THE BALANCE OF PAYMENTS PROBLEM AND THE ECONOMIC CRISIS IN POLAND

by

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THE CARL BECK PAPERS IN RUSSIAN AND EAST EUROPEAN STUDIES
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This paper attempts to provide a historical perspective by examining Poland's external economic relations during the entire postwar period from 1945 to 1984, describes various structural problems that have been created over the years and presents some observations on the future prospects.

It is not the intention of the author to question the role of political factors in the origins of the present crisis. These factors affect the geographic and commodity composition of foreign trade, the choice of development strategy and are, above all, reflected in the economic system which is responsible for the overall inefficiency of the economy, the lack of motivation and numerous policy mistakes which all lead to a serious long-run balance-of-payments disequilibrium.

Until recently the balance-of-payments statistics were not even published in Polish statistical yearbooks and the values of foreign trade were presented in the so-called "deviza zloty", which had no relation to the domestic currency (zloty) and could not, therefore, be incorporated directly into the national income accounts. The balance-of-payments problems were not well understood by the economists, who, under the influence of the Soviet economic thought, had a tendency to neglect the roles of foreign trade, to think in terms of a basically closed economy and to regard foreign trade simply as a source of supply of those commodities which were not available, permanently or temporarily, from domestic production. Only now, in the seventh year of the economic crisis, are balance-of-payments problems starting to be more fully recognized as the main barrier to recovery. The plan for 1986-90 is referred to as the "export-dominated five-year plan."[1] As these problems were neglected in the Polish literature until recently, they were also usually overlooked by the Western observers who depended on Polish sources. The problem of Poland's indebtedness has, of course, been widely discussed in the West, without, however, a satisfactory analysis of its long-term structural causes. It is hoped that this paper fills that important gap and is, therefore, useful in explaining the nature, the depth and the length of the economic crisis in Poland.

I. Background

The roots of the balance-of-payments disequilibrium and, indeed, of the present crisis, go back to the late 1940s and early 1950s. At that time (1) a highly centralized Stalinist system of planning and management was transplanted to Poland without any significant modification, (2) the Soviet-type policy of industrialization was applied in a country that differs from the Soviet Union as to its size, factor endowment, culture and historical traditions, and (3) an abrupt geographic redistribution of foreign economic relations was enforced that cut traditional links with the world economy. The system made it possible for the planners to ignore market forces and to build new enterprises and entire industries in accordance with their own preferences, whatever the short-run or even the long-run profitability of these investment projects.[2] The strategy was inward-looking. It ignored comparative advantages and was based mainly on import substitution, modified only by the current needs of the Soviet Union, and on the priority development of heavy industry.[3]

During the industrialization drive in the first half of the 1950s the planners attempted to create an industrial structure which they regarded at that time as the most progressive and conducive to growth. The stress was on coal mining, iron and steel metallurgy, heavy machinery and equipment and the so-called "heavy" chemical industry. Such "modern" industries as precision instruments, electronics, synthetic fibres, plastics and other sectors of petrochemical industry were neglected, together with agriculture, infrastructure and the consumption goods industries. Almost all newly established, or rapidly expanded industries were heavily capital-, material-, and energy-intensive. The very rapid creation of this industrial structure required a very drastic limitation of consumption. The structure was, however, already obsolete when it was constructed, technologically backward and inefficient.[4] An attempt was made to produce as many producers' and consumption goods within the country as physically possible without the benefits of the economies of scale, because of the size of the country, and, therefore, at high unit costs and without the possibility of expanding research and development in all these fields at once. This process required rapid increases in the import of machines and equipment in the short-run and considerable imports of raw materials, intermediate goods, components and spare parts in the long-run. However, no viable export sector was created and traditional exports belonged to the low priority sectors which were neglected and experienced decapitalization during the early 1950s. Some pre-war export markets were lost.[5] The planners' aversion to foreign trade, related to difficulties experienced in the central planning of exports other than relatively homogenous primary commodities, aggravated the situation. Prolonged balance-of-payments difficulties appeared. They were suppressed, but not eliminated, by administrative exchange controls, the state monopoly of foreign trade and the growing insulation of the domestic economy by arbitrary rates of exchange and the price equalization mechanism of subsidies paid to cover losses, and taxes eliminating profits resulting from differences between the so-called "autonomous" domestic prices and those which were actually received or paid in foreign currencies.

It was at that time that the "foreign trade barrier to growth" was recognized as a serious problem by some Polish economists, including Michael Kalecki who pointed out that "in order to reduce these difficulties it may be necessary to introduce partial autarky, as well as to force export to the markets which are less profitable."[6] The importance of this barrier has not declined over the years and is one of the main factors that have been causing the appearance of periodic crises during the entire post-war period.[7]

Let us first examine changes in the value and volume of trade with the Soviet Union and Eastern Europe on one hand and the West on another, the relative importance of the two directions of trade and their role in the process of development in the years 1945-70.

II. Trade and Development, 1945-1970

The geographic redirection of foreign economic relations which took place at the end of the Second World War has had equally strong and far-reaching effects on the development of the Polish economy and its structure as the adoption of the Soviet system and development strategy. Before the war, trade with the Soviet Union was insignificant. In 1934-38 its average share represented 1.4% of import and 1.0% of export. Trade with other countries which later became members of the Council for Mutual Economic Assistance (CMEA) had only a marginal significance. The average share of these countries in 1934-35 was 15.1% of import and 16.8% of export. Trade with the rest of the world represented at that time 83.5% of all Polish imports and 82.2% of exports.[3]

According to official trade statistics, which exclude free deliveries of goods from the West through the United Nations Relief and Rehabilitation Agency (UNRRA), imports in 1945 from the Soviet Union represented 91.0% of all Polish imports. Imports from other countries that later became members of the CMEA was almost non-existent and only 8.8% of all imports came from the rest of the world. The same statistics show a decline in the Soviet share of the total Polish imports to 69.3% in 1946, 25.2% in 1947, 23.3% in 1948 and 18.7% in 1949, although there were absolute increases in imports from this source. There were also absolute increases in imports from other countries of the bloc and the share of these imports reached 3.6% in 1946, 7.9% in 1947, 19.2% in 1948 and 23.2% in 1949. Imports from the rest of the world grew, however, more rapidly than total imports from the Soviet Union and Eastern Europe and their share increased to 21.8%, 65.6%, 52.5% and 57.4% (see Table II).

Immediately after the end of the war Poland received the UNRRA aid of the total value of $477.9 million in the form of deliveries of food, manufactured consumption goods and producers' goods with 21% delivered in 1945, 62% in 1946 and 17% in 1947.[7] When these deliveries are included, the share of the rest of the world increases to 82.9% in 1945, 83.0% in 1946 and 74.3% in 1947. Moreover, it means that 28.8% of all Polish imports in these three years were obtained as aid. These were very difficult years during which, because of the war-time devastations, it would not have been possible to expand export to the extent needed to pay for this volume of goods. Together with the UNRRA deliveries, imports from the outside world, almost exclusively from the West at that time, were equal to 2,333 million <u>deviza zloty</u> in 1946 and 1,277 million in 1947. The 1947 level was not again reached until 1955 and the 1946 level until 1961. Even after the UNRRA deliveries had been terminated, imports from the outside of the bloc represented 52.5% of all imports in 1948 and 57.4% in 1949 (see Table II). There is no doubt, therefore, that during the post-war reconstruction period (1945-49), imports from the West, including those received as aid, played an important role. By reducing drastic shortages of consumption and some producer goods, it helped the process of recovery which without it would have been more prolonged and painful.

The beginning of the Six-Year Plan (1950-55) and the first years of industrialization and collectivization drive coincided with the cold war. The plan itself was, however, built taking into consideration autarkic goals. It assumed that the gross industrial production (the Marxist definition that contains various duplications) would increase by 158% over the plan period with the import of fuels and raw materials reduced to 99.8% of the 1949 level. This objective was to be achieved by a rapid development of domestic sources of raw materials and by the use of substitutes. Large capital-intensive investments were effected in the exploitation, for example, of widely scattered small deposits of poor quality iron ore which proved to be so costly that they had to be abandoned a few years later. It was soon recognized that the plan had been based on unrealistic assumptions as to the possible level of self-sufficiency and that serious mistakes had been made especially in the field of foreign trade.[10]

Imports from the outside of the bloc declined during the Six-Year-Plan and this decline was not fully compensated by increases in imports from the CMEA countries. Imports from the Soviet Union declined in 1953 and imports from other CMEA countries were below the 1951 level in 1952-53. As the result of these changes, the value of total imports remained at the same level in 1950 and 1951, declined in 1952 and again declined in 1953 (see Table II). The rates of growth of imports at constant prices were very uneven, and there was an absolute decline in 1952 and only a slight increase in 1953 (see Table I).

This pattern differed, therefore, considerably from that of the Soviet First Five-Year Plan during which big increases in imports facilitated the beginning of the industrialization drive.[11]

The decline in the value of imports in 1952-53 took place despite an uninterrupted growth in the value of total exports, exports to the Soviet Union and exports to other CMEA countries which continued from 1945 through 1953, although the continuous exports to the CMEA countries were secured by declines in exports to the rest of the world which occurred in 1950, 1952, 1953 and 1954 (see Table III). The rates of growth of exports at constant prices were also unstable, and absolute declines took place in 1951 and 1954.

During the period of 1946-53, the Polish exports to the Soviet Union were based on the August 16, 1945 agreement which contained an obligation for Poland to export a certain quota of coal annually at a special price well below the world price. Although the original quota was reduced by half in March 1947, and the deliveries at special prices were discontinued after November 1953, the losses which were suffered from these arrangements were not recognized until November 1, 1956 when Poland's 2 billion <u>deviza zloty</u> debt was cancelled to compensate for these losses.[12] Accepting this amount as approximately equal to the difference between the value of coal exported to the Soviet Union in 1946-53 at the world price and the amount actually obtained at the "special price", Poland's subsidy to the Soviet Union represented about 52% of all Polish exports to that country during that period, which was 3.88 billion deviza zloty, or about 10% of the value of total Polish imports excluding the UNRRA deliveries and about 49% of the total value of these deliveries.

This was, of course, the very crucial period of the post-war reconstruction and the first years of the industrialization drive and the export of coal was the important source of foreign currencies which were needed to pay for necessary imports.

Serious difficulties appeared in 1954-55 and a forced change in the party leadership took place in 1956. A period of readjustment followed. The rate of growth of the Net Domestic Material Product (NDMP) declined from one year to another in 1958-60. In order to expand consumption, which had declined during the Six-Year Plan period, and to eliminate some of the more drastic bottlenecks that adversely affected production, imports were expanded in 1956 and 1957. They increased in constant prices by 9.6% and 19.5% while exports declined at constant prices by 3.6% in both years (see Table I). Long-term foreign loans were obtained in addition to short-term suppliers' credits. In 1957, 406 million deviza zloty was obtained from the Soviet Union, 232 million from the United States, 20 million from Australia, 12 million from France and 3 million from Belgium.[13] Imports from the USSR and other CMEA countries increased in 1956 and 1957, but imports from the rest of the world grew more rapidly and their share in total imports increased. However, in 1958, imports from the Soviet Union declined and despite some increases in imports from other CMEA countries, total imports from the bloc declined. There was an increase in imports from the rest of the world and their share reached 41.8%. Total imports declined, however, in that year in value terms (see Table II).

Some bold proposals for economic reform were advanced but they did not lead to any substantial and lasting modification of the system, except the decollectivization of agriculture. There were also no serious attempts to modify the development strategy once the short-run adjustments had been made. In order not to waste the investment projects which had already been started during the Six-Year Plan and could not have been finished because of an excessively wide investment front, shortages, and bottlenecks, a new investment effort was made to complete them and to add various complementary investments "to close production cycles".[14] In effect the industrial structure which had been envisaged at the beginning of the Six-Year Plan was completed.

A new industrialization drive started in 1961 with the stress on a reduction in the dependence on foreign borrowing, improvement in the balance of payments and the expansion of the so-called "domestic raw material base" which was accepted as necessary in order to secure materials for the rapidly expanded manufacturing industry.

In the first year of 1961-65 plan, imports from the advanced countries increased more rapidly than the increase of imports from the CMEA countries and, despite a decline in imports from the less developed countries, the share of imports from the rest of the world increased to 37.5% of total imports (see Table II).

The rate of growth of NDMP increased to 8.2% in 1961 and it was supported by a very high rate of growth of imports in constant prices (13.6%). It collapsed, however, to 2.1% in 1962 despite the high rate of imports (12.4%) and high rates of investment in 1961 and 1962 (7.3% and 9.7% respectively). It was stabilized around 7.0% in 1963-66 but dropped to 5.7% in 1967. The share of the rest of the world in total imports remained fairly constant between 33% and 35% except in 1964 when there was a decline in imports from the USSR and other CMEA countries, which was more than compensated by an increase in imports from both the advanced and less developed countries and the share of these imports again reached 37.0% of total imports (see Table II).

By the middle of the 1960s it became clear that the so-called "extensive pattern of development", i.e., the situation where the rates of growth of national product depend mainly on increases in the quantities of inputs and not on increases in their productivity, would not be able to raise the standard of living or even to secure the same rates of growth in the future as in the past.

In 1968 a strategy of so-called "selective development" was adopted. The main stress was put on the priority development of selected branches of industry and groups of products for export, mainly to other CMEA countries. The Polish economy was to become more open, the scale of production of the selected commodities would increase and the pattern of development would become more intensive.

This attempt to change the industrial structure of the country was based on domestically produced investment goods and imports from other CMEA countries. The share of imports from the rest of the world declined. Preparations were made at that time within the CMEA to adopt a Comprehensive Program which was expected to enhance economic integration within the bloc.[15] Gomulka expressed particularly strong support for the establishment of closer links between Poland and the CMEA countries, seeing in them the solution to a serious crisis which appeared in the second half of the decade. The process of growth had become not less but more extensive with an excessive employment of labour throughout the economy, declining efficiency of investment and very unsatisfactory technological progress.[16] The strategy of "selective development" required a new investment drive which, in the absence of foreign credits, had to be financed from an increase in the rate of forced saving ("Accumulation"). This strategy ended in workers' riots in December 1970.

It is, therefore, possible to conclude that during the period 1945-70 priority was given to the expansion of economic relations with the Soviet Union and other countries of the bloc. Imports from the West were, however, utilized to a considerable extent: during the period of reconstruction (1945-49); in the second year of the Six-Year Plan and when that plan encountered great difficulties and imports from the CMEA countries declined in 1955; during the adjustment period in 1956 and 1957 and, especially, when imports from the CMEA countries declined in

1958; at the beginning of a new five year plan in 1961 and when that plan encountered difficulties and imports from the CMEA declined in 1964. During the recovery period Western aid--and, after October 1956, Western credits--were used to secure the necessary imports and to effect improvements in consumption with a high level of investment.

III. The Commodity Structure of Trade

The operation of the system, the development strategy, and the redirection of foreign economic relations in favour of the CMEA countries produced a certain commodity structure in Polish trade during the period 1945-70. There are, however, considerable differences in the structure of trade with the socialist countries on one hand and the rest of the world on another.

