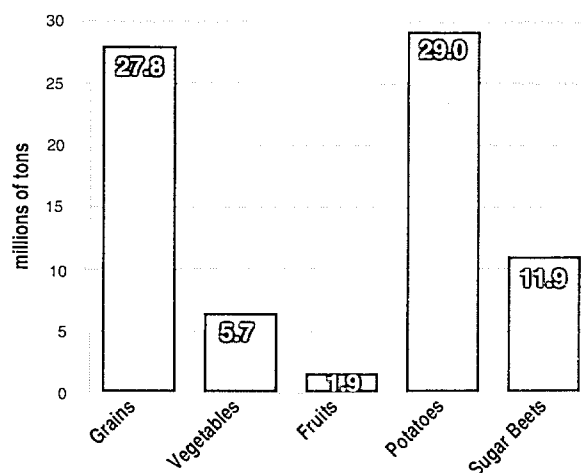


biggest advances were made by companies working on less capital-intensive projects, such as renovations or modernization of existing space. By the third quarter of 1991, the renovation sector had already grown 12.2% over the same period in the previous year. New residential construction (apartments and houses), however, remained weak, with only 129,400 units completed in 1991. This was some 4,800 less than in the previous year. And there were few large-scale public construction projects. The balance between state-owned and private construction firms was also changing. The state-owned sector contracted by 16.7% in the first nine months of 1991, while production in the private sector grew by 30%. As a result, the overall share of construction held by private firms increased from 33% to 44% during this period.

Transportation

Under the communist regime, transportation was one of the most poorly organized sectors in the economy. Goods were moved around the country unnecessarily, because there was no economic incentive to do otherwise. The move to market conditions therefore hit this sector especially hard. The transportation of goods dropped by 41% in 1990 over 1989, and the first 10 months of 1991 saw a further contraction of 27%. These figures do not include the performance of small private drivers, but the steep fall suggests that Polish industry as a whole is using transportation services in a more rational manner.

Figure 5.1
Polish Agricultural Production, 1991
(million tons)



Source: GUS.

Communications

Communications is the only sector of the Polish economy to experience strong and consistent growth over the recent period. New investment and a program of modernization increased the number of telephone subscribers by 227,000 in 1991. This is a substantial jump compared to annual increases of 100-140,000 in the period 1985-87 and 170,000 in the period 1988-1990. The highest growth rates are in the countryside, where 54,000 new subscribers were connected in 1990, as opposed to 28,000 in 1989. International telephone connections have been significantly improved, although inter-city and local services continue to cause concern. The aggregate effect of these changes was an increase in telephone penetration from 8.2 per 100 people to 9.2 in 1991.

Agriculture

Despite a drastic reduction in the use of chemical fertilizers and insecticides, Poland recorded record grain harvests of 28 million tons in 1990 and 27.8 million tons in 1991. The total number of hogs, at 22 million, was also quite high, an increase of 12.3% over 1990. By contrast, the 8.8 million head of cattle in 1991 represented a 12% decrease. Fruit production was up 0.5 million tons over the previous year. Production of potatoes was down about 7.3 million tons, and sugar beets fell by 4.8 million tons (see Figure 5.1). Overall, food production improved slightly through 1991. Agriculture as a whole is expected to contract further, though not as much as other parts of the Polish economy.

The prices of basic agricultural commodities rose by only 33% during the year, a less impressive performance than that recorded by the prices of industrial products which increased by 47%. The overall indebtedness of Poland's farmers continued to swell and remains a serious concern. It was not until the fourth quarter of the year that agricultural prices firmed up and farmers began experiencing less difficulty in selling their products.