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EAST EUROPE

POLAND

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POLISH NATIONAL ECONOMIC PLAN FOR 1967

Summary: On 20 December 1966, the Polish Sejm passed the resolution concerning the national economic plan for 1967 and the general directives for 1968. The resolution sets in comparative detail the general directives for 1968 and this seems to be a further step taken toward the introduction of a system of planning for a two-year period. Some of the more important features which illustrate the aims of the plan are of interest.

The gross national income is to increase 3.4 per cent during 1967, and seven per cent in the year 1968. The net national income, earmarked for distribution, for 1967 seems particularly low, because its growth will amount only to 2.6 per cent. It is assumed that the total value of production will increase during the current year by 6.2 per cent, and during the next year by about 7.8 per cent. No increase of agricultural production has been foreseen in the plan. On the other hand, total foreign trade turnover is to increase by 8.1 per cent during 1967 and by 9.3 per cent during 1968. It is assumed that the total number of people employed will increase by 303,000 during 1967; the average wage will increase by 3.4 per cent in 1967 and by 1.8 per cent in 1968.

The results of changes in the financial system of enterprises, which were initiated by the resolutions of the Plenary Session of the CC of PUWP in 1965, are already included in the economic plan for the current year.

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Circumstances Which Influenced the Determination of the Plan

The plan for 1967 includes a number of provisions for the period already embraced in the five-year plan. In some cases preparations of the five-year plan coincided with those of the 1967 plan. The preparations of these plans also coincided with the realization of a number of tasks provided in the preceding five-year plan. Considering the fact that the results of the plan for 1966 were not completely satisfactory, one can readily assume that the plan for 1967 will bear the features of a "corrective plan." An attempt is made to even out, during the current year, some disproportions created in the past year. This will influence the degree of attainment of the tasks provided in the current five-year plan. During the last year, there was strong evidence of the existence of a contradiction between the objective of providing full employment and that of attaining improvements in labor on the level provided in the planned indexes. Only the attainment of the latter would have assured the planned growth in real income. The current plan favors the maintenance of full employment, and therefore, one may expect the contradiction between several objectives to become even more acute. The fulfillment of last year's plan was carried out in an atmosphere of anxiety, caused by the difficulty of producing enough consumer goods to satisfy the existing purchasing power. This anxiety was illustrated by the fact that, in an attempt to put on the market a sufficient quantity of consumer goods, contrary to past practice and to the plan stipulations, a growth of consumer goods production larger than that of industrial goods was permitted. In spite of such essential changes in the structure of production, the results turned out to be rather meager. Unsold stocks piled up as a result of the poor quality and accounted for one-half of the entire growth of industrial production for the year 1966. (1)

Because of a number of fairly essential organizational changes, particularly changes in the financial system, which went into effect during the current year, the plan for 1967 contains many factors which have yet to be tested in practice. In addition to the broadening of the economic independence of the industrial association and, up to a certain point, also of the industrial enterprise, of particular interest are the following features:

1. The introduction of the new factory prices for the exchanges between enterprises. These prices are more precisely based on production costs, and therefore, allow for a better evaluation

(1) Zycie Gospodarcze, 1 January 1967.

of the actual social cost of the production of goods not directly destined for the market.

2. A further limitation of the financing of investment with money provided by the state budget was provided. During 1967, only investments with a "priority status" (i.e., those of particular importance for the country's development) and those which were started during last year, are going to be financed from the budget of the state. The proportion of state budget funds in the total sum of investments was 60 per cent in 1965 and is to be only 42.5 per cent in 1967.

Description of the 1967 Plan Tasks and of Some Important Production Directives for 1968(2)

Industry

The plan anticipates that the total value of production of socialized industry will grow by 6.2 per cent during the current year (this assumes a growth rate of about seven per cent for the means of production and an increase of about 4.8 per cent for consumer goods). In 1968, the total value of production is expected to increase by 7.8 per cent (while the manufacture of the means of production will grow by about 8.8 per cent and of consumer goods by about 5.9 per cent).

