 million rubles, and for imports valued at 290 million rubles. Digitally controlled machine tools, high performance machining and forming centers, and flexible manufacturing systems are gradually becoming a larger and larger percentage of our total exports. During the Eighth 5-Year Plan numerically controlled [NC] and digitally numerically controlled [CNC] machines will increase from 52 percent to 62 percent of our total machine exports to socialist countries. This will also be true of our exports to the GDR.

In recent years one of our largest orders from the GDR has been for a second Skoda PC 4 machining center with a Skoda NC-N control system. The system is designed for the machining of nonrotating parts. The order was placed by the Ernst Thaelmann Kombinat in Magdeburg on the strength of the fine reputation enjoyed by the first such machining center, which is currently operational at the Umformtechnik VEB Kombinat. The entire system includes a number of digitally controlled drilling and milling machines, with semi-computerized tool exchange and interoperation manipulation.

Other users in the GDR have also had good experiences with our numerically controlled machine tools and other, conventional machines. These firms include the Magdeburg SKET Kombinat, the Erfurt Umformtechnik KUTE, the Karl-Marx-Stadt Fritz Heckert firm, Henningsdorf LEW, Wildau SKET, Neustadt Fortschritt Landmaschinen, and other manufacturers.

We have recently augmented our traditional machine tool exports to the GDR with the addition of Skoda heavy duty horizontal milling and boring machines, and the SPT 16 N and SPT 16 NC semicomputerized lathes with a new CNC TESLA NS 660 control system made at the Sezimovo Usti Kovošvit Machine Tools Plants [TST] concern enterprise. These lathes may be used individually or may be grouped together, in which case manipulating equipment can be added up to the level of industrial robots. The new, twin spindle SPS 2/25 NC lathe, which is designed to make it possible to overlap operating and handling time, now augments the

extensive line of model SPR turret lathes produced by the Gottwaldov Precision Machine Plants, Plants for Engineering Machinery, concern enterprise. When outfitted with a TESLA CNC NS 660 control system, this twin spindle lathe can be upgraded with an IPR 8 integrated robot from the Rakovnik Machine Tool Factories, Plants for Engineering Machinery, concern enterprise.

There has been considerable interest in the GDR in the MCSY 50 A and MCSY 80 A lathe machining centers manufactured by the Sezimovo Usti Kovošvit TST, concern enterprise. These units received a gold medal at this year's Leipzig International Trade Fair. In addition to turning, they are capable of milling, drilling, boring, and threading and are based on an original design available from no other manufacturer in the world at the present time. The capabilities of these units include both parallel and perpendicular drilling on an axis other than the work axis, angular drilling, the milling of front and side surfaces both along the work axis and on an axis other than the work axis, and gradual three-knife machining without changing the position of the tool head. A compatible CNC system makes possible the smooth control of five axes, three of which can be controlled simultaneously. This year Kovošvit will begin deliveries to the GDR of newly designed SAB 40 linear computerized machine tools [bezkrivkove automaty], for which we anticipate export markets in future years.

The same could be said for a number of our newer digitally controlled and conventional machine and forming tools that have recently come into greater and greater use in GDR manufacturing plants. These include metalworking machines from the Piesok Machine Works, concern enterprise, KHZ pneumatic-hydraulic counterblow hammers from the Brno Research and Production Organization for Forming Equipment, pressure die-casting machines for castings from aluminum and other alloys manufactured at Snina Vihorlat, SUI universal center lathes from the Trencin Machine Tool Factories, Plants for Engineering Machinery, concern enterprise, single spindle turret lathes from Sezimovo Usti Kovošvit, and six-spindle computerized machine tools from the Gottwaldov Precision Machine Plants. Recently our line of computerized lathes has been expanded to include model SAS and SAY eight-spindle machines.

The mainstays of Czechoslovak grinding machine production are surface grinding machines from the Povazska Bystrice ball bearing plant and cylindrical grinding machines from the Hostivar Machine Tool Plants, Plants for Engineering Machinery. The GDR is making extensive use of the BRD plane-parallel vertical spindle surface grinding machines of the Hostivar plant in Holic. This same plant received a gold medal at this year's Leipzig fair for its new BOV 50 vertical spindle surface grinder for ring faces.

In the area of forming machines the GDR has shown increased interest in both high performance machines and in complete machine lines linked together with interoperational manipulation and augmented at both the feed and output ends with robotic units. The GDR foreign trade organization, WMW Export-Import, procured from us, for instance, TP 2500 computerized transfer tools manufactured by the Zdar Machine Works and Foundry. These units will be installed at the Ronneburg Fahrzeugzubehorwerk VEB for the mass production of wheel discs for the automotive industry. We have also sold TP 630 transfer tools to the Scharfenstein DKK VEB for the production of compressor components.

The mutual cooperative relationships between the CSSR and GDR do not involve only commercial exchanges, however. Bilateral cooperation and specialization is also involved. The GDR, for instance, manufactures orifice grinders at the Berlin October 7th Werkzeugmaschinenkombinat Kombinat under long term cooperative agreements with the Czechoslovak Strakonice motorcycle factory. This plant provides the grinding units or grinding spindles for these machines. There is also a long tradition of cooperation between the Kurim Machine Tool Plants, Plants for Engineering Machinery, concern enterprise and the Plauen WEMA in the production of feed units and working units for single purpose machine tools and transfer production lines. Cooperative relations are also expanding between the Celakovice Machine Tool Plants, Plants for Engineering Machinery, concern enterprise and the Karl-Marx-Stadt firm Modul in the development of computerized systems for the mass production of gears.

A cooperative program that dates from 1980 has resulted in the development of a microprocessor controlled laser cutting system for nonconductive materials that is fully competitive with state of the art equipment manufactured by British Oxygen Company, the U.S. firm Coherent Radiation, and firms in the FRG. The contract for this venture is between the Halle Feinmechanische Werke Kombinat VEB and the Bratislava State Woodworking Research Institute. The German side is developing the laser cutting units, which have projected outputs of up to 1,000 watts, while our firms, the Piesok Machine Works, concern enterprise, the Research Institute for Mechanization and Automation, and the Banska Bystrice Computer Technology Plant will develop the control system, the machinery and mechanical components, and all other necessary systems.

The results that have been achieved through CSSR-GDR cooperative programs in machine and forming tools reflect not only technological maturity, but also good commercial policy. Of particular importance is the Berlin office of the Strojimport foreign trade organization, which provides comprehensive technical and service operations. These run from expert consulting services prior to machinery purchases, to delivery and installation at the end user's facility, through warranty and post-warranty service. The annual participation of 400-500 of our technicians in the installation and servicing of new and existing machinery in the GDR is evidence of the scope of our involvement there, and our commitment to servicing what we sell.

9276/9716  
CSO: 2400/238

## SHORTCOMINGS IN PLAN FULFILLMENT CRITICIZED

Prague HOSPODARSKE NOVINY in Czech No 24, 1987 pp 1, 7

[Article by Eng Josef Tyll, candidate for doctor of science, CSSR People's Control Commission: "In a Rut"]

[Text] Results of inspections of task fulfillment for the state implementation plan for 1986 have shown that serious shortcomings and the lack of sophistication of those economic plans that have been confirmed will have a significant impact on the planning process in the upcoming years of the 5-year plan. For this reason federal and republic level people's control commissions have inspected the methodology used by sectors and economic production units [VHJ] in breaking down and fulfilling critical tasks of the state plan for national economic development, 1986-1990, for the economic plans of selected manufacturing facilities and foreign trade enterprises.

This inspection took place within the Federal Ministry of Metallurgy and Heavy Engineering [FMHTS], the Ministry of General Engineering [FMVS], the Federal Ministry of Foreign Trade [FMZO], the republic level ministries of industry, and in 18 selected VHJ, selected enterprises within these VHJ, and in four foreign trade organizations.

## Lost Time

The findings of this inspection indicated that enterprises, VHJ, foreign trade organizations and the ministries have so far not made sufficient progress in meeting certain demanding tasks for this year. This is a very serious shortcoming which indicates the incomplete fulfillment of a resolution of the 17th CPCZ Congress, and the failure to address a problem that was identified by the fourth and fifth CPCZ Central Committee plenary sessions.

The problems with plan fulfillment in these sectors have arisen for a number of reasons. These organizations did not take sufficient time to break down the tasks of the state plan for their own organizations and make plans to obtain the resources needed to meet these specific targets. Once negative trends became evident they did not take the steps necessary to mobilize enterprise resources to deal with the problems. They did not,

in other words, generate the necessary R&D results, increase export efficiency, or improve the structure of production facilities, any of which might have resulted in increasing the value added to their energy and material resources.

An overview of the completed economic implementation plans for 1987 indicates a consistent failure to provide for the achievement of critical qualitative indicators, which are the backbone of the strategy for the Eighth 5-Year Plan. These problems threaten the achievement of planned increases in national income.

Instead of dealing with these planning problems and searching for ways to upgrade their plans, these enterprises and VHJ are in most cases simply repeating the outdated practices of the past, in which senior managers strived to increase production by increasing production inputs (noncapital imports, investments and labor, etc.) and wages. Their operating procedures continue to stress an extensive mode for assuring tasks. Qualitative considerations are still not paramount in their minds.

In view of the open and still unresolved problems with 1987 plan task fulfillment the enterprises and VHJ in the inspected sectors (with the exception of FMHTS) are shifting most of their annual task completion dates to the second half of the year, and mainly to the fourth quarter (this is especially true of profit targets) in the expectation that, as in the past, their annual targets will eventually be reduced.

The inspection also discovered that economic organizations have still not come anywhere near to mobilizing the proven underutilized capacities and internal potential that was specified by the 1987 plan targets. In other words, factors in long term intensive development, e.g. the broad application of R&D findings, accelerated upgrading and modernization of production facilities, the installation of state of the art equipment, etc., have still not become the main focus of their plan fulfillment efforts.

#### Frozen Technological Development

This underestimation of the importance of technological development for the fulfillment of qualitative plan targets is clear from the fact that economic management agencies have not reevaluated their current technological development plans in order to upgrade them. These plans do not provide for any acceleration of innovational activity or for any shortening of innovation cycles. This is another consequence of the overall laxity and failure to follow through on the tasks established by CSSR Government Resolution No. 296/1983, the objective of which was to implement the directives of the Eighth CPCZ Central Committee Plenum concerning the accelerated practical implementation of R&D program results.

In a number of instances there has been no increase in the contributions of R&D. In some cases the role of R&D has even declined as evidence by the low level of fulfillment of the state implementation plan for 1987.

For instance, metallurgical and heavy engineering enterprises and VHJ are meeting only 17.5 percent of their targets for reducing materials costs through technical advances (this figure was 17.7 percent in 1986). The figure for the general engineering sector is 7.3 percent (compared with 24 percent in 1986), for the electrotechnical industry 13.8 percent (1986--16.1 percent), and for the SSR ministry of industry 13.6 percent (1986--13.8 percent). Moreover, in most instances technological developments are playing a very small role in any increases in exports or reductions in import requirements. For instance, in the Brno General Engineering Plants VHJ technological advances have even resulted in an increase in material costs and a reduction in profits of Kcs 2.9 million. At the Tesla-Consumer Electronics Plant in Bratislava technological advances have reduced profits by Kcs 2.4 million, and at the Prague Automobile Industry VHJ such advances have reduced profits by Kcs 106.2 million.

In some of the inspected enterprises, technological advances that were implemented were not fully reflected in standards, especially in materials consumption standards, and were therefore not reflected at all in the planning process. In some cases, the standards were even reduced (as in the case of the Ostrava plant of the Vitkovice Klement Gottwald Ironworks and Engineering Plants, national enterprise, the Teplice Sklotas national enterprise and others).

The poor record in implementing technological advances also often leads to a failure to fulfill plan targets for improving the quality and sophistication of end products. Managerial agencies are often content to compensate for a failure to make planned improvements in one product line by increasing the output of another product related to another program, without considering any of the consequences of this. This year, for instance, VHJ under the ministry of general engineering will fail to meet targets for product improvements in 30 of the 81 products for which such targets exist. The Prague Automobile Industry VHJ will account for many of these shortfalls. Liberec Elitex, the Prague Machine Technology Plants, and the Martin Heavy Engineering Plants will together fail to deliver Kcs 860.2 million in planned production, which is about 30 percent of their collective target. VHJ managed by the Federal Ministry of the Electrotechnical Industry (and mainly the Prague High Voltage Electrotechnology Plants VHJ, the Prague Automation and Computer Technology Plants, and the Roznov Tesla Plant) will together fail to meet targets on 21 of 175 product areas, representing a shortfall of Kcs 240 million (about 10 percent). This will result in a failure to meet production targets for products with high technical sophistication in the 1987 plan. The shortfall will amount to Kcs 4.8 billion in VHJ under the FMVS, Kcs 2.5 billion in VHJ under the federal Ministry of the Electrotechnical Industry [FMEP], and by Kcs 1.8 billion in VHJ under the FMHTS.

#### Inertia in Investments

Capital investment is playing a much less significant role than in previous years in meeting targets related to improved efficiency. Newly operating

capital equipment in the FMHTS is accounting for only 10.5 percent of the reductions in material costs for that sector in 1987. The figure for the FMVS is 2.3 percent, for the FMEP is 7.6 percent, and for the SSR Ministry of Industry it is 11.7 percent. Investment projects are also not contributing too much to the fulfillment of state priority programs or to increasing exports to nonsocialist countries. In many cases the projected design parameters of construction projects are not being fully utilized. Updating economic plans to take full advantage of the capabilities of these facilities represents a rapidly mobilizable resource that can be used to increase profits almost immediately. The low level of facility utilization, which equates to Kcs 11 billion in lost production in the federal sectors that were inspected, reduces to a significant degree their economic performance and efficiency increases for the Eighty 5-Year Plan. Even at a 10 percent profitability level this means reduced profit formation of Kcs 1.1 billion annually.

A further problem is that the program objectives for capital construction do not contribute significantly to an increase in economic efficiency. An evaluation of the capital construction plans for the inspected sectors showed that only 21.6 percent of the planned targets for 1987 involved the rebuilding or modernization of existing facilities, while the state plan mandated a figure of 60 percent for such projects as a percentage of the total.

Even smaller volumes of investment resources have been allocated to construction projects related to the practical application of R&D findings (17.9 percent) and state priority programs (23.7 percent). This implies that some 36 percent of the resources allocated to investments in all federal sectors will still be going to projects of an extensive character.

It is not simply a matter of these VJH and ministries again failing to review critically all projected construction projects and the overall investment process, but that this lax investment policy will result in lower than anticipated performance for the economy in the years after 1990.

#### Confirmation from the First Quarter

Preliminary plan fulfillment results from the first quarter indicate that undesirable extensive developmental trends are expanding within the economy. The economic sphere has not made good use of the time since the approval of economic plans in December 1986 to take assertive steps to deal with these well known problems with the plan. They furthermore have the authority to take these steps and to obtain additional resources and facilities to meet plan targets. Instead they have spent most of their time creating justifications for making reductions in their plan targets.

We must be equally firm in rejecting efforts by some organizations to rid themselves of responsibility for this year's plan on the grounds that they incorrectly overestimated disruptions in the availability of materials and equipment for production. The truth is that this problem is caused

by the persistent extensive attitude to task fulfillment, which is in direct contradiction to the objective of reducing material costs. But no one analyzes these phenomena in any depth, and no steps are taken to improve the situation.

It is definitely time to get away from a discussion of the feasibility of plan talks and to get on with their fulfillment. This, however, requires equilibrium in the state plan for those items handled at the central level.

The inspections indicated, and this is a very serious finding, that there was no qualitative improvement in either the methodology or the quality of the final breakdown of plan tasks at the organization level for the Eighth 5-Year Plan. The process proceeded for the most part formally, from the top to the bottom, without the formulation of any action plans or programs to assure the achievement of the requisite effectiveness. There are a number of bottlenecks to overcome and risks to deal with in the fulfillment of the Eighth 5-Year Plan. The findings of this inspection demonstrate that management has so far not provided for the fulfillment of the fundamental goal of the Eighth 5-Year Plan, namely the acceleration of the intensification of the economy by improving the value added to all material, energy and labor inputs. This is at the same time the major source of additional resources for fulfilling the objectives of the current 5-year plan.

In most of the inspected agencies and organizations (and especially in the sector under the CSR ministry of industry), state plan tasks were broken down mechanically, often based on the so-called index method, without even making independent calculations or analyses of the contributions derived from intensifying production processes.

