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RFE TARGET AREA RESEARCH AND ANALYSIS

Background Report
(Polish Unit)

STEPS TOWARD GREATER MANAGERIAL FREEDOM IN
POLAND

A number of innovations and reorganizations of a fairly unusual nature in the Polish economy -- some still confined to the character of pilot experiments -- have recently become the first practical implementation in some economic fields of the Polish model of 1956/57, and are, at the same time, evidence that Poland is already putting into practice some of the more positive aspects of Prof. Liberman's theories, theories which still remain at the discussion stage in the Soviet Union. Some at least of these economic experiments are clearly intended to boost Polish exports to the West and are thus evidence of Poland's continuing desire to maintain her ties with the West.

As of January 1, 34 Polish factories producing for export were given the right to operate on a completely new principle -- that of how much true profitability in hard currency earnings they can show at the end of the year. In order for these 34 factories to undertake this experiment, they have been freed of the necessity to abide by the centrally-directed production index and will produce only on the basis of firm orders from foreign buyers. Nor will they have to abide by the rigid, centrally-controlled government employment plan. The manager of each factory concerned in the experiment will be able to determine how many employees he actually needs and to hire them as and when necessary. Along with this goes the factories' right to modify their payroll funds and to raise pay, as well as provide bonuses -- both to a substantial degree -- whenever these steps will ensure greater productivity, better quality merchandise and delivery on time.

In addition, since all the 34 plants involved are final-stage producers, they are to be given all priority and assistance necessary and are to be permitted necessary shortcuts to ensure delivery to them on time and in full quantity of the raw materials and other supplies necessary for their own production.

However, in a lengthy article discussing the experiment, the weekly "Polityka" of February 23 points out that there are still

many questions concerning this experiment which are far from being answered. First of all is the simple question: will it really work in practice? Then there are others of a more complex nature connected with the singling out of only 34 factories for special privileges without, at the same time, according the same sort of privileges to raw material suppliers, transport concerns, etc. "Polityka" ends its article by stating "Why call a self-evident fact an experiment and then limit it only to a small group of factories?", pointing out that while the current experiment will undoubtedly be of some help, there will still be basic changes needed in order to correct various ailments of the Polish economy.

Another recent innovation of a similarly de-centralizing and independence-producing character involves the Polish merchant fleet. Until recently set up along orthodox Communist lines with all its ships administered by the Ministry of the Merchant Marine and all its captains under detailed orders from the central bureaucracy, this merchant fleet has now been split up into four shipping lines set up as fully independent commercial enterprises. Each shipping company has been given a number of ships, a certain amount of working capital, which must be repaid in a stipulated time, and has been assigned a certain geographical area where it can ply for trade. After this it is all up to the directors of the new shipping lines. It is their job -- in the words of "Trybuna Ludu" -- to create a "money-earning fleet", to secure adequate and profitable cargoes for their ships, to negotiate the freight charges, and, above all, to show a real profit. These fleets will continue to carry Polish exports abroad and Polish imports back to their home ports, but on purely commercial terms. That means that they will be chartered at world market prices by the appropriate import-export agencies of the Polish Ministry of Foreign Trade. However, these agencies will not be forced to use Polish ships, nor will the four shipping lines be required to give preference to Polish cargoes. Polish ships belonging to these lines will probably continue to carry Polish coal from Gdansk to Leningrad, but will charge the prevailing world freight rate for their services and, instead of returning empty, might call at some Scandinavian port during the return trip to pick up a cargo for some West European port.

Finally, the February issue of the CC monthly "Zycie Partii" describes an experimental factory, not producing for export, which is working on a profit basis with the cooperation of its workers. Plant A-3 of the J. Krasicki Measuring Instruments Factory in Wlochy, near Warsaw, decided to try working in as rational and effective a way as possible, without bookkeeping tricks and with far greater harmony between individual and social interests. Above all the factory and Works' Council executives were particularly interested in involving all employees in the results of their work, in making them feel responsible