From a net importer of machines and equipment, Poland became a net exporter of this group of commodities at first in 1964 and then in 1968-71. This was the result of a very rapid expansion of the export of machines and equipment to the socialist countries. In this trade a net excess of export over import appeared for the first time already in 1958, then in 1960 and became permanent starting with 1964. In trade with all other countries Poland remained a net importer of this group of commodities during the whole period and, indeed, until 1980 (see Table IV).

At the same time, CMEA supplied usually more than 70% and often more than 80% of all machines and equipment purchased by Poland. Only in the first two years of the Six-Year Plan in 1950 and 1951 and two years during the adjustment period (1958 and 1959) was the share of the socialist countries somewhat lower (see Table IV).

However, because intra-CMEA trade was taking place at the arbitrary rates of exchange, at prices which did not reflect supply and demand within the bloc and with distorted costs, there was no guarantee that these exports and imports would be profitable. With considerable subsidies on most producers' goods going back to coal, electrical power, steel, transportation and low wages, possible because of subsidized food, housing, health and so on, there is a good chance that the export of at least some machines actually reduced the national income of the country. In this situation it is immaterial that prices received in the CMEA trade were usually better than those obtained in trade with the outside world. The essential point is that absolutely nobody could say whether Poland should produce and export these commodities at all. Similarly, as the technological level and quality of machines imported from the CMEA countries was lower than those which could be purchased in the West, servicing and parts were often unavailable and deliveries subject to delays, it is impossible to calculate whether these imports were really beneficial. The use of inefficient machines, which waste materials and energy, which were often out of order, interrupting the entire production processes and requiring frequent expensive repairs, may have created serious losses.

It has been observed in Poland that the technology that was installed during the industrialization drives of the 1950s and the 1960s had already been in use in the Soviet Union and other CMEA countries. Thus the newly established plants were sometimes obsolete at the time of their construction and the new products which they were producing were in some cases already obsolete at the time their production was started.[17]

Very often these products could not be sold outside the CMEA bloc, or even outside the Soviet Union, because, as the same blueprints were used to establish almost identical plants, or to produce almost identical products and the same priority was followed, the industrial structures of these countries became "parallel". They were all producing a large proportion of similar products and needed the same materials. This tendency created serious obstacles to trading within Eastern Europe already in the second half of the 1950s and, despite various efforts, they have not yet been eliminated.[18] However, even when more recent technology was incorporated in the investment projects there were delays in the construction of the plants, or in their expansion, which were caused by the systemic factors, excessive rates of investment and limited productive capacity of the construction industry. Moreover, again because of the operation of the systemic factors and attempts to achieve excessively high rates of growth, innovations and modernization were discouraged.[19]

For all these reasons productive capacities in the Polish economy were not technologically advanced at the end of the 1960s and the modernization of existing productive capacities was recognized as an important task.[20]

However, the rapid industrialization, effected in accordance with the Soviet-type policy, created also some other problems which were reflected in the changes in the commodity structure of trade. From 1957 onward, Poland became a net importer of fuels and raw materials, despite large exports of coal and some exports of lead, zinc and, later, copper and sulphur. Moreover, during the entire period 1945-1970, only about 60% of Polish imports of raw materials could have been obtained from CMEA countries. The remaining part of this group of commodities had to be imported for hard currencies (see Table V). Despite some increases in the share of exports of fuels and materials directed to non-socialist countries, the negative balance in trade in this group of commodities with these countries was approximately equal to, and often greater than, the negative balance in machines and equipment. The rapidly growing demand for imported raw materials from the non-socialist countries competed for scarce hard currencies and imposed a severe constraint on the ability to import machines and equipment.

In the second half of the 1960s it became clear that the growth of imports of raw materials could only be checked by: (1) a restructuring of industry which would reduce the relative importance of particularly fuel- and material- intensive industries; and (2) modernization of the capital stock which would reduce wastes.

It was the export of food and agricultural products that continuously served as a net earner of hard currencies during 1945-70. However, agriculture was a neglected sector with backward technology and infrastructure. It was not easy to expand its production. Although large and growing positive balances in this group of commodities were secured in trade with non-socialist countries, shortages of food started to appear and contributed to the workers' riots of December 1970.

In trade with socialist countries Poland was usually a net importer of food and agricultural products. These were, however, mainly agricultural raw materials of which cotton was particularly important. The negative balances were, however, considerably smaller than the positive balances in trade with non-socialist countries and Poland, was therefore, an overall net exporter of this group of commodities (see Table VI).

With the rapidly growing total imports of fuels and raw materials, which far exceeded the export of this group of commodities, with net import of machines and equipment in trade with non-socialist countries and net imports of agricultural products in trade with socialist countries, the export of manufactured consumption goods had to serve as the balancing group of commodities. During the period 1945-70, this group of exports did not, however, expand quickly. This was a low priority sector, often working with obsolete machines, with the labour force earning considerably lower remunerations, neglected in the allocation of investment funds, foreign exchanges for imports of machines and lower quality management resources.[21] A very large proportion of total exports and even a higher proportion of total imports represented the intra-CMEA trade (see Table VII). The expansion of these exports to non-socialist countries lagged behind that to socialist countries and the positive balances in trade with the first group were considerably smaller than the positive balances with the latter group.

Again, it was recognized at the end of the 1960s that in order to expand export of manufactured consumption goods to non-socialist countries, significant improvements in the quality of products should be made and that this could not be achieved without modernization of the capital stock. Moreover, even exports to the Soviet Union and other Eastern European countries encountered difficulties when the goods were not sufficiently modern, of good quality and attactive.[22]

In all, four main groups of difficulties with commodities appeared at the end of the 1960s, the solution of which required a rapid restructuring of the economy, modernization, elimination of wastes, improvements in the quality and in the degree of sophistication of products.

IV. The Impact on Poland's Economy

Until the beginning of the 1970s the role of foreign trade in the process of economic development was relatively limited in Poland, except during short periods, because of the accepted development strategy, the operation of the system, geographic direction of trade and its commodity composition. Although the same strategy was followed, the same system was established and a similar redirection of foreign trade took place in other East European countries at the beginning of the 1950s, in Poland the role of foreign trade was more seriously restricted than in those countries. It is not easy to explain why this was the case.

Perhaps, because of the rich deposits of coal and a considerably larger size of the domestic market than that of any other East European country, the planners felt that the Soviet model of a highly self-sufficient economy was more applicable in Poland than elsewhere. It is also possible that the Soviet-trained economists, and indeed Soviet advisers, played a greater role at that time in Poland than in other East European countries and that the party leaders did not have a good grasp of the economic needs and possibilities of the country.

In 1951-55, the income elasticity of imports, as measured by the ratio of the average rate of growth of merchandise imports to that of NDMP, was 1.94 in Hungary, 1.52 in the GDR, 1.42 in Romania, but only 0.79 in Poland. Between 1950 and 1955, the per capita value of foreign trade turnover increased in Poland from $53 to $67, or by $14, which was the same increase as that experienced by the enormous and naturally self-sufficient Soviet Union. The increase was $22 in Romania, $29 in Bulgaria, $33 in Czechoslovakia, $46 in Hungary and $87 in the GDR.

The stress on import substitution was not seriously questioned during the period of readjustment that followed the "Polish October" in 1956, when various systemic modifications were debated. The income elasticity of imports increased to 1.52, but it was not an impressive increase when compared with other East European countries at that time. It was above the income elasticity of imports in the USSR (1.41) and Romania (1.06), but lower than in Czechoslovakia (1.66), the GDR (1.86), Hungary (2.03) and Bulgaria (2.13). It remained unchanged in

1961-65, and declined to 1.50 in 1966-70, despite an attempt to introduce a "selective development" strategy in 1968. It remained below the elasticity value in Czechoslovakia (4.21), Hungary (2.27) and Bulgaria (1.97) in 1961-65, and below the GDR (2.21), Romania (1.67) and Hungary (1.57) in 1966-70. In 1970 the per capita value of foreign trade turnover was $218 in Poland and it was greater than in the USSR ($101) and Romania ($189), but it was considerably below the value in Bulgaria ($444), Hungary ($462), Czechoslovakia ($517) and the GDR ($552).

As the role of foreign trade was limited in Poland to a greater extent than in other East European countries, difficulties in that country appeared with a greater strength. At the same time it was more difficult to control social and political pressures in Poland than in those countries. In the Soviet-type economies, where the producers are not forced to compete in the export markets and enjoy a complete protection in the domestic market, inefficiencies, and even some very serious mistakes in investment policy, can remain hidden for a long time, especially when it is possible to maintain a low standard of living and to control social and political pressures. This control became, however, difficult in Poland after riots in 1956, 1968 and 1970 and two enforced changes in leadership. The stagnation that appeared at the end of the 1960s had to be ended by the new leadership and immediate improvements in the standard of living were accepted as absolutely necessary.

Gierek's "new development strategy" was an attempt to effect a switch to an intensive development, i.e., to make the rates of growth of national product depend more on improvements in productivity than on increases in the quantity of inputs. This objective was to be achieved by increasing simultaneously investment, in order to modernize and to restructure the economy, and consumption, partly for political reasons but also to create the necessary material incentives for labour and management to increase productivity. The maneuver required an import of capital which could only be obtained from the West. Political detente, bankers' holdings of liquid funds and exporters' readiness to advance credits made this strategy possible.[23]

With the help of imported capital, the amounts of which considerably exceeded those originally envisaged[24], Net National Material Product (NNMP or "distributed National Income" which differs from NDMP by deducting merchandise export and adding merchandise import) grew more rapidly than the latter in 1971-75. The share of investment was exceptionally high in 1972-74, while per capita personal incomes were also expanding, although growing shortages of consumption goods effectively limited improvements in the standard of living below the levels indicated by statistics. A large-scale technology transfer in both embodied and disembodied form (licenses, technical cooperation, etc.) was effected.[25]

There were many reasons for the collapse of the strategy.[26] They included an excessively expansionary macroeconomic policy; the neglect of agriculture, discrimmination against its relatively more productive and quantitatively dominant private sector and mistakes in the use of price and income policy to "steer" agricultural output and its composition; mistakes in investment policy and wrong decisions in connection with the purchase of foreign licenses and with other forms of embodied and disembodied technology transfer. However, the most important reason, which had some far reaching effects on all other reasons, was the lack of adjustment of the system of planning and management to the "new development strategy". In effect, the strategy proved to be too difficult to implement with an over-centralized, inflexible command system. It was the system that made mistakes in investment policy possible, reduced benefits from technology transfer, led to the excessivley over-expansionist macro-policy, and was responsible for the inability to expand profitable export to non-socialist countries.[27]

The planners had expected that with the Western credits and imported Western technology there would be a rapid expansion of the production of modern, efficiently produced manufactured goods which could be exported to repay the debts. However, many investment decisions were in practice dominated by the import substitution rather than by export considerations. Even those projects which, in order to obtain an access to foreign exchange, imported machines and licenses or simply to be included in the plan, had been presented to the central planners as "self-financing in foreign exchange" did not expand export to the West in practice. Some products proved to be not competitive for various reasons. Sometimes the license agreements excluded export to several Western countries. In other cases there was a shortage of suitable materials or component parts to expand production and sales above the bare minimum.[28]

The selection of potential exports was made "from above" by the central planners, or was accepted by them as the result of pressure from various vested interests grouped in industrial ministeries or by regional authorities.[29] The planners often had insufficient information as to the prevailing conditions in the foreign markets and real production capacities in the domestic enterprises. The rigidity of the system, price and cost distortions, insufficient incentives, or even disincentives for the production for export, created additional obstacles. Moreover, the excessively high rate of domestic absorption led to the leakage of potential exportables, especially fuels, raw materials and other producers' goods, to the domestic use. As the result of all these factors, exports failed to expand to the expected extent, especially when a recession in the world markets created even a greater need for a high degree of competitiveness and flexibility.[30]

The very high rates of investment outlays exceeded the capacity of construction and installation units. The gestation period of investment increased and the proportion of unfinished projects became very large. The inflow of imported capital and technology could not be absorbed by the economy in the short-run. Moreover, the investment programme did not reduce but, on the contrary, it even further increased the energy-, material-, and import-intensity of the economy.[31]

During the period 1971-80, the total value of long- and medium-term credits received by Poland from the West amounted to $38.6 billion gross of repayments and, therefore, greater than the total level of indebtedness of $23.5 billion at the end of that period. Out of this total $8.3 billion was received in 1971-75 and $30.3 billion in 1976-80. During the earlier period, about 53% of all credits were obtained for investment purposes and only 33% for financing the import of raw materials, components, spare parts and other intermediate goods. As the investment projects which were effected during that period increased the import-intensity of production, in 1976-80 only 27% credits were obtained to finance investment, while about 60% were needed to finance the import of raw materials, parts and other intermediate goods.[32]

The "new development strategy" increased the share of import in the satisfaction of final demand from 19.8% in 1970 to 25.8% in 1976. This was its very essence. However, even when the decline in national product occurred and investments were drastically restricted, the share remained above the 1970 level at 22.2% in 1981.

The share of imports allocated to investment was in 1979 the same as in 1970 (16.9%) and it was in 1979 and 1980 below the proportion allocated to this use in the late 1960s. The share of consumption goods declined in 1979 and 1980 considerably below that of the late 1960s (10.9% and 11.2% as compared with 17.0% in 1967 and 16.9% in 1969). However, the share allocated for the supply of production increased from 64.2% in 1970 to 67.9% in

1979 and 68.0% in 1980 and this increase mainly happened in industry--the share allocated for production in agriculture again declined.

Import as a proportion of material costs, calculated at current prices, increased during the process of the modernization, restructuring and expansion of productive capacities. For the economy as a whole the share of direct import in material costs increased from 14.0% in 1973 to 14.6% in 1977, the only two years for which data are available. When indirect import is included, the increase was from 28.9% to 32.9%. The big increase occurred in industry, where the share of direct imports increased from 18.3% to 19.1% and with indirect imports from 32.9% to 35.9%. This increase was, however, concentrated in the fuel and power, chemical and food-producing industries and reflected, at least partly, increases in prices.

A high level of imports, especially from the West became a necessary condition for the full utilization of the newly created, expanded or modernized productive capacities, particularly in the engineering, chemical and metallurgical industries which received a major portion of foreign exchanges for their expansion.[33] The long-run ability to utilize the capital stock became, therefore, heavily dependent on the ability of the economy to expand export to the West.

It is possible that, as has been claimed recently in Poland, the investment drive of the 1970s was effected in a way that unnecessarily increased import-intensity and the degree of dependence especially on non-socialist countries. A more careful selection of projects perhaps could have limited the degree of that dependence. For example, in the purchase of foreign licenses it seems that while the foreign exchange earnings proved usually to be below the expectations, the induced import of materials, parts, etc. increased to a greater extent than it had been anticipated. As the result of this tendency, foreign licenses created a net outflow of foreign exchange in 1974-79 and a net inflow was for the first time registered in 1980.[34]

It seems, however, that some increase in import-intensity was unavoidable in order to move the economy from the stagnation in which it found itself at the end of the 1960s. An intensive pattern of development and a better satisfaction of social needs require a continuous technology transfer and a fuller utilization of gains from specialization and exchange. Moreover, import-intensity in the first half of the 1970s was still relatively limited in comparison with that which is typical for advanced countries of approximately the same size. It is not so much the excessive expansion of imports as the inability of exports to expand that created the balance of payment disequilibria.[35] This, in turn, led to the introduction of a policy which triggered off the cumulative downward movement in the general level of economic activity.

