



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***JPRS Report***

**DISTRIBUTION STATEMENT A**

Approved for public release  
Distribution Unlimited

# **East Europe**

19980112 037

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

**DTIC QUALITY INSPECTED 6**

# East Europe

JPRS-EER-92-085

## CONTENTS

7 July 1992

### INTERNATIONAL AFFAIRS

- Commercial Relations Between Bulgaria, Macedonia [Skopje NOVA MAKEDONIJA 1 Jun] ..... 1

### ALBANIA

- Berisha Faces Massive Stabilization Tasks  
[Frankfurt/Main FRANKFURTER ALLGEMEINE 12 Jun] ..... 3

### BULGARIA

- Holy Synod Reacts to Supreme Court Verdict [BTA] ..... 5  
Army Chief of Staff Cracks Down on Hazing [Sofia Radio] ..... 5

### CZECHOSLOVAKIA

- Czech Comment on Slovak 'Silent Majority' [CESKY DENIK 12 Jun] ..... 6  
Czech Bitterness Toward Slovaks Expressed ..... 6  
Slovak Treatment of Havel [CESKY DENIK 12 Jun] ..... 6  
Meciar's Arrogance Scored [TELEGRAF 12 Jun] ..... 7  
Czech Side States View on Referendum ..... 7  
Interview With Havel [MLADA FRONTA DNES 13 Jun] ..... 7  
No Need To Hurry [LIDOVE NOVINY 13 Jun] ..... 8  
When To Hold It [CESKY DENIK 13 Jun] ..... 9  
Advantages of Independent Slovak State Recounted [SLOBODNY PIATOK 29 May] ..... 9  
Porubjak on Results of Slovak Elections [LIDOVE NOVINY 11 Jun] ..... 10  
Reform-Minded Slovaks Support Czech Stand [LIDOVE NOVINY 12 Jun] ..... 11  
Slovak Side States View on Referendum ..... 12  
Need for It [NARODNA OBRODA 13 Jun] ..... 12  
Tactical Moves [SLOVENSKY DENNIK 13 Jun] ..... 13  
Green Party: No More Loans for Gabcikovo [PRAVDA 5 Jun] ..... 13

### HUNGARY

- Labor Organization To Disclose Assets [HETI VILAGGAZDASAG 23 May] ..... 14  
UN Body Sees Economic Collapse in East Europe [TOZSDE KURIR 28 May] ..... 14  
Mortgage Banking Catching Up With EC Standards [TOZSDE KURIR 30 Apr] ..... 15  
Economist Kornai on Evolution of Capitalism [FIGYELO 28 May] ..... 16  
Expected Impact of Medical Sector Reform Viewed [HETI VILAGGAZDASAG 16 May] ..... 18  
Chronically Unemployable 'Type' Seen Emerging [HETI VILAGGAZDASAG 23 May] ..... 20  
Preferential Mortgage Loans To Gypsies Decried [NEPSZAVA 23 May] ..... 21

### POLAND

- KPN Reaching Out, Winning New Supporters [WPROST 31 May] ..... 23  
German Minority's Mood Shifting From Resettlement [Bonn RHEINISCHER MERKUR 22 May] ..... 25  
Society's Transition to Market Economy Analyzed [TYGODNIK SOLIDARNOSC 5 Jun] ..... 26  
Government Contenders' Economic Positions [RZECZPOSPOLITA 10 Jun] ..... 28  
Draft Law on Organization of Ministry of Economy [RZECZPOSPOLITA 3 Jun] ..... 30  
Status of Electronics Industry Reviewed [RZECZPOSPOLITA 13 May] ..... 31

German Development Specialists Working in Poland [RZECZPOSPOLITA 22 May] .....	32
Australians Compete With Asarco for Copper Firm [RZECZPOSPOLITA 16 Jun] .....	32
Output of Livestock Products Projected [RZECZPOSPOLITA 8 May] .....	33
Cooperative Crafts Banks Seek To Unite [RZECZPOSPOLITA 13 May] .....	34
POLITYKA Weekly News Roundup: 7-13 Jun [POLITYKA 13 Jun] .....	35

