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NEW STATEMENTS ON METHODS OF ECONOMIC MANAGEMENT

Summary: Recent statements by top Polish economic leaders offer additional insight into the direction of changes in the economic system announced by the Second Plenum. The following points have been stressed: the process of formulating the plan will differ from past practice, allowing greater initiative "from below"; "social participation" instead of a market mechanism will insure continued social control as the planning mechanism is loosened; economic cost accounting will be further emphasized; the investment system will be changed, with bank credits becoming the only source of outside investment funds. Boleslaw Jaszczuk continues to demonstrate that he is playing a key role in elaborating the changes in the economic mechanism.

There remains a generally felt lack of clarity as to the intended changes in the Polish economy (cf. Antoni Marek "The Second Plenum of the PUWP CC and Its Background," Background Report Poland/11, Radio Free Europe Research, 27 May 1969). In the second half of May, there have been four competent statements on the matter in connection with the electoral campaign. These are: an article by Jozef Pajestka, "The Methods of Working out the Five-Year Plan," (Zycie Gospodarcze, May 18); an article by Jozef Kulesza, "The Socio-Economic Targets of the Next Five-Year Period" (Zycie Gospodarcze, May 25); an interview with Jozef Pajestka by PAP (Trybuna Ludu, May 27); and an article by Boleslaw Jaszczuk, "The Policy of Intensive Development," (Zycie Gospodarcze, June 1). Briefly speaking, all these articles were devoted to explanation of details of planning methods and certain targets for the next five years and of differences between the new planning methods as compared with those applied to date.

As far as the latter are concerned, Pajestka maintained:

One might believe that the organization of work on the [present] plan brings little new as compared with practices to date, because draft plans will still be made on the basis of directional trends established by the government. However, the directional trends this time serve more as guidelines and are less detailed than the directives set up in the past. Their main aim is the creation of a framework for planning on all levels, in particular by setting up amounts to be invested within which the development programs of individual ministries and voivodship national councils should be contained. Ministries, national councils, and all economic organizations down to and including industrial enterprises will be mainly responsible for filling the over-all framework with concrete programs -- justified conceptions of development trends, means and methods of achieving best economic results, etc. (emphasis supplied).

However, he adds further on that these draft plans thus prepared "from below" will be verified and subjected to changes "within the process of constructing the plan." Still, Pajestka expresses an optimistic belief that both social initiative and the influence of industrial enterprises on the plan will not be undermined.

It is interesting that it is in fact Pajestka, who is more inclined toward the economic bureaucracy than toward strategists of Party propaganda, who lays particular emphasis on socio-political activity both in the process of planning itself and in economic activities in general. Pajestka's present position, though achieved through tactical skill, is not based on this political background; he was nominated to his present post as an expert and will most certainly be judged as such and not according to his greater or lesser use of propaganda formulae. Similar arguments on the importance of the social factor may also be observed in statements by other economic leaders. A partial explanation may be found in the article by Zenon Komender, "Real Democracy," published in the Pax weekly Kierunki (May 31):

A new tool of successful influence of society over the plan, over the economic development peculiar only to socialist social relations is now being created. Not through the market -- thus not through attempts to return to the old mechanism peculiar to capitalism -- but through the establishment of tasks for oneself, for one's plant, one's industrial branch and thereby for the whole economy, can the active participation of all working people in the guiding of the socio-economic development of the country be assured. At the same time, the basic characteristic of the socialist



a sense of proportion; the language is concise, reflecting an awareness of the feelings of public opinion on each of the matters in question. Standing at the head of (or, in a sense -- outside) the hierarchy of economic management, Jaszczuk is much freer in formulating his views. And he makes it obvious that he is interpreting his own conception, a conception with a certain internal logic.

In the section of his article devoted to changes in the methods of planning, one can clearly sense Jaszczuk's disapproval of the solutions applied heretofore and a readiness to decrease the future role of the Planning Commission. According to Jaszczuk, the basis for the draft plan of an enterprise (or an industrial complex) will be the program of modernization of production. An integral part of the five-year plan is to be the plan of research and technical development. Five-year plans must be correlated with previously prepared long-range prognoses.

Jaszczuk admits that there is as yet no comprehensive conception of selective economic development:

The crystallization of this conception will be possible only when draft plans and suggestions arrive from the provinces and after they have been compared to the targets of the Planning Commission.

Factories should start work on the draft plan by making up a kind of general inventory of their point of departure. The tools of economic cost accounting, parameters, norms, calculation methods, must be established by the Planning Commission.

Jaszczuk also devoted particular space to matters of investment. He confirmed the previously signaled, relative decrease of investments in the national income in the next five-year plan. He also explained that a relative increase of investment in certain branches of industry (according to the conception of selective development) will be accomplished through the concentration of additional investments. This obviously does not exclude the possibility of direct cuts in investments in certain branches of industry. As a result of regulations already adopted, decision-making in the matter of investments will be further centralized. This is intended to eliminate mistakes committed earlier. An element of this centralization of investment decisions lies in a sharper delineation between the sphere of outside financing and the sphere of self-financing. The sole form of outside financing will be bank credits; realistic economic arguments will be of greater importance than heretofore in granting such credits:

Whoever suggests effective investments, with a short construction cycle, will be able to invest on a greater scale than his own investment funds might permit (emphasis in the original).

Thus, we have, on the one hand, a centralization of decisions, and on the other, emphasis on the economic criteria of decision-making:

The investor will have to persuade the state, which represents social interests, that the production achieved as a result of investments will be profitable and socially useful.

One should also note the fact that the idea of so-called priority investments has been abandoned:

... one should not only break with the practice of granting priority status, but place the responsibility for investment decisions on those who should make them, i.e., the industrial associations and ministries. The presence of investments in the national plan, approved by the highest state authorities, is a sufficient statement of their social usefulness and position in national development (emphasis in the original).

The above quotation indicates why many observers of economic life in Poland consider that Jaszczuk may have a chance of breaking through the barriers of organizational absurdities raised over more than 20 years and through the psychological blocs which have thus been created in the minds of industrial managers and of inaugurating real economic reform.

Antoni Marek

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