V. Trade After 1970

Gierek's strategy did not result in a switch to a more intensive pattern of development. On the contrary, the pattern became even more extensive. It left a large number of unfinished investment projects; greatly expanded productive capacities in industries producing producers' goods, and left insufficient productive capacities in industries producing consumption goods, in electric power generation and in transport. The strategy spawned a serious agricultural crisis, inflated nominal incomes, shortages of consumption goods and strong inflationary pressures. It increased dependence on imports (especially from the West), produced no significant expansion in the export capacity and stimulated rapidly growing hard currency indebtedness.[36]

Total imports at constant prices increased by 13.8% in 1971, 22.1% in 1972, 22.6% in 1973 and 14.2% in 1974. These big increases were mainly due to extremely rapid growth of imports from non-socialist countries. The rates of growth of these imports were 20.7%, 46.6%, 37.8% and 19.2% while imports from socialist countries were 10.3%, 10.1%, 12.7% and 11.1%. The share of non-socialist countries in total imports increased at current prices to 32.6%, 38.8%, 48.3% and 55.6% (see Table II), although it is important to remember that, because of the policy of basing the intra-CMEA prices on the past world prices, the share of imports from those countries was understated and that of non-socialist countries was, therefore, overstated during the period of rapid inflation.

While the rates of growth of imports at constant prices from non-socialist countries greatly exceeded those from socialist countries, the reverse was true in the case of exports. The volume of exports to socialist countries was expanding much more rapidly than exports to non-socialist countries: 6.9%, 15.9%, 12% and 16% as compared with 4.9%, 14.8% and 10.9% and 5%. The share of non-socialist countries at current prices remained close to the average for the 1960s in 1971-73 (36.9%, 36.4% and 39.3%) and the share of 44.3% in 1974 was quite comparable to the share in 1956-59 (see Table III).

Even during that period the import of machines and equipment from non-socialist countries represented a smaller share of total imports of this group of commodities than the import from socialist countries and only in one year, 1975, did this share exceed 50% (see Table IV). Western technology still, therefore, represents only a fraction of total capital stock although its injection this time was greater than in any other time during the post-war period.

Between 1971 and 1976 the value of machines and equipment imported from non-socialist countries increased by 6,976.3 million deviza zloty. During the same period the value of machines and equipment exported to socialist countries increased by 6,690.8 million and the export of this group of commodities to non-socialist countries increased by 2,342.9 million (see Table IV). A large proportion of the Western machinery was not utilized or installed or was put into operation with lengthy delays because of the inability to complete construction of plants, the shortage of various complementary inputs from the domestic production, or because of the difficulties experienced in the absorption of this technology. To the extent to which they actually were put into operation, they seem to have expanded exports of machines and equipment to socialist countries and their impact on the export to non-socialist countries was considerably smaller. Similarly, their impact on the expansion of the exports of manufactured consumption goods to socialist countries was greater than the exports of this group of commodities to non-socialist countries. The former increased by 1,821.2 million deviza zloty and the latter by 1,141.6 million between 1971 and 1976.

In 1972-77, during the large-scale import of Western technology, the four largest recipients of embodied technology in the form of complete plants and machines and equipment were the engineering (19.8% of the total), chemical (16.7%), metallurgical (10.7%) and light (9.9%) industries. Between 1970 and 1979 the engineering industry group, which includes metal working, machine building, precision instruments, transport equipment and electrotechnical and electronic industries, increased its exports to socialist countries by 14,265.2 million deviza zloty and exports to non-socialist countries by only 4,446.0 million, the chemical industry by 1,610.1 million and 961.9 million and the light industry by 1,929.6 million and 681.7 million respectively. Only in the case of metallurgical industry exports to non-socialist countries increased by a larger amount than exports to socialist countries: by 1,547.9 million deviza zloty and 594.3 million (see Table VIII).

These figures illustrate a major structural problem which appeared during the 1970s. The injection of Western technology had a greater impact on exports to the CMEA countries than on exports to the rest of the world. It became, therefore, difficult to handle the rapidly increasing debt service ratio. Despite big increases in the export of fuels and energy by 3,736 million deviza zloty and food and agricultural products by 1,613.2 million to non-socialist countries, which contributed to increasing shortages of these commodities in the country, it was difficult to eliminate a serious balance-of-payments disequilibrium. In 1979 hard currency indebtedness reached $20.3 billion (see Table IX).

To cope with this situation arbitrary cuts in imports by the central planners were applied by Gierek's team in 1977 and this policy was continued under Kania and Jaruzelski. It had an adverse impact on production, including the production of exportables (see Table I).

VI. Export Capacity

The attempt to open the Polish economy in the early 1970s took place at the time when the world economy was experiencing serious disturbances. It would, however, be a mistake to try to explain, as the previous leadership was doing, the difficulties experienced by Poland in foreign trade by external factors outside the planners' control.[37]

It appears that "in the foreign trade policy mistakes were made which were caused by the lack of knowledge of, or a tendency to ignore, processes which were taking place in the world economy."[38] For example, in response to the oil crisis the production of coal was expanded and the price of oil products was raised, but the enterprises were allowed either to raise their prices or were given subsidies to cover the increase in the price of oil. At the same time some decisions were made, for example, in respect of the automotive industry, which had to increase the use of oil. Similarly, the methods used to insulate the economy from the impact of world inflation with the help of the price-equalization subsidies drastically increased price distortions and inefficiencies throughout the economy.[39]

The following assessment of the causes of crisis, given by a Polish economist already before August 1980, appears to be very relevant:

> the reasons for our difficulties in foreign trade are internal. The attempts, which were made at the beginning of the 1970s to create a pro-export development so far have not given results. Our industry is still producing mainly for the domestic market and as the size of the market is very limited, the scale of production is small while the assortment of products is very wide. In this situation it is difficult to improve the efficiency of production and to expand export. The present system of planning and management of the economy in the country had a very strong impact on the direction of the development of our industry. It is excessively centralized, not enough flexible and does not have sufficient motivations and material incentives for industrial enterprises, and for the associations that control them, to expand production for export.[40]

There are many enterprises which produce a small proportion of their total output for export, but this proportion is so small that it is not important for them. In 1976, 3,308 industrial enterprises were producing a part of their output for export. Only 50 among them had an annual production for export exceeding 100 million deviza zloty (about $30 million at the official rate of exchange at which the earned foreign currencies were converted into deviza zloty in that year) and in 245 enterprises the value of export ranged from 20 million to 100 million deviza zloty ($6 million to $30 million). On the other hand in 3,013 enterprises, or 91% of all industrial producers involved in export, the value of export did not exceed 20 million <u>deviza zloty</u> ($6 million).

In 1979 there were 187 various branches of industry that were involved in production for export. Among them, 148 were responsible for 21.8% of the total value of industrial export and another 30% of export was produced by the other 28 industries. As the export of coal contributed in that year 11% of the value of export, these figures suggest a very limited degree of specialization.[41]

A limited scale of production increases, of course, unit cost, but there are also other very important reasons why it is very difficult to expand competitive exports with the so-called "comprehensive" industrial structure. In the world markets for manufactured goods the price competition has been replaced, to a certain extent, by technological competition which requires almost a continuous process of product improvement. Not even big and rich countries would be able to find sufficient R & D resources to maintain technological progress in all branches of industry at a full competitive level. Effective marketing, servicing and an ensured supply of spare parts have to be secured. Neither Poland, nor any other CMEA country including the USSR, can provide all these necessary conditions for more than a number of carefully selected products. In some cases these products have to be produced and marketed in cooperation with Western firms, often the multinationals with the world-wide network, who are leaders in a given field.[42]

VII. Adjustment to Crisis

When in the middle of the 1970s a serious balance-of-payments deficit appeared and hard currency indebtedness was rapidly growing, the planners had at their disposal only the very limited adjustment mechanism of a centrally planned economy,[43] because Gierek had failed to reform the system. In the absence of a meaningful rate of exchange and a system that could respond to changes in it, without a more or less automatically operating income effect, price effect or the supply-of-money effect, they had to depend on discretionary commercial policy of import cuts and attempts to stimulate exports by administrative measures, and on a discretionary reduction in domestic absorption.

Arbitrary cuts in imports and the policy of pushing exports at any price, both effected in a highly centralized administrative manner, exerted an adverse impact on aggregate supply, magnified through the operation of the bottleneck multiplier.[44] Improvements on the current account of the balance of payments increased inflationary pressure on the aggregate demand side. The gap between the aggregate demand and the aggregate supply at the full capacity of national income (the maximum level of real income that could be produced with limited imports) was widening.

For political reasons the authorities continued increases in nominal personal incomes and expenditures on "collective consumption," despite growing shortages of consumption goods and services. Between 1975 and 1979, the latter being the last complete year before the wave of strikes and also the first year during which an absolute decline in national product took place, total expenditures on consumption increased by 21.9%, consumption from personal incomes by 20.7% and collective consumption by 27.8%. This policy required a reduction in expenditures on investment. Accumulation declined by 20.6% and net fixed capital investment by 12.8%. This reduction was not, however, sufficient to prevent inflation. The official index of retail prices of consumption goods and services increased by 26.7%. However, the majority of prices were fixed and many goods and services were subsidized. The open inflation represented, therefore, only a fraction of the total inflationary pressure. A considerable suppressed inflation existed which was revealed by rapidly increasing shortages and lines in front of stores, dislocations in the production process and hoarding of producer goods and durable consumption goods.[45]

As the crisis was created by a reduction in the aggregate supply, caused by abrupt cuts in imports without a sufficient reduction in the aggregate demand, an open and suppressed inflation and a very rapid decline in output appeared at the same time. The rates of growth of NDMP declined from one year to another between 1975 and 1978 and absolute declines appeared in 1979-82 (see Table I). The immediate cause of the crisis was a very serious balance-of-payments disequilibrium which could not be solved simply by a macroeconomic adjustment without a more fundamental structural adjustment.

Some structural adjustment was attempted, especially at the end of the 1970s. In the short-run the authorities were trying to redirect output to export and for the domestic consumers' market, dislocating cooperation among the enterprises and creating additional stoppages in production because, for example, some intermediate goods were exported instead of being delivered to the producers of final products, including those which were supposed to be exported. Long-run structural adjustments were not possible because of the drastic decline in investment outlays and because priority was given to completing at least some unfinished investments that had been started earlier.

Basically the same policies were followed in 1980 and 1981. After August 1980, strikes and labour unrest created additional dislocations. The authorities concentrated their attention on these problems. The administrative command system disintegrated and a systemic vacuum was created. The economic crisis was deepening. In 1982 the reform was introduced. However, during the first half of the year the economy was paralyzed by martial law with communications interrupted and a general administrative disarray. So far, the economic reform has not been implemented as outlined in the original program. Moreover, neither that program nor the stablization program, which both were approved by the special party congress in July 1981, took into consideration that, as the result of the accumulated heavy external debt, the Polish economy has become an open economy.[46]

VIII. The Current Situation

A very heavy dependence on commercial policy for the improvement in the balance of payments continues. Positive balances in visible trade with the West appeared mainly because of drastic cuts in imports. The dollar value of hard currency exports declined in 1982 and, despite some improvement, remained below the 1981 level in 1983. It surpassed that level in 1984, but remained considerably below the 1979 and, especially, the 1980 level (see Table IX).

The balance of invisible trade (services) deteriorated after 1981 and the balance of transfers declined very dramatically from exceptionally high 1980 and 1981 levels. The improvement in the balance on current account of the balance of payments was mainly achieved because of a reduction in the interest payments resulting from a series of reschedulings of the debt by Western banks, non-payment of the interest on the debts guaranteed by Western governments in 1982 and 1983 and a rescheduling of that debt in 1984. As the result of these operations, the hard currency debt has, however, increased to $26.9 billion at the end of 1984 (see Table IX).

The planners tried to reduce the negative impact of reduced imports on domestic output by changing the structure of imports in favour of raw materials and intermediate goods for production use, especially those needed in industry. This policy was, however, only partially implemented. The share of imports for production use increased in 1982 in trade with both, socialist and other countries. There was also an increase in the share of imports for consumption in that year, while the share of imports for investment drastically declined (see Table X). The plan for 1983 envisaged even bigger increases in the share of imports for production at the expense of the shares of imports for investment and, especially, for consumption. However, this was impossible. The share of imports for production declined in trade with both socialist and other countries. The share of imports for consumption exceeded the planned level in both streams of trade. The share of imports for investment declined in trade with other countries, but increased not only in comparison with the planned level but also the 1982 level in trade with socialist countries. Nor were the planned shares of imports for production use achieved in 1984, while the shares of imports for investment and consumption increased in both streams of trade.

As the result of the mistakes which Jaruzelski's government made in the field of agricultural price policy in 1982-83 and reduced imports of grains and feeds in those years (partly in order to secure the supply of materials for industry and partly because of the Western policy of credit denial), livestock dramatically declined. In 1984 it became necessary to import meat (four times greater value than in 1983), feeds (twice) and grain (20% more). Import of raw materials and intermediate goods for industry increased, therefore, only by about 13%.

Discussing changes in the composition of imports, the Consultative Economic Council has pointed out that there is no further possibility of securing materials for industry at the expense of other uses.[47] A larger proportion of intermediate goods is needed to supply agriculture with feeds and other inputs, import of meat and other foodstuffs has to expand and, above all, it is impossible to keep the import of investment goods at the present level. Because of the low level of investment it is impossible to effect the necessary structural changes which would result in the expansion of production for export and for the domestic consumer's market. Material- and fuel-intensity cannot be reduced without investing in more efficient technologies. The widening technological gap makes export more difficult. The non-replacement of used-up machines and equipment has reached dangerous proportions in various industries, including the engineering industry which is expected to increase substantially its export to both groups of countries.[48]

It is not only impossible to increase further the share of materials for industrial production but even to keep it at the present level. This means that the rate of growth of industrial output is likely to be lower than the rate of growth of total import.

Despite various public announcements, it appears that it has not been possible to substitute imports from the socialist countries for imports from the West. In 1982 the decline in imports from non-socialist countries was 26.4% at current and 24.2% at constant prices. Imports from the socialist countries increased by 3.7% at current but declined by 5.6% at constant prices. The volume of import from the West increased more rapidly than the volume of import from the socialist countries:

6.6% and 4.6% in 1983, 12.4% and 5.9% in 1984 and 8.7% and 4.3% in January-May 1985.[49] In 1983 the import plan targets were not fulfilled in trade with non-socialist countries by 7.1% at current and by 10.3% at constant prices and in trade with the socialist countries by 0.3% at current and by 9.8% at constant prices.