## ROMANIA

SRI Accused of Slandering Opposition Figure [ROMANIA LIBERA 11 Jun] .....	37
Intentional Postponement of Elections Suggested [AZI 17 Jun] .....	37
FDSN Blames FSN for Ignoring Public Interest [DIMINEATA 10 Jun] .....	38
UDMR Mayoral Winner in Tirgu Mures Interviewed [Budapest MAGYAR NEMZET 28 May] .....	39
Burca: UDMR Leaders' Past Also Communist [Budapest NEPSZAVA 27 May] .....	40
UDMR Protests Ministry's Draft Education Law [ROMANIA LIBERA 11 Jun] .....	41
Celac Criticizes Politicians' Inconsistency [ADEVARUL 6 Jun] .....	41
Diplomatic Personnel Changes Announced [MONITORUL OFICIAL 21 May] .....	42
'Alarming' Unemployment Data Analyzed [ROMANIA LIBERA 9 Jun] .....	43
Contracts Signed for Privatized TV Channel [ROMANIA LIBERA 21 May] .....	43
Slow Privatization of Tourism Criticized [ADEVARUL 9 Jun] .....	44
Hungarian Publishing Industry Woes Surveyed [Budapest HETI MAGYARORSZAG 29 May] .....	45

## CROATIA

Serbian-Montenegrin Relations Called 'Fine Mess' [NOVI VJESNIK 18 Jun] .....	48
Croatian Opposition Demands Talks With Tudjman [VECERNJI LIST 18 Apr] .....	48
Official Says Turkey Pressing for Firm Action [VECERNJI LIST 19 Jun] .....	49
Choice of Cosic as FRY President Analyzed [VECERNJI LIST 16 Jun] .....	50
Press Conference on DANAS, Other Papers [SLOBODNA DALMACIJA 20 Jun] .....	51
Croatia Restricts Exports to Slovenia [DNEVNIK 17 Jun] .....	52
Commentary on Counterfeit Slovene Tolar Scandal [NOVI VJESNIK 17 Jun] .....	52

## SLOVENIA

Decline in Industrial Output Leveling Off [SLOVENEK 9 Jun] .....	54
Counterfeit Tolars Turn Up in Croatia [DELO 18 Jun] .....	55

## YUGOSLAVIA

Effect of Sanctions Against Serbia [NIN 12 Jun] .....	57
Serbia's Losses From Sanctions Projected [BORBA 19 Jun] .....	59
NIN Poll on Impact of Sanctions on Serbia [NIN 12 Jun] .....	60
Results of Poll on Sanctions Against Serbia [POLITIKA 19 Jun] .....	63
Effect of Sanctions on Livestock Raising [NIN 12 Jun] .....	63
Party Leaders on Cosic for FRY President [POLITIKA 17 Jun] .....	64
Bozovic, Others on Government Reconstruction [BORBA 24 Jun] .....	65
Reorganization in Federal Administration Detailed [POLITIKA 18 Jun] .....	66
Lawyer Claims Election Rigged, Assembly Illegal [BORBA 18 Jun] .....	66
Democratic Party's Possible Scenarios for Republic [NIN 19 Jun] .....	67
Dissatisfied Socialists Demand New Elections [BORBA 16 Jun] .....	67
Assembly Session Prevented by Serbian Police [BORBA 25 Jun] .....	68
Albanian Parties Reject Offer of Dialogue [Zofingen RILINDJA 16 Jun] .....	69
Albanians Reject Talks With Serbian Authorities [BORBA 17 Jun] .....	70
Macedonian Daily on VMRO Weapons Case [NOVA MAKEDONIJA 6 Jun] .....	71
Macedonian Minister on Police Role, Arms [NOVA MAKEDONIJA 20 Jun] .....	72

## Commercial Relations Between Bulgaria, Macedonia

92BA1053A Skopje NOVA MAKEDONIJA  
in Macedonian 1 Jun 92 p 2

[Article by Blazhe Minevski: "The Borders Were Opened by the Merchants"]

[Text] *A great number of Macedonian businessmen are opening companies in Bulgaria, and merchants are moving goods to markets in both places on a daily basis. Astibo, from Stip, opened a modern store in the center of Blagoevgrad. The per capita income in Bulgaria is approximately 100 marks, and bargains are a thing of the past.*

Sofia, Blagoevgrad—Nothing in Bulgaria is as it was last year. This is perhaps the most concise way of describing what one notices after a short visit to several Bulgarian cities. The prices of goods are no longer marked on the labels, and the busiest people in the stores are those who price items. Once again, there are waiting lines, and not because there is a shortage of sugar or butter. One immediately notices that the lines are merely a vestige of the time of coupons and habit.

Private capital has already entered the land, and one can say that Bulgaria has quickly learned from Western capitalism. For the time being, however, leading in privatization are trade, hotels, and related activities. The restoration of land property has been initiated, and, as we were told in Sofia, there will soon be a large number of millionaires here.