This means that at the plan breakdown level itself no significant provisions were made for the development of more efficient and modern production sectors, or for reducing the growth rate of materials intensive, ineffective, and obsolete production programs. One of the main reasons for this outdated approach, which was most evident in the work of the Tesla-Consumer Electronics VHJ in Bratislava, the Roznov Tesla Electronics Components Plant, the Prague Automobile Industry Plant, and the Brno General Engineering Plants, is the slow and fragmented formation of the conditions to support the introduction of new, modern products to replace current product lines.

The poor quality of plan breakdowns was also evident in the fact that supervisory agencies in many instances, and in conflict with the organizational objectives of the Eighth 5-year Plan, overlooked persistent shortcomings at several organizations (including Brno Agrozet VEH, Brno General Engineering Plants, Liberec Elitex) which have the affect of slowing down their economic development at the expense of other, better managed organizations.

These improper management practices indicate that supervisory agencies have still not implemented government resolution No 136/1986, concerning

the adoption and full implementation of measures to eliminate material problems and shortcomings that cause organizations to have long standing task fulfillment problems for 1986. In many cases the resolution of such problems was postponed until 1987, or even later years of the 5-year plan.

The inspection also found that the improper practice is also continuing in the breakdown of wage resources. The sectors and VHJ that were inspected are still for the most part adhering to the policy of providing equal increases in average wages for all subordinate organizations, taking no account of any differences in economic growth rates. By establishing a wage leveling principle in their breakdowns, these agencies run counter to the resolutions of the 17th CPCZ Congress, and undermine the principle of merit compensation based on work performance, that is a major objective of the Eighth 5-Year Plan.

Another important finding of the inspection is that ministries have not been monitoring consistently the level of task fulfillment for the Eighth 5-year Plan. Instead they have been postponing dealing with the current problems of the plan until the breakdown process begins for the economic implementation plans for the later years of the 5-year plan. This policy, however, contains the danger that these problems will only become worse in future years.

The inspection conducted in selected production and foreign trade organizations found, to sum up, that managers at all levels persist in applying previous principles and techniques of annual planning. They are not making significant use of intensive factors in economic development and are spending more time in documenting the lack of feasibility of established tasks than in actively proceeding to rectify outstanding problems.

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## FIXED ASSETS EFFICIENCY EVALUATED

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[Article by Eng Elena Polakova, candidate for doctor of science: "A Contribution to the Discussion of the Problem of Fixed Asset Utilization"]

[Text] The resolutions of the 17th CPCZ Congress, as well as Main Objectives for the Socio-Economic Development of the CSSR, 1986-1990 and Prospects Through the Year 2000, identify the intensification of our economy as the fundamental objective of the socio-economic development of our society.

Fulfilling the tasks of the Eighth 5-Year Plan will require an across the board increase in the pace of economic intensification, an improvement in production efficiency and the quality of all work, the implementation of effective structural changes in production on the basis of the intensive practical application of R&D findings, improvement in the quality of the planning and management process and the effective functioning of the economic mechanism.

One of the conditions for the fulfillment of these demanding tasks will be a significant improvement in capital asset utilization. This will include improving the utilization efficiency of existing production facilities as well as specific pieces of machinery, a speedup in the liquidation of obsolete and inefficient machines, a significant improvement in investment efficiency, a speeding up of their payback period, and the rapid practical application of the results of R&D programs. Improved efficiency and better utilization of capital assets as part of the intensive development of our socialist economy remains one of the main objectives of the Eighth 5-Year Plan. The investment policy of the Eighth 5-Year Plan calls for a significant amount of rebuilding and modernization of facilities, the implementation of R&D results and the assurance of other priorities while utilizing all potential resources for improving production and quality.

To facilitate the intensification of the entire process of capital asset replacement and to improve the efficiency of economic development we are planning to remove fixed assets from service at a faster rate, increase the level of shift utilization, change the structure of production, expand the production of advanced products and cut back on the production of ineffective ones, improve the efficiency of production technologies, as well as reducing declines in the efficiency of others. The entire investment program is intended to facilitate

modernization and to improve efficiency. The structure of investments will also change, with the number of construction projects declining and the number of deliveries of machinery and equipment increasing. A fundamental tenet of this change is that these new machines be state of the art, technically sophisticated and utilized fully so they can make a significant contribution to the stock of fixed assets.

Despite all our best efforts we continue to utilize capital assets inefficiently in our national economy. The inadequate utilization of fixed assets causes substantial economic losses in both the formation and the use of national resources. This makes the question of improving their utilization efficiency a pressing one, among the priority tasks in the intensification of our economy.

This article concerns the problem of the more effective utilization of fixed assets. It focuses on current developments and on the reasons for our poor utilization record. An evaluation of the current status provides room for further suggestions aimed at implementing the standard setting function of economic mechanisms.

#### Current Status of Fixed Asset Utilization

The rate of investment characteristic of the extensive development of our economy in recent years has led to an increase in the volume of fixed assets. Between 1975 and 1985 the overall volume of fixed assets in 1977 prices increased by 66.2 percent, with fixed assets related to production increasing by 74.7 percent. Machinery and equipment over this time period increased by 93.1 percent, with the increase in production sectors amounting to 91.1 percent. This data is from statistical yearbooks for 1975-1985.

#### Development of Fixed Assets Structure for CSSR Economy, 1975-1985 (1977 prices)

Item	Fixed Assets			
	1975		1985 <sup>1</sup>	
	in million Kcs	Percent of total	in million Kcs	Percent of total
Fixed assets, total	1,912,595	24.62	3,178,468	
machinery and equipment	470,892	24.62	909,520	26.61
Fixed assets in production	1,065,096		1,861,061	
machinery and equipment	402,235	37.76	768,613	41.29
Fixed assets in industry	649,817		1,136,171	
machinery and equipment	277,462	42.69	527,713	46.40

Notes: 1) Preliminary data. Source: Statistical yearbooks and data from Federal Statistical Office

The fixed assets structure still favors the passive components of fixed assets. This is historically characteristic for the extensive phase of the building of the plant and equipment foundation for socialism began to change in the Sixth and Seventh 5-Year Plans, as is evident by comparing data for 1975 with that

for 1985, where machinery fixed assets increased from 24.62 to 28.61 percent of all fixed assets, and from 42.69 to 46.40 percent of all fixed assets in industry. This positive growth rate is projected to continue in the Eighth and Ninth 5-Year Plans, with the Eight 5-Year Plan calling for deliveries of Kcs 90-100 billion of machinery and equipment, i.e. an increase of one-third.

The status of the retiring from service of fixed assets also does not meet current requirements. This trend, as expressed by the fixed asset liquidation coefficient, is shown in the following table. The liquidation coefficient is the ratio of value of capital assets retired from service to the total value of fixed assets.

Capital Asset Liquidation Coefficient in Percent (1977 prices)

<u>Item</u>	<u>1980</u>	<u>1983</u>	<u>1984</u>	<u>1985<sup>2</sup></u>
Fixed assets - total	0.70	0.73	0.72	0.71
Production sectors - total	1.00	1.01	1.00	0.97
Composed of:				
agriculture	1.31	1.38	1.32	1.17
construction	2.11	2.26	2.01	1.96
industry	0.85	0.83	0.84	0.82

Notes: 2) Preliminary data. Source: Federal Statistical office documents.

As the above data indicate (in conflict with state plan tasks) the capital asset liquidation intensity is declining. The capital asset liquidation coefficient for industry is at this time very low, which is evidence of the slow rate of application of R&D findings to production. Over the last two years of the Seventh 5-Year Plan despite the increased volume of retired fixed assets the liquidation coefficient still declined (Table 1). One notes an increase for the fuels, glass and ceramics, industries in frozen food production. In other industrial sectors the liquidation coefficient is low. This is the result of the inadequate utilization of newly available fixed assets and the continuing extensive course of capital asset replacement. In some cases this situation must be linked to the nature of production technology, which may not allow the liquidation of fully depreciated machines and other fixed assets because doing so would interrupt the smooth flow of production. The retirement of fixed assets must proceed, but only after thorough technical preparations which will assure an increase in labor productivity along with increased fixed asset efficiency as well. [See Table 1 on next page]

Fixed asset utilization, along with age structure and technical sophistication, is one of the most important qualitative indicators and a significant source for intensive economic growth. It is one of the factors in increasing labor productivity, and inevitably leads to the conservation of capital assets. Economical utilization, characterized by the capital asset efficiency indicator, expresses the relationship between the volume of production and the volume of production-related fixed assets.

Table 1. Machinery and Equipment Liquidation for CSSR Economy (million Kcs/1977 prices)

Sector	1975		1982		1984		1985	
	Kcs	%	Kcs	%	Kcs	%	Kcs	%
Capital assets, total	9,061	1.92	14,263	1.95	15,215	1.77	15,215	1.73
Production sectors, total	7,838	1.94	11,967	1.93	12,852	1.77	13,081	1.70
including:								
agriculture	1,834	4.55	2,334	3.66	2,448	3.13	2,449	2.91
construction	453	2.17	1,624	4.91	1,351	3.68	7,112	3.46
industry, total	4,293	1.54	5,925	1.40	6,737	1.35	7,112	1.34
composed of:								
fuels	755	2.34	1,018	1.82	1,352	2.21	1,562	2.42
energy generation	189	0.60	229	0.42	397	0.66	356	0.56
ferrous metallurgy	598	1.51	579	1.00	562	0.88	756	1.11
nonferrous metallurgy	77	1.11	125	1.22	141	1.28	130	1.14
chemicals and rubber	551	2.10	382	0.98	465	1.05	457	0.97
machine building	475	0.97	936	1.23	1,010	1.18	1,081	1.16
electrotechnical and metalworking	164	1.46	387	1.57	414	1.53	406	1.42
construction materials	290	2.01	516	2.22	574	2.32	573	2.24
wood processing	101	1.66	154	1.28	161	1.19	163	1.14
paper and cellulose	106	1.34	163	1.14	238	1.35	179	0.96
glass, ceramics, porcelain	85	2.07	97	1.49	87	1.22	117	1.56
textiles	320	2.15	326	1.39	336	1.35	342	1.33
clothing	18	2.27	35	2.16	26	1.43	33	1.71
leatherworking	59	2.23	70	1.62	66	1.40	57	1.15
printing	64	1.92	73	1.55	102	2.07	93	1.84
foodstuffs	346	1.78	624	2.07	598	1.82	579	1.68
frozen foods	17	2.37	35	2.44	24	1.50	45	2.68

Notes: 1) Preliminary data. Source: Statistical Yearbooks and author's calculations.

Development of Capital Asset Efficiency (expressed as national Product in Kcs per Kcs 1000 of production related capital assets in 1977 prices)

<u>Sectors</u>	<u>1975</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985<sup>2</sup></u>
Production related capital assets, total	952	841	795	759	743	724	706
Including:							
industry	1040	923	867	822	800	783	760
construction	2365	1834	1726	1605	1569	1478	1479
agriculture	694	587	541	542	542	539	515

Note: 2) Preliminary data. Source: Statistical Yearbooks

Of the above sectors the development of capital asset efficiency was the worst in construction. In agriculture the fluctuating efficiency may be explained by the dependence of production on weather conditions. In comparison with these sectors capital asset efficiency developed relatively well for industry. Tables 2 and 3 present data for industry.

Table 2. Capital Asset Efficiency by Industrial Sector (1970=100) (1977 prices)

<u>Industry</u>	<u>1975</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985<sup>1</sup></u>
fuels	95.8	68.1	65.0	62.8	60.0
power generation	99.6	73.8	71.3	71.3	68.1
ferrous metallurgy	111.7	93.9	90.7	89.2	84.2
nonferrous metallurgy	105.4	83.4	81.8	79.4	79.5
chemical and rubber	110.0	105.4	103.7	102.3	103.8
machine building	111.8	114.9	113.8	113.8	113.5
electrotechnical and metalworking	111.7	81.6	80.5	82.0	85.1
construction materials	92.5	71.7	69.9	69.4	67.8
wood processing	90.1	66.0	63.0	61.0	59.2
paper and cellulose	92.7	71.0	68.7	68.2	61.0
glass, ceramics and porcelain	102.8	100.0	98.0	99.3	96.6
textiles	95.4	82.3	81.0	80.3	80.4
clothing	88.8	65.5	63.1	61.3	60.3
leatherworking	97.0	77.3	74.6	74.0	71.6
printing	85.0	72.7	71.8	72.3	73.0
foods	95.9	75.3	74.4	74.1	71.0
frozen foods	96.0	58.5	54.7	52.8	53.3

Capital asset efficiency defined as gross production in comparable prices per Kcs 1,000 of production related fixed assets.

Note: 1) Preliminary data. Source: Statistical yearbooks

[See Table 3 on next page]

Table 3. Capital Asset Efficiency by Industrial Sector

Sector	Indexes in Percent					
	1983	1984	1985	1984/83	1985/84	1985/83
industry, total	745	738	724	99.06	98.10	97.18
composed of:						
fuels	402	386	370	96.01	95.85	92.03
power generation	199	195	188	97.98	96.41	94.47
ferrous metallurgy	598	581	561	97.15	96.55	93.81
nonferrous metallurgy	793	774	768	97.60	99.22	96.84
chemical and rubber	973	965	960	99.17	99.48	98.66
machine building	1,123	1,123	1,127	100.00	100.35	100.35
electrotechnical and metalworking	1,612	1,663	1,676	103.16	100.78	103.97
construction materials	534	528	517	98.87	97.91	96.81
wood processing	1,029	1,003	975	97.47	97.20	94.75
paper and cellulose	608	569	537	93.58	94.37	88.32
glass, ceramics, porcelain	742	746	756	100.53	101.34	101.88
textiles	932	925	920	99.24	99.45	98.71
clothing	3,097	2,995	2,971	96.70	99.19	95.93
leatherworking	1,831	1,799	1,695	98.25	94.21	92.57
printing	702	711	711	101.28	100.00	100.00
foodstuffs	1,611	1,594	1,531	98.94	96.04	95.03
frozen foods	975	965	950	98.97	98.44	97.43

Capital asset efficiency defined as gross production in comparable prices per Kcs 1,000 of production related fixed assets. Source: Federal Statistical Office data and author's calculations.

In the industrial sectors one can see a positive development in capital asset efficiency in the electrotechnical and metalworking industries, the glass, ceramics and porcelain industry, in machine building and in the printing industry. This positive development has come from changes in the structure of new capital assets, an increase in machinery as a percentage of total assets as production has increased. According to sources (1) and (2) the growth in capital asset efficiency in the electrotechnical and in the printing industry was caused by a low increase in capital assets. [Source (1): Capital Asset Replacement and Utilization, 1981-1984. Prague: Federal Statistical Office, file No 2454/85: Source (2): Capital Asset Replacement, 1976-1983. Prague: Federal Statistical Office, file No 2335/84.] In the printing industry this development is also related to the high level of obsolescence of its machinery assets and the fact that it has the highest percentage of fully depreciated fixed assets in the entire industrial branch. Table 3 allows one to compare the above mentioned sectors with favorably developing efficiency with the rest of industry over the final years of the Seventh 5-Year Plan. From the calculated indexes one can see that despite the decline in the efficiency of capital assets, the rate of decline slowed down, leaving capital asset efficiency roughly steady. Capital asset efficiency is affected by many factors, determined by the structure of the economy, R&D progress, the liquidation of old and obsolete capital equipment, etc. In addition to the above realities this decline is caused also by the excessive increases in prices of new, imported machinery.

This evaluation of capital asset efficiency has been based on capital asset efficiency measured by gross output. This indicator does not have predictive capability in terms of qualitative changes in the capital replacement process. It is therefore necessary when evaluating capital asset efficiency to relate this efficiency to the type of production involved (in relation to adjusted value added).

The capital equipment requirements for generating national income are increasing. While in 1976 a Kcs 4.30 increase in capital equipment was required to produce an additional Kcs 1 in national income, in 1985 the figure was Kcs 6.50 (1977 prices).

Jobs, and the way they are filled and utilized also affect the efficiency of capital asset utilization. In 1983 there were 1.423 million jobs that were being performed by 1.860 million employees, meaning that there were 1.3 jobs per worker, which corresponds roughly to the shift utilization rate in the economy. Table 4 shows the development of jobs in industrial activities between 1983 and 1985.