Because of inability to expand imports from the CMEA countries to the planned extent, it has not been possible to effect a full transfer of the loans which have been promised by the USSR. In 1982 the excess of imports over exports in trade with the socialist countries was 39.3 billion zloty, or 577.9 million transfer rubles at that year's rate of exchange. The planned deficit in this trade for 1983 was 80.8 billion zloty, or 1,174.4 million transfer rubles, but the actual deficit was 36.7 billion zloty, or 533.4 million transfer rubles. In other words, only 45.4% of the plan target was fulfilled and the actual excess of import over export was 7.7% lower in 1983 than in the previous year. The planned deficit for 1984 was originally set at 61.0 billion zloty, or 858.8 million transfer rubles. The actual deficit was 47.5 billion zloty, or 666 million transfer rubles (77.6% of the plan target was fulfilled). The planned deficit for 1985 is 47 billion zloty, or 66.17 million rubles at the 1984 rate of exchange.[50]

There are three problems with the expansion of imports from the CMEA. The first is that certain specific imports, such as spare parts, components and special materials or machines can only be obtained from the West and cannot be replaced by imports from the socialist countries. Some plants and even industries depend on such imports and their productive capacity cannot be fully utilized unless these imports are secured. For this reason the extent of the utilization of productive capacities declined, for example, in the metallurgical industry from 93% in 1980 to 84% in 1984 and in the engineering industry increased only from 83% in 1980 to 86% in 1984.[31]

The second problem is that Poland's demand for goods which are available from the CMEA sources has declined, while the goods which are needed are in the short supply within the CMEA. In 1983 Poland apparently did not fully utilize the import quotas fixed by the annual agreements with the CMEA countries in respect to iron ore, pig iron, asbestos, wood and pulp and some other products, partly because domestic demand for these products was lower than it had been anticipated and partly because there were discrepancies between the specific products that were needed and those that were offered by the trading partners.[32]

The third problem is that in order to pay for the expanded imports from the CMEA Poland would have to expand highly steel-intensive exports that would require a return to the policy of expanding the very capital-intensive steel industry as these are products in which the trading partners, mainly the Soviet Union, are interested. It would now be difficult to finance the required expansion of the steel industry in the years to come.[33]

According to the Consultative Economic Council, it is the limited export capability of other CMEA countries rather than Poland's inability to expand its exports to those countries that constrain the expansion of trade at present, although in the long-run limitations may also appear on the supply side because of the shortage of investment funds.[34]

The plan for 1984 was built on the assumption of a limited increase in imports from the socialist countries and, for this reason, the increase in exports to those countries was planned at a scale that does not exhaust short-run possibilities of expanding exports in this direction. During the first eight months of the year, about 60% of the annual plan for imports from and exports to the socialist countries was fulfilled at current prices. At constant prices only 50.3% of the import target and 51.6% of the export target were fulfilled.[35]

IX. The Future

With the limited possibilities of expanding the necessary imports from the CMEA countries, the role of imports from the West assumes a critical importance at least until the end of the present decade. Its expansion is, however, also limited. Because of the lack of additional credits, the value of imports from the West depends on the value of exports less the amount earmarked for debt servicing. The most important factor for the future expansion of imports from the West is, therefore, the ability of the economy to earn hard currencies.[36]

Exports to the West increased at current prices expressed in Polish <u>zloty</u> in 1982. As there was, however, a devaluation of that currency; the dollar value of exports declined by $239 milllion (see Table XI). The decline would have been even greater if it were not for an increase in the dollar value of the export of fuels and energy and construction in foreign countries. These two items contributed together an increase of $377 million. The dollar value of all other sectors of the economy declined. The greatest decline took place in the export of products of engineering and light industries (together a loss of $319 million in revenue). In 1983 the dollar value of exports to the West increased by $242 million, approximately by the same amount as the decline in 1982. The greatest contribution to this increase was made by fuels and energy ($214 million), metallurgical industry ($197 million) and food and agricultural products ($79 million). On the other hand, there was a big decline in the dollar value of construction ($163 million), engineering ($82 million) and light industries ($50 million). The export plan targets were not fulfilled in construction (only 60.4% of the target implemented), mineral industry (67.5%), engineering industry (84.5%), wood and paper industry (93.3%) and chemical industry (96.7%). On the other hand, the plan was over-fulfilled in the exports of metallurgical industry, fuels and energy, light industry, and food and agricultural products (see Table XI).

In 1984 engineering and chemical industries and construction enterprises did not fulfill their plans, while fuels and energy and light industry over-fulfilled the plan by more than one fifth (see Table XI). During the first five months of 1985 the export plan was fulfilled only in 33.1% in trade with non-socialist countries and 37.6% in trade with socialist countries. The engineering industry fulfilled its plan in 26.0% and 37.9% and construction enterprises in 29.7% and 50.3%, while in respect to all other commodities, export plans were fulfilled to 35.6% and 35.7% respectively.[37]

Between 1981 and 1984 only four sectors of the economy expanded their exports to the West: fuels and energy (an increase by $592 million), agriculture and food processing (by $197 million), metallurgy (by $108 million) and chemical industry (by $57 million) (see Table XI).

Except for agricultural products, they are highly capital- and, most of them energy-intensive. The ability to expand these exports in the future depends, therefore, on the availability of investment funds. Taking into consideration a very unsatisfactory state of agriculture,[38] the same probably applies to that sector as well. These are, however, products the output and export of which can be expanded with the help of centralized administrative methods. They are relatively homogeneous and easy to market. This is why the expansion has taken place in this field despite the lack of implementation of the economic reform. However, raw materials and basic steel will be needed domestically when the industrial output expands. Scarcity of food and its rationing still continues. It is not, therefore, surprising that in the opinion of the Consultative Economic Council, the expansion of exports to the West cannot be based on these products in the future. Any such expansion must depend on the export of intermediate goods, components and final goods produced above all by various sections of the engineering industry.[39] It seems, however, that neither production nor export of these goods can be increased without a meaningful economic reform, which would make the economy sufficiently efficient and responsive to changes in foreign demand. So far there is no progress in this respect. The use of transaction prices, i.e., prices based on the actual hard currency prices in foreign trade, declined in respect of goods entering trade with non-socialist countries from 90% in 1979 to 30% in 1982, while the expansion of export in this direction requires strong economic motivations and correct parametric prices.[60] Systemic modifications which were introduced at the beginning of 1984 "have not changed the existing system of very ineffective export inducement," in the opinion of the Consultative Economic Council, and "for this reason, it is necessary to continue the use of various ad hoc administrative measures and to effect a fundamental modification of the system at a later date."[61]

The authorities have very little freedom of maneuver in effecting structural adjustment. No planned changes in the structure of production occurred in 1983. It has been easier to expand the production of producers goods than consumption goods and exportables. Prices cannot be used to help structural adjustment as they are increasingly put under central control. The so-called "contract" prices, which originally were supposed to be freely determined and were to represent 50%, have now to be based on "justified" costs which are to be determined by the authorities for every enterprise. Moreover, the enterprises were ordered not to increase prices of materials and investment goods in 1984.[62]

Excess employment has not been eliminated. Shortages of labour prevent structural changes as does the shortage of investment outlays, continuation of unfinished investments and insufficient funds for investment by the enterprises for modernization and expansion.[63] Gross investment has been reduced to the point that the used up productive capital stock is not being replaced and negative net investment has appeared, unfortunately not in those sectors which should be reduced.[64]

There is practically no link between profitability of an enterprise and its ability to finance its expansion. The banking system allocates credits taking into consideration the centrally determined priorities, as expressed in "operational programs," government procurement contracts, and pressures from the branch ministeries and from the intermediate administrative level formed by the new associations.[65]

In this situation it is improbable that a restructuring of the economy from the point of view of expanding the most efficient production for export would be effected "from below" with the help of microeconomic calculations at the enterprise level. Indeed, the authorities are preparing to restructure the economy again "from above" on the basis of the central planners' vision as to what Poland should export.[66] There is, of course, no guarantee that the new structure which will be built basically in the same way as the structure that was created in the 1950s and the modifications attempted in the 1970s, would be more efficient this time. Prospects for the expansion of profitable exports to the West, therefore, appear bleak. If this assessment is correct, the recovery will likely be slow and a prolonged period of stagnation and continuous difficulties in the repayment of hard currency debts can be expected.

At the end of 1984 the total hard currency indebtedness was \$26.9 billion. In order to avoid its further growth, resulting from transferring interest payments into capital debt, the annual payments would have to be about \$2.6 billion. This amount exceeds the present ability of the economy to earn hard currencies. The balance of visible and invisible trade and transfers with the non-socialist countries increased from \$46 million in 1981 to \$750 million in 1982, \$1,491 million in 1983 and \$1,800 million in 1984 (see Table IX). At present it is expected that hard currency indebtedness will be stabilized not earlier than in 1990-91. By that time its level is likely to reach \$33 or \$34 billion and it will start to decline in the subsequent years.[47] The actual development will depend on the continuation of debt rescheduling by the commercial banks, on obtaining favorable terms for refinancing the government and government-guaranteed debt in the negotiations with the Club of Paris, and on Poland's re-entry to the International Monetary Fund and World Bank. Equally important are, however, the improved macroeconomic policies, stronger financial incentives to expand profitable export, improved efficiency of the economy and a more effective structural adjustment.[48] The following opinion of a well known Polish economic commentator is worth noting as an accurate assessment of the present situation:

> I believe that the time is coming for a very serious discussion on this topic -- on the economic reform in

> this field and on economic policy. It is necessary to prepare ... for the plan for the period 1986-90, when the main battle for export will take place. It will decide whether we shall be able to take advantage of the possibilities that are inherent in the international division of labour and significantly reduce a barrier to growth which at present is formed by the severely limited capacity of our economy to obtain the hard currency imports.[69]

It is doubtful that this barrier to growth could effectively be reduced without: (1) substantial de facto modifications of the system and of the industrial structure; and (2) a package deal that can only be arranged under the auspices of the International Monetary Fund, which would include rescheduling the debt on favorable terms and access to additional credits from Western banks, government, the IMF and the World Bank.

The present strategy seems to lead to a prolonged stagnation at a very low level of per capita income, inability to repay the debts, low standard of living and, therefore, the continuation of a potentially explosive political situation. The only viable alternative strategy would be the acceptance of the view that a sustained recovery in the present situation can only be ensured by the expansion of foreign economic relations, especially with the West, and by obtaining support and cooperation from the population and especially the workers. Both these conditions require, in turn, meeting some political conditions. In this way economic recovery depends in the last analysis on political factors

Table I

Rates of Growth at Constant Prices
(Percent)

Year	Net Domestic Material Product	Gross Industrial Production	Import	Export	Net National Material Product	Investment Outlays
1950	15.1	19.6	15.0	11.6	15.2	36.8
1951	7.5	18.8	18.5	-2.4	7.5	12.2
1952	8.2	17.3	-5.9	5.0	6.1	18.7
1953	10.4	16.0	1.9	11.8	10.3	15.2
1954	10.5	11.2	16.9	-2.0	10.8	5.9
1955	8.4	10.9	3.7	3.0	8.9	4.0
1956	7.0	8.8	9.6	-3.6	7.8	4.7
1957	10.7	10.4	19.5	-3.6	13.6	7.8
1958	5.5	9.8	3.7	26.5	3.2	10.3
1959	5.2	8.9	15.4	11.7	7.0	16.6
1960	4.3	10.7	5.3	16.6	3.0	5.9
1961	8.2	10.2	13.6	14.3	7.3	7.3
1962	2.1	8.4	12.4	11.1	2.7	9.7
1963	6.9	5.4	5.8	4.6	8.3	2.7
1964	6.7	9.2	3.1	18.0	4.9	4.7
1965	7.0	8.9	15.1	8.1	8.3	9.5
1966	7.1	7.5	8.0	3.9	7.4	8.4
1967	5.7	7.9	7.5	11.9	4.5	11.3
1968	9.0	9.4	8.4	15.5	8.5	8.7
1969	2.9	8.8	10.6	7.7	3.5	8.2
1970	5.2	8.1	10.4	8.7	5.0	4.1
1971	8.1	7.9	13.8	6.5	9.8	7.4
1972	10.6	10.7	22.1	15.2	12.5	23.0
1973	10.8	11.2	22.6	11.0	14.3	25.4
1974	10.4	11.4	14.2	12.8	12.0	22.3
1975	9.0	10.9	5.0	8.3	9.5	10.7
1976	6.8	9.3	10.3	5.4	6.5	1.0
1977	5.0	6.9	0.4	8.8	2.2	3.1
1978	3.0	4.9	1.5	5.7	0.5	2.1
1979	-2.3	2.7	-1.2	6.8	-3.7	-7.9
1980	-6.0	0.0	-1.9	-4.2	-6.0	-12.3
1981	-12.0	-10.3	-16.0	-19.0	-10.5	-22.3
1982	-5.5	-2.1	-13.7	8.7	-10.5	-12.1
1983	6.0	6.4	5.2	10.3	5.6	9.4
1984	5.0	5.3	13.3	10.7	5.0	10.0*

Cont'd...

Table I continued.

*investment in the socialist economy

Sources: G.U.S., Rocznik statystyczny (Statistical Yearbook), Warsaw 1981, pp. XXXII - XLV; 1984, pp. XXXIV - XLV.
Zycie gospodarcze, No. 12, 1985, p.7;
Rzeczpospolita, February 4, 1985.

Geographic Structure of Import

(Million Deviza Zloty, Current Prices)

Year	Total Import	USSR	%	Other CMEA	%	CMEA Total	%	Other Socialist Countries	%	Socialist Countries Total	%	Advanced Countries	%	Other Non-Socialist Countries	%	Non-Socialist Countries Total	%
1945	135	123	91.0	0	0.0	123	91.0	0	0.0	123	91.0	n.a.		n.a.		12	8.8
1946	583	404	69.3	21	3.6	425	72.9	31	5.3	456	78.2	n.a.		n.a.		127	21.8
1947	1,281	323	25.2	101	7.9	424	33.1	18	1.4	442	34.5	1,649	49.2	272	8.1	839	65.5
1948	2,066	481	23.3	396	19.2	877	42.5	105	5.1	982	47.5					1,084	52.5
1949	2,530	474	18.7	586	23.2	1,060	41.9	18	0.7	1,078	42.6	1,360	53.8	92	3.6	1,452	57.4
1950	2,673	770	28.8	855	32.0	1,625	60.8	8	0.3	1,633	61.1	955	35.7	84	3.2	1,040	38.9
1951	3,677	965	26.2	1,081	29.4	2,046	55.6	95	2.6	2,141	58.2	n.a.		n.a.		1,556	42.3
1952	3,452	1,100	31.9	1,041	30.2	2,141	62.0	190	5.5	2,331	67.5	n.a.		n.a.		1,121	32.5
1953	3,097	1,054	34.0	1,061	34.3	2,115	64.1	109	3.5	2,224	71.8	788	25.4	85	2.7	873	28.2
1954	3,614	1,348	37.3	1,098	30.3	2,446	67.6	119	3.3	2,565	71.0	726	20.1	323	8.9	1,049	29.0
1955	3,727	1,254	33.7	1,009	27.1	2,263	60.7	157	4.2	2,420	64.9	988	26.5	319	8.6	1,307	35.1
1956	4,087	1,377	35.3	1,149	28.1	2,526	61.8	184	4.5	2,710	66.3	1,194	29.2	184	4.5	1,378	33.7
1957	5,006	1,688	33.7	1,180	23.6	2,868	57.3	244	4.9	3,112	62.2	1,634	32.6	260	5.2	1,894	37.8
1958	4,907	1,336	27.2	1,270	25.9	2,606	53.1	251	5.1	2,857	58.2	1,784	36.4	266	5.4	2,050	41.8
1959	5,678	1,809	31.9	1,534	27.0	3,343	58.9	349	6.1	3,692	65.0	1,657	29.2	329	5.8	1,986	35.0
1960	5,980	1,861	31.2	1,613	26.9	3,474	58.1	324	5.4	3,798	63.5	1,775	29.7	407	6.8	2,182	36.5
1961	6,747	1,959	29.0	1,895	28.1	3,854	57.1	363	5.4	4,217	62.5	2,177	32.3	353	5.2	2,530	37.5
1962	7,542	2,311	30.6	2,322	30.8	4,633	61.4	352	4.7	4,985	66.1	2,118	28.1	439	5.8	2,557	33.9
1963	7,916	2,589	32.7	2,380	30.1	4,969	62.8	335	4.2	5,304	67.0	2,111	26.7	501	6.3	2,612	33.0
1964	8,289	2,570	31.0	2,326	28.1	4,896	59.1	329	4.0	5,225	63.0	2,423	29.2	641	7.8	3,064	37.0
1965	9,361	2,914	31.1	2,861	30.6	5,775	61.7	415	4.4	6,190	66.1	2,295	24.5	876	9.4	3,171	33.9
1966	9,976	3,167	31.7	2,837	28.4	6,004	60.2	411	4.1	6,415	64.3	2,837	28.4	724	7.3	3,561	35.7

Cont'd.....