The sidewalks of the old streets of Sofia are now buzzing with talk of business, and the bookstores are being converted into imported-goods stores and the basements in the coffeeshops into bars. Our guide, the actor Kol'o Chobanov, remarked regretfully that culture is being slightly shunted aside and that it has become usual for plays to close after only 10 performances or the theaters crowded with light and entertaining plays and sketches. The public no longer has the patience to go to shows of several hours or plays that are not entertaining. There is no place for political plays. Today business is everything.

### Merchants and Managers

In addition to the biggest investments, which are in coffeeshops, private capital is also being invested in merchandising. In Blagoevgrad alone, for example, a large number of companies are engaged in trade, most frequently running hotels. Shop windows frequently exhibit boilers or refrigerators, and then there are the coffeeshops. A large number of companies are owned by Macedonians from the Republic of Macedonia, and the casino operated by a Macedonian from Stip is doing brisk business. Several people told us that casino employees earn double the Bulgarian salary, which is

approximately 3,000 leva. When we know that 100 German marks are the equivalent of 1,400 leva, one can easily see that this company is doing well. It is obvious that a business involving pinball machines, billiards, and so on is the hit of the business market because we were told in several coffeeshops in Blagoevgrad that they will soon be converted into places for pinball machines and other games of chance.

However, commerce is also not bad. Everyday one sees parked in front of the Volga Hotel automobiles with registration from Prilep, Stip, Strumica, and other Macedonian places. Trucks cross the border daily at Delchevo going to the industrial part of the city, from which they return carrying a great variety of goods. Recently, the most active trade has been in sugar, and food trucks take off everyday for stores in the Republic of Macedonia. The merchants say that they have eliminated the borders even before this could be accomplished by political means. There is trade in iron as well, and we saw a truck with Skopje registration loaded with cement. It is possible that soon the monopoly of the Skopje cement works will be eliminated, as it sells cement as though it were gold. A while back, we were told by Stefan Khristov, a merchant from Sofia, that construction iron and nails were the main items, whereas now the main commodity is sugar. The paradox, according to Khristov, is that a while back Bulgaria was importing sugar from Macedonia. That same sugar is now being returned by the merchants, and, once again, it is fetching a good price; it is clear that the Republic of Macedonia is short of sugar.

On the other hand, what one could buy in the past with some 50 marks is now only a memory. Prices in stores are quite high, and wages in both Bulgaria and Macedonia are just about even. Unlike in Macedonia, however, food in Bulgaria remains relatively inexpensive. The impression is that Bulgaria is adapting much more easily to the transformation because foreign capital is being given all the necessary guarantees; for this reason, the shake-up is probably less, although the situation in the country, in general, is not all that rosy. Specifically, we could cite as an example the fact that, in Blagoevgrad, a city of some 80,000 people, as many as 50 percent of the working people remain unemployed. A large number of state enterprises have been closed down, and private business is employing only the owners and the members of their families. It is good news for us that, in the center, on the main square of Blagoevgrad, a luxury store owned by Astibo, of Stip, was recently opened. This is an exclusive boutique selling products made by Astibo and other Macedonian Republic companies. It is doing very well, and, although the prices are high, there are customers in Blagoevgrad. This could encourage other firms in the Republic to invest capital in Bulgaria. Some deals are already under way, and the management part of the work has already been completed. Managers are also working on selling Macedonian music, and several cities have already been visited by Macedonian entertainment groups.

**Miroslav Ilic or Suzana Spasovska?**

The news business has developed along with democracy in the Republic of Bulgaria. There are still no privately owned radio and television stations, but it is expected that a law will soon be passed to allow this to happen. Meanwhile, there are privately owned newspapers, and, as we were told in Sofia, new newspapers, magazines, and other periodicals are constantly appearing. Unlike in Macedonia, in Bulgaria this is a profitable business, and many people intend to invest capital in a newspaper. The daily 24 CHASA is doing very well; a private bank has invested in it. The other private newspapers sell very well, too. Recently, the newspaper STRUMA began publication in Blagoevgrad, aimed at the public in Pirin Macedonia. It already has a daily edition of 30,000, although it is being sold only in seven or eight cities. A newspaper costs between one and a half and two leva, and it is safe to say that virtually everyone reads one newspaper daily.

