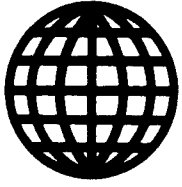


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JPRS-EER-88-087
18 OCTOBER 1988



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HUNGARY

Slow Reform Advocated by New National Assembly Vice President

25000242a Budapest NEPSZAVA in Hungarian
19 Jul 88 p 5

[Interview with Lajos Horvath, a newly elected vice president of the National Assembly, by Erzsebet Nogradi Toth: "We Need Neither a Governing Parliament Nor a Legislating Government"; date and place of interview not given; first paragraph is NEPSZAVA introduction]

[Text] "Loud trumpet blasts tumbled the walls of only Jericho, and not even that is certain," wrote Ferenc Mora. He was quoted by Lajos Horvath, a deputy of the National Assembly and the chairman of the Baranya Megye Council, in a recent speech on parliamentary democracy. Horvath was quarreling with those who felt that livelier debates in the National Assembly were parliamentary democracy running wild. We wonder whether Lajos Horvath is of the same opinion even today, when he not only represents his district in the National Assembly, but is also one of its vice presidents? In our interview with him we discussed the Hungarian system of parliamentary democracy, the compatibility of local and national politics, and modernization of the system of political institutions.

[Answer] The National Assembly's rules of order always reveal where socialist democracy stands. Well, where do we stand, and how far can we go, now that high-level policy decisions have been made about upgrading the National Assembly's work and letting socialist democracy unfold? If we take advantage of our opportunities prudently, we can advance with giant strides. In my opinion, the 1985 elections forced progress, thanks to the voters' demand for democracy. They put an end to the "stereotyped" system of socialist democracy which had evolved and had established itself in Stalin's time. In the 1985 elections, two and even more candidates ran for each seat, and the nominated candidates were not chosen in advance. The council members and deputies of the National Assembly elected then to the representative bodies were truly delegates of the people. Thus when we speak of electoral or parliamentary reform, the 1985 elections may be regarded as a milestone. True, the livelier debates made for a tenses atmosphere at some sessions of the National Assembly, including the latest one. Which only proves that the spirit of openness has reached also this Honorable House. But there is something that is slowing down the momentum. In the present situation full of problems, when more and more obstacles are piling up before our [party] congress goals, the maintenance of domestic stability requires considerable effort. And parliament, too, must help to attain the country's goals.

Incidentally, work is underway on new rules of order for the National Assembly, to which I attach great importance. At the latest session of the National Assembly, a

fellow deputy called for modernizing the rules of order and urged the committee on reforming the rules of order to speed up its work. In my opinion, parliament's rules of order are closely linked to a new Constitution, a new Electoral Law, and to the modification of other statutory regulations. And they must also be linked with renewal of the system of political institutions. In other words, we must not make autotelic decisions ahead of the developments.

[Question] How effective are the livelier proceedings of the National Assembly and the stormier speeches of the deputies? Does not the upgrading of local politics impede the assertion of national interest?

[Answer] We are indeed witnessing clashes of national and local interests. Occasionally, in the speeches of the deputies who were critical of the new Tax Law, for instance. I, too, do not claim that the enacted Tax Law is perfect, but I caution my fellow deputies to be patient anyhow, because I am convinced that the time to change the law is not here yet. We created the ad hoc Committee on Taxation, chaired by Rezső Nyers, specifically to monitor the Tax Law's impact and to introduce proposals for its modification when and if the time is ripe for it.

It is a great shortcoming, in my opinion, that deputies of the National Assembly are concerned only with local tasks. Over and above their own districts, they must represent national interests as well, and must reinforce the sense of responsibility for the nation in parliament's work. The national interest is now often eclipsed in the debates, yet it is possible to legislate only by suitably combining the two interests. A division of labor and a sharing of responsibility between the government and the National Assembly, such that the government would represent the national interest while the deputies would feel responsible for only their own districts, are not possible.

The National Assembly's new rules of order, I think, will be more than just simply House rules. After all, they will contain not only rules of procedure, but provisions concerning the deputies' fundamental tasks as well. However, I believe that the absence of a law that sums up the deputies' rights and obligations poses a problem. But, to my knowledge, preparatio for introducing such a law are also underway.

[Question] How reasonable is it to expect a gainfully employed deputy of the National Assembly to fulfill all his official duties?

[Answer] Some people may not be aware of this, therefore I wish to point out that today's deputies of the National Assembly are not at all in a privileged situation. They receive an honorarium of 5,000 forints a month for discharging the duties of their mandate. The deputies representing urban constituencies spend 4 or 5 days a month in their districts. But where the 30,000 voters are scattered among small villages, the deputy must spend

even 8 or 9 days a month in his district to do his work properly. And then there are the committee meetings, the sessions of the National Assembly, and other conferences. But parliament does not have a guest house to put up its members. Which means that deputies from the megyes must stay at hotels and pay their own hotel bills, when a hotel room today can cost over 1000 forints a night. And there are no suitable working conditions for the deputies during sessions of parliament, either. If a deputy should want to change the text of his speech, for example, he has neither an office where he could do that nor a typist to help him. A member of the body that has primary responsibility for the nation's affairs ought to have suitable conditions for his responsible work. Perhaps the government, too, ought to be devoting more attention to this problem.

[Question] What is the present breakdown of deputies according to how they ran: in individual election districts or on the national list? Can any change be expected in this respect?

[Answer] Of the National Assembly's 387 deputies, 35 were on the national list. If you are wondering whether the proportion of such deputies will drop in future, that decision would not be a propitious one by any means, in my opinion. If we carry out the reform of the system of political institutions consistently, including modernization of the National Assembly and its bodies, and of the governmental and voluntary public organizations, then it is essential that every organization be duly represented in parliament, so as to be able to gain acceptance of its proposals.

[Question] Does that mean that also the Hungarian trade-union movement, for instance, would be able to have more deputies in parliament?

[Answer] That is exactly what I am talking about. By my judgment, the 1985 elections weakened the trade unions' role in the National Assembly. What happened was that local interests swept away a proportion of the trade-union officials. That is why there are few trade-unionist deputies in the National Assembly at present. Whereas on many issues it would be desirable to have a stronger trade-union movement representing the workers' interests. But I could mention the youth organization as well; youths are no better off, either.

Incidentally, reforming the system of political institutions also means achieving a better division of labor among the systems of institutions. Let there be mutual adjustment to one another's work. Furthermore, it is necessary to define the working relations between the National Assembly and the Presidential Council on the one hand, and between the National Assembly and the government on the other. The National Assembly must be made able to oversee the government. Today, regrettably, the National Assembly does not have an oversight body of its own, because the KNEB [Central People's

Control Committee] has been integrated into the government's organizational structure. I might add that we do not perceive oversight of the government as the undermining of the government's role. An independent oversight body of our own must be created specifically in the interest of politics. It would be a grave mistake if the National Assembly were to attempt to take over implementation. We need neither a governing parliament nor a legislating government.

I also think it would be important for the leadership of the National Assembly to have an advisory body. Since the enacting of legislation is one of our most important tasks, it would be desirable for parliament to participate also in the drafting of the proposed legislation. Today only the committees are involved in this. Primarily government agencies make use of the experience gained from the debates in the course of enacting legislation. But when parliament will be considering the various bills in two stages, the comments made in the public debates will also be necessary. Therefore it is very important to have a parliament that is well-informed and is suitably provided with professional advice.

I wish to emphasize this because work on reforming the National Assembly has been in progress for five years. This work is perhaps more spectacular at present, because parliament's life is now more open and the voices urging modernization are louder.

[Question] In conclusion, allow me to ask some personal questions relating to the performance of your new duties. What plans does the new vice president of the National Assembly have?

[Answer] Parliament has not had a vice president from the provinces lately. My election, I believe, is also an indication of a turning toward the provinces. I was surprised and also truly gratified to have been nominated for this honorable office. But I also set one condition: I would not move from Pecs. For my two preoccupations are the city of my birth, and soccer. This year will perhaps still be difficult, because my duties as chairman of the megye council are varied. I hasten to add, however, that my coworkers are supportive and are helping me in every possible way. But I will be retiring as council chairman at the end of this year. I am just now getting acquainted with my duties as vice president of the National Assembly. No doubt I will have to participate in parliament's domestic work, and also in the fostering of external relations. My first assignment of the latter type has been to receive a Yugoslav delegation. I think there are vast opportunities in becoming acquainted with one another's parliamentary work. The good experiences can enhance the socialist parliamentary system.

Politburo Urges Partnership With Associations
25000257c Budapest MAGYAR NEMZET
in Hungarian 24 Aug 88 p 3

[Unattributed article: "The Party Membership Must Strengthen the Relations between the MSZMP and the Associations"]

[Text] The MSZMP Politburo held a session on 23 August.

The committee debated the principles which determine the relationship of communists with newly formed organizations and associations. The party membership must support the establishment and development of partnership between the MSZMP and the various associations of citizens. It is the task of communists to endeavor the establishment of a new kind of consensus in cooperation with the new organizations that are in the process of establishing themselves, together with the forces of society which approve of progress. All this should take place in the interest of accomplishing common goals, and in the interest of ensuring the solid internal and external conditions for our socialist construction, according to the committee. The Politburo decided that it will present this subject to the CC for purpose of debate.

The Politburo approved a program in the framework of which the members of the Politburo and the CC secretaries would visit the various counties and cities of Hungary during the remainder of the year and as an organic part of their work. In the course of such visits—consistent with the positions taken in the course of the national party conference—they would participate at basic organization membership meetings, at conferences organized by county, city, enterprise and institutional party organs, and would provide information concerning political issues, exchange views with party officials, state and business leaders, party members, and persons outside of the party. These meetings will be direct and informal in the future, according to the committee.

The committee also discussed some personal issues under its jurisdiction, and listened to various announcements.

12995

2-Week Protest, Symbolic Hunger Strike Urge Cooperation With Romanians
25000257b Budapest MAGYAR HIRLAP in Hungarian
24 Aug 88 p 3

[Article by "franka": "Hungarians, Romanians—Jointly; Peaceful Demonstration on Thokoly Street"]

[Text] Showers soak Hungarian and Romanian flags as well as Hungarian and Romanian language posters on one of the playgrounds on Thokoly Street. Sixty to seventy demonstrators brave the weather under the trees. A majority of the demonstrators wear Romanian

colors on their left arm. Virgil Parvu, one of the leaders of the group is an engineer from Brasso. He had this to say about the goals of the Romanian refugee movement:

"On the occasion of 23 August—the Romanian national holiday—we organized a protest against the conditions prevailing in Romania. Through peaceful demonstration and through a symbolic 24-hour hunger strike we intend to express our sympathy to the suffering nations of Romania, irrespective of their ethnic membership. In the course of our preparations we met some young Hungarians who also organized a peaceful demonstration for that day."

"We initiated a 14 day peaceful demonstration on 22 August in front of the Romanian embassy on this playground," according to Geza Dely, a student at the teachers' academy. "The goal is to help restore the deteriorated Hungarian-Romanian relationship, and to stop the implementation of the plan to rearrange settlements in Romania."

Nearby residents help provide a "roof" for the demonstrators by handing out plastic sheets and strings. Whoever wants water or other things may enter their apartments, and they take care of the Romanian demonstrators' children.

Virgil Parvu and his fellow refugees discussed at length the fact that they appreciate Hungary's helpfulness. They may work in Hungary, and they receive clothing, medicine and financial assistance. They would not have dared to even dream about such things. There are no Hungarians, Romanians and Germans here, everyone is equal, everyone who came from Romania supports the other. At the same time, however, they would like to continue their journey. They feel that at the request of other countries, or perhaps instead of payments by other countries the Romanian authorities would permit their children they had left behind to join the parents. Virgil Parvu continues:

"From among our demands the most important one is to save the historic past, the cradles of the cultures and traditions of the peoples of Romania. Let them guarantee human rights, so that people may choose their place of residence freely. Romania should not restrict emigration. They should respect the rights of minority nationalities, as well as international agreements concerning the reunification of families. There shall be no nationalistic, chauvinist propaganda. They should ensure the conditions for the peaceful coexistence of Romanians and of minority nationalities. With this demonstration too, Hungarians and Romanians are making a worldwide appeal for intervention in the interest of settling the inhuman conditions that prevail in Romania.

They wish to ensure the continuity of the two-week, around-the-clock demonstration by rotating Hungarian and Romanian groups of 10-20 persons.

Letter to the Romanian Embassy

The protesting Hungarian youths forwarded the following letter to the Romanian embassy:

"Respected Ambassador!

"It is the purpose of our movement to restore good relations between Hungary and Romania, and to help save the villages that were sentenced to death. We believe that the present Romanian plan for the reorganization of settlements would permanently destroy irreplaceable values of European culture. It would also render impossible the preservation and further development of the identity, culture and traditions of nationalities residing there, and primarily those of the Hungarian and German nationalities.

"Our peaceful protest is intended to help establish as soon as possible a new relationship between the Hungarian and the Romanian nations, one that is free of discrimination and malevolence, and one that is characterized by friendship and by a mutual willingness to help.

"It is for this reason that we request the Romanian government to do everything possible to discontinue the reorganization of settlements in the interest of settling the situation. The starting point for such action could be high level dialogue at the earliest possible date between Romania and Hungary. [We further request that] until such dialogue is established, the implementation of the reorganization plan be stopped!

"We trust that our letter unequivocally reflects the friendly intentions that guide us."

12995

Outspoken Member of Parliament To Spend 9 Months at Harvard

25000244 Budapest HETI VILAGGAZDASAG
in Hungarian 30 Jul 88 pp 50-51

[Interview with Zoltan Kiraly, deputy of the National Assembly from Csongrad Megye, by Endre Babus: "Preparing for the New World"; date and place of interview not given; first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Recently the government organized a study tour for a group of National Assembly deputies to inspect construction sites of the Bos [Gabcikovo]-Nagymaros barrages, and several hydroelectric power plants in Austria. From the accounts published in the daily press it appears that the more than two dozen deputies returned home satisfied from their tour. We interviewed Zoltan Kiraly about the details of the study tour. We also asked him whether the circulating rumors were true about his departure on an extended visit abroad, even before his term of office ended.

HVG: I suspect that your statement to the press a few days ago came as a surprise to many people. At the end of June you were proposing in parliament that it suspend construction of the Nagymaros barrage for two months, until the end of August. But last week you adopted a standpoint that is diametrically the opposite. You informed NEPSZABADSAG that the decision regarding this investment project should no longer be reversed.

Z.K.: Let me make clear in advance that I did not give NEPSZABADSAG a statement. With a good measure of skepticism at the end of the 4-day study tour, I said before reporters that this investment project probably could no longer be reversed. This statement was made on the ship that carried the 27 deputies of the National Assembly along the Nagymaros-Bos reach of the Danube, and to inspect four barrages in Austria as well.

HVG: Still, what made you radically change your mind within a few days?

Z.K.: There is no question of a radical change of mind on my part. I still consider the decision to undertake this investment project a misguided one. Under the impressions gained on the tour and in possession of much new information, however, I have gradually come to the view that the barrage issue is essentially irreversible. During the parliamentary debate at the end of June, I still thought that a compromise was possible, under which construction of the Dunakiliti storage lake feeding the Bos power plant would continue, but construction in Nagymaros would be suspended, at least temporarily. In recent weeks I have had to face the fact that the National Assembly voted down my proposal by a large majority, and thus work on laying the power plant's foundation will start also in Nagymaros. By the time the investment project comes again before the National Assembly in autumn, a huge volume of concrete will have been poured also for this stage of the system of power plants.

During the mentioned tour of the construction sites I also learned that, under the conditions of the 7-billion-schilling loan agreement, Hungary would have to supply Austria the specified quantity of electricity even if the hydroelectric power plant is not built for some reason or other.

HVG: Earlier you urged consulting impartial foreign experts, instead of the domestic experts who are committed for or against the project. Have you met with such foreign experts? On this study tour, for example, have you talked with Austrian ecologists?

Z.K.: No, I did not have an opportunity to meet with Austrian ecologists. Domestic experts opposed to the project—Karoly Perczel and Janos Vargha, for example—were not invited to join the inspection tour of the construction sites. A fellow deputy from Szekesfehervar objected to this during the tour. I found, regrettably, that several of the water-management experts adopted an "I

refuse to talk to him" attitude. This is why I think it is extremely important that foreign expert opinions also be attached to the report the government will be submitting to parliament in autumn.

HVG: In these circumstances, how were you able to make a cogent statement about the hydroelectric power plant, and claim that the matter of the investment project was settled? Specifically in Austria, which you visited, there were examples of cancelling the construction, respectively the startup, of power-plant projects already approved or even completed.

Z.K.: We did sail past Hainburg, where Austrian environmentalists blocked the construction of a hydroelectric power plant a few years ago. And we saw also Zwentendorf, where an already built nuclear power plant has not been commissioned in the end, under the pressure of public opinion, after a referendum. But we Hungarians must stick to reality. Austria's democratic political system and economic potential enable it to endure even such a drastic step. We in Hungary are not in that position. The Hungarian parliament is more aware of its responsibility than it was in 1985, but it is not always willing to make the decisions its sense of responsibility would require. However skeptical I have become in recent weeks regarding the barrage, and no matter how far the preparations have advanced, I still think that in autumn the government will have to come before parliament with real alternatives in the matter of the barrage. Although there is little hope of reaching a workable compromise, we will have to examine also the then-existing possibilities of halting construction, and its consequences.

HVG: Another surprising news item about you has been circulating lately. Is it true that you will soon be going to the United States on a scholarship, even before your term of office as deputy ends?

Z.K.: A few months ago I applied for a scholarship to attend an international program for foreign students at Harvard University's John F. Kennedy School of Government. The program will take one or two semesters and will be attended by students from about 40 countries. The Soros Foundation has accepted my application. I am planning to leave in March of 1989 and will be spending nine months abroad in all.

HVG: From March through December 1989, who will be representing your Szeged No 5 district in parliament?

Z.K.: I applied for the scholarship under the condition that I could return home for every session of parliament held during my stay abroad. The Soros Foundation will provide the financial assistance for this, and the Kennedy School has not raised any objections. I expect to organize a group of consultants here at home before I leave, and will request that all the material which is distributed among deputies be forwarded to me through the Hungarian Embassy.

HVG: I don't think you wish to contend that you will be able to do your legislator's work on a scholarship in America just as effectively as up to now. You are a member of the National Assembly's Committee on the Development of Settlements and Environmental Protection, for example. Are you planning to fly back for the meetings of this committee as well? And who will be intervening on behalf of your constituents in their everyday problems?

Z.K.: I will strive to leave as small a vacuum as possible. I intend to ask a Szeged law student in his senior year to take over the administration of current affairs and to provide advice, at least in more simple matters. And I am confident that the few consultants who have been advising me up to now will continue to help me overcome also the temporary difficulties.

HVG: You were elected to parliament in 1985 as the unofficial candidate in a bitter race, defeating the chairman of an agricultural cooperative and the first secretary of the Csongrad Megye Party Committee. Your constituents elected you to a five-year term. But now, in your fourth year, you are nevertheless planning to go abroad for an extended stay. Are you not feeling any pangs of conscience?

