

Munich, 3 July 1981 (RAD/de Weydenthal).

There is still no clear concept in Poland about how to pull the country out of its current economic difficulties. Nor is there any firm commitment to define specific steps to improve the situation. Instead, the process of economic policy-making is geared toward adopting ad hoc measures related to anticipated problems in the future and designed to neutralize their potentially negative impact on the economy as a whole.

This is the general conclusion that might be drawn from a Sejm debate on the economy, on July 2. The session featured official reports on the government's positions on changes in the 1981 plan and its program of economic stabilization as well on a proposed law on the organization of work in state enterprises. It concluded with a general debate on current problems in the economy.

The principal government speaker, Deputy Prime Minister and Chairman of the Planning Commission Zbigniew Madej, frankly admitted that the plan for 1981 would have to be drastically changed. He justified these changes by an anticipated decline in industrial production -- it decreased in January by 10% compared with the comparable period of 1980 and by May had jumped to 18% -- and warned that these trends could persist until at least the end of the year. Madej also suggested that the national income for 1981 would probably fall by about 15% compared with 1980, and that the level that year had been some 2% lower than in 1979. (1) In view of this situation Madej proposed that the government should be empowered to adopt measures dictated by the current requirements of the economy. Those measures would not be defined within the framework of a new plan, but would rather be specific, ad hoc measures in response to changes in immediate requirements.

Turning to the government's program of economic stabilization, Madej outlined several areas in which official efforts would be concentrated. These included support for agricultural improvement, conservation of natural resources and an increase in their production, measures to arrest inflation, budget cuts and a limitation on investment, streamlining of employment practices, and a drive to increase exports. Madej was quick, however, to point out that all these efforts would not amount to any specific plan of government action but would be necessary responses to already apparent needs. To tackle the economic difficulties in a comprehensive way, Madej said, it would be necessary to adopt "economic reforms which... should reinforce the strategic functions of central planning and provide for the effective operation of enterprises based on the principle of self-financing and self-management."

Madej told the Sejm that while the government had already prepared proposals for changes in the central administration, through the elimination of a number of ministers and the redefinition of their functions and through changes in the enterprises' operations, further changes in the state economic system, such as a reform of prices and a new organization of economic management on a broad basis, would be proposed in 1982.

(1) Radio Warsaw, 2 July 1981.

(PTO)

Madej stopped short of promising that all these proposals would decisively contribute to the solution of the current difficulties. Indeed, he said that, while improvements in agriculture would only become perceivable in about two to three years and those in industry in about three to four years and that any substantial increase in the national income could be anticipated only in about five years, the current economic crisis would probably last for five years or more. In addition, Madej made it clear that the resolution of the troubled situation would eventually depend more on the involvement of the public in the task of rebuilding the economy than on any official programs or policies. Indeed, he flatly declared that "without the support [of society] the program [of the government] could well end in a fiasco," and called upon both the Sejm and the public to provide such support.

The report on a law proposed by the government on the organization of state enterprises and self-management on the enterprise level, delivered by another deputy prime minister, Andrzej Jedynek, dealt with a specific area of organized economic activity. Its political importance, however, lies in the fact that it is more than a mere outline of the government's views on that matter. Indeed, the report was presented to the Sejm as describing a measure that forms part of a broader program of reform of the economic system and is "synchronized with the general thrust of those changes." (2) The report could therefore be seen as providing an indication of the government's views on the issue of economic reform and the way it intends to treat it.

The government proposals followed the basic outline of the new organization of the enterprise as initially presented in a draft program for economic reform prepared by the official Economic Reform Commission in January. (3) They include, for example, provisions for direct administrative government intervention in the work of the enterprises, although such intervention is to be prescribed by law and in all other cases the enterprise would be entitled to operate by itself. The government proposal did not, however, define the instances in which interference by the central authorities could take place, leaving the issue for subsequent resolution through the adoption of specific laws. Equally ambiguous are the provisions included in the proposal on self-management. Particular problems related to the lack of clarity in defining the ways of nominating enterprise directors, the relationships between self-management units on the enterprise level and those on the industrial association level, and the scope of jurisdiction of the self-management body with regard to the organs of state economic administration. In all these instances, the government's report was so vague as to make firm conclusions almost impossible.