We noticed on the sidewalks of the so-called commercial street posters advertising "An Evening of Macedonian Songs." The imminent visit of Suzana Spasovska and Marijana Misheva with an orchestra has been announced. There will be a performance at the annual folk festival in Valandovo. In the area of sports, Miroslav Ilic and Boki Miloshevic will be visiting. The managers are kept busy, but the Macedonians who live here say that those who come from Serbia are much

more active. Of late, there has been a true invasion of Serbian singers, and improvised stands sell piles of cassettes that arrive daily from Belgrade. Although Radio Blagoevgrad is forbidden to broadcast Serbian songs, the sounds of that very familiar, cheap music, which the Republic of Macedonia was receiving from the north, can be heard coming loudly from cassettes in some stores and in the vegetable market. We even had the opportunity to see in the Volga Hotel a celebration of a marriage of a Macedonian, during which the orchestra played Serbian songs. Petar Temelkovski, the artist, wittily noted after the ensemble of the MNT [Macedonian National Theater] arrived at the Volga Hotel that it may have taken the wrong road and that perhaps it was not in Blagoevgrad at all.

Before we could file this report, a merchant from Stip said that yesterday the signs along the Macedonian border were changed and now read "Republic of Macedonia" instead of "Yugoslavia." This was celebrated by the businessmen at the Volga Hotel with Karlov muscatel, and one of them told us that an agreement has been reached to ship wine from Kavadarci to Sofia so that people will see that our Temjanika is much tastier than Karlov muscatel. The merchants are now loudly considering how to open the border with Greece, and the ensemble of the MNT, after performing in Sofia, Dupnitsa, and Blagoevgrad, is preparing to return to Skopje.

### Berisha Faces Massive Stabilization Tasks

92BA1078A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 12 Jun 92 p 14

[Commentary by Viktor Meier: "Berisha Faces Unpopular Measures: Albania on the Rocky Road to Recovery"]

[Text] Tirana, Jun—The street scene in the Albanian capital during the Sunday morning promenade makes one momentarily forget the country's distress. Gifts from relatives abroad are in evidence. Private aid totaling \$50 million is believed to have flowed into Albania from abroad since the change. Half of this amount was in currency, the other half in all kinds of goods, even including automobiles. The dollar serves as an alternate currency and sometimes even as the primary currency. Finance and Economic Minister Ruli believes, however, that the lek can be saved and that conditions will improve if inflation is curbed and people once again are motivated to work. Changing the fixed prices of basic foods to "controlled" prices and supporting them for the benefit of producers was done in the hope that private farmers will again grow wheat and corn and not only easily planted vegetables.

Another change in Tirane is the now total accessibility of the formerly "forbidden city," with its residential houses and gardens just below the Dajti Hotel. These houses, which Enver Hoxha and his entourage had built and in which even Ramiz Alia had lived until he resigned as president, are not very luxurious by Western standards, but in impoverished Albania, and compared to the shabby tenements of its subjects, they were an oasis. By the way, negotiations between Sali Berisha and Ramiz Alia before the latter's resignation resulted in a promise not to bother the former president, who, in the meantime, had moved to his daughter's rented apartment.

Initially, the shift in government after the fall elections was not perceived as a drastic change since the government came largely from the same privileged class. But now the new rulers want to appoint their own people to important administrative positions. In the Foreign Ministry alone some 60 people, said to be "supporters of the policy of isolation," will have to leave. Sometimes capable people and the wrong people are affected. Many intellectuals are surprised and unhappy. They used to be privileged but find themselves today—especially if they had been members of the former Communist Party establishment—neither particularly appreciated nor well paid. This situation leads many of them to the conclusion that the new rulers act very much like the old ones. This judgment seems premature since the new people actually are different, even in appearance. Many are candid, uncomplicated, and speak foreign languages. However, the sole daily paper in Tirane is still the organ of the Socialists, ZERI I POPULLIT (Voice of the People). The organ of the Democrats, RILINDJA DEMOKRATIKE (Democratic Regeneration), appears only three times a week. Socialists complain that the

Democrats "arbitrarily" dismissed local administrators and other people, as if they, themselves, had been squeamish in personnel matters. When local elections are held at the end of June, a normalization of conditions in districts and villages can be expected.

The U.S. ambassador was seen several times at campaign meetings of the victorious Democrats; sometimes he even addressed them. Americans handled the Democrats' public relations. Even today, bejeweled American women can be seen at the Dajti Hotel; they belong to one or another organization that wants "to teach these people democracy." Berisha, who speaks English fluently, successfully used his party's "closeness to America" in the election campaign. Not all Albanians are happy about the "closeness to America." Some remark that this is not Panama. Some incidents occurred which almost tarnished the good relations with Italy. Besides, after the election victory, U.S. help in the election campaign did not in any way precipitate corresponding material assistance. What does endure, is the close relationship to the International Monetary Fund [IMF]. It remains to be seen whether this closeness will bring problems rather than benefits. Economic Minister Ruli believes that, in view of Albania's catastrophic situation, there is no alternative to working hand in hand with the IMF, since help, credits, and investments could otherwise hardly be expected.