Z.K.: During the past three years I have been working hard enough as a deputy so as not to have any pangs of conscience now. For nine months, admittedly, I will be able to do less for my constituents than I have been doing so far. At the same time, over and above the advantage of knowing a foreign language, the fact that I will become acquainted at close range with the workings of a parliamentary system will give me considerable ammunition for my work as a legislator. I will have an opportunity to gain insight into governmental and legislative workshops. It is only natural that I will want to use this experience for the public's benefit.

HVG: Up to now you have been one of the most active members of the present National Assembly. Lately you played a role in that a group of members formed a united front to support passage first of the resettlement fund, and then of the package plan for democracy. Don't you think that also your further efforts are needed to help the National Assembly regain its due place in Hungarian public life?

Z.K.: Those of my fellow deputies who supported the package plan for democracy, for example, will have the determination also in future to initiate a sovereign act of the National Assembly if necessary. And this cannot hinge on one or two members of the group not being immediately available.

HVG: You are probably aware that, in addition to your sympathizers, many of your fellow deputies have been shocked by your statements. This is clearly evident from the remarks one hears in the corridors of parliament. Many deputies are of the opinion that in recent years you

have been driven by some itch to be conspicuous. Are you not concerned that these deputies will now see their opinions verified? They might say that Zoltan Kiraly has found an American scholarship more important than his work as a deputy.

Z.K.: In my opinion, the only possible basis for assessing a deputy of the National Assembly is what he says and does, and what causes he supports. I do not know what to do about the remarks regarding an itch to be conspicuous. Occasionally I, too, hear remarks that this Kiraly is in the limelight only to get as many lucrative invitations as possible. Indeed, I consider it a great honor that during the past three years I was invited to more than 90 conferences, forums and meetings outside my election district, in various parts of the country. But I have never accepted a penny for a speech or interview in my capacity as a deputy of the National Assembly. I have accepted flowers, and on very rare occasions books. But then there is my deputy's allowance of 5,000 forints a month to cover expenses.

HVG: I still fail to understand why you do not postpone your American scholarship until after your term of office.

Z.K.: That would not solve anything. I have never said that I would refrain from running in the next election.

1014

Berecz Explains FRG Springer Participation in New Hungarian Weekly REFORM
25000257a Budapest NEPSZABADSAG in Hungarian 20 Aug 88 p 4

[Interview with MSZMP CC Secretary Janos Berecz by Csaba Egerszegi: "Springer Joint Enterprise in Hungary?"; date of interview is 19 Aug 88, place not specified; first paragraph is NEPSZABADSAG introduction]

[Text] Janos Berecz had the following to say concerning the background of Peter Tamm, president of the Axel Springer Publishers. Accompanied by some well-known FGR publishing professionals, Tamm paid a brief visit to Sandor Demjan, president of the Hungarian Credit Bank, Inc. They conducted business negotiations concerning opportunities for continued cooperation.

[Question] For many decades all we heard about Springer publications was that their outlook was conservative, and that they did not manifest the most friendly attitude toward socialist countries. For this reason it comes as a surprise that the CC Secretary received the president of that firm. What is the reason for establishing relations at this point in time?

[Answer] Let us separate the issues. The world is changing. They are changing, and so are we. Following the death of Axel Springer in 1985, the publishing empire assumed an economic rather than a political orientation.

Mr Peter Tamm did not come to Hungary to spread the gospel, he came here to conduct business negotiations with leaders of the Hungarian Credit Bank, Inc., and of Hungarian Reform, Inc. True, just a few years ago this would have been inconceivable, but by now this too exemplifies the development of East-West relations. Europe is one of the most vulnerable parts of the world, because military or political confrontation in Europe has an effect on the entire world. We must adopt a new sense of European responsibility, manifesting it toward the East, the West, and the entire world. It is for this reason that I say that as long as Springer resides in Europe, we must recognize that fact, but Springer too must recognize the existence of a socialist Hungary. If we recognized all of these things then it is conceivable that we will cooperate, even though the ideological debate will not cease. This is policy, the rest becomes the business of the Hungarian Credit Bank Inc. and of the Springer concern.

[Question] In your judgment, in Hungary, what kind of enterprise can Springer participate in?

[Answer] Negotiations have been going on between the above-mentioned firms and Springer concerning the establishment of a joint enterprise. Josef von Ferenczy, the noted West German publisher and public personality served as an intermediary. If such joint enterprise came into being, the new firm would be engaged in newspaper and book publishing, and it would establish a printing press, which would be state-of-the-art, according to European standards.

[Question] Why was the Springer firm singled out by the Hungarian enterprises for negotiation?

[Answer] I believe they also negotiated with other firms. Hungarian enterprises are interested in long-term relations. They are seeking partners who are well capitalized, are influential and interested. It was Springer who best complied with these requirements.

[Question] Recently the Western press sensationally heralded the fact that Springer would publish the Hungarian weekly REFORM. Is this true?

[Answer] No. The Western news agencies mixed up the two things. Reform, Inc. is indeed in the process of preparing for the publication of a daily paper called REFORM. This is completely independent from the proposed joint venture or from the Springer firm.

[Question] If I understood correctly, this would be a publishing house with mixed ownership. What interests will that serve—what will be its platform?

[Answer] They will deal expressly with economic interests. Newspaper and book publishing is business. The party will not interfere with the publisher's business, moreover, we agree with the idea of founding this firm. All this does not mean however, that Hungarian laws and regulations would not have a binding effect on the new

joint enterprise. They must not attack the foundations of our socialist system, they cannot advocate racist theories, they may function only pursuant to the constitution and the laws. In summary then, this publisher will be organized as an independent business, interested in profits.

[Question] Quite obviously, this will be the first swallow to arrive. What impact will independent newspaper publishing based on business principles have on the present system of the Hungarian press?

[Answer] Let's put it this way: this is the second swallow. After all, Reform, Inc., which is negotiating with Springer came about on the basis of similar principles. It is a stock corporation in which the primary interest of the owners is to make profits on their investment. If it turns out to be a loss operation, it will cease to exist. It is not accountable to political expectations as if the state would support the operation. This organization will be directed by its owners, not the party. I repeat, our laws and regulations must guarantee that our political principles are not violated.

[Question] Accordingly, could some other independent publishers establish themselves in Hungary?

[Answer] If an organization has sufficient capital which it is willing to put at risk, and envisions business on this difficult terrain, if it has a marketable concept which does not conflict with laws, it may establish a publishing firm. I will note here however, that I do not believe that a great number of organizations would do that.

[Question] These principles appear as novelty not only in Hungary, but also in other socialist countries.

[Answer] Indeed. But the democratization process announced by the national party conference assumes the evolution of such forms of operation.

12995

Emigre Activist Interviewed About Work, Various Organizations

*25000242b Budapest ELET ES IRODALOM
in Hungarian 22 Jul 88 p 7*

[Interview with Laszlo Hamos, head of the Hungarian Human Rights Foundation, by Tibor Fenyi: "The Objective Is the Protection of Rights"; date and place of interview not given; first paragraph is ELET ES IRODALOM introduction]

[Text] HHRF is the abbreviation of the Hungarian Human Rights Foundation, as it is called in English. The team is headquartered in New York but has local branches at many points throughout the world. The officially stated objective of the HHRF is to work in the interest of securing the free enjoyment of human rights for the 16 million Hungarians in the world, and to win

the support of as many scientific, cultural, social and governmental organizations as possible, and of international public opinion as well, for the protection of the Hungarian minorities' rights, by means of organizing demonstrations, disseminating information, and through many other activities. The HHRF was formed in 1976. We interviewed Laszlo Hamos, the organization's leader.

[Question] Your objective is noble and commendable. But why do you think that you have to demonstrate specifically in front of the Soviet Embassy in Ottawa to achieve your objective?

[Answer] Naturally, that is not the only place we are demonstrating, but we are not ruling out the possibility of demonstrating there as well. We have already organized demonstrations throughout the United States. In New York, for instance, in front of the Romanian Mission to the United Nations. The reason we held a demonstration in Canada on the 20th of June this year (or demonstrations, for there were two) was that the world's seven most advanced capitalist countries were holding their Economic Summit there. And we wanted to call the Romanian plans for the liquidation of villages to the attention of the delegations. We were the only ones to whom the Canadian police granted permission to demonstrate during the Economic Summit, in the immediate vicinity of where it was being held. Thus we were able to present our open demands to the delegations. To my knowledge, the Hungarian press also reported this.

[Question] Yes. But how did you end up in front of the Soviet Embassy? After all, viewed from here, the Soviet Union is not one of the world's seven leading capitalist powers.

[Answer] We thought our memorandum ought to be presented also to the Soviet Embassy, because the Soviet Union has an indisputable interest in this zone of Europe. In a polite letter, the customary manner, we informed the Soviet Embassy of our intention to stage a demonstration, and of our desire to present a memorandum. In response to this letter, they phoned the head of our Montreal organization to advise him that not only would they accept the memorandum but would also invite the demonstrators into the embassy. Since, to our knowledge, it was unprecedented for a Soviet embassy to invite in a group of demonstrators who were emigres from a communist country, there was understandable excitement among the radio, TV and newspaper reporters. Especially when they heard that the first secretary of the Soviet Embassy was willing to receive the demonstrators. Before the reporters and ourselves, the first secretary chose his words very diplomatically when he said that his government viewed this primarily as matter between the two countries concerned, but deemed it important that a solution be found to the questions voiced also by the demonstrators. Four TV stations, three radio stations, and countless newspapers carried this story. Thus we fulfilled very successfully, I think, our

primary objective of informing as many people as possible about the Ceausescu regime's plans to destroy villages. Mainly our Canadian organization deserves credit for this.

[Question] A week later, you were able to see a demonstration by tens of thousands in Budapest, on behalf of the Romanian villages. In what respects did this demonstration differ from the ones that the HHRF usually organizes?

[Answer] First of all, in its size. Here, by my estimate, there were about 100,000 people. In America it is still hard to imagine Canadians or Americans joining us in sufficient numbers to form crowds of this size. But a bigger difference, I believe, is that we are further ahead in finding answers to certain questions. For instance, to the question of whether we are helping or harming the Hungarians in Transylvania? Here too many people asked me whether there was or could be any sense in demonstrating. Were we not causing harm by demonstrating? We learned long ago that doing something could also be harmful, but would more likely be useful. But if we do nothing, the situation is certain to grow worse. Whoever comes to our organization feels that it is his personal responsibility and business to advance the cause of preserving the Hungarians in Transylvania. But here many people feel that they personally are powerless, and they expect everything from others. And finally, our proposals and demands perhaps cover a broader range.

[Question] Could you illustrate this on an example?

[Answer] The population in Romania is not getting enough meat, sugar and vegetable oil, while the country is exporting food-industry products to the West. We are demanding that the West not accept any more food-industry export from Romania, because that is literally food taken from the mouths of the population. The West has agricultural overproduction, and hence no need at all for Romania's food-industry export. Furthermore, we are demanding the staging of protests before every important forum, against the Romanian plans to destroy villages. For the Congress we have prepared the draft of a resolution which, if adopted, would require every American institution to curtail or perhaps terminate its relations with Romania.

[Question] This has already occurred in part. Romania is just about to lose its most-favored-nation status. To my knowledge, this is something for which the HHRF too has fought.

[Answer] During the past 12 years, I testified on 24 occasions before various subcommittees of the House of Representatives, respectively the Senate. On every occasion we submitted also a written report, 60 to 80 pages in volume, on the situation of the Hungarians in Transylvania. It cannot be our objective to inform public opinion about rights violations in Transylvania, in as

great depth as it is being informed about, say, discrimination in South Africa. We are only able to present information to the decisionmakers. The result of the congressional investigation was that Romania itself renounced its most-favored-nation status, in anticipation of what decision the Congress would have made.

[Question] How reliable is the information you are getting?

[Answer] Some of the information appears reliable, but otherwise there are enormous gaps in this area. This I attributed to the propensity of Hungarians to think in terms of legends. Instead of verifying some item of news, we prefer to pass it on or even embellish it. In spite of this, reality is sometimes worse than the legends that are being circulated. American politicians do not want legends. They expect documented facts, the more accurate and personal the better. If someone has been imprisoned, they want his photograph, former address, the name and location of the prison, the text of the sentence as accurately as possible, and the names and addresses of the relatives. And if a village is bulldozed, they want photographs of the houses and churches, and data on the village in a breakdown by religion and ethnic groups. Only in this way are we able to explain our cause to politicians and organizations directly, almost personally. Many people are complaining, "The West has abandoned us." In this I see a good measure of self-exoneration. There are numerous indications, after all, that the world will learn about, and accept, the justice of our cause if we document the situation in a way that meets European standards.

[Question] Readers of the Hungarian press know relatively little about the emigre organizations that have taken up the cause of the ethnic Hungarians in Romania. Which are the most important organizations, and what are the differences or similarities between them and the HHRF?

[Answer] I am reluctant to speak about this (meaning the differences) because the threat to the Hungarians of Transylvania is so great that everyone must join forces, even if there are significant differences of opinion between them and ourselves on many issues. The objective that now unites us is the protection of rights. We also agree that the most important at present is for the Hungarians in Transylvania to survive these terrible times. The organizations concerned with the minorities are actually divided into two camps. One camp rallies around the Transylvanian World Federation, a very important organization headed by Istvan Zolcsak, a Brazilian businessman. And we are the focus of the other camp. Our debates probably bear the imprints of a generation gap. After all, many of us were born after World War II, and quite a few outside Hungary. In the opinion of the other camp, we are too "modest," because we are demanding only human rights.

[Question] In your opinion, what is the biggest difference between these organizations?

[Answer] Between their thinking and ours, there is a fundamental difference in the interpretation of the right to self-determination. In our opinion, human rights include the right to self-determination, just as also the Helsinki Accord discusses them together. In our opinion, the right to self-determination is not some sort of referendum, because then the Romanian majority in Transylvania could vote down the Hungarian and other minorities on every issue. By the right to self-determination we mean also a kind of cultural autonomy. In other words, under the sovereignty of the state that is in power, the minorities must be able to form their own system of institutions, on every issue that they deem important. For example, in the areas of religion, education, the publishing and distribution of books, and other cultural activities. Let decisionmaking on these issues and in these institutions be entirely in the hands of the minorities. This would enable them to play the dominant role in every question they regard as important. The majority must not be able to vote down the minority on issues affecting the latter. We are unable to use the arguments that existed between the two world wars. We have to convey our problems using concepts such that the average American politician will not only understand the problems, but will sympathize with them as well. Nobody will refuse to support a struggle for human rights. But again nobody is willing to support a struggle that threatens the territorial integrity of other countries.

[Question] In conclusion, allow me a personal question. Ion Mihai Pacepa's book of memoirs ranks high on the American best-seller list. The author was the head of Romania's Secret Service, until he decided to stay permanently in America. The book describes an episode that, the author claims, took place during Ceausescu's visit in America. Allegedly Ceausescu was so incensed by a demonstration against him that he ordered the liquidation of the demonstration's organizers (and among them the author mentions you by name). This sounds rather fantastic, but what is your opinion about it? Are you not afraid?

[Answer] Pacepa wrote his book in 1978, but published it only in 1987. It would be edifying to learn the exact cause of this lengthy delay. Otherwise I gain strength for my work neither from some "hatred of Romanians" nor from "Hungarian jingoism." As an American citizen, I am offended when our administration extends favored treatment to a regime that does not respect even the bare minimum of human rights. Incidentally, the 12 years I spent in the HHRF have taught me to love even more not only Transylvania and Hungary, but America as well. Going about the HHRF's business, I experience daily the openness of American politics, the accessibility of politicians, and the seriousness with which the question of human rights is treated. Furthermore, America is a large country where I am at home, rather than the agents of secret services. And I think that there are

people whose business it is to prevent such operations. In my experience, moreover, people often are more afraid than they have reason to be, bringing with them inhibitions one can pick up in this game. I have no way of knowing what Ceausescu said to his chief secret policeman 12 years ago. Of course, I might have had my suspicions even then, but I have not had any fears since then. Most important is my feeling of having a role that only I can fulfill. But this is how every Hungarian feels who is doing something to protect the rights of the Hungarian minorities. Only we are able to perform this task, each and every one of us severally. I am confident that this work will bear fruit.

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POLAND

POLITYKA Weekly News Roundup
26000636 Warsaw *POLITYKA* in Polish
No 35, 27 Aug 88 p 2

[Excerpts]

National News

From a report by the Central Office of Statistics on the economic situation in July: Socialized industrial production sold was 0.2 percent lower than in July a year ago. Basic production in the socialized construction and assembly enterprises declined by 6.6 percent; 9.1 percent fewer apartments were handed over for use. Purchases of slaughter animals was down by 12.2 percent. Exports to both payments areas increased by 11.1 percent; imports from the first payments area declined. The average wage in the five basic sectors of the economy increased by 60.2 percent in comparison with July a year ago. The public's money incomes increased by 71.7 percent, and their expenses, by 58.5 percent.

The price and income situation during the first six months was evaluated by the OPZZ Economic Commission. According to the trade unionists, real wages grew by 5.1 percent during this period (according to official data by 5.9 percent). In the opinion of the trade unionists, the income and price operation did not meet the goals expected of it; subsidies were not reduced; there was no increase in supply, and market stability clearly worsened.

The 19th International Conference of the Physics of Semiconductors met in Warsaw. There were 800 participants from 85 countries, among them two Noble Prize winners, Prof L. Esahi of Japan and Prof K. von Klitzing of the FRG.

Workers make up 58 percent of the party members, TRYBUNA LUDU reported. They make up the greatest percentage in the Katowice Voivodship (50.3 percent),

in the Leszno Voivodship (44.9 percent), and in the Walbrzych Voivodship (44.6 percent). The Katowice Voivodship party organization has 15.5 percent of all workers nationwide.

There is a shortage of more than 2 million copies of elementary school textbooks. Several titles will be printed only in September. With the beginning of the school year approaching, there are difficulties in obtaining chalk, plasticine, thick notebooks. The schools also lack essential teaching materials.

Harvest ending: 85 percent of the grains have been harvested, and purchases have passed the half-way point, 2.8 million tons.

The price of coffee has increased by 6 to 20 percent depending on the quality.

Firms are moving downwards. Already 647 firms whose parent bodies were ministries have been moved to the voivods. By the end of 1988 the number will reach 800. Then 3,500 enterprises (57 percent of their total number) will be under the control of the local administrations. The taxes they pay are to increase the financial independence of the people's councils.

About 30 percent of the meat offered at the open markets nationwide is sold in Warsaw; 10 percent is sold in Lodz. In other cities, this figure does not even reach 1 percent, which results, among other things, from the current rule that a farmer is allowed to sell meat only in his own area. The Ministry of the Domestic Market has published a decree lifting this regionalization. The principles for purchasing meat from farmers at free-market prices are also changing. They will be able to sell to anyone, who has a slaughter facility (sanitation reasons), including small-scale producers.

Unleaded gasoline is not for the Fiat 126p, a press spokesman for the Automobile Factory said, because it causes accelerated wear of the spark plug seat and the exhaust valve.