Table 4. Blue Collar Jobs in Industrial Firms for 1983, 1984, and 1985<sup>1</sup> for CSSR

		blue collar job utilization							
		total jobs				engineering jobs			
		(1)	(2)	(3)		(4)	(3)		(4)
				[MCF]	[PCF]		[MCF]	[PCF]	
1983	(5)	1,422,945	550,798	26.50	--	1.332	28.83	--	1.503
	(6)	1,214,820	482,635	25.60	62.71	1.300	26.98	66.08	1.440
1984	(5)	1,426,602	552,561	26.34	--	1.331	28.73	--	1.494
	(6)	1,228,047	486,229	25.41	62.63	1.298	26.87	66.01	1.434
1985	(5)	1,429,372	555,101	26.30	--	1.330	28.76	--	1.498
	(6)	1,231,209	488,647	25.39	62.19	1.298	26.94	65.99	1.441

Key:

1. average number of blue collar positions
2. average number of blue collar machine operator positions
3. percentage utilization of maximum time stock [MCF] and useable time fund [PCF]
4. shift work coefficient
5. all operations
6. noncontinuous operations

Table 4. (continued) Work Opportunity Utilization for All Employees and for Blue Collar Employees

	<u>employees</u>			<u>blue collar employees</u>			
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>
1983	(8) 3,280,807	2,556,467	77.92	724,340	2,584,701	1,860,361	71.98
	(9) 2,823,233	2,134,352	75.60	688,884	2,230,816	1,541,932	69.12
1984	(8) 3,296,978	2,562,210	77.71	734,768	2,591,210	1,856,442	71.64
	(9) 2,853,368	2,155,608	75.55	697,760	2,247,240	1,549,480	68.95
1985	(8) 3,310,272	2,569,495	77.62	740,777	2,596,934	1,856,157	71.47
	(9) 2,864,675	2,163,753	75.53	700,922	2,251,796	1,550,874	68.87

Key:

1. average number of job opportunities
2. average number of employees
3. job opportunity utilization by employees
4. number of unfilled positions
5. average number of blue collar positions
6. average number of blue collar workers
7. job opportunity utilization by blue collar workers
8. all operations
9. noncontinuous operations

Notes: 1) Preliminary data. Source: Job Opportunities for blue collar workers in industrial enterprises 1983-1985.

For the final year of the Seventh 5-Year Plan the average number of blue collar positions in all production operations increased by 2,770, with positions in machine operation accounting for 2,540 of these opportunities. The year 1985 is interesting because it was the only year in the Seventh 5-Year Plan in which the increase in machine operation positions was greater than the increase in manual jobs. This indicates that the capital replacement process is finally beginning to intensify somewhat. The low intensity of capital asset replacement is reflected as well in the development of the utilization of job opportunities, and in particular machine operation openings. The utilization of job opportunities in noncontinuous production operations is shown by the following data (in percentages):

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985<sup>1</sup></u>
Job Utilization	62.5	62.3	62.7	62.7	62.4	62.2
Machine operator job utilization	64.5	64.5	65.5	66.1	66.0	66.0

Notes: 1) Preliminary data. Calculations based on useable time fund, which is 447 shifts.

Machine operator jobs are more likely to be filled than manual jobs. In the final years of the Seventh 5-Year Plan there was a levelling off in the utilization of jobs. This may be justified by the faster growth of jobs than there was an increase in the number of available workers in industrial activities. Table 5 presents more precise data on the utilization of machine operator positions in individual industrial sectors.

The highest utilization rates are in the fuels, metallurgy and power generation sectors. The lowest rate of utilization of machinery stock is in the leatherworking industry. According to source (2) [Capital Asset Replacement, 1976-1983. Federal Statistical Office, file No 2335/84] this is caused by the seasonality of the work, which makes it necessary to generate significant facility and product line reserves from a few single purpose machines. In evaluating the utilization of engineering positions in the recent past, one notes a level trend. Machine utilization in machine building is increasing while that in the consumer goods industry is declining. The overall utilization of jobs, whether in old or new operations, is very low. There are also cases in which jobs at older operations are better filled than jobs at newer facilities. This results from the greater sophistication of the machinery at the newer operations, inadequate professional training and work organization.

Table 5. Utilization of Machine Operator Positions for Blue Collar Workers in Industrial Firms in the CSSR (Noncontinuous Operations) in Percent

<u>Sector</u>	<u>1975</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985<sup>1</sup></u>
Industry, total	64.2	65.5	66.1	66.0	66.0
including the following industries:					
fuels	92.7	102.1	101.7	101.9	99.8
power generation	84.1	84.3	82.0	80.9	81.6
ferrous metallurgy	82.7	89.8	94.5	91.3	90.2
nonferrous metallurgy	67.9	73.2	73.2	74.1	74.1
chemicals, rubber, asbestos	83.4	81.5	81.2	81.8	81.0
machine building	60.4	65.8	67.6	68.0	68.1
electrotechnical and					
metalworking	65.7	72.5	72.4	72.5	73.5
construction materials	70.4	71.0	69.8	69.1	68.7
wood processing	60.9	61.8	61.6	61.0	59.0
paper and cellulose	66.5	66.4	64.3	65.3	65.6
glass, ceramics, porcelain	55.5	58.2	60.9	60.4	60.2
textile	70.2	71.6	70.3	70.1	69.0
clothing	67.3	58.2	58.0	59.4	59.1
leatherworking	49.3	42.2	42.2	40.9	41.0
printing	61.6	56.4	54.2	55.2	56.9
foodstuffs	62.2	59.0	60.2	59.7	59.4
frozen foods	68.3	59.4	56.9	56.9	54.8

Notes: 1) Preliminary data. Source: Replacement and Use of Capital Assets, 1981-1985; Statistical Yearbook, 1986.

The shift work coefficient reflects the ratio between the increase in jobs and the number of available workers. The highest level that has been achieved in the shift work coefficient for blue collar workers has been in the industrial sectors of the CSSR economy in 1962, at a level of 1.409. It then declined continuously to 1978 when it reached its low of 1.319. Since then it has been increasing gradually every year. In 1985 it reached 1.329.

#### Development of Shift Work Coefficient for Industrial Jobs

<u>Item</u>	<u>1980</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Shift work coefficient--all jobs					
all operations	1.329	1.332	1.332	1.331	1.330
noncontinuous operations			1.300	1.298	1.298
Shift work coefficient--machine operator jobs					
all operations	1.491	1.498	1.503	1.494	1.498
noncontinuous operations			1.440	1.434	1.441

Notes: 1) Preliminary data. Source: Statistical Yearbooks and Federal Statistical Office working documents.

The calculated standard shift work coefficient for machine operation jobs for all industrial enterprises in 1985 was 1.88832. The achieved coefficient was, however, 1.498, which is 79.54 percent of the standard. This implies that there is still substantial underutilized capacity in capital asset utilization, and that measures need to be implemented to achieve higher shift work coefficients.

Job utilization is closely associated with the evolution of unfilled job openings. The difference between work opportunities and the average documented number of workers gives one the number of unfilled blue collar industrial jobs. The data presented in Table 4 indicates that in 1984 there was an increase of 10,428 in the number of unfilled jobs in 1984. In 1985 the increase was 6,009. This evolution corresponds, however, to the utilization of machine operation positions for blue collar workers. The utilization rate for these positions in all industrial enterprises has been fluctuating in the vicinity of 71.4 percent. The highest utilization rates are in the fuels, power generation, ferrous metallurgy, chemical and rubber industry.

There is no way we can be satisfied with the current situation after evaluating the current record in capital asset utilization. Rectifying this unsatisfactory situation is undoubtedly connected with improvements and even the restructuring of the economic mechanism. The actual problem of capital asset utilization needs to be dealt with in a differentiated way, taking account of production conditions.

#### General Suggestions for Improving Capital Asset Utilization Efficiency

Increasing capital asset utilization efficiency is connected directly to the gradual improvement in the time utilization of capital assets, better utilization of production facilities, improving the technical sophistication of the

machinery base, speeding up the process of replacing and retiring from service of production equipment, the implementation of structural changes in the direction of less resource intensive production sectors, etc.

From recent analyses performed by central agencies, documentary materials, enterprise research and our own findings we can put together some general guidelines to support greater efficiency in capital asset utilization.

At present it will be necessary to deal with a complex of questions of a material and a systemic character, which will set the groundwork for the development of effective measures aimed at fulfilling established tasks, in conjunction with CSSR Government Resolution No 244/86 concerning the approval of an implementation program for further measures in the planned management system for the Eighth 5-Year Plan. Emphasis is being placed on developing mechanisms for increasing the economic pressure on enterprises in the cost accounting sphere. This will help eliminate shortcomings that stem from the underutilization of capital assets. There are other ideas that come to mind as well.

Until 1982 there was a transfer payment based on property. This was eliminated in 1983. At that time the elimination was justified as removing one source of weakness in the standard setting function. This question is currently in front of us again and is causing a lot of discussion. Given low levels of capital asset utilization, such a transfer payment should be used as a penalty and should not be calculated based on the wholesale price alone. This type of transfer payment should motivate organizations to make more effective investments, and maximize their utilization of modern, new, high performance machines. Currently work is proceeding on several variants, the common denominator of which is a supplementary transfer payment to the state budget. The first proposed alternative was a supplementary payment tied to the underutilization of capital equipment as indicated by the figure for the utilization of blue collar jobs. This preliminary proposal took as the basis for calculating the magnitude of the transfer payment the average rate for depreciation writeoffs for all capital assets in an organization. For this reason the derived financial penalty would be heavier for an organization that fails to utilize optimally new machinery (and thus having a higher average depreciation rate than for organizations with higher percentages of older, fully depreciated equipment). In view of the fact that the problems accompanying machine and equipment utilization apply also to building use (construction work as a percentage of total investment is significant) consideration is being given to permitting buildings to be utilized at the same level as the capital asset utilization rate of the machinery housed in the building. Yet another alternative for a supplementary transfer payment is to base it on declines in the capital asset utilization efficiency indicator, or a combination of this figure with that showing poor utilization of available jobs. Source [3] (Penalties for Lack of Capital Asset Utilization. Prague: State Planning Commission, file No 91190/86) goes into these proposals in more detail. It will also be necessary to differentiate standard profits in conjunction with capital asset utilization. In the context of proposing a basis for profit the assumption is that the volume of depreciation derived from unutilized capital equipment will decline, a fact that will be reflected in an increase in the profit percentage. In this regard the question comes to the fore of the uniformity of evaluation of capital assets (the real valuation of

capital assets) and the assurance of objectivity in making depreciation calculations (taking account of the true useful life of machinery). Under Government resolution No 156/85 consideration is being given for the Eight 5-Year Plan to include depreciation in the new wholesale pricing system only to the level of actual capital asset utilization in such a way that towards the end of the Eighth 5-Year Plan there can be no negative impact of depreciation on wholesale prices.

The complexity and difficulty of measures aimed at supporting better capital asset utilization, in addition to resolving the above issues, will necessarily require the resolution of questions of planning, management and preparations for capital investment, financing and the like, as well as intervention into the current management system.

The stage of the gradual intensification of our capital replacement process requires the mutual interaction of individual economic mechanisms. This article discusses questions which contribute to a resolution of this pressing set of issues. Currently the government committee and the CSSR Government are preparing to debate measures aimed at facilitating greater capital asset utilization. It should also be expected that increasing economic pressure on cost accounting entities for their inefficient utilization of capital assets should make organizations give more consideration to the planning and actual implementation of investments so that newly acquired capital assets can be used optimally. This also assumes that obsolete equipment will be retired from service at a faster pace than currently. But this is a provisional mechanism that will be effective only if we succeed in offering real incentives to cost accounting entities to improve efficiency. Standardized transfer payments based on production factors will contribute to this objective, as will the proposed general inventory of capital assets connected with a reevaluation of the capital stock and documentation of job opportunities.

This problem will be resolved as a priority matter only over the long term and will require that we deal with related issues of a systemic and material nature. We need to dig into these questions more fully which will require increasing attention from economic researchers and the interest of cost accounting entities and employees themselves in effective capital asset management. We must more completely implement and execute new and progressive approaches and solutions in a way that will allow them to be effective.

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## SCARCITY OF JOINT VENTURES WITH FOREIGN FIRMS DISCUSSED

Pecs DUNANTULI NAPLO in Hungarian 26 May 87 p 7

[Article by Zoltan Miklosvari: "Awaiting Hungarian-Foreign Joint Ventures"]

[Text] Where are you, Hungarian-foreign joint ventures? Since one of the central tasks of the Budapest international spring fairs is to display the results of economic cooperation with foreign countries and the newest accomplishments of socialist economic integration, we have decided to look into some of the results presented at this year's fair currently under way. The joint venture format is one of the most advanced forms of the international division of labor. Unfortunately, however, we are still in the beginning stages of setting up such ventures.

This is why our eyes became wide open at the exhibit booth of the first Hungarian-Japanese joint venture, the Polifoam Synthetic Materials Processing Ltd., where we were able to get a first glance at the firm's BNV [Budapest International Fair] grand prize winner insulator tubes. To my best knowledge, in the recent history of the fair this was the first time that the product of a Hungarian-foreign joint venture was, or even could be awarded a prize. The firm was established in 1985 by the Hungaria Synthetic Materials Processing Enterprise, two of our banks, the license-granting Furukawa company and the C. ITOH commercial firm. Under the terms of the contract, they produce spatially reticulated polyethylen foam sheets which they use to manufacture secondary products to be sold both at home and abroad. The above mentioned insulator tube is the most advanced of all their products, produced with technology purchased from Japan; its qualitative parameters are of world market quality, hence it appears to have a great future.

If we were to cite some examples of joint ventures established in cooperation with the other socialist countries, we would be hard-pressed to list anything besides the Hungarian-Polish Holdexen and the Hungarian-Bulgarian Intranszmason enterprises. Currently, however, increasingly stronger emphasis is being

placed on efforts aimed, in addition to mutual deliveries, at creating new forms of cooperation. We are happy to see that today the Soviet Union is also strongly in support of these efforts, having recognized them as being in close harmony with the program that has made it its primary goal to fundamentally transform the Soviet economic mechanism. In connection with this it is worth quoting from an article written by the president of the Foreign Trade Academy of the Soviet Union on the occasion of the Budapest International Fair.

"With the transformation of the economic mechanism there will also be a greater number of organizations involved in foreign economic activities. One sign that people have a more direct interest and greater responsibilities in the economic process is that the associations, enterprises and organizations can establish direct economic ties with the enterprises and organizations of other CEMA members, and can independently decide matters pertaining to scientific-technical cooperation, including the signing of appropriate economic agreements and contracts..."

Clearly the intent to establish new forms of cooperation was more than just an empty declaration as evidenced by the recent establishment of Mikromed, a Hungarian-Soviet joint venture, which began operating in Esztergom early this year. The firm is the brainchild of the all-Soviet research institute for medical equipment manufacturing and the Hungarian Medicor [Medival X-Ray Equipment Enterprise]. We have learned that Mikromed's first product will appear on the market in November, in honor of the 70th anniversary of the Great October Socialist Revolution.

Hopefully the example will also catch on in the other CEMA countries, resulting in the forming of newer and newer joint ventures, and the establishment of more direct as well as more profitable ties in our organization of economic integration. And the time will come when these types of jointly produced products will actually dominate the Budapest international fairs.

9379

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HUNGARY

ECONOMIC

COMMITTEE TO PROMOTE JOINT VENTURES FORMED WITH AUSTRIA

Zalaegerszeg ZALAI HIRLAP in Hungarian 26 May 87 p 10

[Article: "Hungarian-Austrian Joint Economic Committee Meets in Keszthely"]

[Excerpt] In 1980--aiming to further expand the existing relations between the two countries and to strengthen the cooperation between their economists--the Hungarian and Austrian Academies of Sciences established a Joint Hungarian-Austrian Economic Committee. This year the committee's annual meeting has opened at the Helikon Hotel in Keszthely. Included among the participants are scientists, leading economists and theoretical experts. The five-day long scientific conference, titled "Export-Oriented Economic Policies in Hungary and Austria," began yesterday, and will meet here until May 27. For the remainder of the discussions the conferees will move to Graz. The task of organizing the domestic portion of the program had been assigned to the Zala County chapter of the Hungarian Economic Society.

9379

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## DIFFICULTIES OF PRIVATE ENTERPRISES ASSESSED AT CONFERENCE

## Better Integration Urged

Budapest HETI VILAGGAZDASAG in Hungarian 18 Apr 87 pp 4-5

[Article: "Conference on Small Enterprises"]

[Text] A 3-day conference titled "The Role of Small Companies and Private Enterprises in a Modern Economy" was held in Budapest last week, sponsored by the Scientific Association for Machine Industry (GTE), the Small Business Section of the Hungarian Chamber of Commerce and the Scientific Society of Organization and Management. The participants pointed out that versatile and agile small organizations are essential in a modern economy, thus the private sector should better integrate into the socialist economy and as soon as possible. Naturally, this has legal, financial and other important conditions.

