

## INTRODUCTION

This publication contains proceedings of the Conference organized by the Institute of Political Economy, University of Lodz at Rogow /near Lodz/ in December 1984.

The depth of the reform planned in Poland makes it comparable to the reforms in Yugoslavia and Hungary. Empirical and theoretical studies on the process of the economic reform's introduction in Poland conducted by the Institute since 1982 allowed to determine many interesting phenomena and determinants in conviction of the research team composed of the Institute's staff. This gave rise to an idea of organizing a Conference with participation of Yugoslavian and Hungarian Economists. The aim of this Conference was to create convenient conditions for a direct exchange of views on common features and differences in determinants, dynamics and scope of transformations taking place in these countries. For reasons beyond the control of the organization committee, the invited Yugoslavian economists did not participate in it. Consequently, the Conference provided an opportunity to present, compare and evaluate solutions adopted in Poland and Hungary.

Since the Conference was organized in Poland, it was quite natural that the number of papers presented by the Polish authors was predominant /8 out of the total number of 12/. The authors of the papers on the Polish side were faculty members in the Institute of Political Economy at the University of Lodz, participating in the studies, and professor K. Porwit from the Central School of Planning and Statistics. The Hungarian side was represented by the authors employed in the Economic Institute including professor M. Tardos, director of this Institute, and in the Institute of the World Economy in Budapest.

Both these Institutes belong to the Hungarian Academy of Sciences

The presented papers provided a basis for animated discussion. Within the framework of this discussion, there were moved many problems with the most important among them being:

social determinants of reforms, structure and functions of the central state administration, problem of recurrence of the system based on commands and centralized allocations and distribution of production means in the form of covert directives, conditions determining effectiveness of parametric regulation of economic processes, and role of the market mechanism. In the case of almost all discussed problems, comparisons were made between economic reform processes in Hungary and Poland.

The discussion did not undermine the ideas contained in the presented papers and, therefore, they have been included into this publication with out changes in their contents.

The entire publication has been divided into two parts. The first part includes papers devoted to different aspects of the Polish economic reform, while the second part concerns problems connected with the Hungarian reform.

In the "Polish" part, there are analyzed problems of the technocratic and the democratic variants of the reform. It is in this context, that the authors analyze role of the socialist state both on macro- and microscale by means of evaluation of effectiveness regarding solutions regulating activities of industrial and agricultural enterprises. The authors' argumentation, generally speaking, goes in direction of the democratic variant, the market economy regulated by the plan. This problem has received a bigger deal of attention in the last article closing the first part of the publication.

In the second part, in confrontation with solutions adopted in the Hungarian economy, there are analyzed practical and theoretical aspects of possibilities to regulate all economic processes by the state with a wide utilization of the market self-regulation. The last paper in this part analyzes determinants in the process of formation of reformatory ideas in Hungary and Poland.

The first part opens with a contribution of J. M u j z e l, who presents two variants of the economic reform - technocratic and democratic. Pointing out weaknesses of the technocratic variant, he declares fully in favour of the democratic variant. While analyzing advantages of this variant, J. Mujzel indicates

its weaker and insufficiently developed elements calling for more intensified intellectual effort. The theoretical conclusions are confronted with findings of empirical studies. W. C a b a n undertakes in his article the question of sovereign state control over the economy, and proves that for the state to perform such a role it is of decisive importance to ensure appropriate relationships of three kinds: relationships between the institutional environment and the state, and more precisely within the economic centre, and relationships between the economic centre and enterprises. Referring to empirical experience, the author proves that the form of these relationships is far from desirable. In the final part of the article, W. Caban analyzes the main causes of this situation. K. P o r w i t in his article deals with the main changes in the area of planning resulting from the economic reform. The author stresses that these changes are aimed, first of all, at ensuring autonomy for an enterprise as a condition in promoting higher effectiveness of economic management. There is also stressed importance of the financial aspect of planning, planning structure and procedure as a safeguard against wrong choices. As essential condition, which is to protect against wrong choices, is social participation in planning, decision-making and management. A. F o r n a l c z y k and W. K a s p e r k i e w i c z make a distinction between concepts of the bureaucratic monopoly and the market monopoly. The new economic system liquidates the bureaucratic monopoly but leads to creation of the market monopoly. The authors present arguments in favour of demonopolization of the economy. Lack of appropriate institutional and organizational changes in the previous practice does not create favourable conditions for realization of this postulate. A considerable part of the article is devoted to analysis of areas and instruments of the antimonopoly policy.