Year	Total Import	USSR	%	Other CMEA	%	CMEA Total	%	Other Socialist Countries	%	Socialist Countries Total	%	Advanced Countries	%	Other Non-Socialist Countries	%	Non-Socialist Countries Total	%
1967	10,579	3,684	34.8	2,949	27.9	6,633	62.7	315	3.0	6,948	65.7	3,026	28.6	605	5.7	3,632	34.3
1968	11,412	4,043	35.4	2,951	25.9	6,994	61.3	358	3.1	7,352	64.4	3,301	28.9	759	6.7	4,061	35.6
1969	12,839	4,801	37.4	3,274	25.5	8,075	62.9	379	3.0	8,454	65.8	3,568	27.8	817	6.4	4,385	34.2
1970	14,430	5,445	37.7	4,058	28.1	9,503	65.8	390	2.7	9,892	68.6	3,721	25.8	817	5.6	4,538	31.4
1971	16,151	5,701	35.3	4,706	29.1	10,407	64.4	476	3.0	10,883	67.4	4,407	27.3	861	5.3	5,268	32.6
1972	19,612	5,856	29.9	5,563	28.3	11,419	58.2	585	3.0	12,004	61.2	6,679	34.1	929	4.7	7,609	38.8
1973	26,103	6,362	24.3	6,540	25.1	12,902	49.4	584	2.3	13,486	51.7	11,597	44.4	1,020	3.9	12,617	48.3
1974	34,823	7,817	22.4	6,901	19.9	14,718	42.3	750	2.1	15,468	44.4	17,681	50.8	1,673	4.8	19,355	55.6
1975	41,651	10,557	25.3	7,701	18.5	18,258	43.8	829	2.0	19,087	45.8	20,539	49.3	2,025	4.9	22,564	54.2
1976	46,071	11,744	25.5	8,944	19.4	20,688	44.9	900	2.0	21,588	46.9	22,529	48.9	1,955	4.2	24,483	53.1
1977	48,558	14,107	29.1	10,067	20.7	24,174	49.8	1,032	2.1	25,206	51.9	21,030	43.3	2,322	4.8	23,352	48.1
1978	50,938	15,227	29.9	11,186	22.0	26,413	51.9	1,166	2.2	27,579	54.1	20,638	40.5	2,721	5.4	23,359	45.9
1979	54,317	16,984	31.3	11,105	20.4	28,089	51.7	1,401	2.6	29 ,490	54.3	20,587	37.9	4,241	7.8	24,828	45.7
1980	58,299	19,324	33.2	11,737	20.0	31,061	53.2	1,348	2.3	32,409	55.5	20,433	35.0	5,457	9.5	25,890	44.5
1981	52,013	21,665	41.7	10,771	20.7	32,436	62.4	1,359	2.6	33,794	65.0	15,039	28.9	3,180	6.1	18,219	35.0
Million Zloty, at Current Rates of Exchange and Prices																	
1981	963,447	331,692	34.4	167,041	17.3	498,733	51.8	31,099	3.2	529,832	55.0	357,924	37.1	75,691	7.9	433,615	45.0
1982	868,908	328,749	37.8	183,855	21.1	512,604	59.0	37,084	4.3	549,688	63.3	268,638	30.9	50,582	5.8	319,220	36.7
1983	970,203	356,990	36.7	222,196	22.9	579,186	59.7	42,698	4.4	621,884	64.1	280,003	28.9	68,316	7.0	348,319	35.9

n.a. not available. N.B. Values of imports are upward affected by devaluations of zloty.

Sources: G.U.S., Rocznik statystyczny (Statistical Yearbook), Warsaw 1955, p.177; 1959, p.252; 1969, 371;
G.U.S., Rocznik statystyczny handlu zagranicznego (Statistical Yearbook of Foreign Trade), Warsaw, 1968, pp. 14-17; 1971, pp. 23-27; 1974, pp. 20-22; 1976, pp. 20-22; 1979, pp. 4, 20; 1981, pp. 4, 20; 1983, pp. 4, 25;
J. Kalinski and Z. Landau (eds.), Gospodarka Polski Ludowej, 1944-1955 (The Economy of People's Poland), 1944-1955), Warsaw, 1976, pp. 284.
A. Jezierski, Historia gospodarcza Polski Ludowej (The Economic History of People's Poland), Warsaw, 1971, pp. 106, 212.

Table III

Geographic Structure of Export

(Million Deviza Zloty, Current Prices)

Year	Total Export	USSR	%	Other CMEA	%	CMEA Total	%	Other Socialist Countries	%	Socialist Countries Total	%	Advanced Countries	%	Other Non-Socialist Countries	%	Non-Socialist Countries Total	%
1945	152	141	92.8	2	1.3	143	94.1	0		143	94.1	n.a.		n.a.		9	5.9
1946	506	234	46.2	63	12.5	297	58.7	6	1.2	303	59.9	n.a.		n.a.		203	40.1
1947	985	282	28.6	127	12.9	409	41.5	27	2.7	436	44.3	2,943	52.7	145	2.6	549	55.7
1948	2,125	443	20.8	409	19.2	852	40.1	88	4.1	940	44.2					1,185	55.8
1949	2,475	481	19.4	618	25.0	1,099	44.4	24	1.0	1,123	45.4					1,352	54.6
1950	2,537	616	24.3	791	31.2	1,407	55.5	36	1.4	1,443	56.9	1,008	39.7	86	3.4	1,094	43.1
1951	3,046	722	23.7	901	29.6	1,623	53.3	114	3.7	1,737	57.0	n.a.		n.a.		1,309	43.0
1952	3,102	989	31.9	923	29.8	1,912	61.6	109	3.5	2,021	65.2	n.a.		n.a.		1,081	34.8
1953	3,324	1,098	33.0	1,032	31.0	2,130	64.1	145	4.4	2,275	68.4	n.a.		n.a.		1,049	31.6
1954	3,475	1,316	37.9	924	26.6	2,240	64.5	167	4.8	2,407	69.3	754	21.7	314	9.0	1,068	30.7
1955	3,679	1,122	30.5	1,006	27.3	2,128	57.8	235	6.4	2,313	62.9	1,120	30.4	246	6.7	1,365	37.1
1956	3,939	1,081	27.4	945	24.0	2,026	51.4	295	7.5	2,321	58.9	1,370	34.8	249	6.3	1,618	41.1
1957	3,900	1,034	26.5	1,006	25.8	2,040	52.3	272	7.0	2,312	59.3	1,353	34.7	236	6.1	1,588	40.7
1958	4,238	1,061	25.0	975	23.0	2,036	48.0	446	10.5	2,482	58.6	1,361	32.1	395	9.3	1,756	41.4
1959	4,581	1,252	27.3	1,178	25.7	2,430	53.0	298	6.5	2,728	59.6	1,520	33.2	333	7.3	1,853	40.4
1960	5,302	1,561	29.4	1,353	25.5	2,914	55.0	407	7.7	3,321	62.6	1,582	29.8	399	7.5	1,981	37.4
1961	6,014	1,940	32.3	1,479	24.6	3,419	56.9	338	5.6	3,757	62.5	1,806	30.0	452	7.5	2,258	37.5
1962	6,585	2,275	34.5	1,574	24.3	3,849	58.5	288	4.4	4,137	62.8	1,959	29.7	489	7.4	2,447	37.2
1963	7,080	2,470	34.9	1,725	24.4	4,195	59.3	297	4.2	4,492	63.5	2,049	28.9	539	7.6	2,588	36.6
1964	8,386	2,887	34.4	2,153	25.7	5,040	60.1	363	4.3	5,403	64.4	2,309	27.5	675	8.0	2,983	35.6
1965	8,911	3,125	35.1	2,155	24.2	5,280	59.3	355	4.0	5,635	63.2	2,557	28.7	720	8.1	3,277	36.8
1966	9,088	2,965	32.6	2,115	23.3	5,080	55.9	521	5.7	5,601	61.6	2,771	30.5	717	7.9	3,488	38.4
1967	10,106	3,607	35.7	2,409	23.8	6,016	59.5	429	4.2	6,445	63.8	2,970	29.4	762	7.5	3,661	36.2

Cont'd......

Table III continued

Year	Total Export	USSR	%	Other CMEA	%	CMEA Total	%	Other Socialist Countries	%	Socialist Countries Total	%	Advanced Countries	%	Other Non-Socialist Countries	%	Non-Socialist Countries Total	%
1968	11,431	4,168	36.5	2,874	25.1	7,042	61.6	472	4.1	7,514	65.7	3,125	27.3	792	6.9	3,917	34.3
1969	12,566	4,486	35.7	3,292	26.2	7,778	61.9	478	3.8	8,256	65.7	3,364	26.8	947	7.5	4,310	34.3
1970	14,191	5,003	35.3	3,585	25.3	8,588	60.5	476	3.4	9,064	63.9	4,028	28.4	1,099	7.7	5,127	36.1
1971	15,489	5,549	35.8	3,657	23.6	9,206	59.4	564	3.6	9,770	63.1	4,622	29.8	1,097	7.1	5,719	36.9
1972	18,133	6,683	36.9	4,308	23.8	10,991	60.6	534	2.9	11,525	63.6	5,515	30.4	1,093	6.0	6,608	36.4
1973	21,355	6,914	32.4	5,504	25.8	12,418	58.2	542	2.5	12,960	60.7	7,303	34.2	1,092	5.1	8,396	39.3
1974	27,625	7,875	28.5	6,763	24.5	14,638	53.0	758	2.7	15,396	55.7	10,013	36.3	2,215	8.0	12,228	44.3
1975	34,161	10,766	31.5	8,687	25.4	19,453	56.9	1,019	3.0	20,472	59.9	10,768	31.5	2,921	8.6	13,689	40.1
1976	36,600	11,080	30.3	9,766	26.7	20,846	57.0	1,007	2.8	21,853	59.7	11,711	32.0	3,036	8.3	14,747	40.3
1977	40,748	12,900	31.7	10,450	25.6	23,350	57.3	1,202	2.9	24,552	60.3	12,738	31.2	3,458	8.5	16,196	39.7
1978	44,685	15,139	33.9	10,765	24.1	25,904	58.0	1,406	3.1	27,310	61.1	13,984	31.3	3,392	7.6	17,375	38.9
1979	50,192	17,745	35.4	11,290	22.5	29,035	57.8	1,542	3.1	30,577	60.9	15,619	31.1	3,996	8.0	19,616	39.1
1980	51,908	16,181	31.2	11,467	22.1	27,648	53.3	1,369	2.6	29,017	55.9	17,863	34.4	5,029	9.7	22,892	44.1
1981	44,530	14,449	32.4	10,732	24.1	25,181	56.6	1,045	2.3	26,226	58.9	13,136	29.5	5,168	11.6	18,304	41.1
Million Zloty at Current Rates of Exchange and Prices																	
1981	846,209	221,277	26.1	165,707	19.6	386,984	45.7	23,596	2.8	410,580	48.5	312,634	37.0	122,995	14.5	435,629	51.5
1982	951,162	286,555	30.1	188,809	19.9	475,364	50.0	34,153	3.6	509,517	53.6	310,574	32.6	131,071	13.8	441,649	46.4
1983	1,060,177	330,907	31.2	213,015	20.1	543,922	51.3	36,499	3.4	580,421	54.7	344,052	32.5	135,704	12.8	479,756	45.3

Sources: See Table II. N.B. Values of exports are upward affected by devaluation of zloty.

Table IV

Trade in Machines and Equipment

(Million Deviza Zloty, Current Prices)

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1950	197.1	195.5	99.2	1.6	0.8	865.9	560.2	64.7	305.7	35.3	-668.8	-364.7	-304.1
1951	205.7	203.4	98.9	2.3	1.1	1,252.0	827.7	66.1	424.3	33.9	-1,046.3	-624.3	-422.0
1952	316.9	314.3	99.2	2.6	0.8	1,263.0	940.2	74.4	322.8	25.6	-946.1	-625.9	-320.2
1953	408.5	407.7	99.8	0.8	0.2	1,285.4	1,035.1	80.5	250.3	19.5	-876.9	-627.4	-249.5
1954	385.9	382.1	99.0	3.8	1.0	1,174.3	1,008.6	85.9	165.7	14.1	-788.4	-626.5	-161.9
1955	480.4	456.6	95.0	23.8	5.0	1,152.4	996.8	86.5	155.6	13.5	-672.0	-540.2	-131.8
1956	615.9	533.0	86.5	82.9	13.5	1,357.5	1,156.4	85.2	201.1	14.8	-741.6	-623.4	-118.2
1957	780.1	708.1	90.8	72.0	9.2	1,189.8	922.1	77.5	267.7	22.5	-409.7	-214.0	-195.7
1958	1,137.2	959.9	84.4	177.3	15.6	1,310.4	878.9	67.1	431.5	32.9	-173.2	+81.0	-254.2
1959	1,206.2	1,046.0	86.7	160.2	13.3	1,560.8	1,076.3	69.0	484.5	31.0	-354.6	-30.3	-324.3
1960	1,485.9	1,288.5	86.7	197.4	13.3	1,620.8	1,179.5	72.8	441.3	27.2	-134.9	+109.0	-243.9
1961	1,686.4	1,475.2	87.5	211.2	12.5	1,964.7	1,504.3	76.6	460.4	23.4	-278.3	-29.1	-249.2
1962	1,976.0	1,746.3	88.4	229.7	11.6	2,506.0	1,935.9	77.3	570.1	22.7	-530.0	-189.6	-340.4
1963	2,343.4	2,088.5	89.1	254.9	10.9	2,697.9	2,178.5	80.7	519.4	19.3	-354.5	-90.0	-264.5
1964	2,803.5	2,511.5	89.6	292.0	10.4	2,537.5	2,132.8	84.1	404.7	15.9	+266.0	+378.7	-112.7
1965	3,069.1	2,738.4	89.2	330.7	10.8	3,066.8	2,572.2	83.9	494.6	16.1	+2.3	+166.2	-163.9
1966	3,208.8	2,833.6	88.3	375.2	11.7	3,498.8	2,779.9	79.5	718.9	20.5	-290.0	+53.7	-343.7
1967	3,645.3	3,227.4	88.5	417.9	11.5	3,910.9	3,030.6	77.5	880.3	22.5	-265.6	+196.8	-462.4
1968	4,226.1	3,783.6	89.5	442.5	10.5	4,097.3	3,039.9	74.2	1,057.4	25.8	+128.8	+743.7	-614.9
1969	4,918.9	4,349.1	88.4	569.8	11.6	4,730.7	3,538.2	74.8	1,192.5	25.2	+188.2	+810.9	-622.7
1970	5,467.1	4,779.2	87.4	687.9	12.6	5,250.6	4,206.8	80.1	1,043.8	19.9	+216.5	+572.4	-355.9
1971	6,121.3	5,100.4	83.3	1,020.9	16.7	5,612.0	4,310.2	76.8	1,301.8	23.2	+509.3	+790.2	-280.9
1972	7,095.7	5,869.2	82.7	1,226.5	17.3	7,629.5	5,066.0	66.4	2,563.5	33.6	-533.8	+803.2	-133.7
1973	8,296.7	6,905.1	83.2	1,391.6	16.8	10,730.3	6,456.3	60.2	4,274.0	39.8	-2,433.6	+448.8	-2,882.4

Continued ....