Of special interest are the comparatively high increases during 1967 of chemical production, which amount to 12.2 per cent; of the means of transport, an increase by 9.4 per cent; and of the machine industry, an increase of nine per cent.

Characteristic is the comparatively small increase in coal production of 1.4 per cent in 1967 and 2.9 per cent in 1968; at the same time, the increase of production in natural gas is extremely high, 30 per cent in 1967 and 50 per cent in 1968.

The section dealing with transport mentions the preparations to be undertaken in the current year for production of passenger motorcars, which are to be built under the Fiat license. Production of these motorcars is to begin in the following year. Because

- (2) Based on the text of the Sejm's resolution passed on 20 December 1966 (which was published by Monitor Polski /official gazetteer of Polish government regulations/ on 23 December 1966), and on the report from the Sejm debate (which appeared in Trybuna Ludu on 20 and 21 December 1966).

of the need for extensive preparatory activities, the planned production of passenger cars is not affected very much.

The comparatively modest increase in food production during 1967 is directly connected with lack in planned growth of agricultural production.

Agriculture

According to the recently accepted method for setting agricultural production, which utilizes a four-year average yield, the plan anticipates that, in 1967, the total value of agricultural production will amount to only 97.7 per cent of last year's production (animal product production, however, is set at 100.6 per cent). The supply of chemical fertilizers is expected to increase by 12 per cent during the current plan, in terms of kilograms per hectare of arable land will increase from 65 kg per hectare in 1965 to 72.8 kg per hectare in 1967 and 90.3 kg per hectare in 1968.

Foreign Trade

Total turnover of foreign trade is expected to increase by 8.1 per cent during the current year. Exports are to increase by 12.4 per cent and imports by only 4.3 per cent. In 1968, however, the respective figures are to be: 8.2 per cent and 10.4 per cent. The differences in the increases in exports and imports during these two years, are influenced by the need to rebuild foreign currency reserves, and to meet the increased requirements for the repayments of foreign loans during 1967.

During the debates in the Sejm on the five-year plan and the 1967 plan, considerable stress was placed on the need to change the structure of exports and imports. The increasing role of machinery exports (which is to increase by 42.7 per cent in 1968) and the decreasing amount of grain imports were particularly stressed.

National Income and Investment

During 1967, the increase in the gross national income will be comparatively small (an increase of 3.4 per cent). The growth of the net national income available for distribution will not be as large (2.6 per cent). The necessity to increase exports in order to pay off the foreign loans which fall due accounts for the small increase in the national income available for distribution. Industry is to create 50 per cent of the gross national income during 1967. Anticipated accumulations are set at about 24 per cent of the net national income for distribution as compared with the expected

1966 plan fulfillment of about 25 per cent.

Net investments in the current year will increase by eight per cent over 1966. At the same time, net investments as a proportion of the national income will increase from 17.7 per cent in 1966 to 18.6 per cent for the current year. Industrial investments will amount to 13 per cent.

Consumption, Earnings and Employment

The plan foresees an increase in the consumption of the consumer goods in 1967 of about 4.2 per cent, or 3.1 per cent per capita. Average gross earnings are to increase 3.4 per cent in the current year and 1.8 per cent in 1968.

During the current year, the plan anticipates an increase of 303,000 in the number employed, 75 per cent of whom are to find employment in the production of goods and 25 per cent in the supply of services.

General Observations

The modest tasks set in the economic plan for 1967 are motivated by the need to concentrate on the improvement of quality, and on an improved relationship between production and consumer needs. In actual fact, they reflect the difficulty encountered in the effective utilization of the uncommitted labor force. The limiting investment conditions in industrial production, which are to produce immediate economic effects, are bound to limit the increase in the standard of living when measured solely to quantitative terms. The economic situation during the current year will be complicated all the more by the lack of consumer commodity reserves with which to cover the modest growth in purchasing power. In such a situation, even a small over-spending in the planned wages fund can lead to periodic disequilibria in the market.

Antoni Marek
(Polish Unit)