Further pieces of the "treasure of the millennium" has been found in Sroda Slaska. After an appeal by the Ministry of Culture and Fine Arts, two pins to the tiara and two of its mountings, another eagle of gold, a brooch and a golden earring were returned.

The discovery near Dabrowa Biskupa (Bydgoszcz Voivodship) of the grave of a voivod from 1800 to 1750 BC with a battle axe, stone arrows with flint arrow-heads, utensils, and adornments has become an archeological sensation.

On the Left

The Estonian daily RAHVA HAAL has published the contents of the secret protocol of the Molotov-Ribbentrop Pact

of 1939, noting that the original of the protocol cannot be found in Soviet archives and that they based their information on Western publications.

In conjunction with the 20th anniversary of the entry of the armies of five countries of the Warsaw Pact into Czechoslovakia, much material justifying the necessity of that intervention has appeared in the CSSR press. J. Kojzar in RUDE PRAVO: "The former criminals, murders, and provocateurs found their "right" to act openly. As Czerny, then a leading anti-communist ideologist of the so-called Club of the Engaged Unaffiliated, said, the result of all this was to be the guillotine. The reaction, however, was still too weak for it to implement its plans. Yet the counter-revolution proceeded along a path strewn with the bodies of the members of the CPCZ, of those who could not withstand the horrible pressure of psychological terror. . . . At the Praga Automobile Factory, 99 workers survived the hell only because they openly manifested their friendship for the Soviet Union. Throughout the republic, thousands of other courageous individuals met a similar fate. . . . Fortunately, international help came in time and prevented further victims."

In Prague on the anniversary of the events, a demonstration by 5,000 people occurred supporting the ideals of the "Prague Spring."

Dear Comrade Grosz, a fragment of an open letter by Laszlo Bihari (one of the leaders of the Hungarians in Transylvania, who left Romania 17 years ago) published in Budapest: "I, a son of Transylvania, turn to you with the request to use your authority to avoid irreparable harm. Attempt to find a mutual understanding with the Romanian government. In a wise manner, worthy of a statesman, you expressed the intention to reach an understanding with the neighboring allied state, without the mediation of a third party, exclusively through negotiations. However, perhaps, it would be useful to invite representatives of the parliaments of all of the member states of the Warsaw Pact so that they can talk with the Hungarians and Romanians forced to leave Romania and Transylvania."

The income and expenses of the MSZMP. The 1987 budget of MSZMP was 2.4 billion forints. Membership contributions totaled about 1 billion forints. The income of the enterprises belonging to the party (printing plants, publishers) contributed 250 million forints. The remaining income, 196 million forints. Subsidies from the state budget, 523 forints. As regards expenses, the largest sum was consumed by wages for 4,042 employees of the party apparatus and technical personnel, 1.035 billion forints. Building costs, 921 million forints. Covering the deficit of the central party press NEPSZABADSAG, 131 million forints.

Opinions

Edmund Jan Osmanczyk, journalist:

[Question] Why did the "Cases of Poles" remain a voice crying in the wilderness?

[Answer] . . . in 1949 the independence and self-government of the Polish people was buried in favor of the Stalinist omniscience of the authorities' apparatus. In 1988, we hope, that in conjunction with the final resignation of the Soviet Union from Stalinism, thanks to the changes occurring there, we will finally be able to return fully to "sovereign determination of the issues facing the county," to "independence", to "honoring the nation's experiences," to "equal rights" within the Warsaw Pact, "including both our own and the common interests." All of the formulations that I cite are from the Polish-Soviet declaration of July 1988.

[Question] And so faith in the future?

[Answer] Yes, in the wisdom of Poles after the fact.

(Interviewed by Janina Hajduk-Nijakowska, TRYBUNA OPOLSKA 6-7 Aug 88)

Kazimierz Polarczyk, head of the Ideology Section of the SD National Committee:

[Answer] The point is to make it possible for each of the parties to present broadly its own views to society. . . . This would demonstrate to society the differences among, and alternatives in, the programs of the PZPR, SD, and ZSL, which are not generally noticed. . . .

We assume, for example, that the party whose program gains social acceptance in a given area would be independently responsible for its implementation, including personnel decisions. . . .

We are a small party; we have limited capacity to implement our program; we do not have great "power to force our way" in the Sejm. . . . Until now, however, the party has not received support from the PZPR and the ZSL, for example, on the issues of creating the office of president of the state, of equalizing the constitutional political status of the intellectuals with that of the working class and farmers, of completely shifting the political leadership of the state to the representative bodies, i.e., rejecting party interference in the on-going operations of the executive bodies.

(Interviewed by Jacek Sowinski, ILUSTROWANY KURIER POLSKI 6-7 August 1988)

Henryk Koscielski, president of the trade union of the employees of the Lenin Shipyards in Gdansk:

[Question] Are you for or against pluralism? Are you afraid of competition?

[Answer] I am for pluralism, but based on legality. And I am not afraid of competition. The union that I lead has systematically gained new members. For example, in May 1988, i.e., during a month when we had a strike at the shipyards, 162 employees joined the trade union, and only 16 individuals resigned.

(Interviewed by Halina Bykowska, GLOS WYBRZEZA 10 August 1988)

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Wojna on Changing Socialist Model, Anticrisis Pact, OPZZ Role

26000028 Warsaw KONFRONTACJE in Polish No 3, Mar 88 pp 6-7

[Interview with Ryszard Wojna, columnist for RZECZPOSPOLITA, Sejm delegate, PZPR member to Consultative Council, by Marek Goliszewski]

[Text]

[Question] In your opinion, what is characteristic of the situation in the country in 1988?

[Answer] We are now in a period of transition from socialism of a stalinist type, marked by the supremacy of the bureaucracy over the democratically expressed social will, to a profoundly adjusted systemic structure, which strives to preserve the basic values and essence of socialism, while reconstructing the principles and mechanisms of economic life in a spirit called for by the laws of the market. This means that it is the intent of reformers to introduce new substance to the notion of socialism, as accepted to date, with tremendous consequences, not only economic, but also political. The laws of the market, including also the ones whose scope of operation is restricted by the socialist notion of social justice, cannot function in the absence of an opportunity for a multitude of subjects of economic activity to articulate individual and group interests. This is why the awareness that the creation of a new framework for our political life should be the base of the economic reform is established among the leadership of the party. Poland is moving in this direction.

At the same time, the entire old system of government, obscuring the clarity of goals put forth by the party leadership, exists alongside the new ideas and the maturing, or only budding, new instruments of political action, as is the case in any period of transition. This old system exerts influence primarily through its inertia, as well as the feeling of responsibility for the state, shaped over 40 years. This is a very human feeling, and it should not be reduced only to the defense of the official's position. It is a different matter that this is now received by a large segment of society as irritating overprotectiveness. We know from psychology textbooks that overprotectiveness leads to the desire to break free, aggression or, depending on the personality, a total "clinging" to the guardian and submission to his influence.

Therefore, we are now in a period of transition from one socialist formation to another. This means that decisions are being made today on which direction things will move in, perhaps, for decades. Thus, it is extremely

important to shape this future together right now. Meanwhile, a large segment of personalities presenting themselves as spokesmen for the opposition consciously opt out of this cooperative endeavor, despite the fact that conditions for the operation of a pluralistic system, embracing also a broad spectrum of communities considering themselves independent or oppositional, are created in the model of our political life, now beginning to emerge. By so doing, they lose influence on the shape of the arrangements being established.

[Question] Are you sure that these changes in the sphere of economics and politics, and primarily their far-reaching consequences, are realized by society, as well as by the authorities?

[Answer] I think that society feels that a model vision of the future towards which we are moving is lacking. Published texts on the economic and political reforms are too cryptic, and do not appeal to the imagination. This is, perhaps, also the reason why—as I see it—the masses, aware of their vanguard role, do not stand behind the reform. The reform is the fruit of considerations by our broadly defined elites. In turn, the party is constantly in the process of being transformed into a force which governs through arguments and the game of politics rather than directives. This is, in essence, a switch to a different kind of party than heretofore. Not all party elements are aware of the political consequences of the economic reform.

[Question] In one of your speeches in the Sejm, you stated that we should abandon the stalinist model of socialism. At the same time, you referred above to accepting opposition within the framework of a new shape of political system in Poland. Therefore, how do you interpret socialist pluralism?

[Answer] Every system has its supreme values, for whose preservation it is prepared to fight. From among such values, socialism thus far has particularly emphasized the supremacy of social interests over those of individuals. The socialist concept of social justice was also subordinated to this. Also, this is the source of the particular place of the PZPR in our system (article 3 of the Constitution of the PRP: "The Polish United Workers Party is the leading political force of society in building socialism.") At present, a qualitative shift in emphasis is taking place in the hierarchy of socialist values in Poland. In a speech at the Kremlin (celebration of the 70th anniversary of the October Revolution), Wojciech Jaruzelski appealed for the harmonization of collective socialist goals with "socialist personalism."

This means that socialism, at least in Poland, is in the process of rebuilding the hierarchy of its values. I believe that we have too little public discussion on this topic. For example, I would like to know which positive images, whether implemented or not, are attached by a majority of our society to the notion of socialism, to what degree it is prepared to get involved in implementing and

fighting for these goals, and to what extent it accepts the unavoidable economic and political contributions or coercion entailed by such a fight. The pluralistic nature of our society would certainly be expressed in this picture. I have no doubt that socialist elements, although perhaps interpreted differently in the details than thus far, will dominate in this picture.

Therefore, by socialist pluralism I mean the array of political and social forces in our country which are prepared to accept the common denominator of systemic interest.

[Question] What mechanism of articulation and social reconciliation of the separate interests of various strata, communities and groups do you envision in the context of necessary economic and political changes?

[Answer] Technically, the people's councils, the Sejm and, in general, the so-called representative bodies should be such a mechanism. However, at the same time I am aware that every country and every system within it generates, in the long run, its own channels for contacts, forums for meetings of various forces and conduits for the social pressure, including informal groups, various lobbies, etc.

Despite the image of the the Western parliamentary system widespread in our country, the decisive voice in it belongs not to individually elected members of parliament, but to political parties or groups which have nominated them. They are the ones who clash in the parliament with a view to the interests they express; they struggle for influence, and their image in society. Indeed, there are few truly independent members in Western parliaments, and they are not the ones on whom decisions hinge, though they do embellish the debate with their pronouncements.

Before a resolution is passed by the parliament, the positions of particular sides first develop within the confines of political forces. In the process, the failure of the members to comply with party discipline while voting is rare (such a member has little chance of being nominated again). In this matter, the channels of contacts, forums for meetings and conduits for social pressure play a tremendous role. Together they form a complex system of interdependence between the governing forces and the opposition.

Does such a system exist in our country? I think that we actually are much more interdependent than we are willing to admit. There was more interdependence between what was going on in our enterprises and in the streets of our cities in the summer of 1981, and the proceedings and resolutions of the 9th PZPR Congress, than any one of the sides was willing to admit at the time. This was an expression of the well-known truth that [political] systems are not corrected by the breath of the Holy Ghost, but under the weight of their own contradictions, exigencies and social pressure. I am convinced

that 100 years from now, historians looking at our time *sine ira et studio* [without anger and prejudice] will say that the 9th PZPR Congress complied with the will of society expressed by a mass protest movement—which is what the NSZZ “Solidarity” was—and decided that fundamental reforms in the state were necessary. There was a close correlation between the two facts. I also think that it will be noted that this was happening several years before the proclamation of *perestroika* in the USSR. Some will also wonder why the “Solidarity” leadership, instead of trumpeting its triumph, joining in the reform movement and pushing it [ahead], responded to the resolution on the renewal of socialism by organizing “hunger marches” and striving to destabilize the situation even further, losing in this manner some control over its development.

Let us return to the present, however. We are now in a period of transition—as we mentioned in the beginning—we are building into the new political and economic system various structures for communication between representatives of various strata, communities and groups. The PRON [Patriotic Movement for National Rebirth] is one of them. Some accuse it of being only a facade. However, what it is and what it may become depends on the forces which come into contact within its scope.

An invitation to take part in the Consultative Council, made by the chairman of the Council of State in the fall of 1986, was very significant for drawing some of the critically thinking persons into what the authorities were doing. The spokesmen of the “opposition” (I am to be forgiven for this imprecise term) made accepting this invitation contingent on showing them, in the “cash-on-the-barrel” manner, the specific powers this council would have in the state—though it was known to begin with that this is not a constitutional body—and whether what they would say in the council would be printed without applying the censorship law.

As a consequence of the negative response to these two conditions, a dozen or so outstanding figures from various quarters of the opposition refused to join the council. They did not appreciate the fact that the processes are in *statu nascendi* [developing], that they acquire their own dynamics as new patterns in politics emerge—and I believe that direct contacts between the opponents, and the first secretary of the PZPR CC and chairman of the Council of State to be one of them. The ones who are there contribute to shaping this new pattern of facts. Thus, as soon as after the second meeting, the need to publish authorized records of our meetings became apparent. This proposal was voiced and detailed by Wojciech Jaruzelski. So what? The sky did not fall in!

Let me use myself as an example. It so happened that at the first meeting of the council I sat next to attorney Sila-Nowicki [“Solidarity” lawyer]. We had never met

each other before. I knew him second-hand, and, therefore, sat there quite stiff. Now, when we meet at the Belweder [Palace, seat of the Council of Ministers—translator’s note] we talk as acquaintances who, to be sure, hold different opinions on many very important subjects, but are united in their conviction that people such as us should be in touch with each other, looking for what unites us in the name of the superior good, and we find it!

In my opinion, this institution of the council is the beginning of the road of more or less legalizing the opposition—spectacular and without precedent in socialist countries. What else do the appeals for creating an opportunity for the legal operation of “Solidarity,” made by Prof Skubiszewski made in the presence of the first person in the state, and references by attorney Sila-Nowicki to the views expressed by Lech Walesa amount to?!

The demand, made by those who declined the invitation or did not receive it—the council continues to be an open body—that this body have powers to determine the course of affairs in the state, contradicts the logic of constitutional separation of powers. It is unrealistic, in any case, for many other reasons, last but not least, the rules of democracy. In turn, members of the council receive specific proof that what they say and request is transmitted by the chairman to the government echelons. Therefore, this is not idle talk.

I repeat that this is the beginning of a process which continues to expand. Three years ago, when we passed a new electoral law in the Sejm, deputy E. Szymanski, speaking on behalf of the PZPR faction, proclaimed the will to democratize the law gradually for subsequent elections, tying this to the progress of stabilization in the country. The recently adopted law on elections to people’s councils goes to prove this. Does it meet all the expectations? No. The PRON also expected more of it. However, this is an important step forward in democratic evolution. The question is whether those who believe themselves to be the opposition accept the constitutional rules of the game, and use the law in order to contribute to creating—I quote your question—“a mechanism of articulation and social reconciliation of separate interests.” The new electoral law is an offer made to them.

[Question] What is your interpretation of the common opinion on the role of the party—that, if there is one supreme decisionmaking center in the political life of the country, which is located in the Central Committee, this actually means that, in the final analysis, decisions in the state must be a prior subordinated to the stand of the party leadership rather than be made in the way of a democratic confrontation of various forces?

[Answer] I do not agree with such an interpretation of the matter. Beginning with the 9th Congress, the party has embarked on playing its role in the state within the

framework of the legal and political system rather than outside it. This is accomplished by, among other things, the introduction of new legal institutions: the Constitutional Tribunal, the Supreme Administrative Court, the Human Rights Ombudsman. This is, essentially, an indirect form of codifying the leading role of the party. The basis for the rule of law has been seriously reinforced. Do you know that thus far the government has lost maybe even all cases before the Constitutional Tribunal, or has withdrawn the resolutions and executive orders questioned before the proceedings? And that in the overwhelming share of cases, the Supreme Administrative Court rules in favor of citizens appealing decisions of various agencies? As far as the Human Rights Ombudsman Prof. Ewa Letowska is concerned, the issues she has placed on the agenda show that it won't be easy for the executive authorities to deal with her.

At one of the meetings of the Consultative Council I stated that our system is in a period of transition from absolute power to constitutional power. This means that it increasingly takes into account the multiplicity of subjects, their differing interests, in a word, it becomes more democratic. Since it has learned the lessons of 1981, when control over the turn of events was escaping everybody's hands, the system is doing so gradually, in an evolutionary manner. However, the direction in which the system is developing is unambiguous. There is increasingly more room for social participation. However, I am aware that a segment of society does not see this, because this process occurs "in installments," and for this reason, the sum of changes does not appeal to the imagination of the people.

[Question] You were the first politician and journalist to take a stand in the press, specifically in the government newspaper RZECZPOSPOLITA by Mr Bronislaw Geremek in issue 2 of KONFRONTACJE. Could you please elaborate on your thesis: "The need for the Anticrisis Pact follows simply from the self-preservation instinct of society. Will a dialogue about this issue finally emerge—a dialogue oriented towards the necessity of understanding?"

[Answer] Ludwik Krasucki, in an interview with you, in your publication, was the first journalist who took a stand on the interview with Bronislaw Geremek. I believe that his statements made it easier for some representatives of the authorities "to stomach" the publication of an interview with a leading "Solidarity" advisor. This is a method frequently used in political activities. This is why I absolutely disagree with the commentary to the dialogue of Bronislaw Geremek and Ludwik Krasucki in TYGODNIK POWSZECHNY. On 13 March, the following was written on the subject: "By contrasting two pronouncements of this kind, the new PRON journal robs its readers of the remainders of hope: any forbearing anticrisis contract or pact between partners holding positions which are so far apart is simply impossible." I understand that some journalists from TYGODNIK [POWSZECHNY] needed such a conclusion, but I do not think this was the stand of editor

Jerzy Turowicz, who could not have failed to appreciate the event such as the publication of the interview with Bronislaw Geremek in KONFRONTACJE. After all, this required decisions by the two sides: the interlocutor, who has agreed to give an interview to the PRON publication, and the authorities to whom the views and positions of Bronislaw Geremek are known. Is this not a beginning of the dialogue?! Embarking on it cannot be any different: the layers of mutual mistrust, differently oriented intentions, as well as serious grievances, and, occasionally, also partisanship, are too deep.

However, let us go on to your question, I believe that the awareness of the anticrisis pact, which Bronislaw Geremek talked about, is now quite common at "the top," on all sides of the old dividing lines. I say "old," because they are more visible than the ones emerging now, e.g. with regard to the current wage and price policy. To my mind, at issue are the manner and conditions for embarking on this road. This is how I see it.

Any pact must begin with creating at least minimal grounds for mutual trust and proof of mutual credibility. In the case of groups which identify with the views and actions of Mr Geremek, taking a clear-cut stand on the program of the economic reform should be the first step in this direction. Could an informational meeting with Prof Zdzislaw Sadowski [chairman of the Planning Commission and deputy chairman of the Council of Ministers at the time of the interview] be useful? We would like to hear what the prevailing basic similarities and dissimilarities in the points of view are on specific items in this program. It is not impossible that the dissimilarity will be considerably smaller than the two sides believe.

Along with this, groups considering themselves to be the opposition, as well as some elements of the OPZZ [National Trade Union Accord] vying for the heritage of "Solidarity" should take a realistic, public stand on the price and wage policy and, through this, on the unavoidable sacrifices and restrictions for a period of, say, 3 years.

