

## **Report Submitted by Comrade Ladislav Adamec**

Esteemed comrades, on instructions from the CPCZ Central Committee Presidium, I am submitting to you the report on the fulfillment of the plan of social and economic development in the year 1988, on provisions for the 1989 plan, and on the course of the restructuring of our economic mechanism.

The government proceeds from the conclusions adopted by the Seventh, Ninth, and Tenth CPCA Central Committee sessions, which have become the political foundation of the federal government's programmatic statement that was approved by the Federal Assembly on 8 November 1988. We are summing up the knowledge acquired in our work during the first 2 months, and adopting a stand on certain topical issues.

We realize the extraordinary significance of next year, when our entire party and society will be embarking on intensive preparations for the 18th CPCZ Congress. In harmony with the demands voiced by Comrade Jakes, CPCZ Central Committee general secretary in his opening statement, we declare our responsibility for establishing the optimum conditions for mobilizing all creative forces of the workers class, the cooperative farmers, and the intelligentsia. We want to make a vigorous contribution toward creating an atmosphere of high responsibility for the accomplishment of tasks in every sector and toward producing a creative approach to achieve a comprehensive approach to all political, economic, and ideological tasks, to link immediate and long-term matters, and to combine organizational work and consistent control. We share the responsibility for preparing a number of basic conceptual, strategic documents for the 18th CPCZ Congress.

The federal government is resolved to honorably cope with the high demands set by the political and economic reform, and to change the contents and style of its work as it goes along, while overcoming outdated views and methods. We have no moral right to criticize others if we ourselves do not radically change, if we do not provide a specific example on higher levels. In order to make a successful beginning, we give priority to renewing the people's trust in state policy. Our citizens do not judge our work solely according to what they themselves have experienced—they also ask about broader issues. They want to know why we are undertaking such profound social changes. They are wondering what this will require from them. They measure the principles of restructuring by applying the usual ideas on socialism and the management of the national economy to them. They judge these principles by the living standards. For the sake of reciprocal understanding, we must provide a truthful answer to all that is still unclear, as well as truthfully reply to the unpleasant questions and doubting voices—without evasion or excuses, without resorting to useless tactics and camouflage; we must reply in the spirit of supplying the public with information, in the spirit of broad democratism. . . .

### **Putting Consumers' Interests First**

Comrades, given the limited availability of resources and the conditions of economic imbalance, the 1989

Plan is aimed at further reinforcing the social orientation of production. Enterprises still place their own interests above consumers' needs. They misuse their monopoly status to enforce one-sided advantage for themselves and to dictate their own terms. A socialist state must not tolerate a situation in which consumers do not have equal rights with suppliers and must content themselves with any standard of products and services. Our efforts to ensure, over a period of time, stability on the domestic market are also connected with this. It is this stability to which we assign the number one position, subordinating the other parts of the plan to it.

We know about the complaints about trouble-spots in supplies, the narrow product range, lack of variety, and unwarranted price increases and we are dealing with them with all due earnestness. We do not underestimate the objective causes of the emergence of the present complicated situation. We welcome the initiative of those enterprises that are increasing their output for the benefit of the domestic market.

We do not regard the extraordinary steps which the government adopted in the recent past as a lasting and comprehensive solution. We are facing the task of devising a well-thought-out concept for the development of the domestic market, which should comprise the expansion of production capacities, including the utilization of parts of the defense industry.

Inexpensive, standard types of goods must always be available on the market in sufficient quantities. The fulfillment of this task must be consistently monitored -- in the center, in regions, districts, and individual localities. A balanced market does not depend just on the global decisions of central agencies. It must be systematically and purposefully created at the local level as well; national committees must play a more active role in this regard, while refraining from unnecessary administrative interference.

All cross-sectional and branch agencies and their senior personnel must feel responsible before the party and society for the state of supplies to the population and anticipate that conclusions will be drawn if they fail to discharge their duties. We are confident that Comrade Ministers Josef Rab and Kazimir Nagy, in charge of domestic trade and tourism in the republican governments, will make maximum use of the possibilities provided by the new economic mechanism in order to boost the entrepreneurial spirit of retailing organizations.

Supplies of staple foods are regular and free of major ups and downs. Our farmers and our food industry rightly deserve thanks and credit for this. Despite our virtual self-reliance in this regard, we must not succumb to a carefree attitude. The agro-food complex will operate in the conditions of the new economic mechanism ahead of the other branches, from the beginning of 1989. Enterprises will not find it easy to cope with the new conditions, especially those with a weaker economic base. At the same time, new opportunities are opening up before them to take the initiative themselves in producing and expanding the range of foodstuffs, entering into direct links with retailing organizations, and choosing efficient channels for purchasing supplies and marketing their products. In the interest of greater variety, higher quality, durability, better packaging, regularity of supplies, and permanent availability of products in cities and rural areas, we support the demands for an accelerated development of the food industry.

The weakest element of the agro-food complex are its high costs, the inordinate degree to which the retail prices of virtually all staple foods are subsidized from the state budget. The demand for efficiency concerns this sector as well. Farmers have achieved high grain yields and a high growth rate in meat production. The crucial thing is, however, to produce at substantially lower costs.

In connection with the restructuring of the economic mechanism and with meeting the needs of the population for high quality food products, Comrades Jaromir Algayer, Ondre Vanek, and Julius Varga, ministers of agriculture and food, have been charged with the task of drawing up a concept of nutrition policy for the years 1990-2010.