---

(2) Ibid.

(3) For details, see Cam Hudson, "Polish Reformers Inspired by Hungarian Model," RAD Background Report/15 (Poland), Radio Free Europe Research, 22 January 1981.

(Moser)



In this context, it is important to note that the initial draft of economic reforms prepared by the reform commission was strongly criticized by many groups and individuals, including some of the participants in the commission's work. (4) This criticism centered, in particular, on the vagueness of the formulations and the generality of specific statements. Yet, as seems to have been indicated by the government's report, the authorities appear to persist in their position. If nothing else, this could cast some doubt on public acceptance of the proposals and their applicability in practice, if and when they are adopted by the Sejm.

These doubts are reinforced when one considers that separate proposals for the organization of both state enterprises and self-management bodies have already been discussed by various workers' commissions within Solidarity, and that the labor organization has already indicated that it plans to present its own version of the possible regulation of those matters. (5)

Against this background, the government reports presented by the two deputy prime ministers could hardly be regarded as exercises in dynamic decision-making. Indeed, while some aspects of their presentations, particularly those included in Madej's address, provided a great deal of factual information and suggested that the government fully appreciated the complexity of the current problems, they fell short of the expectations apparently perceived by both the Sejm deputies and the public.

The debate that followed the reports seems to have confirmed that assertion. The main thrust of the debate was criticism of the alleged tardiness with which economic problems have been dealt with by the government. There were also some critical remarks about the content of the reports themselves. One deputy, for instance (Jan Jankowski), complained that Madej's report "failed to answer fully such questions as what is the value of those resources that we own, what is the balance between those things that are economically profitable and those that are not." (6) He then went on to say that the report lacked "order and comprehensiveness" and warned that "each instance of confusion provokes irritability among the public." Several others decried the fact that "there is still no attempt to renegotiate some economic aspects of agreements between Solidarity and the authorities" and suggested that the legislative work on laws related to enterprise organization would become more effective if the proposals formulated by the unions were to be considered before any Sejm action was undertaken.

- 
- (4) See J.B. de Weydenthal, "The Politics of Economic Performance in Poland," RAD Background Report/64 (Poland) REFER, 5 March 1981.
- (5) For details, see a bulletin issued by Solidarity's Press Agency, 2-8 July 1981, pp. 306-312.
- (6) Radio Warsaw, 2 July 1981.

(PTO)

One deputy (Wojciech Ketrzynski) argued that the list of activities to be undertaken by the government to stabilize the economy should include provisions related to the need to speed up production of consumer goods considered indispensable for maintaining health, such as better food for children. Another (Stanislaw Baranik) warned that "the hopes and expectations of the working class, the peasants, the entire population are expressed in the common wish for specific policies and actions," but realities were still defined by "shortages. . . and lines in front of shops." To improve the situation, the same deputy said, "requires the better operation of our economy, more effective action by the government, and specific measures aimed at immediate stabilization that would bring the country out of the crisis."

The accent of most speeches in the debate, however, was on an appeal for a broad effort aimed at improving the conditions of life in the country; an effort that would unite various groups and organizations and that would provide them with an opportunity to formulate new proposals on the country's conditions and then would secure their participation in the implementation of those proposals. It is too early to speculate on the feasibility of such an undertaking. There is no doubt that serious differences, still divide various groups and orientations in Poland. There is also little doubt, however, that the only chance of pulling the country out of the current crisis lies in designing programs of action that would be acceptable and supported by the entire public. To achieve such support, it would be necessary to enhance and to secure avenues of full public participation in the country's public life.

- end -

3/1720