The 3-day conference about small enterprises, held in the headquarters of Trade Union of Workers in Agriculture and Forestry (MEDOSZ) was not lacking in surprising events. On the first day Laszlo Bekasi, deputy minister of finance, canceled his lecture due to sickness, then on the second day Anna Szekacs, head of the department of the Ministry of Finance also did not deliver her opening lecture. Finally she delivered her lecture Friday afternoon, but still a lot of participants found the 2,800 forint participation fee too high, since--as they explained--they received little information about the prospective regulatory changes. These interludes also showed that entrepreneurs are sensitive about their expenses.

Last year nearly half a million employees of almost 40,000 small organizations produced 11 percent of the gross national product [GDP] either in their main or secondary jobs (which also include the enterprise workers' business partnerships). In her lecture Mrs Falus, nee Katalin Szikra, explained that the Hungarian economy has an extremely concentrated structure of enterprises.

Although, new small organizations such as work associations [gmk], civil law associations [pjt], specialized groups, etc. have been operating since 1982, they still continue to be shrouded in uncertainty in several areas. As the lecturer emphasized, the entrepreneurs work mostly in second jobs, they try not to give up their state employment. As for the source of uncertainty, it is hardly caused by the market, much rather by constant changes in and

tightening of regulations. (Earlier 10 percent later 15 percent and right now 20 percent surtax has to be paid on orders placed with small enterprises).

Ideological confusion also influences other areas of business practice. Tamas Sarkozy, professor of the Karl Marx University of Economic Sciences, pointed out that the distinct separation of forms of ownerships interferes with advancement. The step to make it possible to create a homogeneous economy would have to be exactly if private and state enterprises could jointly enter into contracts, and even form joint firms. Today small enterprises cannot be transformed into limited liability companies, although the unlimited and joint liability results in a disproportionately high risk. (For instance: in a gmk the assets of all members can be auctioned off because of a single member's fault). The Hungarian economy needs solutions which limit the risk and liability, because in order for them to be real ventures, there would have to be larger investments. The distinction that a small enterprise or small cooperative is part of the socialist sector and is a legal body, and the gmk, pjt and special group are not, should be ended--added the lecturer.

The planned tax reform will put the entrepreneurs into a new position-- Anna Szekacs pointed out in her speech. The value-added tax and the income tax should not affect small enterprises more disadvantageously than big ones. From the point of view of small organizations it is particularly important that their income be spent on productive investments, such as modernization of small and middle-sized factories, rather than being used extravagantly.

Peter Szirmai, first assistant in the Technical University expressed his opinion about theoretical questions calling for clarification. According to present legal regulations money is not considered capital if it is spent lavishly, deposited into savings bank, if we buy bonds for it or invest it in an organization where we are members, for example in gmk-savings. However money is considered capital if its owners, as a silent partner, gives it directly to the producing enterprise and this is punishable. He stated that if we are thinking about a multisector socialist economy, we have to think over the consequences of our steps.

According to Peter Szirmai there is much to be done about the safeguarding of interests, which would also be important because this way the private enterprises could integrate into the economy more easily. Regarding the future, Janos Palotas, associate director of the Small Business Section of the Hungarian Chamber of Commerce, expressed his optimism when he stated that in his view the future of small enterprises is guaranteed economically and politically.

#### Specific Recommendations

Budapest HETI VILAGGAZDASAG in Hungarian 18 Apr 87 p 4

[Text] As a summary of the work of three sections of the conference about small enterprises, a 19-item list of recommendations was accepted. Some of these are outlined below:

--A reasonable plant size is a natural concomitant of economic development, thus a greater ratio of small organizations. That is why independent enterprises must be recognized as the smallest organizational units of a socialist economy.

--The government's overall policy of developing small and medium size enterprises, its system of ways and means of supporting them should be worked out and integrated into the national economic plan.

--The private sector should be judged basically according to capital gains, and the influx of capital into the private sector should be promoted.

--The limitation of liability within the various individual and group enterprise forms should be made possible, namely in such way that these organizations could make a separate, indivisible profit.

--The capital returns, earnings from work, and the entrepreneurs' income should be separate. It would be reasonable to account for part of capital returns as an expense, on the basis of the average interest rate of bonds.

--It would be worthwhile to consider the foundation of a legally regulated mutual support and credit insurance fund for small enterprises until they can establish their own banking institutions. This would facilitate the spread of enterprise credit forms.

--The enterprise surtax, which was introduced in 1985 and raised several times since then, should be abolished as soon as possible, in view of its discriminatory nature.

--Since income is not guaranteed in this sphere, income policy cannot be applied in the case of small enterprises because of specific risk and ownership relations.

--The legal regulation of the cooperation among various ownership forms (state, cooperative, and private), and the transformation of different organizational forms into one another should be developed.

--The foundation of interest representation forms and entrepreneurs' association, organized from the ground level, should be made possible.

#### Credit Banker's View

Budapest HETI VILAGGAZDASAG in Hungarian 18 Apr 87 p 5

[Text] Credit, creditworthiness, and liquidity are the main worries of small organizations about to be founded. Istvan Gara, managing assistant director of Unicbank Corp., answers the questions also raised on a conference about small enterprises.

[Question] The complaint against banks founded this year is that they generally do not process credit applications under 500,000 forints. Whereas small enterprises have a need for amounts lower than this.

[Answer] Every bank must set a limit which still guarantees a profit for the bank. In the case of domestic businesses this limit is more or less the aforementioned half million forints, although this doesn't mean that in a reasonable instance we wouldn't handle credit applications of lesser amounts-- just as there was an example of this in the course of our 3-month existence. Unicbank granted the very first credit to a construction gmk [work association]. Small organizations received more than ten credit loans out of the almost 50, which were given during the first three months of our existence. Though it is also important to note that the procedure for a credit operation totaling one forint is almost the same as one of, let's say, over 100 million forints. Therefore a minimum limit has to be drawn somewhere.

[Question] If a small organization turns to Unicbank, on what basis do you determine its creditworthiness?

[Answer] We gave, for instance, over 10 million forints credit to a small tradesman with appropriate collateral of course. This means that the way of judging creditworthiness is the same in the case of both large and small enterprises: on the basis of the safety of the enterprise, the operation of the enterprise and collaterals.

[Question] The entrepreneurs rightfully bring up the problem that it is difficult to recover their debts from large enterprises. And yet because of this the bank often does not find them creditworthy.

[Answer] The solution would be obvious if the economic organizations dared to use promissory notes more often. Since the note is a promise of payment, entrepreneurs can bring it to the bank for tendering any time. For example, to our bank, too. We are trying to persuade the partners to do exactly this. This way the temporary liquidity problems could be overcome. But there is still great opposition to the use of the promissory note.

[Question] Maybe the reason for this is due to the fear of something new?

[Answer] One of my favorite professors' saying, which became an adage applies here: The idea of the promissory note is so new that only the oldest people remember it.

#### Academy of Sciences' View

Budapest HETI VILAGGAZDASAG in Hungarian 18 Apr 87 p 5

[Text] We publish below excerpts from the work of Ivan T. Berend, president of the Hungarian Academy of Sciences, which was published in the April issue of TARSADALMI SZEMLE and which explained--among others--the role of private business and private property.

Naturally, it became obvious very soon that the extended policy of the first half of the fifties was unrealistic with respect to ownership relations and caused damage. Namely, the elimination of small property and private enterprises occurred at such levels of development where large state enterprises

or cooperatives could not take the place of eliminated private enterprises and a vacuum remained after the production of service activity which had disappeared. And this gap has been with us practically to the present...

...The uneven policy of "loosening and tightening" has accompanied us throughout our history, resulting in periodical and fast prosperity and just as fast restriction of small private enterprises. After the concessions of 1953 and 1956 the number of independent entrepreneurs of the very modest private enterprise system decreased by one-sixth, and their participation in the industrial services dropped from more than 70 percent to less than 50 percent between 1960 and 1966. This view basically did not change during the 1968 economic reform. Emphasizing the "supplementary" role of private enterprise necessary in supplying the community, and stressing that this activity "must be made possible for a very long time where it is needed," in the long run they noted that "the social and economical participation of private enterprises will slowly and gradually decrease as a result of the spread of socialist production forces and the strengthening of social conscience."

...However, a change has taken place in this decade. The different forms of small enterprises, supplementary private activities, household plots, gmks [work associations], private cabs, private construction, the world of boutiques (but in a certain sense the strengthening of medium and small size state-owned enterprises with the breakup of big monopolies, the decentralization of the banking and insurance system) all substantiate this...

...But if we consider all this permanently necessary, with strategic validity in a long historical perspective, then we have to learn to live together with this phenomenon by managing and regulating, instead of constraining and restricting it. Adequate (honest and fair, but progressive) taxation, wider competition (thus not the limitation, but the more open use of the work-force, which prevents the development of private monopoly, and socialist work competition of large enterprises, made truly more attractive (and efficient) with sufficient wages, can develop such adequate conditions which guarantee both the elimination of disturbing incidents causing social tensions and the indispensable benefit of supplementary private activities.

#### 'Ideological Confusion' Charged

Budapest FIGYELO in Hungarian 23 Apr 87 p 5

[Text] I'm sitting at the conference on small enterprises, listening to the arguments of lecturers in the support and interest of private enterprises, restricted by countless limitations, afflicted by overcomplicated regulators and discriminatory taxes. Already having written on many occasions, I am reluctant to write about this: "The participants of the conference stated, that ideological confusion is the main reason for the problems surrounding small enterprises and the private sector."

In the last 40 years we didn't know how to handle individual and group private enterprises. As Maria Zita Petschnig rightly commented in her lecture, the characteristic of the policy used towards them was "tightening and

loosening" of regulations. Mistrust and ambiguity are hidden away under the proclaimed mask of trust. How else can it be explained that countless obstacles and restrictions had been built into the regulations of small enterprises (including the small tradesman and small retailer), probably to prevent the faster than desirable growth of the private sector. The selection of production profile, the use of resources and staff are limited, and numerous legal restrictions prevent the entrepreneurs from joining the socialist economy. Personal wealth cannot increase the value produced in the socialist sector. The statutes ensured the strict separation of private and public monies.

In past years, after the 1982 "loosening" of regulations, the social security fund was increased three times, tax measures four times. Some enterprise managers and entrepreneurs considered the 10-15% special tax a political message.

The artificially built-in limitations were not necessary to prevent small enterprises from reaching their possible limits in numbers or in the magnitude of their activity. The limits of market forces and the interests of today's economy are capable of doing this by themselves. Although other factors have to be considered for comparison's sake, it is a fact that not even two out of 1000 people in our country are small entrepreneurs. This number in Europe is 25, and 70 in Japan. Income versus output produced by private entrepreneurs cannot be reliably figured, because a significant part of the output remains hidden in the everyday practice of tax evasion. This is the least attractive form of mutual mistrust.

The entrepreneurs attending the conference didn't come to complain. In the overall economy management program which accompanies the introduction of the new tax system, they would have liked to have learned the following: where their place will be, whether there will be a need for them, and whether they will be allowed to go on their own way in the future, too.

This time again their questions remained unanswered; their doubts didn't disappear. And I wrote down that certain sentence again, hoping that maybe I did it for the last time.

12401/9716  
CSO: 2500/372

## CAPABILITIES, LIMITATIONS OF INDUSTRIAL DEVELOPMENT

Budapest NEPSZABADSAG in Hungarian 1 Jul 87 p 4

[Article by Judit Kozma: "What Is Industry Capable of?"]

[Text] What is industry capable of? As we reported on the front page, this is what they were in effect talking about at the latest session of the Industry Committee of the National Assembly.

The deputies all agreed that given the current state of the economy only the development and structural transformation of industry could bring about the desired turnaround; consequently, industrial development must be at the center of future economic efforts. The deputies also made it clear that they basically agreed with the goals outlined in the program of structural transformation, recognizing that their successful implementation would provide the necessary impetus to end the stagnation of industrial production. In essence the debate centered on determining whether or not the conditions necessary for implementing the program were already in place.

Several of the speakers--including deputies Imre Kocza of Heves County, Jozsef Dudla of Borsod County and Mrs. Istvan Kovacs and Pal Gagyor of Budapest--stressed that the structural transformation of industry was by no means solely the internal affair of industry. It is a broader task not only because its importance considerably transcends the scope of industry, but also because industry is unable to do it on its own. In order to ensure success we need to create a system of economic conditions that is conducive to structural transformation; furthermore, we must reassess the role of the State and the government in that process. Recognizing this, the deputies recommended that the structural transformation of industry be made a government program, with Parliament involved in overseeing its implementation.

This was especially important, it was pointed out, in view of the fact that even though the goals had been properly

identified, the program as it read did not provide any clues as to the manner of their implementation. Deputy Sandor Puskas of Heves County, for example, reminded his audience that industry's dual task of having to simultaneously help improve the economic equilibrium and transform its structure was often inherently inconsistent. This is all the more reason why the Ministry of Industry should be more unequivocal in stating what it is that under the given equilibrium and regulation-related conditions it considers feasible to accomplish and by when. At the same time it should also be more clear in determining which tasks will fall within the competence of central guidance, and which will be the responsibility of the enterprises. This question is particularly important in the case of deficit-producing and inefficient enterprises. Urgent solutions must be found--by involving more of the affected organizations--to turning inefficient enterprises into efficiently producing ones.

It was on this question that our regulators needed to provide more clearly defined guidelines, pointed out many of the deputies. Deputy Andras Sziraki of Szolnok County urged the introduction of regulators that would allow efficient enterprises to flourish unhindered while placing tighter controls on the poorly performing ones. It is clear that only by expanding its income-producing capacities will industry ever be able to earn surplus revenues; hence it is also essential that those revenues be "redistributed" in such a way so that they will enhance the development of the efficient enterprises. The need for such regulators was underscored by deputies Mrs. Istvan Szalai of Vas County and Ferenc Gajdos of Budapest. Also stressing the importance of greater efficiency, deputy Kalman Szabo of Budapest added, among other things, that attaining that goal would require a properly targeted price system. Significant reserves could be tapped, he asserted, by allowing long-term proprietary interests to better assert themselves. Greater enterprise autonomy and a more stable system of regulators could constitute a solid foundation for the implementation of structural transformation. Greater efficiency and the modernization of the enterprise structure were also identified as being urgent by deputy Miklos Biro of Szabolcs-Szatmar County.

As far as the development goals identified in the program were concerned the deputies all agreed on the need to place greater emphasis on upgrading the processing industry. Deputies Laszlo Morvai of Budapest, Aladar Juratovics of Csongrad County and Emil Merei of Baranya county, however, also reminded those present that there were areas worth developing in the spheres of hydrocarbon and coal mining and the oil industry as well.

In his remarks, deputy Pal Fillo of Budapest asserted that in addition to concentrating on the foreign markets it would also

be expedient to pay closer attention to the domestic market; for without a demanding domestic market we could not count on scoring lasting export successes. Deputy Miklos Vida of Budapest spoke about the importance of environmental-protection related investments.

Several speakers addressed the question of education and training. Deputies Laszlo Kovacs of Pest County, Rudomir Lasztity of Budapest and Jozsef Sasvari of Komarom County called for closer cooperation between industry and our various educational institutions in the training, extension training and retraining of the industrial experts of the future.

Clearly, the Industry Committee of the National Assembly had a spirited and meaningful debate. In accordance with the committee resolution the deputies have forwarded their recommendations to the Ministry of Industry, thereby helping to finalize the structural transformation concept and also to wrap up preparations for the fall session of the National Assembly.

9379

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## SOVIET AID FOR MODERNIZATION OF REPAIR SHIPYARD

Warsaw RZECZPOSPOLITA in Polish 27 Jul 87 pp 1, 6

[Excerpt] During the coming years there will be substantial changes in this field. The implementation of a wide-scale program of modernization and development of the ship repair industry has begun. The shipyard's own funds, credit from domestic banks and considerable credit from the Soviet Union constitute the financial determining factors of the program which will entail several dozen billion zlotys. The agreement signed with the USSR assures funds in the amount of 200 million rubles, which in the coming 5-year period will be paid off in the form of an increased range of services provided for Soviet shipping lines. Within the framework of the offered credit, our eastern partner has promised to supply material, machinery, technical equipment and structures, and to make part of the credit available in foreign exchange currency. This will make it possible for the shipyards to purchase equipment produced in the West.

