4 Comparison between the Private Sectors in Poland and the GDR

We can now return to our introductory questions in search of general conclusions. First, a static analysis is needed to establish the characteristics of the functioning of a small private sector in a Soviet-type economy. Second, by examining the dynamic features, cycles and trends, we shall attempt to answer why private enterprise has survived. Since our aim is to find out what is typical of a Soviet-type economy, we shall investigate what the private sectors have in common, wherein and why they differ.

STATIC ANALYSIS

We have chosen to undertake our static analysis around 1979. Thanks to interviews in Poland mainly in 1979 and in the GDR in 1981, our most complete observations come from this time. Moreover, the later the date, the more clearly are the hallmarks of Soviet-type society imprinted. Yet we prefer to precede with the upheaval in Poland of 1980. Both countries had pursued a relatively liberal policy since 1976.

What is Common?

At first sight, we find many resemblances between the private sectors in Poland and the GDR. The private shares of non-agricultural employment have become almost equal. The branch structures are similar with a dominance of handicraft followed by various services and trade. In both countries the average firm is tiny. Also a comparison of produc-
tivity reveals similarities, though the official Polish statistics greatly underestimate private efficiency. In 1979, with 4.7 per cent of non-agricultural labour, the Polish private sector contributed 2.8–3.5 per cent of NMP outside agriculture,\textsuperscript{1} compared with 3.0 per cent in the GDR,\textsuperscript{2} accomplished by 5.2 per cent of the non-agricultural work force. When examining labour productivity, we shall concentrate on the more reliable GDR statistics (see Table 4.1). Private net labour productivity lags behind that of the socialised sector primarily in two branches, industry (including industrial handicrafts) and trade. However, this is a result of very low capital intensity in private manufacturing enterprises and private retailers’ limited access to goods. These factors have not outweighed stronger private motivation in the labour-intensive branches, construction and transport. Furthermore, private prices are held down in the GDR to minimise private earnings which also limits the private contribution to NMP. The Polish figures do not contradict these theses.

Official statistics show extraordinarily high private capital productivity in both countries—more than three times higher than the socialised economy in the GDR and substantially higher in Poland (see Table 4.2). The dubious statistics hardly permit further elaboration, but we may conclude that the relative economic efficiency of the private sector is impressive in both countries and probably higher in Poland than in the GDR.

\begin{table}
\centering
\caption{Net labour productivity in 1979}
\begin{tabular}{lcc}
\hline
 & \textbf{Net Material Product per Man}\textsuperscript{1} & \\
 & \textbf{Socialised sector} & \textbf{Private sector} \\
\hline
\textbf{Poland} & & \\
(thousand zloties, current prices) & & \\
Industrial product & 199 & 95 \\
Construction & 142 & 112 \\
\hline
\textbf{GDR} & & \\
(thousand marks, 1975 fixed prices) & & \\
Industrial product & 31.7 & 12.9 \\
Construction & 30.2 & 27.4 \\
Transport & 13.2 & 14.3 \\
Trade & 29.7 & 16.3 \\
\hline
\end{tabular}
\end{table}

\textsuperscript{1} Excluding apprentices.
\textbf{Sources} RS 1981, pp. 64, 86, 88, 89; SJB 1980, pp. 73, 74, 85; own calculations.