Bronislaw Geremek believes that "a pact" of this kind should be based on "institutionalizing pluralism," and in the next sentence, adds: "I make no secret of the fact that I attach the main significance to trade union pluralism." Therefore, I am asking him a question: is this a *conditio sine qua non*?

After all, inasmuch as the extent of political pluralism in our public life is increasing, we should undertake together the labor of puzzling out the notion of "trade union pluralism." What is it really about? After all, as we know, there are many enterprises whose trade union organizations did not join the OPZZ. Likewise, one cannot say that the OPZZ has subordinated to itself individual trade union organizations at the so-called "bottom" in a bureaucratic and centralized manner as the CRZZ [Central Council of Trade Unions] used to.

Enterprise organizations lead their autonomous life. The degree to which the workforces consider the organizations a defender of their vital interests depends on whether they force the organizations [to provide] such representation. I am aware that all of this is sometimes influenced by acute personal antagonisms between trade unionists in some enterprises, which have existed since the beginning of the 1980s. However, this is not reason enough to risk disturbing the social order by introducing several trade union organizations in one enterprise in the name of saying that one side or the other is right. We know from the experience of several Western countries, where such a situation exists, how profoundly this splits the working class, especially in crisis situations, and reduces the effectiveness of defending its interests. Under our conditions, with emotions from the period of "storm and onrush" still lingering, this will necessarily lead to two or three trade union organizations trying to outdo each other, e.g. in the sphere of wage demands. Please note that in the FRG trade union pluralism in enterprises does not exist exactly for the reasons of functionality of social life. Mr Geremek thinks that in our country trade union pluralism would pose no danger, that it would promote the economic reform. I accept even this at face value, but at the same time I know that social processes acquire their own dynamics, and even the best will of leaders provides no guarantee that they will develop in this exact direction rather than in a different one. The potential of social discontent, due to the difficult financial situation of society, is now greater than ever in the history of People's Poland. Institutionalizing a framework for the contest between trade union organizations would bring about economic suicide under our conditions. Such are the realities, and the government responsible for the country cannot ignore them.

Of course, some temporary *treuga Dei* [truce of God] could be considered, but I am afraid that extremists on both sides would strive to torpedo it. For me, it is beyond any doubt that the anticrisis pact could only be a product of national rationalism, a product of people guided by, above all, common sense.

[Question] What answer would you expect to receive to the question you put to Mr. Geremek in RZECZPOSPOLITA: "Do you agree with the view that the government carrying out the reform should be strong, authoritative, persistent in its actions and supported by all political and social forces, which are aware of their shared responsibility for the future of the people and the state?"

[Answer] I may guess what kind of an answer it would be now, but I don't want to put words into Mr Geremek's mouth. However, it is clear to me that the anticrisis pact cannot be a treaty about dual power. This would run counter to the experience of history as we know it. The reform can only be carried out by the really existing state and its constitutional agencies, primarily the government. The opposition wants to contribute to shaping this program, but toward that end, it should affirm and support points of contact formulated *expressis verbis* or

in the way of unilateral declarations in the unwritten, but observed anticrisis pact. I will add to this that the government has stated many times that it does not claim a monopoly on being right in programming the reform. Rational thinking is of great value, regardless of the side it comes from.

[Question] How would the original impulse for this look, in your opinion?

[Answer] For many years, various opposition circles have been gathering signatures under various letters with various demands and declarations. Let your publication open its pages for the personalities known to Polish public opinion, who come out genuinely, i.e. taking our present conditions into account, in favor of creating the anticrisis pact. It would be good for every signature to be accompanied by a single-phrase statement of motives. Such a list, consisting of names which have not appeared side by side for many years now, could shed a new light on the actual political landscape in Poland AD 1988.

[Question] Are you proposing this action to us in your capacity as deputy chairman of the PZPR parliamentary faction?

[Answer] No. None of the comrades has authorized me to do this. Everything I have said in this interview is my personal position.

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Principle of 'Openness' in Law, Administration Examined

26000544 Warsaw PANSTWO I PRAWO in Polish
No 6, Jun 88 pp 14-24

[Article by Teresa Gorzyska, lecturer, Legal Sciences Institute, Polish Academy of Sciences: "The Principle of Openness in Administration"]

[Excerpts]

I.1. Sometimes, an idea or an institution lives a humble life for a long time, only to find itself the center of interest. This is the case with the question of the openness in public life (state, administrative, social). One can say with some emphasis that today it is experiencing its great moment; one can also speak of a movement toward openness.

Access to administrative documents, the first legally regulated form of openness, appeared in a Swedish law on the press in 1766. Much time had to pass before other administrations felt the need or rather recognized the necessity of "openness." For a long time, they arranged their relations with other subjects, especially those outside of their circles, anonymously and secretly. The conviction seemed natural that secrecy, discretion, and confidentiality are characteristic of bureaucrats' work. This opinion still has its supporters, especially where the

lack of appropriate provisions forms its bulwark. In the process of continual change, the administrated (citizens and other subjects) mature to making new demands; the administration (frequently under pressure), to accepting a new style of administration (or to modifying the old one). The state matures to reacting with new provisions.

With the era of the informed society, the moment to question the rules of secrecy and anonymity also arrived, whose observance was a binding law for the administration. The idea of openness usually appears during periods, in which much is said about democracy, about searching for new forms of democracy, or improving existing ones. The administrated wants to have insight into the broadest possible range of issues, wants to know who, what, to whom is shown or why it is not shown; for secrecy in his view expresses a monocratic, bureaucratic, inimical tendency. Publicness, however, is associated with openness, participation, partnership administration. Changes in this area occur under the slogan: "dialogue against silence," "publicness against opaqueness," "administration operating under agreement against authoritarian administration."

The proportions of issues made public and kept secret has significant influence on the good or bad relations among the state, administration, and society. Thus, the state (political) authorities proposed openness to society, operation with an "open curtain," as part of a broader process of democratization, or in seeking a way acceptable for its methods of work and to the supporters of its program. Bureaucrats demand openness: they want to cross the threshold of execution and reach for opportunities to participate and decide, or they simply want to work better and more efficiently. Certain social groups also can expect openness in order to satisfy their particular interests (ecologists, consumers, etc.). Finally, citizens desiring to know what has been concealed from them, what seems important and interesting to them, also demand openness.

Each of these conceptions of openness is different; each serves a different goal. There is no openness that is a coherent, harmonious ideal, serving all in all circumstances.

II.1. The problem of openness in Poland can be discussed in the context: of improving and reforming the political system, as a political slogan "operation with an open curtain"; of improving the legal system, from the point of view of the openness of the law, of the formation of new legal institutions; of improving the administrative system, improving administrator-administrated relations, introducing a new style of administration and new habits of administration; of improving the social system, creating new citizens' rights and their protection, broader democratic processes in state and social life.

In Poland, openness is in a sense still new; there are no extensive theoretical works. Signs of interest are appearing, although in textbooks on administrative law and the science of administration, silence still reigns.¹

For some time, comments by representatives of the state authorities, in accord with the slogans of the transformation, have been filled with declarations of the need to introduce or broaden the sphere of relative openness (nowhere is there absolute openness) in public life, including the operations of the administration.² In confrontation with the state of the law, however, one gets the impression that the problem remains primarily a popular political slogan. The legislature has introduced the principle of openness in many cases, but its regulations are fragmentary and declarative, although, one must admit, the legislature has offered numerous, if imperfect, forms of openness.

2. Openness, regardless of the level of the administration, derives from two constitutional liberties in Poland: freedom of speech (art 83) and participation in exercising social control, in consultations on, and discussion of, the key problems in the development of the country (art 86). These liberties are specified in regular laws and in legal acts at lower levels. We also find support for openness in many constitutional norms; for example, in art 9 imposing the obligation on state bodies to report to the nation on their operations, explaining policy goals and guidelines.

2.1. Such phrases as "the right of citizens to information and to affect the course of public affairs," "the principle of openness in public life" (art 1) appeared for the first time in Poland in the press law of 26 January 1984.³ Art 4 of this law establishes that "state bodies...are obligated to give the press information on their operations." In art 2 par 1 and 3 of the Decree of the Council of Ministers of 9 July 1984,⁴ the law establishes that the providing of information occurs, in principle, at the request of a journalist or editorial office; however, the bodies named in the law should also establish and develop contacts with the press on their own initiative and make available information that could be of interest to public opinion. The commentators emphasize the imposition on the named bodies "of an active obligation to inform." They are not, however, right in stating that it was expressed for the first time in the press law. The obligation is taken over from resolution no 19 of the Council of Ministers of 17 February 1978 on the further improvement in the provision of information for the mass media (art 1, par 1).⁵

The right of citizens declared in art 1 of the press law is defined in the subsequent provisions as the right to receive information provided by the named legal bodies, through individuals named in the legal provisions and in the law on providing information to the press. The right to information in this version does not include the element, perhaps the most important one, of the right directly to demand information from the administration of interest to the citizen. The administration with the aid of the press provides the information it wishes, and the receiver has no way of checking its accuracy.

In this situation, one can speak of the illusoriness of the thus formulated right to information and also of the danger of preparation or distortion of information

(intentionally or unintentionally) in conjunction with the existence of an intermediary. Three subjects are involved who are not united by a common interest. The administration, which cannot be held against it, will surely defend itself against revealing information whose dissemination it judges to be unfavorable to itself; the journalist will want to obtain this information if it seems interesting to him and will publish it in his own interpretation; the citizen receives the results of these maneuvers.

When we add the limitations resulting from the provision of the law on the protection of state and official secrets of 14 December 1982⁶ and the law on the control of publications and public performances of 31 July 1981,⁷ and the provisions included in other normative acts, we must say that the openness and right to information declared in the Polish press law seems rather opaque. But even given such scepticism toward this regulation and in spite of its frailty, it was good that the obligation to provide information on the operations of state bodies was legally recognized, although its implementation causes much difficulty and its effectiveness is very limited. In any case, it cannot be viewed as a solution of the question of openness in administrative operations.

2.2. Proceeding with our search for forms of openness in Polish law, we must point to the law on the system of peoples' councils and local self-government of 20 July 1983.⁸ There are many elements (or forms) of openness in this law:

1) In the process of creating law: a) coordination, consultation, evaluation within the bureaucracy itself; for example, the obligation to evaluate proposed legal acts by the appropriate commissions of the peoples' councils (art 68) or a procedure immediately to convey the resolutions of the peoples' councils and decrees of the local government administration to higher levels (art 71) or openness within the institutions; b) exchange of information between the administration and the administered, for example, the obligation to submit proposed legal acts on issues of fundamental significance to social consultation (art 68), the obligation to make use of initiatives and to take account of recommendations and proposals from citizens, interested groups, and social organizations in developing proposed legal acts (art 68), the obligation to maintain collections of voivodship official journals and general acts of the peoples' councils and local government administration not published in these journals and the obligation to make them accessible for inspection by interested citizens and organizational units (art 74), or promulgation, openness of the law itself, or openness in contacts with subjects from outside. We should add that the prerequisite for local legal provisions to be effective is their publication (art 72).

2) In the process of applying the law: a) submitting decisions of fundamental significance to social consultation, whose results are published (art 7); b) openness is also promoted by some provisions on council members (for example, art 78-80), on sessions of the peoples'

councils (for example, art 92, 95, par 2), on commissions of the peoples' councils (for example, art 121); c) in the chapter on local planning, the law imposes the submission of variants of the plan premises and proposed plans to social consultation (art 41), the publication in voivodship official journals of resolutions on the local socioeconomic plans (art 42, par 3). The examination and confirmation of reports of the local government administration by the peoples' councils (art 42, par 2) can be considered a form of openness within the administration. The legislature has also formulated the principle of access for public inspection and popularization of the contents, the premises, and the proposals of plans for economic spatial planning.

2.3. Broad provisions on openness appear in the law on regional planning of 12 July 1984.⁹ The procedure for developing and adopting plans includes coordination, evaluation, consultation, access to permit public inspection, announcement of the planning at various phases, at various levels both within and outside of the administration. The need to introduce openness in public life, including the operations of the administration, has been codified within certain limits here.

In reality, the administration complains of very slight interest on the part of the administered in information and in various forms of participation. First, one should not expect excessive searching for information on the part of a large number of interested parties (this phenomenon is common around the world); second, the legal right (awareness of the ability) to seek information (the right to information) is important; third, the ability to effectively criticize and intervene is generally congruent with existing forms of administration. There is no guarantee of influence on the decision attached to consultations, for example, in the area of planning. The mere manifestation of an opinion, however, is not satisfying.

2.4. The Administrative Procedures Code is the fundamental legal act governing the citizen's access to materials on himself.¹⁰ At least theoretically, it seems, openness in administrative procedures is governed carefully, and the Code sufficiently protects the interests of the individual side. Among the general principles are the obligation to inform parties of factual and legal circumstances that could have an influence on the determination of their rights and obligations under the administrative procedure (art 9), the obligation to ensure the parties active participation at each stage of the procedure (art 10), the obligation to provide them with the opportunity to express themselves with regard to the evidence and materials collected and the announced demands (art 10), and finally, the obligation to ensure, with legally specified exceptions, access to the records (art 73 and 74) and the obligation to justify the decision in writing and to explain the legal resources available to the party (art 107).

Guarantees of openness at particular stages of administrative procedures ensure the party a sufficient and varied view of his case. But signs from administrative

practice raise doubts about the implementation of the provisions of the Administrative Procedures Code. Depriving the party of the right to participate in the process has caused many decisions to be questioned. If the charge is upheld, then such a decision must be reversed, even if the decision is substantively correct.¹¹ From the administration itself, there are reports that parties seldom take advantage of the right to examine the records, to make notes or copies from them. The party frequently is not informed about his opportunity to participate.¹² But the problem is important. In the course of an administrative decision according to the Administrative Procedures Code, state administrative bodies settle many individual cases, and the provisions of the Administrative Procedures Code, including those on openness, are always binding.

The forms of openness foreseen in administrative procedure should be judged to be correct. They can successfully meet the demand to protect the rights of the administered. Doubts arise as regards their application.

2.5. Detailed regulations on openness in the specific areas of administration appear in many laws and other legal acts. I will give three examples. In the course of an expropriation, according to art 18 par 1 of the law on the principles and methods for expropriating real estate,¹³ elements of openness appear at particular phases of the procedure. The appropriate body informs the interested person of the initiation of the process, and then a copy of the announcement is placed on the announcement board in the office (art 17). The interested party has the right, within 14 days from the day he receives the announcement or within 21 days from the day the announcement is made public, to examine the recommendation to initiate the process along with the attachments and to submit petitions (art 18). During the further course of the case, the participant must be informed of the hearing (art 19). The decision to expropriate should contain a detailed factual and legal justification and an explanation of the resources for appeal (art 23, part 1, points 5 and 6).

In the fourth section of the water law of 24 October 1974 on water works construction,¹⁴ there is an obligation to inform the interested owners of the real estate, in the way customarily adopted in the given locality, of the decision of the head executive to construct water melioration equipment and an obligation to display the decision for a period of 14 days in the gmina office (art 85). Prior to the performance of these actions, the law does not, however, foresee any forms of openness.

Another example. The law on construction¹⁵ of 24 October 1974 in art 54, par 2 makes it obligatory to make it possible for the specified individuals (in art 5, par 1, point 6) to submit petitions and reservations within 14 days on the performance of tasks associated with the establishing of the location for a construction investment, on the confirmation of the implementation plan, and on the issuing of a building permit.

2.6. There is also a problem with openness in the context of protecting data on individuals whose fundamental guarantees are in art 23 of the civil code. The administrative bodies will have to solve the question of revealing or concealing data on illnesses, financial affairs, residence registration, etc., in their practice. They appear in various situations, for example, in the procedure to select the president of a city or the chief executive of a gmina, city and gmina, or city district.

2.7. There are also other forms of openness, not foreseen in the law, that have significant practical importance. They are a product of the times in which administrative bodies "trade in" land, tractors, coal, agricultural machinery, etc. The person distributing the goods desires to provide himself with a type of work "insurance." He does not want to resolve some issues in his office; to the contrary, he engages the largest number of individuals and institutions.

3. Polish law moves the question of openness in the operations of the administration clearly in the direction of formulating obligations for the administration that, in general, do not reflect the right of the administrated to make demands. Openness is held within a fairly rigorous framework, although the law foresees many forms of it. The information and documents, which the authorized body can transmit, are accessible. But the principle should be that what is not prohibited by law is accessible. Access to what is judged to be of interest and beneficial to the administered is offered to the subject indicated by the legislature, not to what he himself would like to have access. The administered does not have the right to determine and present his demands; he has the right to take advantage of what is permitted him. This situation derives from the fundamental assumption: in Poland the principle of general access to administration documents has not been adopted.

Perhaps making access in this sense available would cause an avalanche of demands, questions, ingressions into reserved spheres of government and administration. All administrations have defended themselves against this; however, wherever a law on general access to documents has been introduced, it has not been the cause of the breakdown of administrative structure or its operations. Citizens and other subjects are not so curious about so many things, and the absence of a barrier weakens the need to know.

III. We must remember, however, that openness cannot be considered in absolute categories. There is no complete openness on all topics for all individuals. There is no neutral openness, for information is not a neutral good; its natural environment is politics; openness can serve as an instrument of a political nature; it can unite supporters, weaken opponents; it can in the end be an instrument of rational policy. Openness can produce invaluable benefits and be an element in the democratic reforms; it can also be dangerous.

It is good, however, that new laws and liberties have appeared: to information, to openness, and we should desire they serve good causes.

Footnotes

1. J. Letowski, "Problems of Openness in the Operations of the State Administration," OMT No 7, 1985; W. Taras, "The Legal Obligation of the State Administrative Bodies To Inform Citizens," PANSTWO I PRAWO No 1, 1988; W. Taras, "The Constitutional Obligation of State Administrative Bodies To Inform," OMT No 7, 1988; A. Malinowski, "The Conception of Information About the Operations of the State Administrative Bodies," OMT No 10, 1985."

2. Among other things the report of the Politburo at the sixth plenum of the PZPR Central Committee, "Deepening the Socialist Renewal A Prerequisite for Accelerating the Development of the Poland," RZECZPOSPOLITA 18 November 1987.

3. DZIENNIK USTAW No 5, item 24.

4. Decree on the Method of Making Information Available to the Press and on the Organization and tasks of Press Spokesmen in Offices of the State Administrative Bodies," DZIENNIK USTAW No 40, item 209.

5. MONITOR POLSKI No 5, item 21.

6. DZIENNIK USTAW No 40, item 271.

7. DZIENNIK USTAW No 20, item 99.

8. DZIENNIK USTAW No 41, item 541.

9. DZIENNIK USTAW No 35, item 185.

10. M. Szubiakowski, "Making Records of Administrative Proceedings Available," OMT No 11-12, 1985; W. Taras, "The Principle of Informing in Administrative Proceedings," OMT No 8-9, 1986.

11. "The Citizen Has a Right To Know," ZYCIE WARSZAWY 11 April 1986.