Of the undertakings implemented to date, the most important one has been the purchase in the FRG of a large (244 meters in length and 44 meters wide) floating dock with a load-carrying capacity of 33,000 tons for the Gdansk Repair Shipyard [Gdanska Stocznia Remontowa]. This structure, the largest of its kind in our seacoast region, makes it possible to carry out the repair of all large ships (with the exception of tankers) which are at the disposal of the Polish fleet. It is estimated that the dock will be capable of servicing approximately 40 "Panamax"-type ships during the year, i.e., with a load-carrying capacity of up to 80,000 DWT [deadweight tons].

Several other land ventures are tied to the dock. Their goal is to fully adapt the back-up facilities of the Gdansk shipyard to the servicing of large ships that thus far have not been repaired in Poland. The building of a special pier for ships and the erection of a new building for so-called large-scale work in the dock area is envisaged next to the wharf. Certain work on the premises of the Gdansk port and its roadstead is also indispensable so that large units could enter the shipyard without problems.

After several years of preparations, a sweeping modernization is also beginning of the "Gryfia" Szczecin Repair Shipyard plant which is in second place in the field in terms of production volume. Of the greatest importance here is to replace the floating dock. The new structure will be built by the Komuna

Paryska Shipyard in Gdynia and outfitted by various skilled workmen from Szczecin. In this way, the shipyard will acquire the dock at a smaller expense in which ships with a load-carrying capacity of 40,000 tons will be repaired. Repair buildings and wharfs--the construction from the foundations on up of a new repair center on the until recently untouched Lower Ship Island [Dolna Wyspa Okretowa]--will complete the entire undertaking.

The cost of the investment will reach 15 billion zloty but will, in effect, bring about the renewal of assets and an increase by at least one-third of the shipyard potential. This will happen in 3 years.

Positive changes will also take place in the four remaining repair shipyards. They will make it possible to significantly shorten work cycles, by even as much as one-half; they will save domestic ship lines foreign exchange expenses and will create realistic chances for a significant increase of export services.

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## DLUGOSZ INTERVIEWED ON FOREIGN TRADE IN NEW REFORM PHASE

Warsaw RZECZPOSPOLITA in Polish 23 Jul 87 p 3

[Interview with Minister Stanislaw Dlugosz, chairman of the Eighth Task Team of the Economic Reform Commission, by Tomasz Bartoszewicz]

[Interviewer] The first phase of discussions on the "Proposals Concerning the Second Phase of Economic Reform" has concluded. In connection with this, this RZECZPOSPOLITA journalist has turned to Minister Stanislaw Dlugosz, chairman of the Eighth Task Team of the Economic Reform Commission, with a request for a summation of the course of the discussion concerning economic cooperation with foreign countries.

[Stanislaw Dlugosz] The course of the discussion thus far, which cannot be considered concluded, has revealed that there are areas in which we have achieved something of a consensus; i.e., general agreement on certain directions of solution. However, there also exist areas in which there continue to appear differences of opinion.

[Question] Let us, therefore, begin with areas in which a consensus has been reached. What does it concern?

[Answer] Everyone agrees that in the area of broadly understood cooperation with foreign countries (both capitalist and socialist), the principle of enterprise independence and self-financing should be reinforced. In this respect, I would like to call attention to a very real problem of a broader nature which appeared in the discussion on the proposals. This concerns the issue of entrepreneurship in the socialized sector of the economy. I am placing emphasis on the situation in this sector not because I do not appreciate the possibilities of a wider participation of the nonsocialized sector in the area of economic cooperation with foreign countries but because the main problems of our participation in economic cooperation with foreign countries have lain, lie and will continue to lie within the sphere of the socialized economy. Montesquieu himself said: "Large-scale business undertakings are always inevitably tied to public issues." The issue comes down to the question of how to stimulate this essentially collective entrepreneurship and how to guard active entities that assume a rational risk against evaluations not based on business determining factors. The issue requires a doctrinal solution not unlike the problem of socialized ownership in the production apparatus.

However, doctrinal disputes should not interfere in searching for even the most unconventional solutions if they will be effective.

[Question] I assume that you are thinking here of, among other things, the issue of so-called workers shares; i.e., the sale of stock to the work force of an enterprise. This issue has also been given attention in the sector of foreign trade. For example, at the general meeting of POLIMEX-CEKOP shareholders, a proposal was voiced that a part of the state treasury shares be sold to the workers of this foreign trade joint venture.

[Answer] Yes, although personally I must admit that I do not see a real connection between stimulating entrepreneurship in a socialized enterprise and the sale of stock which you mentioned in your question. However, I wish to reiterate that the issue requires a doctrinal study. Returning to the issues on which we reached a consensus in the discussion, I would also mention that everyone agrees that there should be no concern about the consequences of the consistent implementation of efficiency in our economy. However, an observation comes to mind here that this thesis is accepted readily by everyone in the sphere of general solutions; the situation is different, however, in the case of specific economic decisions.

[Question] This does not concern, I should think, only the area of foreign trade?

[Answer] This is undoubtedly a broader problem. There exists a certain conflict between the sphere of awareness and readiness to use concrete economic tools particularly when these reveal an enterprise's inefficiency.

[Question] In what other areas was a consensus of opinion reached?

[Answer] I would also mention two other areas. First of all, the issue of understanding our place in CEMA and the convergence of solutions, which are discussed and implemented in many CEMA countries, with our solutions. This is important since in our cooperation with foreign countries, the main role will continue to be played by the socialist market based on one or another evolving mechanism of economic planning. Furthermore, many important economic instruments such as, for example, price setting, strengthening the value of currency, and working on behalf of its exchangeability must be taken up in agreement with at least a part of CEMA countries, particularly the USSR, which is our main partner, in order to truly be effective. Secondly, I would like to emphasize that verbally everyone is ready to treat economic cooperation with foreign countries as a decided economic priority. However, such a thesis has been in effect for dozens of years already which compels one to be cautious to a certain extent in assessing how things are going to be now. Therefore, I feel that we will not be able to determine whether we have approved effective instruments until after agreeing on a complete package of instruments in the second phase of the reform. After all, pro-export activity tools cannot be examined apart from at least those instruments whose goal it is to attain market equilibrium. Besides this, I support the view that lasting internal equilibrium cannot be achieved without lasting external equilibrium.

[Question] You have mentioned areas in which there exists a consensus of opinion. In which areas has it not yet been possible to achieve such agreement?

[Answer] This concerns, among other things, the unequal treatment of the export and import industries. On the basis of the discussion on this subject, I would like to state that it is essential to lead to the restructuring of the method of activity of our foreign trade.

[Question] What does this mean?

[Answer] It means that until now the main form of activity were buying-selling transactions that were often complicated and drawn out. Today, however, such forms as, among others, direct cooperation between enterprises, jointly operated enterprises or joint ventures with foreign participation, leasing, etc., have appeared. Changing over to these new forms will be the condition for the development of foreign trade enterprises and that of producers-exporters.

[Question] Some foreign trade enterprises have already adopted these new forms as in the case of PAGED, for example.

[Answer] I agree that there are commendable exceptions.

[Question] It seems that divergence with regard to the issue of the principles of financing imports has also appeared.

[Answer] Everyone agrees with the principle that part of the import industry should be maximized that is self-financed with foreign-exchange allowance accounts or from other self-financing sources as, for example, credit. At the same time, the list of goods whose import is centrally financed should be subject to a rather rapid reduction. It should be aimed at including only such items that have a strategic significance for every economy (crude oil, grain, fodder, ore, etc.). However, since we are discussing specifics, old-fashioned reasoning takes over and there are many proponents of the gradual shortening of the list. Personally, I am convinced of the strict adherence to the principle according to which the right to import should be accorded--today with regard to the second payments area, tomorrow also with regard to the first payments area--only on the basis of: you have worked for the foreign exchange, you have relative creditability, you may import. An exception to this should, of course, be so-called protected areas such as culture, health protection and scientific-technological progress.

[Question] Thus, this is an example of an area in which everyone agrees on the principle. However, in practice it is interpreted in a variety of ways.

[Answer] Until recently, a similar situation existed in a different area--the access of producers to licenses and to independent importing and exporting. However, significant progress has occurred here and today this law is increasingly seldom questioned in practice. The decisions made in the USSR in August of last year [1986], which gave producers access to foreign trade on their own account undoubtedly had a bearing in this case on the evolution of attitudes.

[Question] You mentioned earlier the issue of efficiency. Does everyone in this field agree that the adoption of it as a primary principle could lead to perturbations in the production of certain goods?

[Answer] We agree that if some enterprise from outside the "protected zone" is not able to export, it should not count on foreign exchange for imports. Therefore, it either has to manufacture solely from domestic raw materials or start exporting. Consistency is needed here. Foreign exchange reinforcement must take place by way of so-called hard financing. We have also reached a consensus on yet another issue. Without delving more closely into the financial instruments, the principle must be in force that export production gives an enterprise at least the same advantages as production for the domestic market. Without this, there simply will not be an inclination towards exports.

[Question] Are there areas in which there is a divergence of opinion?

[Answer] A divergence of two schools of thinking occurs with regard to the foreign exchange rate and its functions. What is of concern is, to what extent in rate policy--and I say this with considerable simplification--should the interests of economic cooperation with foreign countries be the deciding factor and to what extent the comprehensive picture of economic policy. In the opinion of the Eighth Task Team, the following has been ascertained in this matter: "To the extent of the development of the export industry and the expansion of the range of foreign exchange bidding, the foreign exchange rate will be based to an increasingly greater degree on the market prices of foreign exchange so as to create as a result conditions for the introduction of the exchangeability of domestic currency for foreign exchange." This will occur after achieving economic equilibrium. Appropriate agreements concerning the restructuring of CEMA foreign exchange and financial mechanisms leading to the exchangeability of the transferable ruble and national currency will be conducive to this process. Rate changes will be conducted in a smooth and not abrupt manner. However, rates cannot be unconditionally reversed as the only instrument of export policy. An entire complex of such instruments must exist. A similar view is presented by the authors of the GATT report "International Trade Between 1985-1986."

[Question] What would you say in conclusion?

[Answer] Discussion on model subjects should always be open. For professionals, initiatives on the part of those who can look at the problems of foreign trade from a certain distance are particularly valuable. Therefore, I have hope that such initiatives will not be in short supply.

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## TASK FORCE VIEWS REFORM IN FOREIGN TRADE

Warsaw RYNKI ZAGRANICZNE in Polish No 75, 24 Jun 87 p 8

[Unsigned article: "Opinion of Group VIII of the Commission on the Economic Reform on the Subject of the Ideas Concerning the Second Stage of the Reform in Polish Foreign Trade"]

[Text] Below we are publishing the opinion of Group VIII of the Commission on the Economic Reform on the ideas of the second stage of the reform, which was forwarded by the chairman of that group, Stanislaw Dlugosz, the deputy chairman of the Council of Ministers Planning Commission. This opinion was drafted by the group under the direction of Jozef Najdek, the director of the Economic Department of the Ministry of Foreign Trade, with the participation of Wlodzimierz Chodzko, the secretary of Group VIII, Janusz Piotrowski, a department chief at the Institute for Market Conditions and Prices of the Foreign Trade Ministry, and Cezariusz Stanczyk, chief specialist at the Planning Commission.

This study was the subject of a twice-repeated discussion at the plenary meeting of the group, and it constitutes a reflection of the "majority consensus" views. Some of the problems here aroused and will continue to arouse a controversy of assessments and views. The publication of this opinion should intensify the discussion, already begun on the pages of RYNKI ZAGRANICZNE, on developing more effective mechanisms for foreign cooperation.

#### I. General Observations

One of the basic goals of the solutions of the second stage of the economic reform is intensifying the turnover of foreign trade and increasing Poland's share in the international division of labor. Achieving this goal requires increasing the economy's export capabilities, and especially those of the manufacturing industry, improving the effectiveness of exports, and increasing the efficiency of their utilization of foreign exchange. The solutions of the second stage of the economic reform in foreign trade should create an economic pressure for developing exports of manufactured goods and improving their effectiveness. Achievement of the basic goals in foreign trade is possible

through strengthening the autonomy of both production and service enterprises, and foreign trade units; developing the enterprise and initiative of those units in the area of foreign cooperation; and implementing the principle of zloty and foreign exchange self-financing.

The success of activities in the area of foreign trade depends upon the solutions implemented in other economic spheres, since the structure and effectiveness of exports depends precisely upon the formation of the structure and effectiveness of the economy as a whole. Consequently, a fundamental influence upon the functioning of solutions in foreign trade will be exerted by the institutional solutions adopted in the area of prices, emoluments, taxes, and material incentives, and the state's investment policy directed toward the formation of pro-export structures. In the discussion at the Group VIII forum, the opinion was also presented that the proposed changes presented in the "Theses" did not fully guarantee the creation of institutional conditions favoring an increase in the export capacity of the national economy. In particular, too little attention was given to solutions stimulating a transformation of production structures in a direction favoring exports.

Group VIII shares the opinion that as the material market becomes balanced, it is necessary to limit and attempt to eliminate entirely the administrative method of distributing materials and foreign exchange. The elimination of the mandatory mediation in material turnover will take place in accordance with the strengthening of cooperation ties among producers. The basis for material supplies for the producers will be long-term contracts for deliveries of raw and other materials for production.

In the area of supplying economic units with foreign exchange by expanding the system of foreign exchange deductions and developing foreign currency competitive markets, it is necessary to strive consistently for the domestic exchangeability of the zloty.

Instituting a national price system requires abandoning the cost formula for prices and linking them more precisely with prices in foreign markets. This process must be accompanied by the demonopolization of production structures and the admittance of a greater degree of competition from imports.

It is necessary to simplify the current tax system. Group VIII consequently supports replacing most of the tax burdens with a single tax on added value and exempting exports from that tax (thesis 82). It is also important that these solutions be applied consistently and universally, that is, without permitting the granting of individual tax exemptions, foreign exchange and material allotments.

Let us consider the greater emphasis upon the initiative and enterprise of the primary economic units to be correct. This means the necessity of limiting central regulations on the basic principles of action and economic instruments, while leaving the enterprises a broad range of decision, especially in the area of establishing economic ties and the associated division of the benefits from foreign trade (foreign exchange or tax benefits, etc.).

The changes should encompass not only the technique of solutions, but also their logical construction. The principle of limiting central regulations to the most fundamental spheres of economic activity, while consistently adopting and executing these regulations, should be universally applied. The view proposed in the "Theses" of the overall center-enterprise relations should be changed. The role of the state should consist of developing the strategy for the country's economic development and unconditionally ensuring the effectiveness of the use of the resources entrusted to the enterprises.

Implementing this economic coercion means that the burden of obtaining financial resources (zloty and foreign exchange), as well as material resources, should be fully transferred to the enterprises.

The published "Theses" dealing with foreign trade (from 159 to 166) do not fully meet the goals outlined above. This applies to both the substantive aspect and the presentation aspect.

In view of the significance of foreign trade, and its role as a factor in economic growth, we propose editorial changes consisting of placing at the top the theses (for example, 22) and an explicit formulation concerning the role of foreign trade in accelerating economic growth and the need for restructuring the economy in favor of exports.

Specific comments have been presented in the following section in the form of drafts of new regulations, concerning the problems of foreign trade during the second stage of the economic reform. The fundamental goal of the document is presenting the principles of the functioning of foreign trade in the near future. By indicating appropriate solutions, desirable from the viewpoint of the role of foreign trade in the national economy, we are also pointing out institutional solutions that help to arrive at that goal. It is obvious that a document, even if it specifies many solutions, cannot cover all of the problems arising from the operation of foreign trade. This document can constitute a basis for developing individual legal documents.

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## JAPANESE BUSINESSMEN VIEW COOPERATION WITH POLAND

Warsaw RYNKI ZAGRANICZNE in Polish No 77, 29 Jun 87 p 8

[Interviews with Hiroshim Ozawa, director of the Warsaw representation of JETRO, Masataka Goto, director of the Warsaw representation of Mitsui, and Harukim Minemoto, director of the Warsaw representation of Marubeni Corp., by Teresa Radziminska: "Cooperation With Poland in the Eyes of the Japanese"]

[Text] Time Is Passing

[Question] Allow me to begin our conversation by recalling the words of the president of the Mitsui company, and at the same time the chairman of the Japanese-Polish Economic Committee, Mr. Toshikuni Yahiro. In April 1987, during a joint meeting of the Polish-Japanese and Japanese-Polish economic committees, which took place in Warsaw, he expressed satisfaction with the fact that in 1986, for the first time since 1980, Polish-Japanese trade turnover exceeded the level of \$200 million, and increased by 43.5 percent compared to the previous year. Would you like to comment on this fact?

