

21 FEBRUARY 1962

RFE RESEARCH AND EVALUATION DEPARTMENT

Background Report

Polish Unit
(G. Sterner)

POLISH ECONOMIC RESULTS FOR 1961

The Polish Economic Plan for 1961 was successfully fulfilled to 102.7 per cent (communiqué of the Central Statistical Office). To a large extent, the entire economy was boosted by extraordinary successes in the agricultural sector. Perhaps for the first time, among countries under Communist rule, the rate of growth in agriculture nearly matched that of industry. Polish industrial production rose by 10.6 per cent last year as compared to an increase in agricultural production of 10 per cent.

By implication, both the First Party Secretary Wladyslaw Gomulka and Politburo member responsible for questions of agriculture, Edward Ochab, said at last week's third Congress of Collective Farmers that the agricultural successes of the year past could best be ascribed to the private peasantry (the Polish private peasantry comprises 87 per cent of that country's farmers).

At this congress, Gomulka went so far as to criticize the collectives for falling behind the production achieved by individual peasants, "except for grain". He said further that the further expansion of the collective movement depends upon you yourselves (collective farmers) and on your production results... We have indeed a group of collectives of high standing, which can be exemplary, but the majority has not yet produced results which could encourage the whole village toward a collective economy.

Industry

As can be seen from the figures which follow, socialized industry in Poland must be credited with a successful year in 1961. Overall industrial production grew by 10.5 per cent, which, with the exception of the 11.1 per cent achieved in 1960, was the most notable achievement in recent years.

Increases were noted in every department. However, these increases may not in all cases be equated with success.

The electrical industry, for instance, in Poland boasts of a 9.9 per cent increase in wattage over 1960 -- the fact

remains that Polish electrical output remains one of the lowest in Europe (including the socialist countries). Factories have stopped production this winter, for lack of power.

The building materials industry asserts that cement production rose by 11.6 per cent, but admits that the industry failed to implement the plan in production of lime, wall materials, roofing materials, asbestos, and window panes. This rise in cement production cannot be considered as adequate to meet the stipulations of the Five-Year Plan. Moreover this section was and remains a chronic weakness in the Polish economy.

Judging from the official statistical communiqué, light industry seemed to have not approached the desired level. This sector was discussed only in a general way.

The housing construction industry worked considerably behind plan this year. Only 247,000 of the planned 305,000 rooms were built. This is a marked drop in comparison with 1960, when 300,000 rooms were made available. This year's poor results in the building materials industry must have contributed to the failure in the housing construction industry.

The foreign trade deficit was very high this year, with imports exceeding exports by some 700 million zloty.

The communiqué also noted that the machine building industry did not implement the plan with regard to the production of turbines and steam boilers for the power industry, ship engines and ships, tractors and trucks and railway rolling stock.

A phenomenon which bothers the Planning Commission, judging from its communiqué, is that wages in 1961 were higher than planned, and that, subsequently, purchasing power was stronger than expected.

Purchasing Power

The premises of the Planning Commission state clearly that the increase of purchasing power and wages must be a small percentage (see figures following). In effect, purchasing power rose by nearly 10 per cent, the capital's Planning Commission had said that such a large increase in purchasing power must result in a disturbed market balance, since the additional money would mainly be spent on food. Yet the purchasing power rose by twice the amount planned by the capital commission and somehow the market was not disturbed. And this not only because there was more cash for food than the plan anticipated, but because it appeared in practice that the structure of demand was quite different. Additional purchasing power was channeled primarily for the purchase of consumer goods, which, in fact the government has been trying to rid the shelves of for some years.

Following is a summary of Poland's plan for results 1961:

A. General

National Plan Fulfillment
102.7 per cent

Industrial Production
10.5 per cent (7.7 per cent stipulated in plan); in 1960 - 11.1 per cent

Agricultural Production
10 per cent (4.3 per cent stipulated in plan).

Housing Construction
247,000 new rooms constructed, plan called for 305,000.

Exports
6,018 million exchange zloty.

Imports
6,749 million exchange zloty.

National Income
417 billion zloty, an increase of eight per cent over 1960. The plan called for five per cent.

Average Gross Wage
1,736 zloty per month as compared to 1,660 zloty in 1960 -- this well exceeds the 2.4 per cent increase allowed in the plan.

Investments
1.7 per cent short of plan fulfillment.

Retail Sales
Increased by 10 per cent as against the 5.3 per cent stipulated in the plan.

B. Industry

Industrial Production
See above.

Electric Power
32.2 billion kilowatt hours (31.9 billion kilowatt hours in plan)

Coal
An increase of 2.1 million tons.

Steel
7.25 million tons, exceeding the plan by 0.15 million tons.

Rolled Goods

Increased by 402,000 tons to a total of 4.8 million tons.

C. Agriculture

Total agricultural production was 10 per cent above 1960; the plan called for a four per cent increase.

Plant Production

Rose by 12 per cent over 1960.

Animal Production

Rose by circa nine per cent over 1960.

4. Main Grains

Increased by 8.7 per cent.

Sugar beets

Rose by 12.6 per cent.

Potatoes

Rose by 19.7 per cent.

Rape seed

Production increased by 75.6 per cent.

Cattle

In June of last year amounted to 9.2 million head, i.e. 5.4 per cent more than in June 1960.

Pigs

Amounted to in June of last year to 13.4 million head, i.e. 6.5 per cent more than in June 1960.

Sheep

3.5 million head. 4.6 per cent less than in June 1960.

Milk

A production of ca. 12.5 billion liters, an increase over 1960 by four per cent.

Eggs

An increase of 8.7 per cent over 1960.

Production Cooperatives (Collective Farms)

Number 1,889

Grain Purchase

17.1 per cent higher than in 1960.

Potatoe Purchase

Increased by 24.5 per cent.

POLISH BACKGROUND REPORT, 21 FEBRUARY 1961, page 5

Fertilizer Production
Up by 6.7 per cent.

Electrification
95,400 individual farms were electrified (far below plan).

Sources:

Communiqué, "Central Statistical Office", 5 February 1962.
"Trybuna Ludu", 26 November 1960.
Rocznik Polityczny: "Gospodarczy", 1961.

End