12. RZECZPOSPOLITA 13 September 1985, p. 3.

13. DZIENNIK USTAW No 10, 1974, item 64.

14. DZIENNIK USTAW No 38, item 230 with subsequent amendments.

15. DZIENNIK USTAW No 38, item 229 with subsequent amendments.

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Party Authorities Blamed for Lackluster Reform Efforts

26000640a Warsaw ZYCIE GOSPODARCZE in Polish No 25, 19 Jun 88 p 12

[Article by "Deputy": "Calling a Spade a Spade" under the rubric "Press Reviews"]

[Text] The coauthors of "Restructuring [Perestrojka] in Poland. The Purpose of the Struggle," Mieczyslaw Krajewski and Boguslaw Rychwalski (ZAGADNIENIA I MATERIALY, No 22, 1988), explore answers to the question of the origins of the weakness of proreform forces in Poland and the persistence of the old post-Stalinist system hobbling our development. They were prompted to pose this question by their earlier assessment which led them to conclude that in the course of our reforms for as many as 32 years, ever since 1956, we have achieved results that are rather insignificant and that nowadays simply irritate the society and prompt a growing number of people, including also those outside the oppositionist circles, to wonder whether socialism in Poland is reformable at all.

The reform's success nowadays hinges above all on whether, M. Krajewski and B. Rychwalski continue, we can overcome the structural crisis besetting our economy. Yet, clearly defined goals of restructuring that economy are missing, because the attention of reformers is being chiefly focused on the performance of the economy so that they are interested above all in its organization rather than its structure.

And yet, the authors state, the reform means not only new operating mechanisms and organizational changes but also and above all the revamping and modernization of the nation's economic structures oriented in particular to creating a base for the mass production of consumer goods.

What then should be done to accomplish this?

First, a government program for restructuring must be developed. There is no such program, improbable as it may seem considering that the 9th and 10th PZPR Congresses had resolved in favor of it. Is this accidental or perhaps a result of the deliberate activity of representatives of the "planimonopol" (an operating procedure developed during the Stalinist period and based on subordinating the superstructure of the state, including the state agencies for the planning and management of the economy, to the subsector monopolies of heavy industry), the authors ask.

Second, the reform should be no longer "done" by means of legislation and technocratic measures: it should be acknowledged, and not just verbally, that the reform is a social process based on an interplay of interests, one that has its supporters and opponents. Both the supporters and the opponents should be finally identified, and, by utilizing instruments of economic and personnel policies, concrete support and the reason for it as well as

concrete opposition should be identified. This is, according to the authors, a prerequisite for consolidating the currently scattered proreform forces and winning for the reform and social base of support which it currently is lacking.

Third, the investment policy should be resolutely reappraised, they write. The branches, subsectors, and enterprises personifying the old structure—the “coal and steel” structure, to oversimplify it somewhat—should stop winning the struggle for the allocation of development resources. Thus the point is that the advocates of “planimonopol,” people who are incapable of directing the restructuring process but remain influential champions of their vested interests, should finally cease to be accepted and listened to by the decisionmaking centers.

In my opinion, the “planimonopol” people not only are being listened to by the decisionmaking centers, as M. Krajewski and B. Rychwalski state, but also, by and large, staff these centers themselves. This can be readily ascertained by reading interviews with the individuals holding executive positions in the reformed national government. Is not it paradoxical that the epithet “dogmatist” has recently begun to be applied to supporters of the reform by terming them “reform dogmatists”? I am not going to dwell on this, especially because an excellent analysis of such mentality was already provided by Piotr Aleksandrowicz in his article “The Joint Report: Confession of a Libertine” (SZTANDAR MŁODYCH, No 114, 1988). But still, one can ask, how did it happen that such individuals are heading the reformed decisionmaking centers, considering that the party, which devotes so much attention to a proper personnel policy, is the motive power of the reform?

The answer is, to oversimplify it markedly, as follows: Our Polish reforms have from the outset been, as stressed by the aforesaid authors, a result of the social protests against the recurrent cyclic crises. The party was unprepared and mistrustful in face of these protests, even toward reformers emerging from within the party itself. Changes were made in haste, without proper preparation of the individuals needed for this purpose, whereas the elements of the new structure of the authorities, from top to bottom, should have been staffed with persons believing in changes and personally interested in them if the success of these changes was to be assured. But such persons have always been lacking, and hence the ease with which old thinking penetrated the new structures—old thinking which, if it failed to halt completely the process of changes, at least has breathed new life into the seemingly already dead old post-stalinist system, as can be observed even now and has astutely been pointed out by the aforementioned authors.

Ownership Under Socialism: Issues for Economic Development

26000464 Warsaw PRZEGLAD TYGODNIOWY
in Polish No 27, 3 Jul 88 pp 1, 4

[Article by Marcin Swiecicki: “Socialism vs. Private Property”]

[Text]

[Boxed item: Dr Marcin Swiecicki is an economist and secretary general of the Economic Advisory Council. The article presents the main ideas given by the author in a report to a meeting of the PZPR Central Committee team for socioideological aspects of economic reform.]

Ownership in a socialized economy has not been a topic of broad interest and authentic scholarly discussion for many years. The place of empirical studies, comparisons, or theoretical analyses is taken by several negotiable formulas of the kind which ascertain the “superiority” of state ownership over collective ownership, and of socialized over small-producers’ and private ownership. Also work on the first stage of economic reform did not put problems of ownership in the center of attention. The proposition expressed in “Directions of Economic Reform” on the equality of proprietary sectors has not been fully developed in practice, other than in agriculture.

At present, questions concerning ownership problems are appearing more and more frequently. It appears that there are several reasons for this. First, in spite of hopes and expectations, the increase in the independence of enterprises has not brought real growth in the efficiency of the economy, its innovativeness and pro-export capacity, structural changes, reduction in the rate of inflation, and so forth. There are of course many reasons for this, but conjecture arises that one of these might be inherent in an imprecise, unclear arrangement of ownership relations, including domination of the state enterprise sector.

This is not a hypothesis proposed only in reference to the Polish economy. After 20 years of reform the Hungarian economy found itself in a similar state of crisis in which it also was unable to overcome the weaknesses mentioned above. Many Hungarian economists with Janos Kornai in the forefront have emphasized recently the problem of the control of ownership in the economy as being an open, unsolved question with fundamental significance for the future of reform. The Yugoslavian self-governed market economy finds itself in a state of crisis. Meanwhile the success of Chinese reform appeared most strongly in agriculture, small producers’ businesses, and foreign-capital investments, and thus in sectors in which private ownership is a most broadly permitted activity, and was weakest in state industry.

Second, the course of economic reforms up to now has provided examples of remarkable successes of the private sector. This includes the achievements of Chinese reform cited above and the computer market in Poland, not to mention the traditional examples of the market in vegetables, fruit, flowers, and so forth, as well as various services. Comparisons of the efficiency of various sectors in similar areas of activity deserve more detailed study, since cursory observations can be really misleading.

Third, there is no way to fail to notice changes in attitude toward the market and public ownership taking place in capitalist countries in recent years. In economic studies a renaissance of neoclassic thought has ensued, and political programs propagating "disengagement from the state" of the economy and fuller use of the market mechanism has won great public support in France, Great Britain, and a growing number of Third World countries, among others.

The problems of ownership require not only "openness" but many thorough studies and comparative analyses. Therefore, I am not treating the statements, hypotheses, and conclusions presented below as full-fledged, polished conceptions. Rather, they are propositions for discussion.

Diagnosis

I understand decisions on ownership in the economy to mean key, strategic decisions concerning enterprises. In particular they concern:

- a) selection, evaluation, and compensation of the managing personnel of enterprises,
- b) choice of directions in capital expenditure,
- c) wage and employment policy in enterprises,
- d) merger, division, and creation of new enterprises,
- e) all decisions encumbered by great risks.

Decisions of this type are particularly essential for gaining microeconomic efficiency. Without strong interest in their rationalization it is not possible to operate the market mechanism efficiently. Automatic processes of optimal utilization of resources are hindered. Spontaneous structural changes slow down. There is no proper selection process. Organizational structures degenerate, pro-export motivation is lacking, and saving surpluses over costs is more difficult, which cause the economic equilibrium and growth processes to suffer. In a traditional socialist economy the higher decisions were made by a centralized, hierarchical state machine.

Although the solutions introduced up till now within the framework of reform with the aim of economizing decisions "of ownership" constitute progress in comparison with a traditional model, they have not given enough

satisfactory results either in Poland or in other countries. The weaknesses of socialized ownership have persisted: lack of rational formulas to control the pressure on current consumption, wasteful investment decisions, avoidance of risk, a lack of interest in establishing new enterprises, and so forth.

In other words, securing such effectiveness of management in a socialist economy at the enterprise level as characterize the private enterprises in a capitalist economy has not been successful, either at the stage of traditional solutions or of reformed ones. At the stage of initial industrialization the low efficiency of state enterprises could be compensated for with interest by other advantages of the traditional model of a socialist economy. Thanks to a limitation on luxurious and above-standard consumption a significantly higher rate of accumulation was possible than in a private market economy. State ownership and the planning system assured decreased risk, including rather rough coordination of large investment projects. The state took it upon itself to assure the development of the necessary economic and social infrastructure. A fast growth in employment occurred. However, after the depletion of extensive growth factors the low efficiency at the micro level became the decisive element slowing down further progress.

The interesting thing is that also in several underdeveloped countries distant from socialism the state played an essential, direct role at the stage of initial industrialization. For example, in 1952 in Taiwan, 57 percent of the industry became state industry. The real difference lies in the fact that on Taiwan, maximally favorable conditions for development of private industry were created at the same time. In 1987, only about 10 percent of the industry was in state hands, and at the same time it was in large measure the same set of enterprises (steel mills, power industry, shipyards) as in the fifties. The production and exporting results of Taiwan, once ranking among the most backward Chinese provinces, really outstripped the achievements not only of China, but also the European socialist countries.

Condition of Efficiency

Securing high efficiency at the enterprise level will have key significance for assuring the success of economic reform. So we'll try to analyze briefly the motivational mechanisms which decide the effectiveness of decisions "of ownership" in enterprises.

We'll assume that the human individual is directed in general by his own interest. This does not exclude cases of altruistic upbringing and being guided by this or another perceived public interest, even in spite of self-interest. However, the point is that an economic system is based on realistic foundations, and not idealistic ones. The effectiveness of various economic decisions will then be larger the more all positive as well as negative economic efforts of these decisions influence the situation of the decisionmaker positively or negatively.

The theory of the principle of ownership expressed several basic conditions for an efficient relationship of effects with actions in the economic sphere.

First, this concerns the basis of the exclusivity of ownership rights. I understand these rights to mean the right to utilize a given resource, taking possession of benefits from this utilization (for example, profit), and the right to change the form of the resource. Exclusivity means that without the agreement of the "owner," no one else has the right to obtain the benefits resulting from utilization. On the other hand the "owner" does not have the opportunity to encumber the enjoyment of other parties with negative results. For example, the actual owner bears the costs of unsuccessful investments, and not all of society.

If the basis of exclusivity is not observed, then one may expect that concern about the status of such joint utilization of property will be significantly less than about the status of the property, in view of which the right of exclusivity is closely enforced. It is not profitable for an individual farmer to drain and fertilize a rural pasture which could next be used by everyone.

An expression of partial implementation of the basis of exclusivity in the current reform is the limitation of powers of various external bodies to interfere in the affairs of enterprises and in administration of profit, wages, investment resources, and so forth. However, in the framework of present assumptions, in a self-governed enterprise or in a so-called managed enterprise the basis of exclusivity comes up against real barriers. An employee of a self-governing enterprise is interested above all in his own wages. The incentive for efforts and sacrifices serving to increase common income which many individuals share will thus be weaker by comparison. The lack of an "owner" in a self-governed enterprise exclusively interested in maximizing profit must be reflected in work discipline, streamlining employment, investment management, and so forth. In Yugoslav enterprises a strong tendency toward squandering one's own income is accompanied by, for example, excessive financial investment with bank credit. For the consequences of possible debts beyond measure in a self-governing enterprise may be avoided by changing jobs.

A "managed" enterprise, in which the director is appointed by a so-called promotor's body, also does not create a motivating system comparable with an "owner's" interest in the exclusive rights to a given enterprise. The career and earnings of the promotor's body officials for various reasons may be linked very loosely with the effectiveness of the actions of the directors they appoint. An official or a political career depends more on support from various political powers, trade and local lobbies, and so forth, than on purely economic efficiency subject to an agency of part of the economy. Prestigious investments, preference for trusted

people, locational mistakes, and protection of inefficient enterprises are common diseases not only in a traditional socialist economy, but also in the public sector of capitalist countries.

A second condition, fulfillment of which in general is not properly touched by previous economic reform, concerns transfer of the right of ownership, and thus of the rights to utilization and exclusivity of benefit mentioned above. Transfer of ownership enables a given proprietorship to adjust better to the competence, range of information, inclination toward risks, and temporary preferences of various potential owners. The proprietor may withdraw his capital from some applications and switch to others, as soon as he recognizes this as profitable.

An opportunity for change confers a market value upon an object of property which may and in general really does differ from book value. Market value indicates the emergence of a capital market which currently controls the efficiency of an enterprise from the point of view of the cumulative value of its future profits. Every important decision by the director of the enterprise immediately has an impact on its market value. So the capital market optimizes trends in the flow of capital in a purely economic way and provides the owner of the capital a suitable standard for the routine assessment of the activity of the directorship of an enterprise.

The lack of transferability of property causes a number of negative results if it regards the efficiency of economic decisions on a microeconomic level. For example, an employee of a self-managed enterprise cannot withdraw his "share" and invest it where it would appear to be most profitable to him. The persuasion of larger collectives to get into innovative and risky activities often is not very efficient.

In a "managed" enterprise, too, in the absence of a capital market even very "objectivized" systems for evaluating directors are not sufficiently conclusive. Furthermore, in practice an evaluation is not given by an owner, who is interested only in economic effects, but by a politician or an official for whom from the nature of things various other considerations must also play an essential role.

Direction of Changes

Without fundamental reform of ownership relations it is difficult to rely on the efficiency of a socialist economy under conditions which deplete extensive causes of growth.

This would indicate not only a lack of prospects for approaching the level of highly developed capitalist countries, but would threaten a systematic increase in the distance from them.

In what could such a reform in ownership relations lie? It appears that chiefly this consists of:

1. Acceptance of a constitutional proposition on the equality of various sectors, admission of competition between various forms of ownership, and the opportunity to change ownership. Work should be accelerated on equality (in both sides, anyway) of sectors in taxation, access to credit, export licenses, access to supplies, government orders, and so forth.

2. Basic reduction of the limitations on the maximum number of persons employed in a private enterprise. In the future one should count on the likelihood that these will be completely abolished.

3. Conversion of state enterprises into joint-stock companies giving very elastic forms of distribution of ownership rights. First, shares would be distributed among non-official institutional subjects which are interested in profits and in growth in the value of the shares they own. This includes reformed banks, insurance institutions, specially created holding enterprises, and also higher educational institutions, hospitals, and so forth. Second, a portion of the state-enterprise shares should be sold to physical individuals. Group ownership would thus predominate, but would give a chance for a capital market to arise. The socioprivate form of joint-stock enterprise eliminates the need for the existence of a promotor's body. The proprietor's function would be fulfilled by a stockholders' meeting.

The problem of reconciliation of joint-stock ownership with self-management requires a separate discussion. Here, certain compromise solutions are possible, such as guaranteeing a self-management group a specified number of votes at the stockholders' meeting or the right of veto in specified matters. Perhaps a self-managing group could also buy shares of their own enterprise on normal principles.

In regard to small and medium-sized state enterprises, especially those with deficits and low profits, it would be necessary to include the opportunity for complete privatization or long-term lease (both solutions are broadly being used within the scope of NEP [New Economic Policy]).

Ownership reform should also permit a wide range of foreign-capital activity in Poland by establishing rules which would provide benefits to both sides.

Economization of ownership decisions does not by itself guarantee industrial development of the economy. There are many examples from capitalist countries which show that fulfilling the conditions of exclusivity and transferability of ownership is not sufficient. Faulty macroeconomic policy, exploitation by foreign capital, or native monopolies also can lead to economic regression. Reforms in ownership must be accompanied by results in the implementation of other reformatory plans and suitable economic policy aimed toward opening the economy, demonopolizing, balancing the budget, hard-currency financing of enterprises, and so forth.

Without Dogmas

Last of all the question arises whether reform of ownership relations also means the end of socialism. It would be essentially so if socialization of the means of production is treated as an end in itself. For the present, the goal of socialism is rather elimination of the possibility of exploitation of one person by another, reduction of the range of social differences, equal opportunity, elimination of poverty, satisfaction of the spiritual and material needs of individuals on a higher and higher level, and the opportunity for self-fulfillment.

In situations when the political mechanism appears insufficiently competent to fulfill the functions of a proprietor with respect to state enterprises, subjecting them to a more effective and economical form of control is essential. The ownership framework in which hitherto existing reforms are being carried out does not promise hope for the creation of adequate motivational mechanisms for making key decisions for efficiency at the enterprise level.

In a reformed socialist economy it is necessary to distinguish and to appreciate a proprietor's functions. Replacement of their comprehensive appreciation with a stereotype of a capitalist person of independent means or with the socialist slogan that we are all the owners of everything cannot lead to anything good. Proprietary functions and control of those directly managing property, choice of applications for an economic surplus, creation of new economic units, taking economic risks, and so forth require specific skills and generally a lot of work, and the optimal fulfillment of these functions has great significance, not only for a proprietor.

At the same time it appears that ideological considerations contrary to the equality of sectors and reform of ownership relations in the state sector should play a smaller role today than previously. In many developed capitalist countries, especially Scandinavia, negative political and social effects of private ownership were successfully curbed substantially in comparison with the 19th century, or, for example, the NEP [New Economic Policy] period in the Soviet Union. All the more such opportunities exist in developed socialist countries. For example, it is difficult to imagine that an increase in the rights of the private sector would lead to a seizure by political authority. Progressive taxation of income and inheritance taxes on the one hand and universal social security on the other tone down differences in the social range. The concern of the state over an equal start (education and upbringing) must not suffer from an increase in the participation of the private sector in the economy. Under conditions of free social services, social security, and freedom of action for trade unions, economic pressure is expressed in a much gentler form than in 19th-century capitalism. In turn, post-Keynesian macroeconomic policy makes possible fairly effective control of the economic situation today.

Quoting the classical scholars and their propositions for eliminating the private ownership of the means of

production, just like money and the market, there can not be a conclusive argument today in a discussion on the future of the socialist economy. The costs of maintaining the traditional approach to property are higher and higher. Ignoring this situation will have negative effects on the fates of socialist ideas and societies which are guided by them.

13324/08309

Machejek Commentaries on August Events

Strikes, Inflation, Publication Reduction
26000030 *Krakow ZYCIE LITERACKIE in Polish*
No 35, 28 Aug 88 p 1

[Column by Wladyslaw Machejek: "From My Observatory"]

[Text] Last week we published an interview with Professor Grzegorz Bialkowski, rector of the University of Warsaw, offering interesting insights into the very near future. The rector had predicted that strike situations may occur in Poland in the coming fall after the August vacation season. The editor's blue pencil deleted this declaration. *Mea culpa.*

The times are Sisyphean. As soon as some start is made and something begins to bloom, it is withered by an autumnal blast. This blasting is also due to inconsistent actions by the government, to its lack of coordination, so that the society is questioning the competence of the government. Prices are rising and an ordinary stool costs a dozen thousand zlotys while a toothbrush costs 800 zlotys. The second stage of the economic reform has not met all expectations. Relinquishing rule over the market to contract prices means abandoning a majority of the society to the mercy of robbers.