[Goto] It is undoubtedly a reason for satisfaction, especially in view of the marked stagnation of our trade during the several years preceding. This level, however, is nevertheless still relatively low, and it seems that a great deal still remains to be done. At the same time, we are aware that the situation in regard to imports and exports is somewhat different.

[Question] Precisely--to be exact, our imports from Japan almost doubled last year, reaching a value of \$166 million, while on the other hand the exports to your country decreased by more than 50 percent, to \$36.3 million.

[Goto] Those are the facts. The course of events was extremely unfavorably influenced last year by the strong concentration of Polish exports on agricultural and food products. For three months after the Chernobyl accident, no agricultural goods from Poland were sold to Japan. Other types of goods were not able to compensate for these losses.

[Question] What else does Mitsui buy from Poland?

[Goto] Machine tools, for example. We send them both to Japan and to Southeast Asian countries. Going back to your first question, however, it is

worth adding that last year there was a particularly large increase in the value of your purchases of those goods from Japan, which are intended for internal export. You spent about \$55 million on this.

[Question] Why are you emphasizing this?

[Goto] I want to say that the large increase in imports from our country was not very much of a burden to your state treasury, and that to a large extent it was financed by foreign exchange in the possession of private citizens.

[Question] Perhaps it is not in that area, however, that one should seek further opportunities for increasing Polish-Japanese trade turnover.

[Goto] Naturally, we are especially interested in selling various machines and technologies to Poland. After all, we have already had many positive experiences in that area: for years we have been supplying you with telecommunications equipment, equipment for the chemical industry, etc. We are equally interested in selling durable consumer goods and passenger cars through Pewex. Recently, for example, during the Poznan International Fairs, we began to promote the Subaru medium-size car, produced by Fuji Heavy Industries, which has previously been unknown in the Polish market.

[Question] This really is something new, since as far as we know Mitsui has never been involved in the past in selling passenger cars to Poland.

[Goto] Direct sales--no. On the other hand, we are the main coordinator in the matter of your possible purchase of a license to produce cars from Daihatsu. I think that Poland urgently needs a new car that could become an important export product, to Western Europe, among other places. I would not wish to speak about this in more detail at this time, however.

[Question] In conclusion, then, perhaps you can say a few more words about how you view trade contacts with the Poles.

[Goto] If I may be frank, then I will permit myself one general observation. We are all quite familiar with the saying that 'time is money.' On the other hand, it seems to me that the concept of time is rather fluid for you. I often encounter very slow action on your side, but at the same time you expect an immediate response from your partner. But time is really passing....

[Question] Thank you for the interview.

#### Price and Quality the Common Language

[Question] You are the chairman of the Japanese Club, which is operating in Poland. What sort of organization is this?

[Minemoto] Our club was formed 10 years ago, and unites the Japanese working or studying in Poland. At present we have about 110 members. The chairman of the club is elected for a one-year term, and it is now my turn for that honor. The task of our organization is to work for the development of friendly relations between Poles and Japanese.

[Question] Is there not much of an overlap with economic cooperation?

[Minemoto] Not directly, but there is indirectly, of course, since a better acquaintance between both peoples and the ties of friendship that are established can certainly facilitate it.

[Question] Have you been in Poland for a long time?

[Minemoto] For a year. But I visited your country for the first time 13 years ago, and since that time I have wanted to come here for a longer period. Your hospitality is appreciated by the Japanese.

[Question] The Marubeni office in Warsaw is one of the oldest representations of Japanese firms in Poland. It was established in 1970, I believe. At one time it was much larger than it is now....

[Minemoto] Yes, you are right. At the "best" time we had 20 employees, including 7 in Japan. Now we employ 10 Poles, and there are only 2 of us Japanese.

[Question] This is probably related to the amount of business?

[Minemoto] During the mid-1970's, our turnover with our Polish partners was 4-5 times larger than it is now. We have several large capital investment projects completed in Poland to our account; among other things we have supplied the equipment and technology for refineries in Poland. Today our sales are considerably smaller, but we think that it is a temporary impasse. After all, we could assist you in the planned modernization of your industry, especially the textile and electronics industries, I think. But for the time being, we have fairly good cooperation with Pol-Mot, to which we supply Nissan "Sunny" cars, and with Pewex, which we provide with NEC televisions and tape recorders, and audio and video cassettes.

[Question] In our present financial situation, we have to sell more to you in order to buy more.

[Minemoto] We understand that perfectly. That is why we have aimed at promoting exports from Poland both to Japan and to third countries. But what can be done if you often lack suitable goods?

[Question] What, for example?

[Minemoto] We could have placed an order in Poland for a large consignment of sheets, but the Hungarian ones turned out to be more competitive both in regard to quality and price. And in general, the Hungarians are more active in the Japanese market; for example, they send their trade missions there at least twice a year.

[Question] Let's go back to the goods that you are looking for in Poland.

[Minemoto] The Japanese developed a great taste for the squid caught by the Polish fishing fleet. Unfortunately, last year the fishing was unsuccessful,

and the sales to Japan necessarily decreased. We have traditionally bought various textile products from you (tablecloths, for example). We are also trying to find machines that are suitable for export, including electronic equipment as well. Unfortunately, however, you do not have too many products that could be hits in world markets. In my opinion, the development of Polish trade requires profound structural changes in the economy.

[Question] What is it like to operate in Poland? Is it easy for Japanese businessmen to find a common language with their Polish partners?

[Minemoto] There is such a language, understood perfectly by all businessmen throughout the world. It is called price and quality.

[Question] Thank you for the interview.

#### We Are Eager to Help

[Question] Perhaps we can explain at the beginning what JETRO is and what are the tasks of the office that you manage.

[Ozawa] Our office in Warsaw, which has been in operation for 12 years already, is one of 77 foreign centers of the Japan External Trade Organization, a semigovernmental organization established to promote Japan's foreign trade and its economic relations with the world.

[Question] Perhaps primarily the promotion of Japanese exports?

[Ozawa] That was the case in the beginning. In 1958, when our organization was created, Japan was still a fairly poor country, and an increase in the prosperity of its citizens, with an almost complete lack of natural raw materials, depended to an enormous extent upon our achievements in the area of exports.

[Question] The situation has changed diametrically, however....

[Ozawa] We are now striving to make Japanese trade better balanced. This is also why JETRO's functions also had to change: at present, as much as 70 percent of the funds in our institution's budget is allocated for promoting imports.

[Question] And how are imports promoted?

[Ozawa] On one hand, this purpose is served by means directly affecting Japanese consumers, and on the other, by ones making it easier for foreign exporters to become familiar with our market. In the first group, I would include sponsoring various fairs and international exhibitions on Japanese territory, and in the second, the organization of specialist seminars, consultative assistance, the acceptance of economic missions from abroad, and the financing of many publications, both with a general economic nature, and purely marketing studies on the subject of the Japanese market. We are also sending import missions abroad, especially to countries with which we have a large trade surplus.

[Question] Speaking specifically, how, for example, can Polish producers of some product, with your assistance, obtain information about the requirements of the Japanese market and the possibilities of profits?

[Ozawa] We send all marketing materials received from central offices to the proper ministries, and we hope that in this way they reach the appropriate producers and businessmen. We are a small office, and we have not been able to contact thousands of producers. If they themselves contact us with questions, that is a different matter, and then we will willingly offer any possible assistance.

[Answer] Perhaps you will agree that the development of political relations, which culminated in the recent visit to Warsaw by Prime Minister Yasuhiro Nakasone, and the beginning of the visit by the chairman of the Council of State, Gen Wojciech Jaruzelski, to Tokyo, is outstripping the progress that has been achieved in intensifying the economic cooperation of the two countries?

[Ozawa] But at the same time it is creating a strong basis for intensifying it.

[Question] We have been talking about the need for giving our cooperation a new qualitative dimension for many years now, but so far the results have been rather moderate.

[Ozawa] This is mainly a result of the financial difficulties experienced by Poland, and the frequent lack of suitable goods for export. I, personally, have great hopes in the possibility of establishing production ties, but I must admit that--at least for the time being--Japanese firms do not seem to be particularly interested in this.

[Question] And how do you assess the chances for the creation of Polish-Japanese joint ventures in the future?

[Ozawa] I have the impression that your law on companies with foreign capital is not very specific: many issues have not been fully detailed. I hope that some of the doubts were cleared up during the recent seminar on this subject in Tokyo that was sponsored by your Foreign Trade Ministry and the Warsaw office of UNIDO. Japanese businessmen, in view of the high exchange rate of the yen vis-a-vis other currencies, are generally interested in undertaking foreign investments. Many countries, however, are trying to attract capital from Japan, using various incentives, tax advantages, offering a properly prepared infrastructural base, etc. The competition is thus very sharp, from other CEMA countries as well. And furthermore, I think that that perhaps you cannot forget the need to meet your financial obligations. I think that no Japanese businessman would invest in a country that did not repay a percentage of its debts on time.

[Question] In your opinion--as an expert in marketing--how should one make Poland's economic relations develop successfully, not only with Japan, but also with other foreign countries in general?

[Ozawa] I think that the most important thing is to create an appropriate image of Poland as a country in which there is nothing that cannot be resolved. It would be good if Poland could be associated for world businessmen with the English saying "No problem."

## LODZ FACTORY PLANS SHARE SALES TO EMPLOYEES

Warsaw POLITYKA in Polish No 26, 27 Jun 87 pp 1,6

[Article by Marek Henzler: "Action Concerning Shares"]

[Text] People will work differently at a factory in which they have invested their own money--that is what they think at Uniontex in Lodz, the first plant in the country which wants to sell shares to its own workers.

Are you in favor of instituting a workers' share fund? Do you accept the proposed rules for its operation? What amount would you allocate for purchasing shares? Give your own proposals for the operation of the fund. If it were not for the visit by John Paul II to Uniontex, the work force would already have been able to answer these four questions in a referendum.

A weaver does not have to know about the reform, but will be in favor of it if she can feel it in her own pocket. The system of management, and above all the mentality of the workers, will only change in small steps, by giving them things, and not taking anything away from them---that is what is claimed by the plant's "management," which has already forced several such steps upon people to teach them the reform.

A fixed-period (annual, 3-year, or 5-year) labor contract has been concluded with all of the white-collar workers. No one is thus guaranteed work until retirement, and everyone feels responsible for production, since otherwise the annual evaluations of workers will quickly eliminate him from the plant community. This system not only makes it possible to get rid of bad workers, but also makes it easier to replace good ones with even better ones.

The binding principle is the individual responsibility of the cadre, with which individual decisions to reward good workers are also linked. Directors, managers, and foremen have received checkbooks. On the check, they write only who is being given how much (up to 4,000 zlotys), and not what the award is for or what commission allocated it.

Uniontex was the first enterprise in Poland at which a plant emolument system was introduced. Thanks to it--in the opinion of Marek Czechowski, the economic director--the work force of 6,000 is producing as much as the work force of 12,000 was eight years ago, and last year's average wage (25,000

zlotys) was the highest in the cotton industry. Since February 1987, with the approval of the union organization, sick leave has no longer been paid for free Saturdays, holidays, and Sundays occurring during the time of normal medical leave.

#### No Longer Heresies

"Something always has to be happening in the factory; there can't be a standstill," comments Stanislaw Zarychla, the chief of the workers' council. "And so, making use of the principle recalled by Premier Messner that what is not prohibited is permitted, on 18 May the workers' council unanimously supported the creation of a workers' share fund, i.e., shares for the work force."

It was not such a new position that was being dug up, since five years ago chief director Jozef Grzegorzcyk already, during the first stage of the reform, wanted to create a so-called workers' fund. The finance minister at that time, as well as the minister of chemical and light industry, said "No," and some people began to make capitalist accusations against the socialist director. Today, the center itself, in the Theses for the second stage of the reform, is encouraging what was then a heresy.

The idea from Uniontex, which some people still believe originated in an ideological hell, consists of issuing and selling shares in the enterprise to its own workers. Voluntarily, and at a time chosen by himself, each of them will be able to purchase a sufficient number of shares worth 10,000 zlotys apiece. After a year, the worker receives basic interest in the amount of 8 percent, and additional interest in the amount of 7 percent, from the enterprise's profit available for distribution.

The shares will be individual ones, and they can be sold at any time, but only to Uniontex, which guarantees this with its assets, which are currently worth 30 billion zlotys. If the worker changes employers, then the value of the shares and the appropriate interest is immediately repaid to him; if he dies, then his heirs receive what is due. Just as at a Swiss bank, the shareholders are guaranteed that the number of shares they own and the amount of the interest paid will be kept secret.

Those possessing their savings in the form of shares, without the risky game of playing speculator or black-market currency speculator, can protect their real value from the consequences of inflation to a greater extent than through the PKO [General Savings Bank]. If inflation is less than 15 percent, they will even allow increasing one's capital. It will really grow into a strong competitor to the PKO bank. But how will Uniontex benefit from the shares?

"We are in good financial condition, and although some people suspect us of it, we do not have to rescue the firm by borrowing from the work force," claims Marek Tazbir, the economic secretary of the PZPR Plant Committee.

The plant has a billion zlotys in turnover funds available each year, and also invests about a billion. Even if each worker bought one share, in view of the amounts there this would be an additional 60 million zlotys. Nevertheless,

they will increase the plant's turnover fund, which is now financed by the bank, which charges 8 percent interest for this. It is this "saved" interest that will be the basis for the interest earned by the shareholders.

Borrowing loans entails the bank's interference in the affairs of the enterprise. The bank will often characterize some purchases as so-called superfluous stocks, regardless of the supply situation in Poland and the plant's reasons. Larger funds will thus make it easier to purchase raw materials or spare parts, which in turn will allow sustained and larger production, and thereby greater profits, part of which will be allocated for additional interest for the shareholders. This is how the plant will develop in the future, at least in the financial respect. This is a simplified description of what the share system at Uniontex should look like, although it has not yet been fully worked out. Can Lodz spinners afford to purchase the shares, however?

Everyone a Shareholder

"I think that those who have some kind of savings will buy them," thinks Jadwiga Bujak, the chairman of the trade union, "but the state ought to guarantee that they will get their money back if the firm goes bankrupt, just as with the PKO."

With the average wage being 25,000 zlotys, purchasing a share may be a problem. Some of the work force is demanding 5,000 zloty shares, since otherwise they will be bought only by those who have two people working in the family, who do not have children or have already raised them, or who have additional sources of income outside the plant.

Plans are already being made to pay the work force this year's profit bonus in the form of shares. Formerly, when the "13th" [paycheck] was paid in the form of PKO bonds, a third of the workers immediately cashed them in. Today no one is in a situation to predict how many people will want to sell the shares immediately, but director M. Czechowski estimates that during the first year about 30 million zlotys will remain in the share fund. After a year, when people see the payments to the shareholders, more will be interested.

Today, as the director, the chairman of the workers' council, and the party secretary of Uniontex jointly emphasize, it depends less on the workers' money than on a change in their state of mind. For several years the entire work force has constituted a self-management body, but either something did not work right, or expectations were too high, or the possibilities for action were too slight, since it was not possible to make these nominal joint owners of the plant property into real joint managers of it.

As shareholders, after investing their own capital in the enterprise, they should become real joint owners of the plant, and become more closely tied to it, and involved in the struggle against theft, against drunkenness, against poor work and mismanagement, and not just leave this to their superiors.

The work force should be more interested in the finances of the enterprise, since in the future it is planned that there will be classic shares with

dividends depending on variations in profit. What is loudly being called a share at Uniontex today is actually reminiscent of a bond. There is no clear link between the amount of profit earned and the amount of interest paid, and "whether one stands up or lies down, 15 percent is due."

What the workers gain is that they will be able to invest their savings profitably in their own firm. The advantages of such a firm in the labor market will also be increased, and someday it may even happen that there will be a line of people eager to work standing in front of the gate of the enterprise paying the highest interest.

#### Referendum Will Decide

The people at Uniontex think that about 70 percent of the work force will support the shares. No one has voiced any explicit opposition so far. Nevertheless, a referendum will be held. Then it will be necessary to find answers to many questions that have not been decided yet.

How much of the assets can be "sold off" to the workers through shares? Who can decide this? Can the shareholders influence the proper payment of their money, and how? Can they have some sort of representation, and with what authorizations, since there is already a self-management body at the plant? Who is to guarantee the investments of the shareholders? Can workers who are retiring have shares? According to what principles will the profit be divided between profit bonuses and dividends? What will happen if the firm does not earn a profit? Can the enterprise establish a stock company with its own workers? How can all of this be done without violating the laws, which are fundamental for the entire reform, concerning the state enterprise and the self-management of the work force?

