

RADIO FREE EUROPE *Research*

EAST EUROPE

POLAND

28 November 1967

TENTH PUWP PLENUM ORDERS MEAT PRICE INCREASES

Summary: The Tenth PUWP Plenum, held on November 24, ordered increases in meat prices for the first time since 1959. The new measures embody an indirect tax on meat purchases coupled with a refusal to encourage increased supplies, which would require increased supplies of fodder and higher procurement prices paid to the private farmer. This is a stop-gap approach increasing popular dissatisfaction with the Party's economic policies.

Prices of meat and meat products in Poland were increased by an average of 16.7 per cent as of November 26, while prices of sugar, margarine, and lard were lowered somewhat. Announcement of the increases was made by the chairman of the State Planning Commission of the Council of Ministers, Stefan Jedrychowski, in the Politburo's report to the Tenth Plenum of the PUWP on November 24.¹ The Plenum, first reported by TANJUG on November 19, was called after insufficient meat supplies had been reported in the domestic and foreign press for several months.

As outlined by Jedrychowski, meat prices are raised on the average by 16.7 per cent; meat and offal by 16.2 per cent; fat bacon by 9.1 per cent; high quality meat by considerably more (veal by an average of 32.5 per cent); and poultry by six per cent. The Politburo report stressed that prices of [poorer quality] meat bought by families in the lower income brackets are raised less than prices of meat used by families with higher incomes. The procurement prices of slaughter animals are to remain unchanged because, the report maintained, they already ensure the profitability of animal breeding, since procurement prices have been increased since 1959--the date of the last retail price increase--and since total investment in the meat industry declined from four billion zloty in 1960 to 1.2 billion zloty in 1966. Prices of sugar are reduced from 12 zloty to 10.50 per kg; of margarine, from 28 to 26 zloty per kg; and of lard, from 34 to 30 zloty per kg. Meat exports are to be reduced by 25,000 tons next year.

Jedrychowski explained the meat price increases as necessary because the supply of meat and meat products was unable to meet the demand resulting from higher incomes. Total cash incomes of the population have increased by 68 per cent in the course of the last seven years (and total real income by 48 per cent), while the market supplies of meat and meat products have increased by only 59 per cent. In the

¹This paper is based on the partial Radio Warsaw and PAP coverage of the Plenum.

last seven years, the per capita annual meat consumption was said to have increased by nearly 10 kg and reached 52 kg, slightly less than in highly developed countries. Among the "socialist" countries, according to the report, only Czechoslovakia and the German Democratic Republic have a higher per capita meat consumption than Poland.

The Politburo report admitted a decrease in the rate of growth of meat supplies, blaming it on slower development of animal breeding in 1967 than in the last two or three years. Thus, in the second half of 1967, meat supplies allegedly increased by only 4.1 per cent, while at the same time the cash income of the population rose by 7.1 per cent. The demand for meat and meat products was also said to be a result of the fact that the quality and variety of some industrial consumer goods are still unsatisfactory. A number of measures to improve the situation, such as more investment in the food industry and light industry generally, organizational improvements, and further development of the trade network, were promised.

Jedrychowski admitted that the rise in the price of meat will increase the expenditures of the population by about six billion zloty next year, but claimed that the burden will be lessened by the reduction in prices of sugar, margarine, and lard, saving the population about two billion zloty. The remaining four billion zloty, according to the report, will be more than covered by the increase in the population's income in 1968, with the net wage fund and social benefits increasing by over 17 billion zloty in comparison with 1967.

Jedrychowski then turned to criticism of some of the causes of the difficulties, citing an increase of absenteeism and sick leave. He also complained about over-employment and the failure to reduce costs as fully as possible. He sharply attacked trade organizations for inadequate market research and the resulting inability to meet demand. As a result, he said, goods for which the demand has slackened are produced in excessive quantities, while manufacturers fail to make available goods which would meet consumers' demands in terms of assortment and quality.

Jedrychowski's report was discussed by twelve speakers, most of them voivodship first secretaries. Their remarks, by and large, were devoted simply to echoing Jedrychowski's analysis of market shortages and endorsing the Politburo's solution of increasing meat prices. Stanislaw Kociulek, First Secretary of the Warsaw Party organization, admitted the unpopularity of the move in a particularly defensive approval of the price increase. Two other first secretaries, Szydla and Pilatowski, claimed that the issue was being exploited by "opponents of all kinds" to undermine the people's confidence in the Party's policy. Vice Premier Piotr Jaroszewicz dealt, not with meat supplies, but with the larger issue of labor productivity, in the context of the Seventh Plenum's deliberations on that subject. He attacked excessive increases in employment, particularly of administrative as opposed to production workers, and echoed Jedrychowski's criticism of poor work discipline. The same problem was discussed by Wladyslaw Kruczek, First Secretary in Rzeszow. Stanislaw Kowalczyk, Secretary in Katowice [Gierek, as a Politburo member, would not be expected to speak in this discussion], did not discuss the increased meat prices per se, but, after granting the disproportion between supply and demand for meat, took up Jedrychowski's appeal for improved supplies of foodstuffs and light industry goods. In this connection, he stressed the particular responsibility of the voivodship economic apparatus, assuring the Plenum that "in our highly industrialized [Silesian] Voivodship we have certain reserves allowing us to achieve an improvement of food-stuff supplies, creating the possibility of reducing the pressure on the meat market."