The "argument" that inflation must "proceed" because the money in circulation is greatly in excess of the available supply of staple consumer goods, and not just foodstuffs, is a misunderstanding, on the grounds that the government mint prints money because discrete plants and factories are extorting it without increasing their output. The will to say NO is lacking. And this at the same time when, ironically enough the press, radio, and television announce that in such and such a country the cost of living has increased by 2 or 3 percent—no, not in Czechoslovakia or the GDR, and commenting how embarrassing this is to us.

Such views cause me to be increasingly more pessimistic about Poland's future, both domestically and externally. In expressing such views, irrespective of the calming of the strike turmoil and its cost, the media at the same time express pride in the restraint shown by the millions of workers who are unwilling to join the strikes even though the quality of their life is deteriorating and they are worried about the upkeep of their families. In my opinion, this reflects their inner strength; they enable the government to

engage in self-criticism and present the possibilities for halting the adverse trends. How has the government utilized the emergency powers granted to it by the Sejm for the remainder of this year?

Closest to the truth is the Declaration of the OPZZ [National Trade Union Alliance]. The Chairman of the OPZZ is Alfred Miodowicz, a member of the Politburo of the PZPR Central Committee. I assume that the OPZZ's position was presented to the Politburo, and that the latter's members should draft appropriate recommendations to prevent the worsening of a bad situation. The mood of an overwhelming majority of the society, which is opposed to strikes, since these mean additional problems with consumer goods and services, should be taken advantage of. Something should be done about the unrestrained price hikes. Perhaps a price freeze? Perhaps appropriate "bodies" should be appointed to let out the air from the inflated prices? In what year before the war, when "the cursed Sanation" had governed the nation, did something like that happen?

Only a handful of people are striking, but this is no reason for relaxing. Perhaps these strikers are not sufficiently mature, or they are fanatics, firebrands? They are the generation born in the sixties, that is, an impatient generation and one dazzled by the West, hearing that in the United States they would be earning US\$1,500 monthly but ignorant of the fact that the cost of the average dinner there is US\$6-8 and the monthly rent of a small apartment is US\$400.

The public was upset by the government's silence. This gap was largely filled by the televised announcement of Minister of Internal Affairs General Czeslaw Kiszczak. He announced "appropriate steps" and left it to viewers to read between the lines, so to speak. The Germans will profit most from the revenues lost by the Port of Szczecin. The losses are and will be irreparable.

One last observation: Is democratization to cost so much?

P. S. We ask the indulgence of our readers over the growing difficulties in buying copies of ZYCIE LITERACKIE at newsstands. The Krakow Press Publishing House has drastically cut our circulation. What is our sin, Comrade Alina Tepli?

VIII Plenum, Paper Government
26000030 *Krakow ZYCIE LITERACKIE in Polish*
No 36, 4 Sep 88 pp 1-2

[Column by Wladyslaw Machejek: "From My Observatory"]

[Text] Yet another plenum of the PZPR Central Committee, the Seventh, termed historic and even climactic

in the discussion, has taken place. Still, while they agree that the party is the decisive force, people must remain of their strength to wait for that force to resolutely implement its resolutions. They want to believe that the party is really in command and governing, and that it will tap its potential. And yet, while we do not wish to negate the accomplishments following the truly historic December 1981 [when martial law was declared], these lofty resolutions were prepared by a handful of the same administrators. How many times in the past splendid plans proved to remain on paper? Here I am referring to certain comments made during the 2-day discussions at that recent plenum. I dream of realistic and specific resolutions, rather than of those conceived by academic theorists—I dream of resolutions which, once passed, begin to be genuinely implemented. In a word, I dream of Bolshevik resolutions.

It is the misfortune of “lofty” resolutions that they are passed on the spur of the moment, spurred by a thunderous fiat as it were, instead of being based on thorough analyses of the situation. Armchair governing commences with the spell cast by academic spinners of ivory-tower constructs rather than with analysis of the public mood, the mood of not only the workers but also and mainly of the young who are just making a start in life. I am not prepared to specify to what extent the wages paid to miners are unfair, but I know for certain that, despite the quite good facilities at our coal mines, the daily coal extraction per Polish miner is barely 60-70 percent of the extraction by a French or West German miner. As for the credibility of the government’s promises, that is another matter. The peasant proverb, “Strike a firm deal as then it is easier to pay,” does not always apply.

The latest strikes are not due to some recent negligence on the part of the mining companies and the government. Besides this does not apply to mining alone. Right now is the anniversary of the famous hot Polish summer. We had praised the Szczecin, Gdansk, and Jastrzebie agreements and were proud of their provisions. Yet, in most of these provisions we made no allowance for their feasibility. It is fairly easy to make political moves upon guaranteeing alliances and inviolability of the boundaries of the other party, but the promise that, e.g., the waiting period for an apartment would be not longer than 5 years was frivolous. A friend of the workers cannot be a mere yes-man. Or perhaps the impatient ones have bats in their belfries?

The upsurge of the mood of unrest was not accompanied by any acceleration in patching up the holes in the system. Even the low voter attendance in elections to

people’s councils had not prompted a thorough analysis of the public mood and measures to counter the public’s frustrations. Great plans stimulating social ambitions and marshaling social potential are lacking. People are asking, why is that so considering our great national resources? The answer given is: we need practitioners, we need efficient managers. Bismarck once said that one professor in a government is an ornament, two mean trouble, and three mean a tragedy. And yet the proposals for reforms in the politics and government are being made by ever the same group of people in power. I think that workers, farmers, and the “gray” intelligentsia should be invited to the “round table” if any eminent participants can be found. This would offer better prospects than the myth that academics outside the government can solve the problems.

The recent Plenum appealed to the government to accelerate various remedial measures. The discussion at the Plenum, the report by Central Committee Secretary Professor Baka, and Miodowicz’s speech on behalf of the OPZZ, revealed the disintegration of public and economic life. Such are the consequences of the absence of personal accountability. Such are the consequences of the failure to include in the agendas of all the PZPR Central Committee plenums a report on what could and what could not be accomplished in the periods intervening between the plenums. And now, under the pressure of both the discussion at the latest Plenum and the public mood, the government decided on or rather announced a plan for consolidating the national economy, which means that, among other things, the 1989-1990 Plan will be revised. A question: will this be handled by dreamers?

The most difficult task, and one that has to be implemented on a daily basis, fell to Deputy Prime Minister Z. Szalajda: “Increasing the supply of consumer goods and assuring continuity of the sales of staples, especially by assuring an adequate and growing supply of producer goods to consumer industries.”

It may be that Z. Szalajda will demand that some industrial capacity be converted to the production of consumer goods, as was mentioned by Professor Baka.

Conclusion: The expressions “competent” and “incompetent” were used in the discussion at the Plenum. The acceleration may afford a chance for doing away with the epithet. But the Sejm has yet to make its view known.

Krakow, 30 August 1988.

GERMAN DEMOCRATIC REPUBLIC

Order of Day Delivered on National Day

AU0710161088 East Berlin NEUES DEUTSCHLAND
in German 6 Oct 88 p 2

[Text] East Berlin (ADN)—In the Order of the Day, Army Gen Heinz Kessler, minister of national defense, conveyed congratulations to the members of the National People's Army, the civil employees, and the reservists on the occasion of the 39th anniversary of the founding of the GDR. Thanks to the policy of the Soviet Union, the GDR, and the other socialist states, which is aimed at peace and security, and the growing peace movement on all continents, a change in international relations is becoming discernible, it states. The idea of a world without war has become the goal of millions of people and the state policy of many countries. The GDR, under the leadership of the SED, has now been implementing this target successfully for the 40th year. "A democratic state has been created, recognized by international law, with modern industry, productive agriculture, high-level culture, and inspiring intellectual life, in which the citizens have become the masters of their destiny through their work and their participation in shaping all

social processes and in the exercise of power." The meaning of being a socialist soldier will continue to express itself in the safeguarding of peace and the protection of socialism.

In his Order of the Day, Army Gen Friedrich Dickel, minister of the interior and head of the German People's Police, stressed that the 39th anniversary of the founding of the GDR is characterized by the resourceful struggle of the working people, of all members of the People's Police, and of all organs of the Interior Ministry to implement the resolutions of the 11th SED Congress. In the towns and throughout the country, in all spheres of social life, outstanding achievements are being accomplished in comprehensively strengthening the worker-peasant power and in implementing the policy of the party, aimed at the citizens' well-being, the minister stresses. "Together with the working people and in close cooperation with our country's defense and security forces, our members are making a valuable contribution to ensuring a high level of order and security, and the well-being, peace, and protection of our citizens. To be able to guarantee this in the future requires a further increase in the quality and efficiency of work, obedience to orders, readiness to fight, political and moral steadfastness, and a firm alliance with the working people."

INTRABLOC

CEMA Integration Efforts Faulty; USSR Role To Be More 'Complementary'

26000022 Warsaw *POLITYKA EKSPORT IMPORT*
(Supplement) in Polish No 16, 20 Aug 88 pp 17-18

[Article by Jerzy Kleer: "Can We Do Better?"]

[Text] Recently, criticism of the CEMA has been getting more vocal. This is hardly surprising. This organization does not provide a stimulating influence on the economies of individual states, nor does it improve the position of the group vis-a-vis the world. What harbingers of progress have come in recent years have been the result of bilateral rather than multilateral cooperation. Therefore, the time has come for changes, and rapid and fundamental changes at that. The criticism levelled by many representatives of the socialist states at the 44th [CEMA] Session fully confirms this. Prime minister of the USSR N. Ryzhkov said outright that "this is a bureaucratic organization."

The shortcomings of the CEMA have been described many times. There is no need to repeat all the accusations. However, it is worthwhile to address several issues. Certainly, they are nothing special for experts; nonetheless, when making the organization healthier is an urgent task, we should look at them more closely. The CEMA—its current structure and arrangements—is the product of a centralized command-and-allocation model, which dominated in the past in all socialist countries. While significant changes have been made in many of these countries, the organization itself, operating on the principle of a concensus of sorts, has not undergone much of a transformation. The overall pace of economic, social and political changes in the CEMA countries was not quick, but in the CEMA itself the changes came even slower. To some general degree, they were determined by changes or the lack thereof in the Soviet Union. In addition, certain other countries (e.g. Romania) delayed the transformations called for in the CEMA.

It is no accident that basic points of the integration program adopted in Bucharest in 1971, which was supposed to change substantially the way the organization operated, have not been implemented. In the most general terms, this was due to two circumstances: on the one hand, the Soviet policy towards the CEMA during "the era of stagnation," expressed in an actual return to the stalinist, centralized economic model, on the other hand, dislocations in the world market under the influence of the 1973-74 price shock. These circumstances caused the CEMA to separate itself, to a degree, from the world market, at the same time borrowing heavily from Western states.

A vicious circle emerged, whereby overcoming difficulties with the old methods was attempted, while these methods caused the difficulties to be exacerbated. There

was no resolve to restructure the mechanism of operation in a way ensuring adjustment to changing conditions in the world market. Both the socialist countries of Europe and the CEMA as an organization essentially fell behind rather than moved ahead. Negative phenomena in their economies were increasing.

Is this to say that in the 1970's there was no attempt to change anything in the sphere of technical progress and industrial structures? Such attempts were made, with, among others, the GDR, Poland and Hungary leading the way. However, the reconstruction of economic and technical structures was mainly material in nature. This means that imposing technical progress on the economy and creating new industries was attempted in the traditional manner. A plant or a production line mattered, the cost and efficiency of investment were less significant. The economy was mainly supply-driven in nature, the regulatory mechanism was tied to the plan, which maintained its command character, rather than the market. An economy of this type necessarily caused continuous shortages, which was convincingly proven by J. Kornai. This mode of management created disequilibrium in the domestic market, regardless of whether this was happening in an environment of high or low growth rates. These phenomena spread to the CEMA as a whole. Attempts were made to contain them by balancing [the foreign trade] exchange at the central level in bilateral relations. In practice, this meant that under the sign of the CEMA, in essence only the bilateral links operated.

The economies of scale were restricted, not only because every country strove to balance exchanges (also in individual product groups), but primarily due to the system of prices having no influence on streamlining production inside the country. Internal prices were entirely divorced from foreign trade prices. Compensatory systems of prices in foreign trade, though different in individual countries, played a stabilizing or even developmental role in the internal market. However, they were not based on rational economic premises. If we add to this the fact that attempts were often made to solve the problems of mounting raw material, fuel, foodstuffs and other shortages at the highest level (coordination by the first secretaries or prime ministers), then it becomes clear that such a system could not perform the functions prompting beneficial necessary transformations in the national economies of member countries.

In light of this, where does the CEMA stand now? We should, perhaps, begin by stressing emphatically that this is not an organization whose individual members have common or at least complementary goals. It may be that they will emerge in the future, but so far the existing goals, especially in the short and medium-term, are divergent, and often even contradictory.

Let us look more closely at the 10 states which the Council for Economic Mutual Assistance consists of. (Incidentally, it may be worthwhile to observe that this name no longer reflects either the nature or the tasks which the integrated group is now facing).

The CEMA is divided into at least three elements with differing economic goals. The first such element is the Soviet Union, which in relation to the other states is a special partner. Also, the profile of its economy is quite peculiar within the integrated group. Three phenomena deserve to be emphasized in this regard. Regardless of the fact that at present, as well as in the future, the trade exchange and cooperation and specialization links to other countries play, and will play, an important role for the USSR, the internal economy necessarily has paramount significance for this economic superpower and, first of all, large state.

If integration is treated seriously and as a long-term process, then it is obvious that the Soviet economy will always be complementary only in part in its links to other CEMA countries. It must be self-sufficient to a great degree, the same as in any large state, e.g. the U.S. or China. It is obvious that, even if large states have strong links to others, the significance and impact of such links for them is less essential than for their partners.

Individual CEMA states have formed powerful ties of interdependence with the Soviet Union, which, however, are asymmetrical. Every CEMA country is strongly tied to the economy of the Soviet Union, with the turnover [of foreign trade] with it accounting for at least 25 and up to 60 percent or more of the total. The dependence of the USSR on these states is much lower, because the highest share in the turnover here does not exceed 10 percent.

Regardless of how much care was taken to ensure equality in economic relations, the system of links to date did not fully guarantee this: after all, there was no convertible currency, and quite arbitrarily set prices were in effect, which brought about the existence of a certain scope of domination. As it were, such a phenomenon occurs in every case when the high share of [foreign] trade turnover occurs unilaterally.

In this context, the third aspect of mutual relations between the Soviet Union and the remaining CEMA countries merits mention. This is the obsolete structure of exchange, based on the USSR having for years delivered mainly fuels and raw materials, and purchased manufactures. This is a general phenomenon affecting the entire Soviet foreign trade, which, however, is also very powerfully present in trade with the CEMA countries. The surplus of exports over imports which continued between 1982 and 1986 in the trade of the USSR with the six European CEMA countries, ranged between 945.6 million rubles and 2,607.2 million rubles; in 1987, it declined to 61.1 million. This was the consequence of declining prices for raw materials and fuels. Certainly, the decline in the trade balance in itself is no tragedy. However, this suggests that restructuring the trade exchange is becoming a necessity for the Soviet Union. After all, it is not in a position to export more raw materials and fuels (with the exception of gas). The output will not increase, at least not in the next few, or

even dozen, years. This is a significant problem for the CEMA countries, because they are almost entirely dependent on these deliveries. It is obvious that a contradiction in interests exists between the Soviet Union and other countries. On the other hand, the Soviet Union has been bringing up the frequently unsatisfactory quality of finished products delivered by the CEMA countries.

Now let us look at the group including other European socialist countries. The picture is very complex, and presenting it in detail is impossible due to the limited space of this article. Nonetheless, several general phenomena should be described.

Great differences in the system of managing the national economy are the most important issue. Such differences are so great at present that we may talk not only about certain versions of the same model, but about fundamental distinctions between them. If we compare, say, Hungary and Romania, we are dealing with two opposing systems of operations. One has a market, or almost market-oriented system, the other is centralized, of the command-and-allocation type. These are systems not compatible with each other.

If we were to classify the states roughly according to economic model, three groups emerge from such a simplification: the first one consists of Hungary and Poland, with similar systems, but at different stages of advancement, striving for the model in which the market plays an important role as a mechanism for allocating the factors of production; the second group includes Bulgaria and, apparently, Czechoslovakia, which is only beginning to move in the direction of a planned parametric mode; and the third group consists of the GDR and Romania, where a centralized mechanism, largely of a command nature, dominates.

Without going into the evaluation of individual model arrangements, one thing can be stated expressly: differences of this magnitude in the operating systems impede economic cooperation in trade exchange, production contracting and specialization considerably, to say nothing about direct links between enterprises, associations, etc. In reality, this brings about a situation in which all agreements, or at any rate most of them, have to be signed at the state level, which restricts the scope of possible cooperation, and forces balancing not only the overall exchange, but that within commodity groups. In this instance, every state considers expanding cooperation to be a hard necessity, and not a benefit.

It is also noteworthy that the shares of individual CEMA countries in the mutual exchange are not too large. Some Western countries often rank higher than those from the CEMA on the list of economic partners. Of course, there are reasons for this, associated mainly with the fact that the influx of modern technology comes mainly from the West. Technical progress in the CEMA countries is incomplete. This phenomenon has been apparent for

decades. Thus far, no satisfactory solution has been found within the economic mechanisms to date. This is one of the signs that integration continues to be a phenomenon in the sphere of words and resolutions rather than practical solutions.

Because of the general export inefficiency of the CEMA states, the reorientation towards the Western states, which occurred in the 1970s, resulted in high [foreign] debt. In 1987, the debt of 6 CEMA states amounted to 88.9 billion (gross) in U.S. dollars, and, including the Soviet Union and CEMA banks—\$123.5 billion (gross). Since 1980, the debt of all CEMA countries, except Romania, has increased.

Despite the fact that the increase in indebtedness is a long-term process (it has been underway for more than 10 years), the CEMA countries have not formulated a joint policy vis-a-vis the creditors, and I suspect that there has not even been an attempt to create such a policy. The same applies to the trade policy with regard to the West, or, more broadly, third countries. Every country has tried to solve its problems single-handedly. This is also an example of inefficiency in the integrated group.

The third group comprises the least developed CEMA countries: Cuba, Mongolia, and Vietnam. Their status so far has been based on, among other things, close linkage between economic cooperation and aid. Due to the doctrine in effect in the group, the principle of equalizing the economic level has been elevated to the rank of a general regularity in the development of the world socialist economy. I am not elaborating here on whether such a regularity actually exists. One thing is certain: the present efforts to change the economic mechanism run into resistance from these states. For them, equivalent exchange must amount to reduced benefits. Of course, the more developed CEMA states do not renounce the aid. However, some of them strive to separate what is regular exchange from what is aid (preferential credit or gifts). The countries in which the transition to new systems of economic operations is already more advanced advocate this view.