The outcome of the referendum will also interest people sharing the views of one of the vice chairmen of the OPZZ [National Agreement of Trade Unions], who at a recent meeting between the OPZZ Council and the government sharply attacked the creation of a class of "people who will derive their income from the ownership of stocks, capital shares, and from speculation in stocks (...). I think that the efficiency of our economy will not be increased at all by the existence of a parasitic class (...). A worker (...) will accept a lower permanent wage, but not a risk. The risk has to be taken by the plant. That is its affair. The possible profits are its, just like the possible losses. Let us not force workers to become entrepreneurs. If you toss your own initiative into a corner, and eat up and drink up what you have, and furthermore you do not invest, especially in a state enterprise, you will become a parasite."

The people at Uniontex are not too afraid of accusations about the reprivatization of the socialist economy, since the shares will only be for their own workers, with their legally obtained incomes. They are more afraid that the shares might be blocked by some important director from an even more important ministry, which, for instance, might treat the interest as additional emoluments and force them to pay a guillotine tax and a contribution to ZUS [Social Security Agency], and burden the workers with a compensatory tax, even though PKO interest, for example, is not taxed, etc.

"We would like to take that first step, however, and then look around and go further," says director M. Czechowski. "Where? Wherever we are led by real adherence to the principle that what is not prohibited is permitted, and not in our own parochial interest, but in the interest of the entire economy, which is crippled today."

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## ECONOMIST CRITICALLY ASSESSES FUNCTION OF BRANCH MINISTRIES

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[Article by Stanislaw Kuzinski, member of the Polish Academy of Sciences Economic Science Institute: "Branch Ministries in the Implementation of the Reform"]

[Text] This study attempts to define the place and function of the branch ministries without, in principle, touching upon government organization and its particular parts.

Following the law on the Planning Commission and the Ministry of Finance, the most critical legal gap is a law on the Council of Ministers. From the point of view of a branch minister the definition of his double role as a representative of government policy before the industries grouped in his ministry and as the representative of the interests of the enterprises of the given resort before the government is important. This touches upon the issue of membership in the Council of Ministers: which of the ministers are to be members, for what is the minister responsible, what is the range of his jurisdiction, what policy and administrative instruments does he have.

In journalistic and scholarly studies there is a significant divergence in assigning particular ministries either to the branch category or the functional one. The latter are also called general economic ministries. According to a statistically pure classification, the structures that produce the national income are the economic sectors: industry, agriculture, forestry, construction, transportation and communication, domestic and foreign trade, municipal services, and the other material production sectors. The only group of unambiguously branch ministries is the industrial one, which does not possess any normative functions that affect the entire national economy. Other ministries supervising particular sectors and branches of production and exchange have additional regulation rights that affect the entire economy in the given segment of state policy (agricultural policy, foreign and domestic trade, materials management, regional planning, municipal planning, maritime economy, transportation). Usually, in these ministries the supervision of enterprises predominates over general economic functions. Thus, the sector and branch problem of state economic administration, which is under discussion, also applies to this portion of the activities of the mixed

ministries which combine functional and sector and branch activities. Nevertheless, we will concentrate on the industrial ministries which are exclusively branch ministries.

In order to clearly outline the issues of the operation of the discussed ministries, we must answer the question: should we speak of the final state or about temporary measures associated with the second stage of reform implementation? The first approach is encumbered with the danger of maintaining an essential but flawed palliative. The second approach abstracts away from economic realities, sweeping away imperfect controls rather than at once building a better model. Nonetheless, the second approach can project a fundamental line for the evolution of the current situation.

There are two helpful, basic points on the essence of the conduct of economic policy in a socialist state. First: only the state can be the subject of economic policy as a coherent collection of centers of influence on particular decisions made by economic units. These units are the objects of economic policy, and they cannot have the right to represent the interests of the state. There is a difference between governing and managing, including macromanagement (sector, branch). The difference does not just depend on the good will of the central authorities but depends on the operation of the economic system in practice and its economic stability. This is why the function of the state infringes on a sphere which by nature does not belong to it. (1) The second statement concerns distinguishing the general social distribution, the state form of ownership of the means of production from their management. The very title of ownership does not denote the exercise of control in exploitation and the development of the means of production. This is why the central state administrative bodies in the branch and sector system are not permanent peak economic authorities. The ideology of the three S's that are the foundation of this principle did not draw all the conclusions that flow from it. It could not do so because of the crisis situation which required intervention by the central sector and branch ministry bodies. And not just for this reason. Assigning the branch and sector ministries the function of the founding bodies increased the tendency to rebuild the intermediate management units, made the enterprise managements more dependent on these ministries than required by the economic shortages and the unsystematic nature of the economic measures (price formation, distribution, arbitrariness, excessive fiscalism, unavailability of credit, etc.).

In light of the discouraging return to a command and distribution method of control, the far-reaching postulate of liquidating the sector and branch ministries appeared. It was expressed, among others, in the following comment by the editors of ZYCIE GOSPODARCZE.

"All system regulation should be in the hands of the functional ministries, which is possible, if the entire system is thoroughly cleansed of all arbitrariness and auctioneering. Given this situation the further retention of branch and sector ministries makes no sense. If the government is to govern effectively, and the enterprise to manage effectively, the liquidation of the branch ministries is essential, for their operations paralyze every reform idea, by assuming limitations on direct central intervention in the operation of the enterprises." (2)

While I share this view in general as regards the final state, in what follows I pursue the more humble task of defining the role of the branch and sector ministries during the transition. The author assumes that deeper changes in this area depend on promoting deeper roots by the reform and on improved economic stability. Nevertheless, the question of membership for branch and sector ministers in the Council of Ministers, and also of minimizing government pressure on management operations by these ministers in practice can be resolved more quickly.

II. The tasks of the minister and the resources available to implement them were only generally formulated in the legal regulations of the reform. Three major groups of functions associated with the sector and branch minister can be distinguished, without broadly developing their content and the issues of their operation.

1. The first group of functions concerns the planning of the development of the branches of industry under supervision. This is accomplished by participating in the drawing up of prospective plans, five-year plans, and annual plans. Within these activities, the minister projects the investment costs for the central plan, establishes areas of cooperation with the CEMA countries (including the obligatory tasks in international agreements), and cooperates in the drawing up of foreign trade plans. We must note at once that performing these functions settles a substantial portion of the struggle for investment, convertible-currency, and supply resources. The organization of the flow of information from enterprises on their development plans, efficiency, etc, and the transfer of information to them on government policy, especially on the ability to supply production resources also belong in this group of functions. In terms of the reform this is the principal mechanism for transferring the central-plan tasks to the enterprises' operations.

2. The functions the minister performs as the founding body make up the second group. These are powerful instruments in a minister's hands. It suffices to mention that he holds the basic, actual influence on removing and naming the director of an enterprise (although to varying degrees for self-governing enterprises), placing the enterprise in the hierarchy, and setting the levels of awards and premiums for the director. The minister has the ability (or the influence) to combine and divide enterprises, to transfer their fixed assets in some cases, and even to influence the production profile (especially if it exceeds the profile included in the founding act of the enterprise). The minister controls the compliance of the enterprises' operations with the regulations, controls the completion of obligatory and national-defense tasks.

The performance of these functions has two tendencies. The first broadens the interpretation of the legal rights of the founding body or exceeds these rights. Instances of circumventing competition in the naming of a director or the ritual performance of these forms, the use of administrative and wage pressure to force through integration projects whose merits were insufficiently substantiated have been noted in the press. The second tendency derives from the partial adaptation of the system measures to the tasks and rights of the founding body. The intrusion of the founding body into the autonomous decision of an enterprise infringes on its interests when

the performance of the obligatory tasks of national significance or as part of cooperative relations reduces the enterprise's income, thereby reducing wages, convertible currency profits, etc. For this reason, the minister has limited ability to influence enterprise decisions.

This formulation of these two tendencies is insufficient, for the strength of their effects in particular ministries, sectors, and branches varies greatly. Nevertheless, these tendencies require solutions at the central level defining the role and function of the sector and branch minister.

3. The third group of functions consists of cooperation with the Planning Commission and with the functional ministries in setting policy for prices, taxes, credits, and wages and employment. This group of ministry functions influences the changes in the enterprises' relationships to the budget and the changes in the enterprise's overall financial and economic systems. This has been the field for many conflicts between sector and branch ministries versus functional ones. On the one hand, these conflicts have appeared against a background of high levels of taxation, and on the other, the frequent conferring of relief and exemptions. The sector and branch ministers believe their prerogatives are insufficient to effectively perform the previously mentioned tasks. The functional ministers believe, as did the former Office of the Government Plenipotentiary for Economic Reform, that the prerogatives are too broad and do not belong at the level of the sector and branch minister. The criticism is not of the principle of relief and exemptions but of locating the decision in the sector and branch ministries. In this view, the rights should be assigned to an independent body, and in particular to the Ministry of Finance. This important system question requires a solution soon.

Those opposed to the transfer of these rights to the functional ministries raise arguments of irrational price relations, of particular enterprises' objectively varied initial financial situations, of the need to collect development resources not in enterprises with surpluses but in those which contribute to overcoming limiting choke points, which are essential in cooperative chains, essential for exports, and which do not have their own resources. In this manner relief and exemptions substitute for price policy, credit policy, a rational policy of organizational relations. This is an abnormal situation which can be tolerated for a given period.

III. In the program outlines (among other places in the resolution of the 10th PZPR Congress), the role of the sector and branch minister is most broadly defined as that of spokesman for government policy to the economic units under his supervision. This conception of the role should be considered as a final goal, possible given fundamental prerequisites.

1. Bringing the economic and financial measures to a point at which they, especially the principles of self-financing enterprises, will be able to operate in a way reflecting the enterprises' objective efficiency. Or at least at which they do not distort the elementary requirements of comparing investments and performance. Among these are particularly the structure of supply prices and the value of productive assets, and against this background the ability to rationally anticipate opportunities for the enterprises' and their group's development. Among these conditions are also the creation of a

credit system that reflects its name: collecting available resources and assigning them to the most effective undertaking, while strengthening the preferences of general economic policy for structural change, technical advancement, and exports. At present the ministry performs functions here that in principle belong to the banking system. The formation of specialized banks can relieve the ministry of these functions. Both branch and territorial banks can be considered here (foreign trade banks, agricultural banks). Branch banks can constitute an arm of the sector and branch ministry's policy. Following criteria of profitability, return, and interest rate on the credits, they can perform functions which the minister does administratively.

2. Achieving market equilibrium for investments and supplies and for consumption. Solidifying the equilibrium is essential in order to relieve the branch and sector ministries of various types of administrative distribution functions.

3. The integration of the sector and branch ministries in the industrial-ministry group into one or two ministries. This is a necessary condition for implementing a general industrial policy, selecting the branches, products, and technology for strong support or conscious suppression.

Consideration can also be given to transferring some of the branches of industry that are currently in other mixed ministries.

Meeting the first two conditions will require several years of implementation, as was noted in the materials of the National Socio-Economic Plan for 1986-90. Thus we must determine whether and to what degree the sector and branch ministries can function as representatives of government policy during the transition period. Although the legal regulations give the minister indirectly and directly instruments for performing this function, current practice shows that the function of representing the enterprise before the government dominates. This is the reverse of the postulated situation.

IV. The pressure for shares of the investment resources from central funds is a constant element in the functions of the sector and branch ministries. This includes both new investments, and continuations of investments at various stages of completion begun before 1985. This pressure is clearly visible in the development programs prepared by several dozen branches of industry. These programs are highly autonomous, i.e., they do not take into account the abilities and needs of other sectors, of their production or consumption. These programs represent a drive to quantitative expansion for each branch and sector. They have their own technological productive logic. (3) They also have all the negative characteristics associated with this way of preparing development plans. They are not supported by an analysis of the effectiveness of the investment; they make no comparisons with the competition on foreign markets; they do not include the capital intensive investments needed to ensure their expansion in other branches and sectors of the economy (especially fuels, energy, and materials); they call for imports without the necessary export orientation; they do not include (and could not include) an analysis of the lost benefits, which would become evident in alternative uses of the investments; etc.

One could say that this is the task of the Planning Commission. However, even at this level the pressure of the sectors and branches which is spread with unequal force (among others by their own branch groups) restricts the ability to optimize.

Summing up the investment needs reported by the branch programs shows that we should spend 18 trillion in 1986-90 to implement them. But the investment program for these 5 years is only 10 trillion zloty.

Nothing has changed here from previous years. The Planning Commission is able to limit central and local investments, and to forecast limited funds for enterprise investment. Given these limitations, and even without such sharp limitations, we need a detailed, selective, responsible general industrial policy.

The poor results achieved in changes in effectiveness in 1983-85 and included in the National Socio-economic Plan for 1986-90 show our inability to transfer resources to sectors, branches, and groups of products and technology deserving special support. This applies especially to the reduction of material and energy consumption in production and to concentrating efforts on the most promising areas.

The sector and branch ministries also do not present government policy to the enterprises as regards withdrawing products from production that are clearly ineffective or as regards eliminating inefficient enterprises (relief, exemptions, subsidies, etc.). They also do not present the interests of the state in the face of unwarranted prices and thus of wages increases.

They do not represent the general economic interests when they reach for the easiest funding source in financing investments: the state budget (amortization of credits, guaranteed credits outside of the banking system). They also initiate central wage increases. This leads to the next question: rationing for production supplies. The broader the rationing, the more the ministry is involved in distributing raw materials, materials, transportation resources, etc. This function of sector and branch ministries will not disappear until genuine markets for production resources have been formed. This requires setting supply prices at equilibrium levels, an operation with far reaching effects even for consumption. Even given stable markets and horizontal production relations for production resources, there remains the question of controlling some supply streams using indirect economic instruments. This is significant for the elimination of severely inefficient production processes and focussing on the most efficient processes.

This is one of the most difficult problems in the area of the jurisdiction of the sector and branch ministries. It combines not only the striving of these ministries to broaden the range of their authority. It is also connected with the haphazard and varied enterprise economic circumstances, short-term oriented management, slow adaptation to changing environmental conditions that occur in the processes of self-regulation. The characteristics of current operations and enterprise situation strengthen the argument for the need to maintain the ministries' distributive functions. In the longrun this can not overrule arguments for the priority of market relations.

Are the sector and branch ministries' distribution functions performed according to efficiency criteria? The maintenance of unusually varied enterprise production costs and material, energy, and fuel consumption per unit of output in nearly every branch indicates this is not the case. There have been no recommendations by these ministries to close or limit the production of obviously inefficient enterprises. Frequently, this does not even require a proper analysis on the basis of rational prices; it suffices to compare the basic technical and economic indicators.

There are also few cleansing actions and suspensions of inefficient enterprises' operations. The ministries are prisoners of local and social pressures.

Thus we should pay attention to the need for a regional approach to structural changes. We must have proposals for employment and use of the productive assets of inefficient enterprises. A sector or branch ministry usually cannot present such an alternative; a broader program that includes the other branches of a region can. As a result a clearly unhealthy situation has crystallized, in which the ministries are responsible neither for the enterprises' financial performance nor for the financial performance of the entire ministry. They cannot and should not be responsible. But they are also relieved of responsibility for funds put to use at their behest and at their insistence. The responsibility of these ministries to the government in current practice is for higher production and shipments of specific goods. They cannot take on this responsibility completely, except perhaps for sectors and branches included in obligatory associations. They attribute this situation to the independence of the enterprises.

It was against this background that proposals to strengthen the authority of the ministries by changing the law on enterprises and specific legal acts on the particular ministries appeared.

These proposals were not embodied completely in either official or unofficial documents; nevertheless, they are circulating among advisory bodies. The two basic proposals are 1) complete authority to name and remove directors and 2) full rights to combine enterprises without the agreement of the Workers' Council. These proposals basically aim to transform the voluntary associations into obligatory ones.

The naming of a single industrial minister should contribute to the representation of the state before the enterprises, in the sense of conducting of an industrial policy. Separate treatment for the mining and energy ministry in the final state cannot be justified, though it can be regarded as temporarily useful.

Calling for the creation of a single industrial ministry, one must specify its internal structure. The elaboration of this structure by branch would transfer the current system to a new body. Without eliminating the branch system completely in the internal structure of the ministry, we should develop it primarily by functional areas. These would be general economic, planning, and financial sections that would prepare the foundations for decisions on allocations, prices, taxes, credits, etc. Such sections as investment, wages,

employment, social policy that would be able to develop policy guidelines in these areas should also be created.