The problem of improved supplies of substitute products, foodstuffs and other consumer goods, which could absorb a part of the consumer's present expenditures on meat was, however, treated as secondary and in only general terms at the Tenth Plenum.

The primary goal was to ration the existing level of meat supplies by charging higher consumer prices, in effect imposing an indirect tax on meat purchases (since none of the increase will be passed on to the farmer). Since any sudden marked improvement in the assortment and quality of substitute or other consumer products is unlikely, and a larger proportion of personal income will be spent on meat, greater stockpiles of poor quality consumer goods for which there is no market can be anticipated.

The solution to the meat crisis formulated at the Tenth Plenum suffers from an even more fundamental failure. The Party is attempting to curtail demand, but has refused to adopt measures aimed at effecting a significant increase in supply.² Jedrychowski claimed that the rate of increase of meat supplies had fallen in the past year; in fact, official Polish statistics indicate an absolute decline in supplies of pork--which makes up the bulk of meat consumption.³ Yet he stated explicitly: "... we cannot plan on an increase of meat supplies of more than two to three per cent in 1968..." He did not attempt to explain why such a rigid limit should exist. In fact, increased meat supplies would require higher prices for slaughter animals and greater fodder supplies. The Party rejects the former, it would seem, because it is the private peasants, not the state farms, who could easily increase livestock production--particularly pork. Higher procurement prices would mean an expansion of private farming at the expense of the state farms in an important sector; they would also mean higher peasant incomes at a time when there is little prospect of an increase in real wages of non-agricultural workers. Increased fodder supplies, on the other hand, would require a modification of the Party's insistence on self-sufficiency in grain production--the necessity of which has become dogma. For while some fodder reserves probably do exist on the peasant farms, a significant increase in meat production would require an increase in the fodder supplies presently available to the private farmer.

This attempt to ignore the problem of increasing meat supplies is likely to have two unintended effects. On the one hand, peasants may be more inclined to slaughter their animals for their own use, rather than selling them to the state procurement centers at present prices while encountering higher retail prices in town meat stores. The extent to which this will occur will depend in part on the expected improvement in the free market prices. The exact scope of this market is unknown; however, it must account for a small but growing part of total livestock sales. It also remains to be seen whether this will significantly affect supplies in the organized market.

Precisely because of its fundamental economic shortcomings, the Tenth Plenum has an important political significance. The very fact that a Central Committee Plenum devoted entirely to the problem of meat was called less than two months after a plenum devoted specifically to agriculture suggests that the problem must have indeed been viewed as a crisis by the Party. It is a potentially explosive issue. In 1959 in Poland, a similar meat crisis was the occasion for the return to positions of influence in the Party of many of the "Natolinists" and other hard-liners purged in 1956. In 1962, meat price increases in the USSR led to scattered riots. There is

²In the course of the Plenum, only Szydlak, Poznan First Secretary, dealt even in part with the issue. He claimed: "We will do all we can . . . to increase more rapidly the production of fodder on each individual farm . . . securing a further increase in animal breeding and thus an increase in the procurements of meat and other agricultural articles . . ."

³For July, August, and September 1966, pork supplies totaled 61.9, 44.5, and 54.1 thousand tons respectively; for July, August, and September 1967, 51.5, 34.4, and 48.9 thousand tons respectively. (Biuletyn Statystyczny, October 1967)

no sign of any such spectacular repercussions of the Tenth Plenum; only one disturbance, in a Warsaw market the day the price increases were announced, has been reported.⁴

Yet, following large increases in rents and urban transportation prices in 1967, higher meat prices, contrary to Jedrychowski's assertion, will represent an additional barrier to any increase in the Polish standard of living in 1968, and can only increase dissatisfaction with the Party's unimaginative economic policies. Price increases of meat in some form were probably inevitable as an instrument of temporary market stabilization. But in increasing meat prices belatedly and sharply and to the exclusion of related economic questions--above all, the problem of increased supply--the PUWP has decided on what is at best a stop-gap solution.

A. Ross Johnson

⁴Randal, in the NYT, November 25.