The paper prepared by A. K r a j e w s k a and S. K r a j e w s k i along with two other papers dealt directly with problems of an enterprise. A. and S. Krajewski analyze effectiveness of the new system of their functioning, first of all on the micro scale. In this analysis, the authors underline

strongly that system solutions cannot ignore the existence of autonomous goals in the enterprise's activity but they should make a purposeful use of these goals. Otherwise, it will lead to decay of motivation. It is being proved by the authors that as this requirement is far from being fulfilled the macroeconomic effectiveness is low as well. A. B i e ń k o w s k i, W. Ł y c z e k and W. P u l i ń s k i undertaking analysis of functioning of state agricultural enterprises, i.e. enterprises operating in a sphere considerably different from that in which industrial enterprises work, analyze - in fact - the same problems, which are discussed in other articles. Their attention is focussed on organizational changes in the system of state agricultural enterprises, instruments of steering economic processes, and motivation system. Referring to the findings of empirical studies and literature of the subject, they point out shortcomings in adopted solutions, whose removal determines progress in effectiveness of economic management. E. M a ł e c k a and R. Z i e l i ń s k i tackle the problem of adaptation capacities of enterprises. Distinguishing between autonomous and higher effectiveness of economic management, the authors prove that enterprises revealed big adaptability in conditions created by central regulations for realization of their autonomous goals. In the final part of this article, an attempt has been made to quantify adaptation capacities of enterprises.

The article of C. J ó z e f i a k closes the first part of the publication in the formal sense, as the last article included into this part, and with regard to the analyzed subject area. The author, summing up in a way the earlier analysis, presents two concepts of the economic reform: the concept of socialized market economy regulated by the plan and the model of the state indirect regulation encompassing long-term and current processes. The second model, in the author's opinion, differs from the model based on commands and centralized allocations and distribution of means of production mainly with regard to instruments employed in execution of central plans and instruments with which enterprises are steered. While analyzing the main factors restricting depth of the reform,

C. Józefiak formulates a view that changes effected so far in the economic system aim at hybrid solutions, which do not guarantee a desirable social effectiveness of economic management.

The second part of the publication opens with an article of M. T a r d o s, who performs analysis of the economic policy in the years 1979-1983 against the background of Hungary's indebtedness in Western countries. The author shows that through precise regulation of wages, import, control of prices and the market, taxation of enterprises, the country managed to attain an equilibrium in its balance of payments. That was, however, a policy promoting equilibrium and not economic growth. In the final part of the article, the author analyzes a possibility of replacing detailed regulation of economic processes by a policy aiming at preservation of harmony between total demand and economic effectiveness with leaving a sufficient space for self-regulation. Such an approach would favour more economic growth. Nonetheless, the author does not see any possibility of such a change at present. T. B a u e r, proceeding from an assumption that a basic task faced by Hungary is continuation of the economic reform, distinguishes two approaches to this problem. The first consists in replacing direct methods of central management by indirect methods, without narrowing the range of economic processes subjected to direct central management. The second approach expresses itself in replacing direct central management of the economy by indirect methods, encompassing all economic processes. While supporting the second approach, the author analyzes main counterarguments formulated by opponents. Pointing at their insufficient justification, T. Bauer concludes that they do not pose an obstacle in continuation of the reform according to the second concept. A. I n z e l t focusses attention on the organizational system in the Hungarian industry. The analysis is focussed on the organizational structure of the industry, with the size of the enterprise according to the number of employees being accepted for a criterion. The authoress points out that the Hungarian industry is excessively concentrated with its simultaneous territorial and technical dispersion. In the second part of the article, it is shown that changes in



industrial organizations involved, among others, taking over their functions either by superior administrative units or by other economic organizations. This led to the weakening of economic effectiveness of industrial enterprises. Finally, the authoress formulates a postulate about necessity of modernizing the organizational structure of the Hungarian industry. K. M i z s e i performs in his article a comparative analysis of Hungarian and Polish concepts of economic reforms and their practical implementation. He proves that the problem of economic reform was undertaken in conditions of economic and political crisis. Experience provided by attempts at launching reforms and the experience connected with the functioning of planned economies were generalized by the economic science. Its effect was undertaking new reformatory attempts in a more mature way. A significant moment, especially in the Polish experience, is appearance of a new, young generation of economists bringing an important contribution to concepts of economic reforms. The final part of the article deals with practical aspects of the economic reform in Hungary and Poland in the early eighties.

All articles, included into this publication, present research findings up to 1983.

Wiesław Caban

Lodz, January 1985