The technical advancement section, which would be the main arm for planning and assisting in innovation and implementation, should occupy a central place in this structure. It is difficult to imagine that this crucial sphere could be supported exclusively by regulation using economic instruments or state central projects in research and development. The creation of strong organizational units at the association and interassociation level, of specialized enterprises for efficiently implementing application is essential for overcoming the known obstacles along this way.

The foreign trade section should be handled in this same central manner. Its role must lie in "strategic marketing" modeled on the appropriate state units for control in some developed capitalist countries. The whole problem of industrial development is entwined with an opening to the outside, with export expansion, and acquiring technology through imports.

V. It is in the interest of effective economic management and the economy's efficiency to organize the structures pragmatically. If there is no question that the needs and abilities of the particular sectors and branches require varied treatment, then the manner in which this varied treatment is to be implemented stirs serious controversy. To what extent is the process to be controlled from above? To what extent is it to be left to the independence of the enterprises? Industries like power and small handicrafts lie at opposing poles. The controversy, however, does not affect these extremes but the sectors and branches in the middle. The position of the maximum and exclusive management of development through free market forces is opposed to a schematic drive to form integrated management bodies at the sector or branch level. This oversimplification of the two trends serves only to oppose the trivial ideological coloring and excess of emotions associated with the role of the sector and branch ministers in this area.

A pragmatic approach to structural organization does not mean that it is possible to decide in advance which of the proposed forms is more and which less effective in the sense one speaks of the effectiveness of an investment or an export. The premises of the given organizational forms depend to a large degree on unmeasurable criteria of efficiency or at least not just on measurable technical and economic criteria. The latter are problems of the benefits of the scale of production, concentration of trade, benefits from the full use of productive capacity, etc. The unmeasurable criteria are benefits from the diversification of production, from the concentration of sales of various types of goods to facilitate buyers' work, the ability to develop research, design, construction, technological work, the ability to penetrate foreign markets, ability of the product line to adapt to changing demands, etc. If we add geographical criteria, density of infrastructure, transportation costs, and peculiarities of the local labor market, one can see how far we must diverge from a unilateral preference of criteria of concentration of production and turnover. But a unilateral apologetic for small scale in reaction to a mistaken big-is-beautiful policy is also shortsighted and harmful.

Simplifying, the range of ministry supervision varies from branches in which there are a dozen large enterprises (for example, iron and steel and non-ferrous metallurgy, inorganic chemicals) dominate, to those in which there are several dozen (power equipment, transportation equipment), to those in which there are several hundred (textiles, metal products, minerals), or to those in which there are several thousand (clothing, meat, milling). Also simplifying, we can say that most sectors and branches that produce producer goods are monopolies. This applies either to final products or particular groups of materials and cooperational elements. This portion of industry developed in this way historically primarily for technological reasons and for lack of foreign trade, although it was also influenced by the primacy of the doctrine of concentration of production over diversification. For these branches, we must decide who is to determine the direction of their development. Should a supervisory body at a higher level, i.e. the branch or sector itself, or a ministerial body together with the Planning Commission. The history of development decisions provides us with accurate decisions and mistakes initiated and confirmed at one or the other level. We cannot predict in advance which way is more effective. The predominance of the point of view of the branch or sector when it is strong enough to impose its priorities on the central bodies leads to industrial development that destroys efficiency. This experience supports strengthening a decision-making center that is not associated with the given branch or sector.

The role of the sector and branch ministries can contribute to this destruction or to harmonizing and optimizing the general industrial and economic priorities. The experiences of the proper premises of a policy of selective development at the end of the 1960's show the need for a strong competent decision-making center. The disintegration of the practices of branch pressure in the 1970's speak even more forcefully for this view. Nevertheless, ignoring the point of view of the branch can lead to losses throughout the economy from which it is hard to recover. Examples from recent years are the lack of support for electronics and the sharp decline in milk production that forced us to import butter for convertible currency. The lack of an appropriate priority for the chemical industry in the 1970's and 1980's also supports this point.

In areas where production is greatly concentrated or monopolized, the branch and sector ministries are a union of monopolies or oligopolies. The struggle of interests within this union is unavoidable. This requires a powerful sense of the future, management ability, and character in the leadership personnel. We will not discuss the problem of internal organization, strengthening or weakening and controlling monopoly trends (among others, the use of settlement prices, i.e. subsidies for inefficient enterprises). The sector and branch ministries do not have to support organizational concentration to facilitate supervision and cooperation if they make use of the arsenal of resources at their disposal.

The role of the sector and branch ministries in areas with disbursed productive capacity is different. Depending on the criteria adopted, these ministries include from 40 to 60 percent of the productive capacity (including

construction). The dominance of indirect forms of management by the ministry is an absolute necessity here. This situation leads to the following questions.

Forces strengthening intermediate units like the associations do not merely come from above but also from the enterprises. The enterprises exert pressure on the ministry to be its spokesman for their interests before the Planning Commission, the functional ministries, and the government as a whole. The enterprises are not capable of effective action in this area because of their dispersal.

The natural tendency of a ministry made responsible for production performance of a branch and sector of this type is to create intermediate levels, that will allow it to distribute resources and tasks to make it possible for it to meet its responsibility. This is the situation under economic disequilibrium, hunger for supplies, investment, and imports and in which the branch or sector minister is checked by the government for the implementation of the imposed plans in an objective manner. We should not, however, place the blame for the formation of these intermediate levels on the abnormal conditions. The causes also lie in the branch and sector ministry personnel's schematic understanding of their role and in the habit of enterprise management personnel to seek ministry help in overcoming their difficulties. This tendency from above and below appears in varying strengths and mutual proportions in individual associations, thus only analysis of particular cases can reveal how rational their drive to common action is, and how much is simply administrative desire to construct intermediate levels. Relieving the branch and sector ministries of the distribution and command functions (the latter chiefly, though not exclusively in relation to obligatory associations) will make it possible to transform the ministries according to the proposed plans of the reform. We should develop two proposals for its function and structures. The present full range of function for the transition period and for a reduced but deepened model functioning in a stable economy with a more rational price structure, etc. This last variant should include the ability to transfer the rights of founding bodies to national councils at the voivodship level for dispersed, numerous enterprises of medium size. The alternative solution is giving these rights to supervisory councils which requires a separate study. In this case the proposal to liquidate the sector and branch ministries could perhaps be implemented.

VI. The obvious monopoly practices, which are not in the interests of the independent enterprises and in the interests of the buyers, that remained in the cooperative unions deserve separate discussion. These unions, which have great significance in many sectors of the economy, have not lost their position after the revision of the law on cooperatives or under the new law on small handicrafts.

Just listing them shows the range of their influences which is no smaller than and frequently greater than that of the branch and sector ministries. This derives from their right to confer or withdraw certificates of usefulness, of the rights of their credentials bodies, and their influence on the naming and motivation of management personnel in cooperatives. Among the most powerful are the Cooperative Union of Peasant Mutual Aid, the Cooperative Union of

Agricultural Circles, the Union of Consumers' Cooperatives (Spolem), the Central Union of Labor Cooperatives, the Central Union of Milk Cooperatives, the Central Office for Horticulture Cooperatives. The power of these unions appears in the data on their portion of total employment (17.5 percent), industrial production (11.0 percent), and goods turnover (72 percent).

Cooperatives are a type of concern outside of the state managed economy. However, these concerns perform their particular functions associated with the transition period in implementing the reform and the economic situation in the name of the state. Among them are rationing and distribution, supply, the system of binding norms and official prices. In spite of the limitations set by the law on cooperatives, the cooperative unions have retained the position they had under the previous command and distribution system. They lie in the sphere of decisions of the sector and branch ministries (domestic trade and services, construction and municipal services, agriculture and food industry). The inherited pattern of management is more important than the formal authority rights. External interference in the internal matters of the cooperatives is primary and not the services performed for the cooperatives or development and foreign trade. These matters include use of funds, wage regulations, charter principles, the usefulness of the formation of the cooperative, and the mentioned distributive and normative functions. As a result the central unions have not become a driving force in implementing the reform. They have rather become bastions of the old management methods. It suffices to mention the example of domestic trade in urban and rural areas, restaurants, and the indolence in services, to show that if these areas are not lagging behind then they certainly are not ahead of the state enterprises in industry and trade as regards reform-oriented innovations.

International experience has demonstrated the efficiency of operation of large economic organizations in goods turnover and in the agricultural and food industry. Some of them use cooperative forms, as for example the Migros group in Switzerland. This type of union concern is the result of a long, organic historical process in which it had to confirm its efficiency in a harsh competitive struggle with capital groups and with small and medium-sized enterprises. Thus the above criticism is not intended to totally negate the usefulness of cooperative unions, but only to criticize a situation in which neither the advantages of self-management nor those of concentration of management are appropriately exploited.

This leads to two hypotheses. The first is the secondary significance of form of socialist ownership--the state or cooperative--in light of the primary significance of the management methods and of the economic system of the entire national economy. The second hypothesis is that one can implement an economic policy through relatively independent "concerns" no less effectively than through sector and branch ministries.

VII. This group of ministries is significantly more numerous than the three exclusively industrial ministries. Thus a discussion that concentrates exclusively on them ignores the broad and still more complicated issue of the second group of ministries (called awkwardly "mixed ministries"). Among them (in random order) are the Ministries of 1) Domestic Trade and Services, 2) Foreign Trade, 3) Agriculture, Forestry and the Food Industry, 4) Materials

Management and Fuels, 5) Environmental Protection and Natural Resources, 6) Construction, Regional, and Urban Planning, 7) Transportation, and 8) Communication and 9) the Office of Maritime Economy. These ministries in spite of their predominant sector and branch functions also perform regulatory and normative functions for the entire national economy, i.e. the conduct policy in the sectors assigned to them.

The list of these ministries suggests a random collection of sectors, branches, and general economic functions in some of them. In this group of ministries, there have also been many realignments, combing and dividing them, for which more or less convincing arguments have been given. This in itself is a negative phenomenon demonstrating a lack of a conception and the subordination of important legal decision to short-term, superficial conceptions. This does not mean that some of the decisions were not accurate and properly justified.

In each of these ministries there are clear separations of the supervision of enterprises from the regulation of the entire economy. For example this applies to land use; export licenses and convertible-currency exchange rates; commands and prohibitions in power use, environmental protection; regulations associated with goods turnover, etc. In this group of functions, these ministries are a source of legal and legislative initiatives in general.

A review of the internal organizational structures of this group of ministries, and also of the division of labor among undersecretaries of state brings up the warranted supposition supervision over enterprises and of current management dominates over functions of developing policy. Sections of these ministries with titles like general economic, planning, finances and prices, credits, investments, wages and employment, foreign cooperation are a decided minority or do not exist at all. This supposition must be confirm by an analysis of the roles of the individual ministries in this group which are highly varied in nature. Urszula Plowiec has done this for the Ministry of Foreign Trade in her article "The Economic Reform and the Operation of the Central Organization of Foreign Cooperation" (GOSPODARKA PLANOWA 1986, No 9).

### Conclusions

1. To define the role of the sector and branch minister, his functions must be established in a new law on the Council of Ministers. In particular his functions in current legal acts and his rights as the founding body must be further specified. This should be done in the form of laws on particular ministries.

2. As regards the most controversial role of the sector and branch minister, setting economic parameters, and especially his right to provide relief and exemptions, he should be given an advisory function. The decisions in this area should be made by the functional ministries and the Council of Ministers. This does not mean the minister should be deprived of all financial and motivational instruments.

3. Proclaiming the role of the sector and branch minister as the representative of state policy before the enterprises can be made real in the

final state. This requires bringing the reform measures on self-financing to a point at which they reflect the objective efficiency of the enterprises and relieve the minister of distributive functions. One industrial ministry would most fully facilitate the performance of this role. The internal structure of this ministry cannot be a copy of the branch and sector system; instead it must ensure the predominance of the problem and function system. This should minimize the pressure of particular groups of industry. During the transition two industrial ministries and a broader range of functions than in the final state can be considered.

4. Proposals to strengthen the sector and branch ministries in relation to the enterprises arise primarily against the background of the government's imposition of tasks to increase production and exports. Strengthening the operational actions of the ministries does not justify undermining the principal rights of the enterprises included in the reform. Essential interference must be supported by economic instruments that compensate the enterprises for the benefits lost. In the practice of the government and Sejm's actions, substantive interference should be limited.

5. As regards enterprises in branches and sectors with dispersed potential, the rights of founding bodies should be transferred to the national councils at the voivodship level or other units (supervisory councils, banks, chambers, offices, producers' unions).

6. Pluralism and flexibility of groupings of enterprises dictate the need for confronting the benefits of concentrating enterprises with the benefits of diversification outside of the framework of the range of products and substances possible within a single industrial ministry (and also for transportation, trade, and construction).

7. The operations of cooperative unions show that economic policy can be implemented through relatively independent "concerns" as effectively as through branch and sector ministries.

8. In mixed ministries (functional, sector and branch) direct supervision functions dominate over the development of state policy. This points to the need for altering their internal structure. The current practice of combining and dividing these ministries is frequently random. Further changes should be based on deeper analyses, which can demonstrate the usefulness of the integration of some of them or the combining of some of them with the industrial ministry.

9. Further analysis of the operations of the sector and branch and mixed ministries should aim to identify the specific functions of particular ministries. It is also essential to develop the discussed issues against the background of the functioning of the entire economic management system.

NOTES

1. For more on this subject see: S. Kuzinski, "The Function of the State," ZYCIE GOSPODARCZE 1985, No 26 and S. Kuzinski, "Studies of the Government," PANSTWO I PRAWO 1987, No 1.

2. ZYCIE GOSPODARCZE 1986, No 50.

3. For this reason these programs cannot simply be rejected. In any case, there is adequate economic evidence to support some of them.

13021

CSO: 2600/732

## BOREDOM REPORTED WIDESPREAD AMONG YOUNG

Prague MLADA FRONTA in Czech 18 Jun 87 p 2

[Article by Alena Konickova: "Does Free Have to Mean Bored?"]

[Text] We are beginning to speak of drug addiction, about crimes committed by adolescents. But let's leave aside the results and talk about the reasons, about the ground that lets boredom get so well established and blossom.

The CSR Government resolution bears the number 73/1985, but in terms of its importance it belongs nowhere else but in the top ten. It concerns the public influencing of the free time of children and adolescents.

"I work in physical education. We set up a soccer team for some children. But just try to find nets or balls.... Then we start to think about the continued undervaluing by society of work with young people.... What can a new club accomplish if it can offer nothing of interest to young people?... Closed playgrounds.... The lack of interest on the part of those people for whom we want to get something started. And when you ask them they don't even know what they would care to do...." I have been collecting excerpts from reports of representatives of the Czech National Council committee for Culture and Education, which last week prepared a report on the fulfillment of tasks related to the above government resolution. One thing stands out. Despite all the efforts that have been made, you may be sure that many problems will still remain to be resolved after the validity of resolution 73/1985 expires in two years.

Culture remains a "residual" item in many locations and regions. Whatever is left after the treasury has hit bottom is what is used for culture.

Research conducted by the Public Opinion Research Institute in Prague indicates that fully one third of the young people in the CSSR boredom to one degree or another. The model indicates that feelings of boredom are most often felt among students at secondary professional training centers, only 39 percent of which say that they never feel bored.

There have been some successes. Holidays for urban children, such as the well-known Summer for Prague Children, Holidays with Brontosaurus.... The Ministry of Education of the CSR and the Czech Central Committee of the Socialist Youth League [SSM] are drafting a model agreement for the use of school facilities

after classes for special interest groups of school organizations of the SSM. But none of the public organizations that participate in the education of children and young people have been able to penetrate the cottage owner circles, where most young people spend weekends and with their parents.

In the Central Bohemian Kraj there will be added by 1990 a total of 12 youth clubs, 91 youth clubhouses, 121 pioneer clubhouses, etc., etc. The report of the West Bohemian and North Bohemian kraj national committees contain descriptions of the fulfillment of tasks related to the above government resolution, but does not mention specific tasks. In the East Bohemian kraj discussions began on resolution 73/1985 after a one year delay.

The solution? Let me answer with a question. How is it, that for instance in the Jih-South Moravian kraj there is no professional youth club in only one okres? Some okreses even have more than two such clubs. And some have only one or two. These are under conditions that we call objective, which means that they are the same everywhere. Nevertheless the CUV SSM returns unutilized funds every year that are earmarked for clubhouse construction. There are no requests....

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