Table IV continued

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1974	10,212.7	8,288.9	81.2	1,923.8	18.8	13,412.8	7,361.6	54.9	6,051.2	45.1	-3,200.1	+927.3	-4,127.4
1975	13,345.5	10,402.4	77.9	2,943.1	22.1	15,573.0	7,470.5	48.0	8,102.5	52.0	-2,227.5	+2,931.9	-5,159.4
1976	15,155.0	11,791.2	77.8	3,363.8	22.2	17.915.9	9,637.8	53.8	8,278.1	46.2	-2,760.9	+2,153.4	-4,914.3
1977	17,526.0	13,586.7	77.5	3,939.4	22.5	18,362.3	10,784.1	58.7	7,578.2	41.3	-836.3	+2,802.6	-3,638.8
1978	19,702.7	15,229.9	77.3	4,472.8	22.7	19,272.8	11,915.3	61.8	7,357.5	38.2	+429.9	+3,314.6	-2,884.7
1979	23,049.8	18,368.4	79.7	4,681.4	20.3	19,028.8	12,905.9	67.8	6,122.9	32.2	+4,021.0	+5,462.5	-1,441.5
1980	23,070.8	17,331.4	75.1	5,739.4	24.9	19,066.7	13,590.8	71.3	5,475.9	28.7	+4,004.1	+3,740.6	+263.5
1981	22,309.0	16,152.8	72.4	6,156.2	27.6	16,062.7	12,708.0	79.1	3,354.7	20.9	+6,246.3	+3,444.8	+2,801.5
	Million Zloty at Current Rates of Exchange and Prices												
1981	397,771	251,254	63.2	146,517	36.8	278,433	198,591	71.3	79,842	28.7	+119,338	+52,663	+66,675
1982	446,535	293,915	65.8	152,620	34.2	216,975	160,179	73.8	56,796	26.2	+229,560	+133,736	+95,824
1983	461,856	320,409	69.4	141,447	30.8	249,003	183,427	73.7	65,576	26.3	+212,853	+136,982	+75,871

Sources: G.U.S., Rocznik statystyczny handlu zagranicznego (Statistical Yearbook of Foreign Trade), Warsaw, 1971, pp. 5-12; 1976, pp. 46-47; 1979, pp. 44-45; 1980, pp. 44-45; 1983, pp. 68-69 ; 1984, pp. 60-61.

Table V

Trade in Fuels and Raw Materials

(Million Deviza Zloty, Current Prices)

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1950	1,420.1	878.6	61.9	541.5	38.1	1,419.1	839.6	59.2	579.5	40.8	+1.0	+39	-38.0
1951	2,065.6	1,125.2	54.5	940.4	45.5	1,955.3	1,023.7	52.4	931.6	47.6	+110.3	+101.5	+8.8
1952	1,928.3	1,279.0	66.3	649.3	33.7	1,667.5	958.5	57.5	709.0	42.5	+260.8	+320.5	-59.7
1953	1,921.5	1,348.7	70.2	572.8	29.8	1,521.9	944.3	62.0	577.6	38.0	+399.6	+404.4	-4.8
1954	2,139.7	1,565.7	73.2	574.0	26.8	1,827.1	1,116.1	61.1	711.0	39.0	+312.6	+449.6	-137.0
1955	2,368.6	1,496.0	63.2	872.6	36.8	1,927.9	1,088.0	56.4	839.9	43.6	+440.7	+408.0	+32.7
1956	2,511.4	1,518.6	60.5	992.8	39.5	1,987.3	1,164.6	58.6	822.7	41.4	+524.1	+354.0	+170.1
1957	2,378.9	1,447.9	60.9	931.0	39.1	2,658.9	1,453.2	54.7	1,205.7	45.3	-280.0	-5.3	-274.7
1958	2,153.8	1,261.8	58.6	892.0	41.4	2,647.7	1,426.9	53.9	1,220.8	46.1	-493.9	-165.1	-328.8
1959	2,243.7	1,397.6	62.3	845.6	37.7	2,756.5	1,681.3	61.0	1,075.2	39.0	-513.3	-283.7	-229.6
1960	2,324.1	1,491.6	64.2	832.5	35.8	3,079.1	1,798.9	58.4	1,280.2	41.6	-755.0	-307.3	-447.7
1961	2,348.1	1,472.7	62.7	875.4	37.3	3,351.7	1,983.0	59.2	1,368.7	40.8	-1,003.6	-510.3	-493.3
1962	2,570.0	1,522.2	59.2	1,047.8	40.8	3,530.9	2,144.6	60.7	1,386.3	39.3	-960.9	-622.4	-338.5
1963	2,688.7	1,617.6	60.2	1,071.1	39.8	3,524.1	2,175.7	61.7	1,348.4	38.3	-835.4	-558.1	-277.3
1964	2,979.3	1,834.6	61.6	1,144.7	38.4	4,035.6	2,424.7	60.1	1,610.9	39.9	-1,056.3	-590.1	-466.2
1965	3,129.3	1,879.2	60.1	1,250.1	39.9	4,427.9	2,615.4	59.1	1,812.5	40.9	-1,298.6	-736.2	-562.4
1966	3,114.4	1,696.1	54.5	1,418.3	45.5	4,711.2	2,673.1	56.7	2,038.1	43.3	-1,596.8	-977.0	-619.8
1967	3,335.6	1,811.5	54.3	1,524.1	45.7	4,915.1	2,788.4	56.7	2,126.7	43.3	-1,579.5	-976.9	-602.6
1968	3,780.8	2,045.4	54.1	1,735.4	45.9	5,381.2	3,166.4	58.8	2,214.8	41.2	-1,600.4	-1,121.0	-479.4
1969	4,147.3	2,168.6	52.3	1,978.7	47.7	6,038.2	3,545.5	58.7	2,492.7	41.3	-1,890.9	1,376.9	-514.0
1970	4,641.4	2,255.7	48.6	2,385.7	51.4	6,902.3	4,303.6	62.4	2,598.7	37.6	-2,260.9	-2,047.9	-213.0
1971	5,037.3	2,453.6	48.7	2,583.7	51.3	7,352.1	4,536.7	61.7	2,815.4	38.3	-2,314.8	-2,083.1	-231.7
1972	5,710.6	2,952.9	51.7	2,757.7	48.3	8,662.7	5,017.1	57.9	3,645.6	42.1	-2,952.1	-2,064.2	-887.9
1973	6,548.9	3,112.0	47.5	3,436.9	52.5	11,541.3	5,287.8	45.8	6,253.5	54.2	-4,992.4	-2,175.8	-2,816.6

Table V continued

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1974	9,997.7	3,402.8	34.0	6,594.9	66.0	16,378.2	5,839.0	35.7	10,539.2	64.3	-6,380.5	-2,436.2	-3,944.3
1975	12,699.0	5,527.0	43.5	7,172.0	56.5	20,257.7	8,991.7	44.4	11,266.0	55.6	-7,558.7	-3,464.7	-4,094.0
1976	12,562.1	5,529.1	44.0	7,033.0	56.0	20,734.9	9,536.2	46.0	11,198.7	54.0	-8,172.8	-4,007.1	-4,165.7
1977	13,335.1	5,862.6	44.0	7,472.5	56.0	22,291.5	11,230.6	50.4	11,060.9	49.6	-8,956.4	-5,368	-3,588.4
1978	14,033.8	6,107.8	43.5	7,926.0	56.5	23,157.4	12,209.7	52.7	10,947.7	47.3	-9,123.6	-6,101.9	-3,021.7
1979	15,588.4	6,016.2	38.6	9,572.2	61.4	26,267.5	13,122.1	50.0	13,145.4	50.0	-10,679.1	-6,016.2	-3,573.2
1980	17,345.1	5,663.5	32.7	11,681.6	67.3	28,386.2	15,159.9	53.4	13,226.3	46.6	-11,041.1	-9,496.4	-1,544.7
1981	12,894.1	4,967.8	38.5	7,926.3	61.5	24,803.5	17,386.3	70.1	7,417.2	29.9	-11,909.4	-12,418.5	509.1
					Million Zloty at Current Rates of Exchange and Prices								
1981	268,894	80,249	29.8	188,649	70.2	447,029	270,499	60.5	176,530	39.5	-178,135	-190,250	+12,119
1982	318,778	121,087	38.0	197,691	62.0	468,350	309,162	66.0	159,188	34.0	-149,572	-188,075	+38,503
1983	402,867	166,287	41.3	236,580	58.7	537,216	339,345	63.2	197,871	36.8	-134,349	-173,058	+38,709

Sources: See Table IV.

Table VI

Trade in Food and Agricultural Products

(Million Deviza Zloty, Current Prices)

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1950	610.5	200.6	32.9	409.9	67.1	299.0	165.9	55.5	133.1	44.5	+311.5	+34.7	+276.8
1951	505.7	186.7	36.9	319.0	63.1	329.3	182.2	55.3	147.1	44.7	+176.4	+4.5	+171.9
1952	576.8	189.9	32.9	386.9	67.1	408.2	334.2	81.9	74.0	18.1	+168.6	-144.3	+312.9
1953	676.2	268.6	39.7	407.6	60.3	207.3	175.1	84.5	32.2	15.5	+468.9	+93.5	+375.4
1954	625.0	235.4	37.7	389.6	62.3	488.5	343.5	70.3	145.0	29.7	+136.5	-108.1	+244.6
1955	563.7	211.8	37.6	351.9	62.4	485.4	217.0	44.7	268.4	55.3	+78.3	-5.2	+83.5
1956	460.3	78.5	17.1	381.8	82.9	495.9	184.4	37.2	311.5	62.8	-35.6	-105.9	+70.3
1957	492.2	59.5	12.1	432.7	87.9	871.8	529.1	60.7	342.7	39.3	-379.6	-469.6	+90.0
1958	714.3	151.4	21.2	562.9	78.8	538.9	219.3	40.7	319.6	59.3	+175.4	-67.9	+243.3
1959	834.4	138.5	16.6	695.9	83.4	962.3	587.7	61.1	374.6	38.9	-127.9	-449.2	+321.3
1960	957.5	187.8	19.6	769.7	80.4	956.3	536.8	56.1	419.5	43.9	+1.2	-349.0	+350.2
1961	1,288.8	353.9	27.5	934.9	72.5	1,030.0	373.6	36.3	656.4	63.7	+258.8	-19.7	+278.5
1962	1,264.9	315.8	25.0	949.1	75.0	1,003.8	455.1	45.3	548.7	54.7	+261.1	-139.2	+400.3
1963	1,136.2	154.8	13.6	981.4	86.4	1,195.4	500.8	41.9	694.6	58.1	-59.2	-346.0	+286.8
1964	1,566.4	363.6	23.2	1,202.8	76.8	1,267.1	268.1	21.2	999.0	78.8	+299.3	+95.5	+203.8
1965	1,616.6	329.3	20.4	1,287.3	79.6	1,236.5	433.5	35.1	803.0	64.9	+380.1	-104.2	+484.3
1966	1,506.4	228.4	15.2	1,278.0	84.8	1,151.3	421.1	36.6	730.2	63.4	+355.1	-192.7	+547.8
1967	1,569.4	282.5	18.0	1,286.9	82.0	1,156.7	618.8	53.5	537.9	46.5	+412.7	-336.3	+749.0
1968	1,607.0	319.1	19.9	1,287.9	80.1	1,285.8	623.7	48.5	662.1	51.5	+321.2	-304.6	+625.8
1969	1,523.5	244.9	16.1	1,278.6	83.9	1,334.7	777.5	58.3	557.2	41.7	+188.8	-532.6	+721.4
1970	1,864.0	377.3	20.2	1,486.7	79.8	1,389.4	643.2	46.3	746.2	53.7	+474.6	-265.9	+740.5
1971	1,829.1	348.6	19.1	1,480.5	80.9	2,004.2	1,088.2	54.3	916.0	45.7	-175.1	-739.6	+564.5
1972	2,427.7	579.4	23.9	1,848.3	76.1	1,778.9	817.7	46.0	961.2	54.0	+648.8	-238.3	+887.1

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1973	3,024.9	533.8	17.6	2,491.1	82.4	2,207.1	710.4	32.2	1,496.7	67.8	+817.8	-176.6	+994.4
1974	3,258.9	928.6	28.5	2,330.3	71.5	3,088.2	1,106.6	35.8	1,981.6	64.2	+170.7	-178	+348.7
1975	3,107.6	1,007.9	32.4	2,099.7	67.6	3,620.0	1,173.4	32.4	2,446.6	67.6	-512.4	-165.5	-346.9
1976	3,418.8	844.0	24.7	2,574.8	75.3	4,757.6	771.2	16.2	3,986.4	83.8	-1,338.8	+72.8	-1,411.6
1977	3,479.2	827.3	23.8	2,651.9	76.2	4,733.3	1,132.7	23.9	3,600.6	76.1	-1,254.1	-305.4	-948.7
1978	3,674.4	879.2	23.9	2,795.2	76.1	5,290.3	1,136.6	21.5	4,153.7	78.5	-1,615.9	-257.4	-1,358.5
1979	3,937.4	1,023.2	26.0	2,914.2	74.0	5,516.0	1,102.4	20.0	4,413.6	80.0	-1,578.6	-79.2	-1,499.4
1980	3,552.9												
1981	2,365.0												
	Million Zloty At Current Rates of Exchange and Prices												
1981	52,639	6,930	13.2	45,709	86.8	180,966	25,355	14.0	155,611	86.0	-128,327	-18,425	-109,902
1982	60,541	12,501	20.6	48,040	79.4	114,140	32,693	28.6	81,447	71.4	-53,599	-20,192	-33,407
1983	78,840	18,493	23.5	60,347	76.5	86,596	32,306	37.3	54,290	62.7	-7,756	-13,813	+6,057

Sources: see Table IV.