This review of various groups of countries in the CEMA, superficial as it is, allows us to draw two conclusions.

Firstly, short and medium-term goals have dominated thus far in the economic policy of the CEMA states. This is part of the reason why views on the most necessary changes in the economic mechanism of the integrated group remain very different. An effort to reconcile them is very difficult, and, as a rule, burdened by far-reaching compromises.

Prolonged consultations on new arrangements are the second issue. Prime Minister Z. Messner, proposing to create an integrated CEMA market by the year 2000, emphasized the highly significant external factor forcing an accelerated pace on us. He said, among other things: "This is all the more essential, because the world moves ahead quickly. The economic integration of Western

Europe is a symptomatic case in point. As early as 1992, the European Economic Community may become the only fully integrated economic organism."

Unfortunately, creating the integrated market does not appear to be the primary [task] and the first priority of all CEMA states. For some, it is so because their domestic policy is not adjusted to such a market (e.g. Romania), whereas, for, say, the GDR—because it will have access to the future integrated Western Europe through its links to the FRG.

Is this to say that nothing is going on in the CEMA as an organization, that it is still stuck with the rigid arrangements which have been in effect for years? Such an evaluation would be exaggerated. However, greater movement is apparent in the sphere of concepts rather than reality. In recent years, certain steps have been taken. It will suffice to mention the concept of the international division of labor in 1991 through 2005, various proposals for changes in the economic mechanisms of the CEMA, or, earlier, the program of scientific-technical progress until the year 2000.

However, the program of scientific-technical progress and the multilateral concept of the international division of labor in 1991 through 2005 emphasize the sphere of material links rather than the system of economic regulations. To a degree, this is understandable, because the material links are rooted in the existing tradition of cooperation, and because the regulatory systems in individual states are very different. It appears, however, that the economic mechanism should be given priority. The experience of the past proves it. The world, especially the most developed world, is pulling away from the socialist countries. This calls for quick action. It is also known that proposals to change the economic mechanism cause the most resistance, especially from the states which have not yet restructured their internal management systems. No state can be forced to accept practical arrangements which it is sceptical about or for which the internal conditions are not yet ripe.

All of this is true, but there also is the other side, which should not be forgotten. The creation of the integrated socialist market is a necessity, and an urgent one at that. It is no accident that Prime Minister N. Ryzhkov stressed: "For us, the integrated market is not a fashionable slogan, but an important policy line for the development of the integration process."

Therefore, what can and should be done? Individual arrangements cannot and should not be speeded up forcibly in all of the CEMA countries. Hence the conclusion that the integration process should proceed in segments, that is, the countries which recognize that rapid action, a speedier adjustment of economic structures and systems of operation, and solving currency problems are expedient and possible, should join in this

process more vigorously. I think it is not very important that the process will develop unevenly. The difference between the concept of integration which existed in the past and the one which is beginning to take shape now, to a great degree, boiled down to the fact that in the past, all problems were solved at the top, i.e. at the state-to-state level. At present, the emphasis of integration is shifting downwards, to enterprises, associations and other basic-level units. No genuine integration will come about, unless there is going to be genuine cooperation at the bottom, unless joint bistate and multistate enterprises are set up. The integrated market will remain a theoretical concept alone. This, of course, means that finance and currency problems are the most important issues to be solved at the state-to-state level. The experience of creating joint Polish-Soviet enterprises indicates that we will not make any meaningful advances in the absence of a proper price system, currency exchange rates, and, at a further stage, convertibility of the national currencies. This is increasingly better understood, at least by the leadership of some countries.

We have to repeat: time is passing, we have lost a lot of it in the past, and still continue to lose it. Integration is a positive challenge. If at present some are not up to answering it, then the ones who cannot and do not want to wait any longer should lead the way. Old ideas about the need for unanimity and agreement on all issues and under all circumstances are being discarded, including the issue of economic integration, as well.

9761

POLAND

Command-and-Allocation Economic System Continues To Hinder Reform Efforts

26000013 Warsaw *KONFRONTACJE* in Polish No 3, Mar 88 p 22

[Interview with Leszek Balcerowicz, Institute of Economic Development at Main School of Planning and Statistics, formerly director of group of young economists that drafted economic reform program in 1980, vice president of Polish Economic Society 1981-82; by Piotr Grochmalski in early October 1987: "The Second Reform or the Second Stage?"]

[Text]

[Question] Behind us is the so-called small reform of 1981, which Prof Mujzel called a not too successful enterprise. Results of the so-called first stage of the reform do not appear to be any better. The amount of words spoken about the reform is in inverse proportion to its results. Will it not be called by historians the greatest reform... on paper?

[Answer] I concur with the opinion that after 1981 an attempt was made to implement at best a very incomplete reform, which did not violate the main features of

the existing system, and, due to this, could not produce any decidedly favorable results. In addition, this attempt was made under very unfavorable sociopolitical conditions, caused by martial law. This extinguished non-financial forms of motivation in our society, which could have been a very useful factor in the initial period of introducing the reform.

[Question] Prof Baka maintains, however, that the theoretical premises of the reform were very good. It is their implementation that went wrong.

[Answer] Of course, what has been done under the slogan of the reform falls short of what has been laid down in the official document. However, I disagree with the statement that this draft was so perfect. In other words, even if it could have been implemented completely, it would have been difficult to expect great results.

[Question] Could it be that your critical appraisal of the concept of reform is due in part to some disappointment over the fact that this draft, and not the one developed by the team you headed, was officially annointed?

[Answer] Our proposal was based on a certain diagnosis for the system which was to be changed. We maintained that the command-and-allocation system has certain basic features, a certain backbone. The command-and-allocation mechanism is its first element. This is a highly imperfect substitute for the market, an attempt to replace horizontal negotiations between suppliers and customers by central balances, orders, administratively set prices and allocation. The hierarchical, multi-level system of organization is the second element of the backbone—a Poland of ministries, a Poland of associations. The levels of this system are interconnected by the party and state nomenclature. Such an organization of the economy is needed for the command-and-allocation mechanism to survive. The state monopoly on setting up and disbanding economic units, which, among other things, means the removal of private individuals and [already] existing enterprises from such operations, is the third element. Finally, the fourth element of the backbone is found in the mechanism, according to which state agencies take almost the entire profit (as well as amortization) away from enterprises, in order to subsequently redistribute it to other enterprises, which, in turn, calls for peculiar financial institutions, such as a monopoly bank and a [state] budget scarcely separated from it.

[Question] This sounds very clever, but what is the upshot of this for the reform?

[Answer] The upshot is found in the statement that only the reform which will eliminate, within a short period of time, these four basic features of the command-and-allocation system, replacing them with other arrangements, has a chance to survive and produce favorable economic results. We designed our draft with this in mind. Now, we have critically reevaluated some of our

proposals at that time, believing that, despite everything, they were not radical enough. Overall, however, I would be inclined to support this school of thought. If we recognize the elimination of these four features to be a certain threshold which we must cross, and compare it to the draft they have been trying to implement to date, then it turns out that the arrangements suggested by it fall far below the mark. Hence my statement that even the complete implementation of that draft would not have yielded satisfactory economic results.

[Question] A year ago, you said: "If the current trends in the economic system and economic policy are maintained, then nothing but stagnation is the likeliest long-term consequence." May this be happening already?

[Answer] None of the revolutionary changes I talked about then have taken place. This is why this conditional prognosis had to come true.

[Question] In that case, should we not say openly that the reform has ended in a shameful failure and that our economy continues to be based on the foundations of the old system, with minor modifications?

[Answer] In my opinion, it is high time to state that the reform has ended in failure, owing to the incompleteness of the reform to date and the socio-political conditions under which it has been implemented. This, however, does not eliminate the need for radical reforms. After all, we live in this country, an overwhelming majority of us will remain here, and thus all of these problems, which will have to be solved sooner or later, will remain with us...

[Question] Therefore, we take another crack at it?

[Answer] What other options do we have?

[Question] To mention just one, to believe that the command-and-allocation system serviced by professionals may, after all, operate with a degree of efficiency.

[Answer] It is true that, within a certain range, various economic results may be secured under the command-and-allocation system, because this depends not only on the type of system, but also on the economic policy. Our present economic tragedy is not only the result of this economic system, introduced in our country after World War II by a stroke of historical bad luck, but also of an exceptionally incompetent and irresponsible political and economic leadership coming to power in the 1970s. However, the fact that it could come to power and subsequently keep it for so long was due to systemic causes, such as the lack of an efficient arrangement for selecting political leadership of the country. Apart from this, it is impossible to exceed a certain low limit of economic efficiency under the command-and-allocation system, even given a relatively competent economic leadership. After all, even in this situation the efficiency of the economy will necessarily be much lower than that

possible in a market system, and especially in a private-market system. Therefore, radical changes in the economic system are our only opportunity to conceive realistically of overcoming the tragic situation we are in.

[Question]... and in the political system. Even the best reform has no chance to succeed without this.

[Answer] Beyond any doubt. To my mind, it is necessary to solve at least two key problems of a political nature. Firstly, the state must withdraw from the economy in a major way. Therefore, far-reaching economic liberalization is necessary. In all of that, when I say the state, I also mean the party. After all, it is impossible to separate the state apparatus from the party apparatus under a single-party system.

[Question] You are being obscure...

[Answer] This is just a general postulate outlining only the direction of reform. In making it more specific, we should add that, among other things, this includes the necessity of abolishing party nomenclature with regard to the management of state enterprises, and also instituting fundamental transformations in the structure of property. This certainly means a wide opening of the economy for the private sector, among other things. This could, within a short period of time, bring dynamism to society and encourage in it the kind of economic vigor which we are now unable to bring out.

[Question] Therefore, we should toss into the wastebasket the bloated volumes with treatises on the superiority of one form of property over the other and restore the principle that someone's efficiency in market operations, rather than some non-economic factors, will determine who gets the greatest benefits from economic operations?

[Answer] This statement is increasingly gaining acceptance among the economists, as well as in the common consciousness. I believe that this is one of the most significant changes to come about in the economic consciousness in the 1980s. As recently as the 1970s, nobody officially said this, with minor exceptions. At the time, they only started dropping cautious hints about the market as a mechanism ensuring higher economic efficiency. However, the issue of property, a fundamental problem in the economy as it were, did not exist in the official economic science, or rather existed only in an ossified and doctrinaire interpretation.

[Question] What about party organizations in enterprises?

[Answer] I do not see a place for them in enterprises as bodies which are supposed to have an imperious influence on economic affairs. However, if members of the party at enterprises want to have their own organization, then they are welcome to it; it is their own business. In a genuinely reformed economic system, there is simply no

room for party elements acting as elements of formal or informal authority, with regard to enterprises or banks. In this matter, I believe that the existence of imperious party elements above enterprises is even more inadvisable, from the economic point of view, than the existence of such cells inside enterprises. After all, in the latter case, they are likely to be able to identify themselves with the enterprise to a great degree, and therefore would not have to impair its autonomous economic operations by their activities. On the other hand, the existence of imperious party elements above the enterprise necessarily clashes with the basic fundamentals of the reform in a major way. Firstly, because this restricts the scope of enterprise autonomy, due to arbitrary interference. A politically predicated selection of the cadres is the second harmful influence. After all, it is known that the efficiency of operations of the entire enterprise depends to a great degree on the quality of the management cadres.

[Question] Therefore, a considerable degree of withdrawal by the party and state apparatus from the economic sphere is one of the political conditions which, in your opinion, must be met...

[Answer] The political atmosphere which would accompany this transition to a new, reformed system is also terribly important.

[Question] Without social support for the next attempt at reforming the economy, is the plan doomed to failure from the very beginning?

[Answer] I would boil this down to an issue of political legitimization of the authorities, that is, whether society is inclined to give them yet another credit of confidence, whether it will agree to certain costs entailed by the attempt to switch to a drastically different system—a system, however, which will provide a realistic opportunity to come out of our critical situation.

[Question] Therefore, [there is] a unilateral demand on society: trust me, because you have got no other way out?

[Answer] Confidence has to be earned; everything comes at a price. It is difficult for me as an economist to say how the authorities could win society over for implementing an ambitious, radical reform program. I believe that the authorities primarily must convince society that this time around it is a truly authentic attempt, and this can only be achieved by decisive steps towards economic and political liberalization, rather than just discussions on that topic.

[Question] Isn't it true that the longer the radical steps are delayed, the smaller the probability of them yielding the results expected?

[Answer] I think that the longer the reform slogans are proclaimed, while in reality only very incomplete changes are made, the greater the dejection of the people,

as well as apathy and scepticism, with regard to the intentions of the authorities. Then, even if the radical steps were to be made, some time would have to pass before this psychological barrier could be broken. In this event, such actions would have to be considerably more radical than the ones expected earlier, because the society would be "resistant" to a considerable degree. What, perhaps, is at play here is a mechanism of psychological blockade—am I (...) to let myself be misled, to come to believe, and later go through yet another great disappointment? I prefer to be skeptical.

9761

Economic Activity Law: Ambiguous but Premise Deemed Necessary

26000652a Warsaw ZYCIE GOSPODARCZE in Polish
No 24, 12 Jun 88 p 5

[Article by Marzena Kowalska: "Declaration of Economic Freedom"]

[Text] Not too long ago, we were informed with official, administrative authority supported by official stamps that the production of lamp shades, bird cages and crocheting may threaten important state interests. This is how the refusal to grant permission for the opening of craft-trade shops in Lodz was substantiated (seriously!). These ludicrous issues (although truly serious employment problems of Lodz industry lay at their base) gained much publicity at one time reaching the Chief Administrative Court and the press columns. The Chief Administrative Court settled the issue in favor of the public and after long and painstaking efforts, the shops were opened.

Soon—let us hope—such situations will already be a part of the history of our economy as a result of the law on the conducting of economic activity. For the time being, however, the draft plan passed on 30 May by the Council of Ministers is still in the discussion stage. Its earlier version (see ZYCIE GOSPODARCZE No 22) was the subject of deliberations of the Economic Reform Commission (see ZYCIE GOSPODARCZE No 23). Comments were also voiced by the Tenth Team of this commission and by the Legislative Council. The draft plan received favorable reviews while critical remarks pertained more to the specific solutions than to the concept itself of the future law.

Turning Point

The draft plan had a long beginning. The concept was submitted as part of the proposals of the second stage of the reform as early as 1986. It was repeated in the implementational program and in November of last year [1987], the assumptions of the law "On the Principles of Undertaking Economic Activity"—as it was called at that time—made their way to public opinion. The drawn out work on this law evoked certain impatience even on

the part of the observers and participants of our economic life as expressed in the columns of POLITYKA by editor Zygmunt Szeliga in presenting his own proposal. It was met with strong response although it was treated by lawyers as journalistic material for consideration rather than a concrete draft plan of a legal act. However, it must have fulfilled its purpose because it activated the work of the URM [Office of the Council of Ministers] on this law.

Actually, we presented a detailed discussion of the draft plan in No 22 of our publication (pages 6-7) but it is worth quoting article 1 once again at this point: "The undertaking and conducting of economic activity is allowed to everyone on equal terms with the observance of the conditions specified by the rules of the law," and as is later stated, "Economic units may within the scope of the conducted economic activity carry out various legal functions or actual activity that is not prohibited by law."

These entries introduce a new quality to our economic law. They sound like an introduction to a kind of charter to economic freedom and equality with the added on principle that "what is not prohibited by law is allowed." This is an important principle that breaks away from the hitherto existing restrictionist philosophy. Perhaps it would be worthwhile to note at this time that some lawyers are not its uncritical advocates and recommend caution pointing out the existence of certain standards and principles alongside the rules and regulations. Nonetheless, the aforementioned three legal, fundamental theses will have a decisive significance when resolving interpretational disputes. That is why their placement in the law denotes a real turning point.

An additional asset of the draft plan lies in that it encompasses everyone regardless of the type of ownership that they represent. Another of its advantages is also the recognition of units without legal status as economic units, which precedes the changes that are to be implemented (but will they ultimately come about—this is the important issue to which lawyers are paying attention and, among others, Prof L. Bar at the forum of the most recent session of the Reform Commission) in the civil code and, most important, this expands the sphere of active participants in economic life.

In all certainty, the simplified process of initiating activity proposed in the draft plan receives overall approval. A decision was made to introduce a sideline category, remunerative to be sure, but one that would not constitute a basic source of livelihood and one that would not require any application as opposed to activity on a wider scale, although, in this case also it would merely suffice to be entered on record. This would denote the end of the beggary for permission that has existed thus far. As a side note, it would be worth adding that the legal registration process proposed in the "Assumptions" and highly criticized, which could become a burdensome barrier for private enterprise, was abandoned in the draft plan. This

does not mean that it was possible to totally eliminate these types of obstacles but I will return to this elsewhere. For the time being, let us concentrate on the merits of the document.

According to industrial law, the restriction of freedom would be the obligation at times of possessing qualifications or the obtainment of a license. And here we should make note of another plus for the authors of the draft plan for proposing a closed list of such spheres (although not all are thoroughly convincing) whereas delegations for the government in this matter would only concern its [list] reduction. The situation is similar elsewhere where there is talk of curtailing employment in private business establishments: the law gives the minister of industry and regional state administration agencies on a voivodship level the power of increasing the limits in certain fields. Thus, this would differ from the practice so far. Lower ranking legal acts could soften the rules and regulations of the law and not vice versa. The fact that the lack of criteria for such deviations in the draft plan opens up a not so small margin of admissibility is another matter. This admissibility [uznaniowosc] may be used wisely but it should also be kept in mind that in our country there is a strong allergy to this method of governing. At any rate, this was expressed at the aforementioned session of the Reform Commission.

In sum, however, the innovative solutions of our 40-year history, that are contained in the draft plan, have been met with approval, thus far, and also in a workshop sense. Nonetheless, doubts and reservations of all kinds are not lacking.

Tightening the Reins

The first instances of this already appear in the article in which the exemplary spheres of economic activity are mentioned. Such listing—as proved in practice—may encourage officials to form safe interpretations that are limited solely to the mentioned fields without regard for the term used "in particular."

Other entries that threaten with the restriction of economic freedom may also be detected in the document. Such a threat is concealed behind the task delegated to the Council of Ministers of defining the types of economic activity in the decree, the undertaking of which requires proper qualifications. The situation would, undoubtedly, be more clear if the law were to decide this while the decree of the Council of Ministers would only specify the details.

Everyone who is even somewhat connected to economic life reacts quickly and decisively to the inaccuracy and imprecise formulation of the wording in legal acts. It was no different, for example, at the meeting of the Tenth Team [zespol X]. Attention was called to, among other things, that in the draft plan the definition of a remunerative sideline, which may be practiced without filing for

registration, was not too clearly expressed. This is important in that—as proposed in another article of the law—a penalty of the loss of freedom for up to 2 years (which, by the way, is considered a rather drastic solution) would threaten for the practice of economic activity that is not properly registered.

