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NEW POLISH SYSTEM OF PLANNING

"FROM THE GROUND UPWARDS" -- REALITY OR MIRAGE?

Summary: The Mielic transportation plant's experience of the new planning system in Poland suggests that the basic production units are preparing their proposals of variant plans in the face of many obstacles which hinder the attainment of their specialization goals, without being sure that their choices will agree with those made by the central authorities, and without being certain that their projected development plan will not be completely reoriented.

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The Mielic transportation plant's experiences of new planning system adopted by the Second Plenum of the PUWP CC are of interest inasmuch as they may shed light on the viability of the new planning system. (x) The dominant principle of the new system being used in the current formulation of the next five-year plan (1971-76) is that the final version of the plan should be drawn up on the basis of variant proposals originating at the lowest levels of production which then undergo verification, analysis and collation on the basis of centrally determined social objectives as the proposals successively move up the pyramid of the country's economic organization.

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- (x) The discussion is based on an article by Karol Szwac, "In Search of Specialization," Zycie Gospodarcze, 10 August 1969, p.8.

Background

The Mielic plant produces aviation equipment, Leyland diesel engines, fuel units, and refrigeration trucks. Recognizing that the range of production is very broad, the participants in the planning process decided that some specialization should be introduced. Using this decision as a starting point, they quickly found a number of obstructions on the path toward improved specialization. The plant would still have to produce spare parts for another 10 years for products no longer included in their production profile; in other cases they would have to find alternative producers to take over the manufacture of items dropped from the list; and they discovered that specialization requires additional investment resources far beyond the limits set by the enterprise association controlling the plant. After an intensive review of the problems, the management and labor force at Mielic concluded that "there is a great gulf between theory and practice" when improvements in specialization are sought.

Nevertheless, those involved in developing the action program for the new five-year period proceeded with the exercise. In some cases they discovered that the proposals merely were based on an "extrapolation of past trends." Various "psychological barriers" had to be surmounted. These "barriers" arose, according to Szwac, because:

The enterprise cannot always decide if products which are profitable from its viewpoint are either necessary or economical for the economy as a whole. It is also possible that this barrier is linked with the fact that enterprises are often still reluctant to disclose their reserves because of the system employed in appraising a plant's work.

The first explanation indicates a lack of knowledge about market needs. The second explanation shows how the system of penalties and rewards based on a chosen set of performance indices has a limiting effect on production -- that is, on the performance the central officials are trying to measure in the hope of improving it! The irony of this situation is self-evident to all but the central officials.

Finding that the internal resources of the plant were inadequate to the task of devising optional variants of plans, the plant decided to invite various experts to help to solve its problems. Plans were prepared with the active participation of plant economists and technologists, and members of the Polish Economic Society joined them. Together they participated in:

The main commission's work, working teams, and commissions of the more important sections and departments; in popularizing work concerning changes in the national economy resulting both from the Fifth Congress and the PUWP CC Second Plenum (preparing information material for the labor force concerning preliminary work on the draft five-year plan), publishing popularized articles in the enterprise paper and economic bulletin and maintaining wide-ranging training and lecturing activities, and so forth; and in an appraisal of the enterprise's draft five-year plan followed by a submission of the proposals which resulted to the workers' self-government conference.

The range of subjects covered was extensive and Szwac classified these in eight broad categories. One can conclude that the activity was extensive, that the number of problems and proposals involved was large, and that the problems discussed were wide-ranging. What has been the outcome of this activity?

Results

A paragraph summarizing the results produced not only gives a number of insights into the question of what, at this moment, the people employed at the plant think the new five-year plan holds in store for them, but also sheds some light on the viability of the "from the ground upwards" principle in its present form as a basis of the new planning system in Poland. Szwac observes that:

Much depends not only on the enterprise or even the association, but also and mainly on preparing general guide lines for the development both of the entire economy and of a number of branches (and also, among other things, on international agreements). It follows that one should take into consideration the fact that so far as the Mielic enterprise is concerned, the five-year plan will assume a concrete form only after numerous discussions have been held and decisions made at the center. This work can even turn completely upside down the concept of the Mielic transportation plant's development, a concept resolved at present.

[emphasis added]

It would appear that the "top" can be weightier than the "bottom" under the new planning system, to the point of completely negating the basic production unit's wishes.

But there was a residual benefit from this involved procedure. According to Szwac:

Whatever our viewpoints may be, this work has brought many concrete advantages. First, both the labor force and management have become more aware of the aims of the enterprise and of the economy as a whole; secondly, a more thorough understanding of the enterprise's economy has been created; and thirdly, an atmosphere favorable to co-operation between specific professional groups, and in particular technologists and economists, has been established.

Harry Trend