Table VII

Trade in Manufactured Consumption Goods

(Million Deviza Zloty, Current Prices)

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1950	309.3	168.6	54.5	140.7	45.5	88.6	67.5	76.2	21.1	23.8	+220.7	+101.1	+119.6
1951	269.6	222.0	82.3	47.6	17.7	160.0	107.1	66.9	52.9	33.1	+109.6	+114.9	-5.3
1952	279.7	237.9	85.1	41.8	14.9	113.2	97.6	86.2	15.6	13.8	+166.5	+140.3	+26.2
1953	317.7	250.4	78.8	67.3	21.2	82.4	69.1	83.9	13.3	16.1	+235.3	+181.3	+54.0
1954	324.6	223.7	68.9	100.9	31.1	123.9	96.9	78.2	27.0	21.8	+200.7	+126.8	+73.9
1955	266.0	149.0	56.0	117.0	44.0	161.5	118.0	73.1	43.5	26.9	+104.5	+31.0	+73.5
1956	351.4	190.6	54.2	160.8	45.8	246.7	204.2	82.8	42.5	17.2	+104.7	-13.6	+118.3
1957	248.7	96.3	38.7	152.4	61.3	285.6	207.8	72.8	77.8	27.2	-36.9	-111.5	+74.6
1958	232.2	108.5	46.7	123.7	53.3	410.3	332.3	81.0	78.0	19.0	-178.1	-223.8	+ 45.7
1959	296.7	145.7	49.1	151.0	50.9	398.8	346.7	86.9	52.1	13.1	-102.1	-201.0	+98.9
1960	534.6	352.9	66.0	181.7	34.0	323.7	282.7	87.3	41.0	12.7	+210.9	+70.2	+140.7
1961	691.0	454.7	65.8	236.3	34.2	400.4	355.8	88.9	44.6	11.1	+290.6	+98.9	+191.7
1962	773.6	552.9	71.5	220.7	28.5	500.9	449.1	89.7	51.8	10.3	+272.7	+103.8	+168.9
1963	911.8	631.4	69.2	280.4	30.8	498.7	449.0	90.00	49.7	10.0	+413.1	+182.4	+230.7
1964	1,036.5	692.8	66.8	343.7	33.2	448.8	399.0	88.9	49.8	11.1	+587.7	+293.8	+293.9
1965	1,096.4	687.8	62.7	408.6	37.3	630.0	568.9	90.3	61.1	9.7	+466.4	+118.9	+347.5
1966	1,258.8	842.5	66.9	416.3	33.1	614.9	541.3	88.0	73.6	12.0	+643.9	+301.2	+342.7
1967	1,355.9	1,123.5	82.9	432.4		596.4	509.8	85.5	86.6	14.5	+959.5	+613.7	+345.8
1968	1,817.3	1,365.8	75.2	451.5	24.8	648.1	521.9	80.5	126.2	19.5	+1,169.2	+843.9	+325.3
1969	1,976.4	1,493.2	75.6	483.2	24.4	735.0	592.8	80.7	142.2	19.3	+1,241.4	+900.4	+341.0
1970	2,218.0	1,651.8	74.5	566.2	25.5	887.8	738.7	83.2	149.1	16.8	+1,330.2	+913.1	+417.1
1971	2,501.6	1,867.6	74.7	634.0	25.3	1,182.4	947.7	80.2	234.7	19.8	+1,319.2	+919.9	+399.3
1972	2,898.7	2,123.2	73.2	775.5	26.8	1,541.3	1,102.9	71.6	438.4	28.4	+1,357.4	+1,020.3	+337.1

Cont'd.....

Year	Export					Import					Balance		
	Total	Socialist	%	Other	%	Total	Socialist	%	Other	%	Total	Socialist	Other
1973	3,484.6	2,408.7	69.1	1,075.9	30.9	1,624.1	1,031.4	63.5	592.7	36.5	+1,860.5	+1,377.3	+483.2
1974	4,155.5	2,776.1	66.8	1,379.4	33.2	1,943.7	1,161.1	59.7	782.6	40.3	+2,211.8	+1,615.0	+596.8
1975	5,047.1	3,534.9	70.0	1,512.2	30.0	2,200	1,451.3	66.0	748.7	34.0	+2,847.1	+2,083.6	+763.5
1976	5,464.4	3,688.8	67.5	1,775.6	32.5	2,662.5	1,642.3	61.7	1,020.2	38.3	+2,801.9	+2,046.5	+755.4
1977	6,407.5	4,275.3	66.7	2,132.2	33.3	3,171.3	2,058.9	64.9	1,112.4	35.1	+3,236.2	+2,216.4	+1,019.8
1978	7,274.1	5,092.7	70.0	2,181.4	30.0	3,217.9	2,317.3	72.0	900.6	28.0	+4,056.2	+2,275.4	+1,280.8
1979	7,616.4	5,168.7	67.9	2,447.7	32.1	3,505.0	2,359.1	67.3	1,145.9	32.7	+4,111.4	+2,809.6	+1,301.8
1980	7,939.5	5,280.6	66.5	2,658.9	33.5	3,736.8	2,388.5	63.9	1,348.3	36.1	+4,202.7	+2,892.1	+1,310.6
1981	6,961.7	4,661.4	67.0	2,300.3	33.0	3,124.5	2,215.5	70.9	909.0	29.1	+3,837.2	+2,445.9	+1,391.3
	Million Zloty at Current Rates of Exchange and Prices												
1981	126,905	72,147	56.9	54,758	43.1	57,019	35,387	62.1	21,632	37.9	+69,886	+36,760	+33,126
1982	125,308	82,014	65.4	43,294	34.6	69,443	47,654	68.6	21.789	31.4	+55,856	+34,360	+21,505
1983	116,614	75,232	64.5	41,382	35.5	97,388	66,806	68.6	30,502	31.4	+19,226	+8,426	+10,800

Sources: See Table IV.

Table VIII

Exports According to Sectors in Which They Are Produced: To Socialist Countries (S), Other Countries (O) and Total (T) - Million Deviza Zloty, Current Prices

Year		Total Export	%	Fuels and Energy	%	Metal-lurgy	%	Engin-eering	%	Chemical	%	Mineral	%	Wood and Paper	%	Light	%	Food and Agric. Prod.	%
1950	S	1,443.3	100.0	538.2	37.3	127.6	8.8	219.2	15.2	63.6	4.4	29.6	2.1	24.1	1.7	192.9	13.4	227.8	15.7
	O	1,093.7	100.0	510.3	46.7	37.5	3.4	30.2	2.8	33.8	3.1	22.1	2.0	41.0	3.7	75.9	6.9	328.0	30.0
	T	2,537.0	100.0	1,048.5	41.3	165.1	6.5	249.4	9.8	97.4	3.8	51.7	2.1	65.1	2.6	268.8	10.6	555.8	21.9
1955	S	2,313.4	100.0	1,187.2	51.3	238.5	10.3	463.7	20.1	70.1	3.0	10.5	0.5	23.5	1.0	133.2	5.8	168.7	7.3
	O	1,365.3	100.0	573.2	42.0	78.6	5.8	38.9	2.9	56.2	4.1	45.7	3.3	94.0	6.9	84.6	6.2	371.9	27.3
	T	3,678.7	100.0	1,760.4	47.9	317.1	8.6	502.6	13.7	126.3	3.4	56.2	1.5	117.5	3.2	217.8	5.9	540.6	14.7
1960	S	3,320.8	100.0	857.6	25.8	419.6	12.6	1,370.4	41.3	128.2	3.9	24.3	0.7	50.1	1.5	247.9	7.5	198.9	6.0
	O	1,981.3	100.0	344.2	17.4	125.5	6.3	219.0	11.0	132.1	6.7	32.2	1.6	118.5	6.0	127.8	6.4	849.1	42.9
	T	5,302.1	100.0	1,201.8	22.7	545.1	10.3	1,589.4	30.0	260.3	4.9	56.5	1.1	168.6	3.2	375.7	7.1	1,048.0	19.7
1965	S	5,634.7	100.0	1,056.0	18.7	470.1	8.3	2,883.4	51.2	340.4	6.1	25.2	0.5	90.8	1.6	372.5	6.6	356.0	6.3
	O	3,276.7	100.0	379.6	11.6	192.6	5.9	406.4	12.4	207.1	6.3	88.3	2.7	267.7	8.2	257.7	7.9	1,384.2	42.2
	T	8,911.4	100.0	1,435.6	16.1	662.7	7.4	3,289.8	36.9	547.5	6.1	113.5	1.3	358.5	4.0	630.2	7.1	1,740.2	19.5
1970	S	9,064.0	100.0	996.7	11.0	667.2	7.4	5,115.2	56.4	734.8	8.1	44.2	0.5	153.2	1.7	848.3	9.4	434.2	4.8
	O	5,126.5	100.0	775.1	15.1	661.0	12.9	799.3	15.6	451.8	8.8	85.3	1.7	149.5	5.7	824.1	6.8	1,621.5	31.6
	T	14,190.5	100.0	1,771.8	12.5	1,328.2	9.3	5,914.5	41.7	1,186.6	8.4	129.5	0.9	447.1	3.2	1,194.7	8.4	2,055.7	14.5
1971	S	9,770.2	100.0	1,167.4	12.0	626.2	6.4	5,411.5	55.4	894.9	9.2	45.3	0.5	163.6	1.7	1,017.1	10.4	392.9	4.0
	O	5,719.1	100.0	1,003.8	17.6	622.0	10.9	1,148.1	20.1	513.1	9.0	96.0	1.7	281.5	4.9	386.1	6.8	1,571.5	27.5
	T	15,489.3	100.0	2,171.2	14.0	1,248.2	8.1	6,559.6	42.3	1,408.0	9.1	141.3	0.9	445.1	2.9	1,403.2	9.1	1,964.4	12.7
1972	S	11,524.7	100.0	1,409.5	12.2	663.2	5.8	6,220.6	54.0	1,090.1	9.5	39.8	0.3	174.6	1.5	1,137.1	9.9	727.7	6.3
	O	6,608.0	100.0	1,052.1	15.9	638.9	9.7	1,376.4	20.8	574.5	8.7	106.3	1.6	316.0	4.8	478.1	7.2	1,948.6	29.5
	T	18,132.7	100.0	2,461.6	13.6	1,302.1	7.2	7,597.0	41.9	1,664.6	9.2	146.1	0.8	490.6	2.7	1,615.2	8.9	2,676.3	14.7
1973	S	12,959.6	100.0	1,543.1	11.9	705.8	5.4	7,291.7	56.3	1,234.2	9.5	51.0	0.4	177.3	1.4	1,286.6	9.9	592.1	4.6
	O	8,395.5	100.0	1,158.0	13.8	842.3	10.0	1,572.5	18.7	809.6	9.6	124.5	1.5	429.2	5.1	686.7	8.2	2,618.4	31.2
	T	21,355.1	100.0	2,701.1	12.7	1,548.1	7.3	8,864.2	41.5	2,043.8	9.6	175.5	0.8	606.5	2.8	1,973.3	9.3	3,210.5	15.0
1974	S	15,396.4	100.0	1,572.5	10.2	862.7	5.6	8,720.2	56.6	1,330.8	8.7	55.5	0.4	206.7	1.3	1,574.8	10.2	983.0	6.4
	O	12,228.4	100.0	2,820.9	23.1	1,308.0	10.7	2,172.8	17.8	1,701.4	13.9	154.0	1.2	500.5	4.1	849.4	6.9	2,507.2	20.5
	T	27,624.8	100.0	4,393.4	15.9	2,170.7	7.8	10,893.0	39.4	3,032.2	11.0	209.5	0.8	707.2	2.6	2,424.2	8.8	3,490.2	12.6
1975	S	20,472.2	100.0	2,835.1	13.8	1,326.8	6.5	10,942.1	53.4	1,736.2	8.5	79.4	0.4	246.1	1.2	2,113.1	10.3	1,089.9	5.4
	O	13,688.5	100.0	4,014.5	29.3	993.4	7.3	3,206.9	23.4	1,431.7	10.5	176.7	1.3	443.4	3.2	925.1	6.8	2,257.7	16.5
	T	34,160.7	100.0	6,849.6	20.1	2,320.2	6.8	14,149.0	41.4	3,167.9	9.3	256.1	0.7	689.5	2.0	3,038.2	8.9	3,347.6	9.8

Cont'd........

Year		Total Export	%	Fuels and Energy	%	Metal-lurgy	%	Engin-eering	%	Chemical	%	Mineral	%	Wood and Paper	%	Light	%	Food and Agric. Prod.	%
1976	S	21,853.1	100.0	2,784.3	12.7	1,173.1	5.4	12,397.3	56.7	1,957.7	9.0	107.9	0.5	264.4	1.2	2,093.3	9.6	965.2	4.4
	O	14,747.2	100.0	3,830.4	26.0	1,123.3	7.6	3,676.5	24.9	1,193.1	8.1	187.4	1.3	567.1	3.8	1,168.1	7.9	2,762.3	18.7
	T	36,600.3	100.0	6,614.7	18.1	2,296.4	6.3	16,073.8	43.9	3,150.8	8.6	295.3	0.8	831.5	2.3	3,261.4	8.9	3,727.5	10.2
1977	S	24,551.9	100.0	2,834.1	11.5	1,150.1	4.7	14,378.5	58.6	2,175.7	8.9	120.9	0.5	271.1	1.1	2,401.8	9.8	1,066.4	4.3
	O	16,195.9	100.0	3,838.5	23.7	1,296.0	8.0	4,428.8	27.3	1,338.1	8.3	260.7	1.6	663.7	4.1	1,265.1	7.8	2,851.0	17.6
	T	40,747.8	100.0	6,672.6	16.4	2,446.1	6.0	18,807.3	46.2	3,513.8	8.6	381.6	0.9	934.8	2.3	3,666.9	9.0	3,917.4	9.7
1978	S	27,309.6	100.0	3,043.9	11.1	1,270.8	4.7	16,122.6	59.0	2,334.7	8.6	114.7	0.4	328.8	1.2	2,945.5	10.8	970.2	3.5
	O	17,375.4	100.0	3,897.3	22.4	1,585.7	9.1	4,897.0	28.2	1,274.8	7.3	346.4	2.0	725.5	4.2	1,356.9	7.8	3,047.6	17.5
	T	44,685.0	100.0	6,941.4	15.5	2,856.5	6.4	21,019.6	47.0	3,609.5	8.1	461.1	1.0	1,054.3	2.4	4,302.4	9.6	4,017.8	9.0
1979	S	30,576.5	100.0	2,983.8	9.8	1,261.5	4.1	19,380.4	63.4	2,344.9	7.7	93.8	0.3	349.8	1.1	2,777.9	9.1	1,121.3	3.6
	O	19,615.5	100.0	4,511.4	23.0	2,208.9	11.2	5,245.3	26.7	1,413.7	7.2	376.9	1.9	837.1	4.3	1,505.8	7.7	3,234.7	16.5
	T	50,192.0	100.0	7,495.2	14.9	3,470.4	6.9	24,625.7	49.1	3,758.6	7.5	470.7	0.9	1,186.9	2.4	4,283.7	8.5	4,356	8.7
1980	S	29,016.8	100.0	2,372.6	8.2	1,346.9	4.6	16,965.8	58.5	2,576.0	8.9	95.2	0.3	295.5	1.0	2,830.7	9.8	832.1	2.9
	O	22,891.5	100.0	4,957.5	21.7	3,189.7	13.9	5,505.2	24.0	1,850.0	8.1	384.0	1.7	944.4	4.1	1,625.2	7.1	3,143.8	13.8
	T	51,908.3	100.0	7,330.1	14.1	4,536.6	8.7	22,471.0	43.3	4,426.0	8.5	479.2	0.9	1,239.9	2.4	4,455.9	8.6	3,975.9	7.7
1981	S	26,226.1	100.0	1,672.4	6.4	1,399.7	5.3	15,991.9	61.0	2,333.3	8.9	111.2	0.4	247.7	1.0	2,502.5	9.5	523.3	2.0
	O	18,303.7	100.0	2,613.2	14.3	2,193.2	12.0	5,597.3	30.6	1,853.3	10.1	276.2	1.5	690.0	3.8	1,422.9	7.8	2,158.9	11.8
	T	44,529.8	100.0	4,285.6	9.6	3,592.9	8.1	21,589.2	48.5	4,186.6	9.4	387.4	0.9	937.7	2.1	3,925.4	8.8	2,682.2	6.0
						Billion Zloty at Current Rates of Exchange and Prices													
1981	S	410.6	100.0	25.8	6.3	23.7	5.8	249.2	60.7	37.1	9.0	1.8	0.4	3.8	0.9	38.8	9.5	8.2	2.0
	O	435.6	100.0	62.2	14.3	52.2	12.0	133.2	30.6	44.1	10.1	6.6	1.5	16.4	3.8	33.9	7.8	51.4	11.8
	T	846.2	100.0	88.0	10.4	75.9	8.9	382.4	45.2	81.2	9.6	8.4	1.0	20.2	2.4	72.7	8.6	59.6	7.1
1982	S	509.5	100.0	57.0	11.2	26.9	5.3	293.9	57.7	45.1	8.9	2.4	0.5	4.8	0.9	42.0	8.2	14.5	2.9
	O	441.6	100.0	89.0	20.2	47.7	10.8	122.9	27.8	40.7	9.2	5.1	1.1	12.4	2.8	27.2	6.2	53.1	12.0
	T	951.2	100.0	145.0	15.4	74.6	7.8	416.8	43.8	85.8	9.0	7.5	0.8	17.2	1.8	69.2	7.3	67.6	7.1
1983 (Plan)	S	480.6	100.0	44.6	9.3	36.9	7.7	291.4	60.6	41.2	8.6	2.3	0.5	3.8	0.8	33.0	6.9	8.8	1.8
	O	544.9	100.0	107.7	19.8	61.1	11.2	159.2	29.2	52.7	9.7	8.1	1.5	17.0	3.1	24.0	4.4	63.7	11.7
	T	1,025.5	100.0	152.3	14.9	98.0	9.6	450.8	44.0	93.9	9.2	10.4	1.0	20.8	2.0	57.0	5.6	72.5	7.1
1983	S	580.4	100.0	76.4	13.2	39.1	6.7	328.2	56.6	57.3	9.9	3.4	0.6	5.0	0.9	30.4	5.2	21.0	3.6
	O	479.8	100.0	107.5	22.4	63.3	13.2	120.8	25.2	42.7	8.9	5.0	1.0	14.7	3.1	25.2	5.3	65.1	13.6
	T	1,060.2	100.0	183.9	17.3	102.4	9.7	449.0	42.4	100.0	9.4	8.4	0.8	19.7	1.9	55.6	5.2	86.1	8.1