A similar charge may be made against the authors in areas where they use the term “organized establishment.” A precise definition is lacking as to what ought to be considered such an establishment. This is not a trivial matter because if economic activity were to be conducted in such an establishment, then the registering of an institution or granting it a license could be made subject to the fulfillment of conditions arising from separate rules and regulations, thus, for example, relating to environmental protection, fire-fighting, sanitation or construction. Therefore, by way of example, will three seamstresses, who work under one roof, be subject to the same rules as the manufacturer of chemicals? A newer version of the draft plan allows for only the declaration of the interested party to conduct business to be a predeterminant in this matter. Therefore, the previous entry has been abandoned (for which appeals were made in, among others, the Reform Commission). This entry gave the possibility of a choice between proof of having fulfilled all requirements, and experience. There is no need to convince anyone that in this way, the possibility would open up of tightening the reins on entrepreneurship even before it would have the chance to produce economically measurable results.

However, even now the issue is not completely explicit because in another, adjoining article mention is made of permit registration on condition that the filed information does not leave any room for doubt. Does this mean that the veracity of every statement will be checked? As is usually the case with the interpretation of ambiguous formulations, there may be more such question marks. In any case, it is a good thing that one of them—and an important one—has been dropped.

A more precise explanation as to what an organized establishment is would also dispense doubt as to in which cases—as envisaged by the draft plan—a plan for equipping and furnishing occupied premises or an area as well as a concise description of the technology would have to be furnished because, after all, these formal requirements could reach the dimensions of another procedural obstacle hindering the commencement of activity.

These are not the only doubts as to registering procedures that may stand in the way of the implementation of the announced economic freedom. According to the Legislative Council, the requirement at the time of registration of showing the legal title to property or business space is useless because it infringes upon the sphere regulated by separate rules and regulations if only to mention the civil and at times penal housing law.

The list of areas encompassed by licensing may also evoke reservations on the part of those who are opposed

to any kind of state monopoly as well as those who would like to add to this list yet a few other items. For example, some are for excluding from this list public bus transportation, wholesale turnover or the operation of kindergartens. Others opt for adding to this list the installation of water supply systems, sewage systems and gas supply systems as well as the operation of veterinary establishments, etc. However, there are more of those who feel that this list should be even more limited. And I should think that there is quite a lot to cross out.

Is it not more important, however, who will grant licenses? According to the draft plan, this would be decided by the chief or central state administration agency. However, delegating these powers to such a high level threatens with the prolongation of the licensing process and, therefore again a kind of tightening of the reins. Perhaps then those, who propose that the granting of licenses be in the power of one level lower, i.e., the voivodship, are right.

In the Defense of Old Positions

However, the most controversial section turned out to be the one pertaining to economic unit organizations that envisages the creation of socioprofessional and economic organizations (guilds, unions, associations) for natural persons [osoby fizyczne] and regional chambers of commerce for everyone.

The concept of creating chambers is not new and has found its way to the implementational program of the second stage of the reform. The idea of horizontal [poziomy] agreements and breaking off with the traditional form of grouping producers by sector and branch has many supporters. However, when many are speaking the same way, it does not, at all, mean they are saying the same thing. When for some, the chambers should become a kind of self-governing association, others would like to see in them an extension of the arm of the center. There is no need to add that the latter concept has no place in the idea of the reform, although, there were attempts to launch it, as well, on the wave of the second stage. It is no wonder then that this experience has greatly sharpened criticism toward the creation of chambers of commerce. Despite the fact that the draft plan proposes complete freedom in decisionmaking to these organizations, a careful reader will notice several ripples that threaten the independence of the chambers and of the units that form them.

In the article that treats the objectives of chambers, mention is made of “representing the interests of associated economic units in state administrative agencies.” Elsewhere, however, the article mentions cooperation with state administrative organs for the purpose of assuring conditions for economic development and the expansion of the infrastructure in a given region. We read further that the chambers would be involved in “the creation of conditions...” and that they should also “keep watch over...” These formulas are so vague that

they must evoke distrust as to the intention of creating the chambers in the shape and form proposed in the draft plan. The ambiguities are all the more great that the draft plan is silent about joining the chamber while it is already in operation and about its liquidation. The supervisory organ, i.e., the governor or the minister of industry will in turn have—in accordance with the draft plan—far-reaching powers whereby his decisions would be unappealable to the NSA [Naczelny Sad Administracyjny—Supreme Administrative Court] (with one exception—resolutions of the general assembly).

Just these few uncertainties demonstrate how controversial and, surely, not thoroughly thought out this proposal, that regulates the ways in which businessmen form associations, is. That is why, for example, the Tenth Team made the proposal about eliminating from the draft plan of the law this entire part so that the introduction of the anticipated and needed document will not be delayed by long discussions on its form. This is a sound proposal that, nonetheless, goes against the grain of the efforts exerted by forces, who, in referring to this very argument, want to enforce instruments that could distort the entire philosophy of the law.

The proposed option of forming associations has evoked particularly strong opposition among skilled craftsmen, although, a statement closer to the truth would be: among trade management and structures that regard themselves as representatives of this community. This is allegedly the source of the true stream of petitions and protest publications.

The advocates of maintaining the status quo argue that introducing optional membership in, among other things, guilds will destroy the several-hundred-year-old traditional structures of the craft trade which are to stand guard in the maintaining of professionalism and integrity.

This is a very peculiar argument. I will ignore the fact that anyone who comes in contact with the craft trade as a client knows that membership in a guild is no guarantee whatsoever of either professionalism or integrity or promptness or quality. Perhaps because this is obligatory membership. And conversely, the right to choose opens the way for guilds to become selective organizations for the best, the most trustworthy and upstanding craftsmen. However, such a change in the formula of a guild signifies the need for relinquishing the instruments that were used in the organizational structures thus far and for the reorganization of the mentality, methods and goals of functioning. Simply put, this requires a complete change in attitude.

I do not deny that tradition should be respected. However, we are discussing a law that is to lead us to a better future and not to nostalgic recollections. Since 1980, all supporters of the reform have been fighting to limit the controlling function of the state with respect to the unit structure of the economy. The draft plan contains such

restrictions particularly with respect to the entire nonsocialized sector. Within this context, the struggle for the obligatory membership in guilds is the struggle of the administrative structures of the craft trade so that these controlling privileges be left within their power and so that a situation be created in which instead of the state, guilds will block access to the market according to the criteria established by them. This is a total misconception that, nonetheless, has an interesting precedent.

It is worth mentioning that when the draft plan of the "Cooperative Law" was being prepared one of the most criticized solutions was the obligatory membership of cooperatives in central trade unions. Contrary to the voices of reason, the simultaneously strong cooperative lobby enforced this principle in the name of the local interests of the cooperative superstructure. And this is the way it was for 5 years until in November of last year the Sejm threw out this principle so as to make way for the second stage of the reform introducing the optional membership of a cooperative in a union. There is hope that this time the same road of turning something bad into good will not have to be taken again.

A Movement Does Not Have To Mean Progress

The proposal of limiting the degree of employment in private establishments should be looked at in the same light. The draft plan projects, with reference to the decree on nationalization, a limit of 50 people per shift. In comparison with the restrictions thus far (officially a craftsman could employ 15 people) this already constitutes significant progress since it actually means the employment of 100 and even 150 people (although a third shift is rare) without counting apprentices and the like.

With the current degree of technology and automation of production processes, this is an amount that perhaps exceeds in certain cases an economically justified degree of employment. However, one can have doubt whether the setting of any kind of limit is sound. As a rule, getting close to it weakens initiative, discourages the full use of resources, intensifies consumer attitudes and frequently inclines toward various irregularities and becomes the cause of deviations. Examples of this in the reality that surrounds us are not lacking. They should be kept in mind especially since at times proposals are submitted suggesting that after surpassing a certain ceiling in the development of a private enterprise, a change in the form of ownership should occur, for example, into a state-private joint venture.

In writing about the provisions, it is impossible to make no mention of the important remark made by the lawyers opposed to the repeal of the legal act with regard to dishonest competition proposed in the draft plan. Even though, this act is already 62 years old, neither time nor any new circumstances have made it obsolete whereas the provisions that would be found in the law on conducting economic activity—according to experts on

the subject—do not exhaust the wealth of problems arising as the result of the protection of producers rights, their trade secrets or consumer protection. Admittedly, on our meager and in point of fact closed to foreign goods market, disputes occasionally occur about, for example, the interception of trademarks or posing as other firms and misleading clients. However, this does not mean that in the future there will not be more of these problems. That is when, some warn, the shortcomings of the rules will let themselves be known.

The draft plan of the law on economic activity is perhaps the first document since the laws on state enterprises and work force self-government, i.e., since 1981, that has been received so well. However, it is ruffled by uneasiness whether the authors have not left too many issues unsolved that are at times unclear, thus, giving the chance to free interpretation. This is only a step away from infringing upon the fundamental principles of the law limiting economic independence and equality there where it should officially be in force.

However, let us assume that the document will be free of any shortcomings; that further work on it will “perfect” and chisel the particular provisions. Even if this were to happen, we all are aware of the fact that even the most perfect law will not change reality the day it goes into effect. The opening up of the field for initiative and entrepreneurship does not depend on one legal act—this is the slogan of the second stage of the reform. The economic independence and equality charter will remain only a declaration if the environment in which it is to function does not change with it. This environment is made up of confusing, antimotivational tax rules and regulations; complicated rules with regard to using business space, the use of building sites; and finally the turnover of the means of production—if only to mention a few. The unblocking of barriers for the free flow of capital between enterprises and sectors must take place.

These are conditions on whose fulfillment depends the life of the liberal law—insofar as our standards thus far are concerned—on the undertaking of economic activity. This law can become a dead issue if principles of directives, suppression, and control will govern in its sphere. Economic freedom and equality can become fact, if not in the market model then at least in the conditions of the market logic of the system.

P.S. After this article had already been submitted for printing on 7 June, daily newspapers reported that the draft plan of the law on undertaking economic activity had been submitted to the Sejm. Let us, therefore, return to this issue in a report from the Sejm deputies debate, which will be an opportunity to present the newest version of the document.

9853/6091

Law on Ecological Units, Companies Urged; Katowice Waste Material Cited

*26000648b Warsaw ZYCIE GOSPODARCZE in Polish
No 32, 7 Aug 88 p 15*

[Article by Jerzy Borkiewicz: “Ecological Units”]

[Text] During the last few decades, the rate and degree of ecological deterioration in Katowice Voivodship is incomparably greater than the level of development that has been achieved here. In Katowice Voivodship, approximately 1.5 to 1.7 billion tons of industrial waste is piling up whereas its “projected” increase by 1.1 to 1.3 billion tons by the year 2,000, despite a constant level of coal mining, confirms the failure of the measures to date in the area of environmental protection in this region.

The problem of the further operation and development of the country’s fuel-energy complex, all of whose negative effects are concentrated in the Slask region, can no longer be solved with the conventional methods used thus far. They also cannot be implemented within the old institutional framework.

The main goal of any and all undertakings with regard to waste management ought to be the rapid creation of conditions that would elicit widespread initiatives enabling the formation of new plants and joint ventures with the status of ecological units that would take on the solving of the problem of the economic use of industrial and municipal waste.

How should this be done? Are measures on behalf of the implementation of this thesis, at all possible? How should they be determined? What changes do they require in the legal and fiscal rules in order to interest socialized enterprises, cooperatives, the craft industry, foreign capital joint ventures—in a word, all economic units?

This problem may and should be solved with one law on ecological units or ecological units and joint ventures but free of those determinants contained in, for example, the law on innovative-implementational units of 16 July 1987. In cases where private or foreign capital will be invested in the processing of waste, thereby, saving on state capital investment outlays, specific care and support is needed. Such units should be assured stable, long-term conditions for development and profit by way of a law. In return, the public and the state can receive, from the invested capital, market production from waste in the form of: construction material; metal goods; products from the chemical and consumer goods industries, and from others; as well as improvement in the sphere of environmental protection.

In Katowice Voivodship, where 60 percent of all industrial waste in the country is created, it is possible to count a dozen or so enterprises, which were created for the purpose of taking on production from waste. However, even if there were to be more of them, they would not

solve the industrial waste problem. The Environmental Protection and Natural Resources Ministry or voivodship agencies must appoint new ecological units or joint ventures, at the same time creating specific fiscal preferential treatment for them.

An important element of the law on ecological units should be the enabling, by the way of this law, of the creation of ecological units within the framework of existing mines and socialized plants whereby departments, that until now have occupied themselves with the economic utilization of waste, would be transformed into such units. Plants involved in neutralizing waste, particularly toxic waste, should also be given the status of ecological units under condition that as a result of their activity, secondary contamination of the environment does not occur.

The law on ecological units must fulfill three conditions: first, that the activity of ecological units will in a definable manner be conducive to reducing the threat to the biosphere; second, that it will create extremely favorable economic conditions for all economic units without exception including foreign capital that will take on the economic utilization of waste; and third, that the preferential treatment for ecological units described in the law will not give way to changes until at least the year 2000.

There must be a law that will create priorities for initiative with regard to such an important issue as waste management. Such priorities are indispensable if we want to liberate the "mass movement" of initiative for creating ecological units processing waste material.

9853/12232

Administrative Control of Consumer-Goods Market Ridiculed

*26000648a Poznan WPROST in Polish
No 33, 14 Aug 88 pp 8-9*

[Article by Marek Z. Szczepanski: "Administrative 'Minimalism'"]

[Text] I have been wondering for a long time now why the production and sale of those things that are needed for everyday use and are in greatest demand, such as clothing, undergarments, hygiene products, household items and appliances, television sets, many food products, etc. is making such slow progress and is treated almost as a scourge and not the source of good business.

Very often a simple trip to the supermarket [SAM] can cause one to experience feelings bordering on neurosis and paranoia. While standing in line, I have already heard sarcastic discussions and bets on what the store, called a model store—for what reason, I do not know, will run out of: baked goods, cheese, milk, sour cream or maybe laundry powder? In Poznan, the capital of the supposedly well-run Wielkopolska region, the supply

situation is unfortunately, no better than the average in the country and many people claim that it is even worse than in, for example Koszalin Voivodship or in Lodz. Yellow cheese appears, and then disappears; the same thing happens with margarine. Rich and considerably more expensive sour cream (with a white seal) is forcing out regular sour cream (with a yellow lid). On hot summer days, one can only dream about yogurt, kefir, buttermilk and other milk beverages even though their sale is assured. However, there is no lack of stubbornness on the part of the chairmen of the dairy industry who threaten reporters with lawsuits for slander for writing about that which everyone can see around them, anyway. As far as women's and men's undergarments are concerned, it is obvious that business has joined forces with nudists. There is a bra shortage. The insufficient supply of household appliances (washing machines, refrigerators, vacuum cleaners, blenders, kitchen robots, etc.) not to mention such so-called luxuries as television sets or stereophonic equipment, is attested to by regenerating "line committees," professional "standers" (primarily senior citizens but most recently students, as well) and newspaper ads.

On this basis, a truly ingenious, in its simplicity, concept of making up a list of the least number of goods that always have to be available for sale appears. I don't know whether to be happy about this new convenience or whether to cry over the failure of the regulation of the economic and not the administrative means on the market. The solution based on the compiling of a list of essentials is a vivid reminder of the well-known and, unfortunately, ineffective patterns of measures that are characteristic of the centralistic-orders system of managing the economy. Meanwhile, this is the 7th year that the economy has been undergoing reforms, the second stage of the reform and it ought to be assured that the enterprises themselves and business organizations should know—without a special list with official stamps—what the average citizen needs to eat, to dress, etc. and what is in greatest demand.

However, it turns out that what is clear and obvious elsewhere becomes complicated and involved in our country. The mistakes and neglect of the economic policies repeated for many years and based on the Stalinist model of a socialist economy that opts for the absolute domination of sector I (the production of the means of production) over sector II (production of consumer goods) are letting themselves be known. Social needs have always given way to inflated capital investments and ineffective production of heavy industry and the raw material-power industry complex. Now, that attempts are being made to change this in Poland and in other socialist countries, this is being met with great resistance from the bureaucracy, which is attached to the old methods of economic administration as well as from pressure groups associated with the, until now, existing but already anachronistic structure of the economy. In our country, the economy works for itself to a considerable extent, treating consumer needs as a kind of supplement

and not a field for expansion and the obtainment of profits. For example, steelworks, which are subsidized annually with billions of zloty, do not want or are not able to manufacture ordinary reinforcement rods or other products for housing construction which, in any case, makes up only 5 percent of their planned production. We have to import most machinery and entire production lines for the consumer goods industry with hard currency. The consumer goods industry and the agricultural-food industry as well as other sectors, that directly provide for the needs of the public, are chronically underinvested and frequently, they cannot even take advantage of their own foreign exchange allowances to a sufficient degree. No wonder then that in such a situation the production of an indispensable amount of underpants or towels appears to be a colossal task and drudgery requiring extraordinary assistance and not the simple making of profit on a marketable product. When we read in PAP reports that in connection with the putting together of a list of essentials, the Internal Market Ministry is declaring that it will "assume activity in so-called protected areas," such as "the food goods market, cleaning products, clothing, footwear and the children's goods market," a thought comes to mind that consumer protection should not be limited to the drawing up of crisis lists of indispensable items but should denote well-thought-out, sweeping changes based on the development of sector II (production of the means of consumption). This is beyond Minister Jozwiak's sphere of activity and possibilities and requires a sensible, coordinated economic policy with the participation of all important forces in the economy (starting with the Ministry of Industry and the Ministry of Finance all the way to regional administrations and local self-governments). The consumer goods industry and the agricultural-food industry as well as agriculture should receive marked preferential treatment (tax, credit, materials, foreign-exchange, etc.). Since the consumer goods industry and the raw material-power complex continue to absorb the bulk of resources, it is not surprising then that there is a shortage of funds for the development of the consumer goods and agricultural-food industries.

Temporary measures such as, for example, allocating \$100 million for interventionist purchases of machinery and production lines for the consumer goods industry or certain ready consumer goods, undertaken by the internal Market Ministry may improve somewhat the market situation and the overall frame of mind of consumers. But for how long? Without the elimination of the structural and institutional reasons for the present (and occurring for years) shortages and at times downright embarrassing scarcity of consumer goods, therefore, without shifting the priorities and preferential treatment from sector I to sector II—which was announced at the Seventh PZPR Central Committee Plenum—it is difficult to imagine lasting improvement. Usually, as soon as the first signs of improvement appear on the consumer goods market, representatives of strong pressure groups associated with the current, already obsolete economic structure raise their heads forcing—despite the experiences from the most recent crises—the further development of production for production's sake and not for the people, and the development of the mining industry, metallurgy, the shipbuilding industry, etc. at the expense of other sectors. It would be a mistake to concentrate on the administrative elimination of the effects of the nonfunctional model of the economy, on creating various "baskets" or lists of essentials if the foundations themselves of this system were not to be touched. Will the reorientation of economic policy, announced by the highest party and state authorities, turn out to be lasting and will it come about at all?—this is the fundamental question. Without a balanced consumer goods market, there can be no talk of a successful reform. Concrete facts are what counts to citizens and these are evaluated by them on the basis of the situation on store shelves and not official assurances. Should it turn out that we are again dealing with feigned measures, social reaction would not be difficult to predict.

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