We have set ourselves exacting tasks in satisfying people's housing needs in this 5-year plan. Our society spends an annual average of between Kcs 20 and Kcs 27 billion on this important constituent part of the standard of living. Yet it holds true for this area that the use of extensive methods, the construction of new housing estates "on green sites" must not continue.

People's demands in respect to the quality of the housing stock and the standard of the infrastructure are increasingly coming to the fore. It is precisely on this count that we owe our people a lot—we repair too little, and valuable assets get lost because of inadequate maintenance. The modernization of older apartments is also progressing too slowly. These difficulties are known and they are rather frequently the subject of negotiations in various agencies. Remedy comes slowly, however, and only in some places. We identify with the public's criticism of the current approaches by planning, financial, control, and other agencies, including the two republican ministries of construction and the building industry led by Comrades Jaroslav Vavra and Ivan Steis.

The situation in housing construction has come to a head in the last 3 years, with the result that the handing over of around 33,000 apartments, 23,000 of which were to be built by contractors, is jeopardized. Even in these matters we are advocates of an open and realistic policy that is in conformity with actual possibilities. We do not think it is right to repeat the mistakes of the past and will not allow incomplete apartments to be counted as complete, or demands on quality to be scaled down.

We are of the opinion that it is within the power of the relevant agencies to improve substantially and within a short period of time the conditions for the development of individual housing construction by simplifying the regulations and improving supplies of building materials.

In its housing policy the party has always proceeded from the principle of combining economic and social considerations, and it will continue to be guided by it. This principle must be given concrete shape in such a way that in every period conditions are established for harmonizing social and individual interests. We must not continue to watch idly how, with the passing of time, the correct aim of protecting the social interests of people, especially families with children, is turned against its original purpose. The social gain of low and greatly subsidized rents is being misused on a large scale to obtain unearned income. Irregularities and instances of injustice in housing policy are among the most frequent complaints and, for

the most part, they are absolutely justified. Honest people cannot understand how it is possible that national committees and the enterprises of housing economy run by them tolerate long-term nonpayment of rent, that thousands of apartments are unoccupied for long periods, and that the troubles connected with acquiring an apartment are being misused for speculative aims, for the illicit enrichment of some people at the expense of others. We support the steps of those national committees that do not put up with this and seek ways of setting things right. The proposed amendment to the housing law, which will become the subject of a public assessment, should contribute to a better management of the housing inventory. We expect the sociopolitical and economic principles of the new housing policy to be prepared in time for assessment by the CPCZ Central Committee session on social problems, planned for the second half of 1989.

A number of sectors in the social sphere suffer from manpower, material, and financial shortages. This is particularly acute in the case of the transportation of working people to and from work, which was also the object of very critical remarks at the last all-trade union conference. Do we have enough buses and drivers, or do we not? At first sight it may seem that they are simply unavailable. Unfortunately, we have them in places other than where society needs them most. The far too large and not always economically utilized automobile transportation sector has more than 110,000 official passenger cars with 34,000 drivers. A similar situation exists with the CSAD public automobile transportation enterprise, which is short of thousands of buses. At the same time, enterprises and social organizations own more than 8,000 of them, almost a half of what the CSAD has.

These figures are no secret. But previous attempts to change the situation were thwarted by the jungle of regulations, the narrowly departmental arguments of the relevant bodies, and the unwillingness and indolence of their employees. This causes a feeling of hopelessness and inertia among some of our citizens. If we were to carry on just talking about this mess and criticizing it, the public would not have much understanding. The regional and district committees as well must -- within the framework of their powers -- see to it that the transportation capacities are used in the most efficient way.

We regard the demands for improving the material conditions in further spheres of social policy, especially in education, health care and culture, to be justified. We are also accelerating structural changes and technical development in order to be able to strengthen the entire tertiary sphere as soon as possible. In accordance with the prerequisites created we want to seek further sources for gradually resolving at least the most urgent needs in the course of the year. In this, we proceed from the forecasts contained in the government program statement.

Comrades, the development of our economy in the past 4 decades has revealed that the attempts to manufacture everything ourselves, to isolate ourselves from the external economic environment, have had a very negative impact on scientific-technical progress, the quality of products, and the overall performance of our economy. The important thing will be to become most extensively involved in the world economy, especially through direct relations at the level of enterprises and by establishing joint ventures.

The coordination of the economic policy of the CEMA member states and the intensification of the integration processes and the restructuring of their mechanisms will be assessed at a working meeting of the highest party officials of the CEMA member states in Prague in March 1989. As host country we will strive to ensure that these discussions will help harmonize views on the direction, means, and methods for the development of economic cooperation. We favor having a joint structural strategy for the community and the establishment of a common market. The development of comprehensive, mutually advantageous economic relations with the Soviet Union will also play an important role for our entire economy in the coming period. The federal premier will hold talks with the Soviet side on a number of weighty issues at the beginning of next year. It will be necessary to jointly assess structural plans in production and scientific-technical cooperation and conditions for the broader development of direct relations. In the spirit of the conclusions adopted by the CPCZ Central Committee Presidium on the results of the 19th All-Union CPCZ Conference, we want to clarify approaches to creating the mechanism of bilateral cooperation.

We are also seriously considering the need to fundamentally change the unsatisfactory development in external economic relations. We want to avoid a further growth in indebtedness abroad. We do not intend to fritter away our national income in unutilized external assets. In addition, exports supported by the government or preferential credits and the provision of various kinds of foreign assistance must be in proportion to our possibilities in the future. Therefore, as early as 1989 we will begin to modify the structure of our foreign trade. . . .

*Source:*

"Adamec CPCZ Central Committee Plenum Speech," *Rudé Pravo*, December 17, 1988.