Sources: G.U.S., Rocznik statystyczny handlu zagranicznego (Statistical Yearbook of Foreign Trade), Warsaw, 1974, pp. 8-9, 15; 1978, pp. 8-9, 14; 1980, pp. 8-9, 14; 1983, pp. 8-9, 13; 1984, pp. 6-7.

Table IX

Balance of Payments and Indebtedness: A. Transactions Recorded in the Currencies of Socialist Countries

	Billion of 'Deviza Zloty" (Foreign Trade Prices)						Billion of Zloty (Domestic Prices)			
Current Account	1970	1975	1978	1979	1980	1981	1981	1982	1983	1984
Export of commodities	+9.2	+19.4	+25.9	+27.2	+27.5	+25.4	+389.3	+465.0	+512.9	+615.3
Import of commodities	-9.9	-18.7	-26.2	-28.1	-31.2	-32.3	-494.8	-512.2	-573.9	-662.8
Balance of visible trade	-0.7	+0.7	-0.3	-0.9	-3.7	-6.9	-105.5	-47.2	-61.0	-47.5
Export of services	+1.0	+1.3	+1.9	+2.2	+2.3	+2.3	+34.6	+41.9	+49.4	na
Import of services	-0.3	-0.8	-1.4	-1.5	-1.5	-1.6	-24.4	-22.7	-30.7	na
Balance of invisible trade	+0.7	+0.5	+0.5	+0.7	+0.8	+0.7	+10.2	+19.2	+18.7	na
Transfers-receipts	0.0	0.0	0.0	0.0	0.0	0.0	+0.6	+0.8	+0.9	na
Transfers-payments	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	-0.3	-0.5	na
Balance of transfers	0.0	0.0	0.0	0.0	0.0	0.0	+0.1	+0.5	+0.4	na
Interest-receipts	0.0	0.0	0.0	0.0	0.0	0.0	+0.2	+0.5	+2.0	na
Interest-payments	0.0	-0.1	-0.1	-0.1	-0.1	-0.3	-3.9	-7.9	-7.8	na
Balance of interest payments	0.0	-0.1	-0.1	-0.1	-0.1	-0.3	-3.7	-7.4	-5.8	na
Balance on current account	0.0	+1.1	+0.1	-0.3	-3.0	-6.5	-98.9	-34.9	-47.7	na
Capital Account										
Long and medium term loans	+0.1	-1.2	-0.3	na	-1.0	+2.1	+31.7	+0.9	-5.4	na
Short term credits	-0.1	+0.2	0.0	na	+3.5	+5.3	+81.6	+47.6	+13.6	na
Financial operations	0.0	+0.2	+0.1	na	0.0	0.0	0.0	+2.5	+4.3	na
Charges on the bank accounts	0.0	-0.3	+0.1	na	+0.5	-0.9	-14.4	-16.1	+35.2	na
Balance of capital account	0.0	-1.1	-0.1	+0.3	+3.0	+6.5	+98.9	+34.9	+47.7	na
Indebtedness	2.7	1.9	3.5	2.8	6.4	13.9	212.5	254.8	261.6	348

	Billion of "Deviza Zloty" (Foreign Trade Prices)						Billion of Zloty (Domestic Prices)			
Current Account	1970	1975	1978	1979	1980	1981	1981	1982	1983	1984
Export of commodities	+5.2	+14.5	+18.1	+20.3	+24.3	+18.4	+438.5	+421.9	+494.9	+718.7
Import of commodities	-4.8	-24.4	-24.0	-27.1	-26.7	-20.9	-498.5	-391.6	-395.5	-548.1
Balance of visible trade	+0.4	-9.9	-5.9	-6.8	-2.4	-2.5	-60.0	+30.3	+99.4	+170.6
Export of services	+0.7	+1.9	+2.2	+2.6	+2.9	+2.2	+51.6	+41.6	+58.6	na
Import of services	-0.6	-1.7	-2.5	-3.1	-3.3	-1.7	-40.3	-34.6	-55.7	na
Balance of invisible trade	+0.1	+0.2	-0.3	-0.5	-0.4	+0.5	+11.3	+7.0	+2.9	na
Transfers-receipts	+0.3	+0.9	+1.9	+2.4	+3.5	+4.3	+103.0	+35.3	+56.9	na
Transfers-payments	0.0	0.0	-0.5	-0.8	-1.5	-2.1	-50.6	-8.2	-22.6	na
Balance of transfers	+0.3	+0.9	+1.4	+1.6	+2.0	+2.2	+52.4	+27.1	+34.3	na
Interest-receipts	0.0	+0.1	+0.1	+0.2	+0.4	+0.5	+13.6	+7.3	+14.8	na
Interest-payments	-0.2	-1.7	-3.8	-5.2	-7.5	-7.6	-181.8	-157.9	-145.7	na
Balance of interest payments	-0.2	-1.6	-3.7	-5.0	-7.1	-7.1	-168.2	-150.6	-130.9	na
Balance on current account	+0.6	-10.4	-8.5	-10.7	-7.9	-6.9	-164.5	-86.2	+5.7	na
Capital Account										
Long and medium term loans	-0.2	+8.4	+7.2	+11.8	+8.8	+4.5	+106.3	-63.8	-153.8	na
Short term credits	-0.1	+2.3	+1.5	+0.3	-2.2	-2.8	-67.1	-9.3	-24.2	na
Financial operations	-0.1	-0.4	0.0	-1.5	-0.5	-1.6	-35.8	-9.8	-36.3	na
Charges on the bank accounts	-0.2	+0.1	-0.2	+0.1	+1.8	+0.8	+18.9	-4.8	+18.4	na
Refinanced debts	-	-	-	-	-	+6.0	+142.2	173.9	+190.2	na
Balance on capital account	-0.6	+10.4	+8.5	10.7	+7.9	+6.9	+164.5	+86.2	-5.7	na
Hard Currency Indebtedness	4.5	27.8	59.0	62.6	76.6	88.8	2,036.2	2,147.4*	2,596.5	3,384

Table IX (continued) C. Transactions Recorded in Convertible Currencies Recalculated in Million US Dollars

Current Account	1970	1975	1978	1979	1980	1981	1982	1983	1984
Export of commodities	+1,300	+4,367	+5,717	+6,572	+7,957	+5,481	+4,974	+5,402	+5,800
Import of commodities	-1,200	-7,349	-7,581	-8,773	-8,743	-6,231	-4,617	-4,317	-4,400
Balance of visible trade	+100	-2,982	-1,864	-2,201	-786	-750	+357	+1,085	+1,400
Services and transfers balance	+100	+331	+347	+356	+524	+796	+402	+406	+400
Net interest payments	-50	-482	-1,168	-1,619	-2,325	-2,102	-1,775	-1,429	-1,000
Balance on current account	+150	-3,133	-2,685	-3,464	-2,587	-2,056	-1,016	+62	+800
Capital Account									
Long and medium term loans	-50	+2,530	+2,274	+3,820	+2,882*	+1,329*	-752	-1,679	na
Short term credits	-25	+693	+474	+97	-720	-839	-110	-264	na
Financial operations	-25	-120	0	-486	-164	-448	-116	-396	na
Charges on the bank accounts	-50	+30	-63	+33	+589	+236	-56	+201	na
Refinanced debts	-	-	-	-	-	+1,778	+2,050	+2,076	+3,000
Balance on capital account	-150	+3,133	+2,685	3,464	+2,587	+2,056	+1,016	-62	na
Hard Currency Indebtedness in Billion US Dollars	1.1	8.4	18.6	20.3	25.1	25.5	25.3*	26.4	26.9

*excluding unpaid interest on loans guaranteed by the Western governments.
na - not available.

Sources: G.U.S., Rocznik statystyczny handlu zagranicznego (Statistical Yearbook of Foreign Trade), Warsaw 1981, p. 52; 1983, p. 73; 1984, p. 65; A. Dorosz and M. Puławski, "Bilans płatniczy 1984" (Balance of Payments 1984), Polityka - Eksport-Import, No. 5, 1985; Życie gospodarcze, No. 6, 1985, p. 3.

Table X

Imports According to Final Use From (I) Socialist Countries and (II) Other Countries

Final Use		Share of Total Import (%) 1981	1982	1983 (Plan)	1983	1984 (Plan)	1984	Jan.-May 1985
Investment	I	13.2	8.1	7.8	8.7	9.9	10.0	10.1
	II	9.8	6.3	6.0	4.9	5.1	7.5	9.0
Production	I	75.4	78.6	82.9	78.0	79.7	77.3	77.7
	II	75.8	78.1	82.1	75.5	84.9	78.3	75.4
Consumption	I	11.3	12.8	9.2	12.8	10.2	11.9	11.7
	II	13.5	14.3	11.9	12.4	10.0	11.9	12.7
Other*	I	0.1	0.5	0.1	0.5	0.2	0.8	0.5
	II	0.5	1.3	0.0	7.2	0.0	2.3	2.9
Total import	I	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	II	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*No explanation is provided - it can be re-export.

Sources: Życie gospodarcze, No. 21, 1982, p. 9; No. 6, 1984, p. 8; No. 6, 1985, p. 14; No. 27, 1985, p. 14.

Table XI

A. Exports to Non-Socialist Countries (Billion zloty, Current prices)

Exports	1981	1982	1983 (Plan)	1983	Plan Implementation (%)	1984 (Plan)	1984	Plan Implementation (%)	Jan.-May 1985
Engineering industry	133.2	122.9	(159.2)	134.5	84.5	(213.8)	154.9	72.4	53.8
Fuels and energy	62.2	89.0	(107.7)	124.3	115.4	(140.0)	168.3	120.2	65.4
Metallurgical industry	52.2	47.7	(61.1)	74.7	122.3	(92.4)	93.6	101.3	40.4
Chemical industry	44.1	40.7	(52.7)	50.7	96.7	(78.0)	74.8	95.9	35.1
Mineral industry	6.6	5.1	(8.1)	5.5	67.5	(8.1)	8.8	108.6	3.7
Wood and paper industry	16.4	12.4	(17.0)	15.9	93.3	(23.4)	21.8	93.0	9.5
Light industry	33.9	27.2	(24.0)	26.6	110.0	(31.5)	38.2	121.4	16.7
Food and agricultural products	51.3	53.1	(63.7)	69.4	108.9	(96.3)	103.1	107.0	31.1
Construction	27.7	38.2	(46.9)	28.2	60.4	(38.6)	37.0	95.9	12.4
Total export	435.6	441.6	(544.9)	536.1	98.4	(736.7)	718.7	97.6	294.4

B. Exports to Non-Socialist Countries (Million Dollars, Current Prices, Annual Rate of Exchange)

Exports	1981	1982	1983	1984	Jan.-May 1985	1981-82	1982-83	1983-84	1981-84
Engineering industry	1,665	1,449	1,367	1,259	338	-216	-82	-108	-406
Fuels and energy	776	1,049	1,263	1,368	411	+273	+214	+105	+592
Metallurgical industry	653	562	759	761	254	-91	+197	+2	+108
Chemical industry	551	480	515	608	221	-71	+35	+93	+57
Mineral industry	83	60	56	72	23	-23	-4	+16	-11
Wood and paper industry	205	146	162	177	60	-59	+16	+15	-28
Light industry	424	321	270	311	105	-103	-50	+41	-112
Food and agricultural products	641	626	705	838	196	-15	+79	+133	+197
Construction	346	450	287	301	78	+104	-163	+14	-45
Total export	5,445	5,206	5,448	5,843	1,852	-239	+242	+395	+398

Rates of exchange: 1981: \$1=80 zloty; 1982: \$1=84.823 zloty; 1983: \$1=98.4 zloty; 1984: \$1=123 zloty; 1985: \$1=159 zloty.

N.B. Values of trade differ from those reported in the balance of payments (see Table IX).

Sources: G.U.S., Rocznik statystyczny handlu zagranicznego 1983 (Statistical Yearbook of Foreign Trade 1983), pp. 8-9; Życie gospodarcze, No. 6, 1984, p. 14; No. 40, 1984, p. 14; No. 6, 1985, p. 6; No. 27, 1985, p. 14.

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