In the meantime, the leaders of the Democrats also recognize that rules and laws of developed industrial countries cannot be applied automatically to a backward state like Albania. It has also become apparent that to escape its present deplorable condition, Albania must rely primarily on its own resources. The thesis advanced by Pashko, the economic minister of the "government of stability," that in Albania one would have to start completely from scratch, can hardly be radically implemented for social and political reasons. Besides, it would be worthwhile to invest in the production of goods already produced by the Albanian economy. That applies to the most important export products, primarily minerals and nonferrous metals, and particularly to chromium and copper. Parts of the large textile combines could probably be saved since people also must be clothed.

But agricultural production is the focal point. "We are a rural country, also in our mentality," says President Berisha, "and the Communists were wrong to forget that." Roughly 55 percent of the people live in the country and are somehow involved with agriculture. The fact that the country was unable to feed itself characterizes the failings of the communist system. In contrast to the cumbersome process in Rumania, one wants the distribution of land to proceed quickly. It is said that 70 percent of the land has already been distributed. Livestock has already recovered. There are, of course, problems since in the meantime new people have moved into the villages who also are asking for land. Communists in

the last election, particularly in the south, wanted to exploit fear of the return of owners of large estates as a propaganda issue.

The new president and leader of the Democrats, Sali Berisha, will need his charisma and oratory skills to make not very popular but indispensable reconstruction measures, which do not always reflect campaign promises, palatable to his people. As one of his first steps he must restore law and order and a functioning transportation system. He also will have to accept criticism for the staffing of some departments. On the whole, however, the new government appears to be dynamic and competent. The writer Kadare, who returned from his

self-imposed exile in mid-May, was honored and well received, but, basically, he found the field well prepared.

Regional differences, always important in Albania, remain. The communists came primarily from the south, where they still captured many votes in the last election and even a majority in two small districts. The new leadership receives most of its support from the north and center, with Shkoder—traditionally receptive to external influences—serving as a major political base. Albanians are eager to be part of the world. After 40 years of total isolation, they think that only their truly painful economic difficulties can prevent them from achieving this goal.

### **Holy Synod Reacts to Supreme Court Verdict**

*AU0307094392 Sofia BTA in English  
2009 GMT 2 Jul 92*

[Text] Sofia, July 2 (BTA)—The Supreme Court did not take action on the claim of the Holy Synod headed by Patriarch Maksim in which it is insisted to revoke the decision of the Directorate of Religious Faiths with the Council of Ministers that declared the Holy Synod led by Patriarch Maksim illegitimate.

Director Metodi Spasov of the Directorate of Religious Faiths made the following commentary before a BTA reporter: "With its decision of July 2, 1992 the Supreme Court dismissed the claim of the former Holy Synod to cancel the Directorate's decision declaring Patriarch Maksim's election illegitimate. The Supreme Court's conclusion is that this decision does not run counter to the Bulgarian Constitution and that the Directorate has the authority to settle the problem of registration, therefore the problem of legitimacy also lies within its capacity."

BTA received a declaration signed by Bishop Neofit, chief secretary of the Holy Synod headed by Patriarch Maksim, which expresses protest against Metodi Spasov's statement made on the National Radio today and regret that "public opinion is manipulated by the director." "It is not true that the claim of the Holy Synod has been dismissed. The Supreme Court did not proceed with the case assuming that the Directorate's director did not issue an order but ascertained the state of things. The Supreme Court did not check whether the ascertainment is correct," the declaration reads. It is added that "it follows from the decision that the self-proclaimed Holy Synod, called in the case referred to the court 'initiative committee,' has no rights, including the right to occupy the building of the Holy Synod, to set the date and hold a convention of clergy and laity."

Father Konstantin Petrov, second secretary of the Provisional Holy Synod, told BTA in connection with the ruling of the Supreme Court that "the decision confirms the perfection of the act of the Directorate of Religious Faiths which approved the Provisional Holy Synod of

the Bulgarian Orthodox Church and Metropolitan Pimen of Nevrokop as its acting chairman for the purpose of making arrangements for the holding of a convention of clergy and laity."

### **Army Chief of Staff Cracks Down on Hazing**

*AU0407131392 Sofia Khristo Botev Radio Network  
in Bulgarian 1930 GMT 3 Jul 92*

[Text] In connection with the serious incident—namely, the repulsive acts of Privates Georgi Stoev and Yovko Nikolov against Private Tsvetan Buliev in Unit No. 38,910—the Defense Ministry leadership took urgent steps to clarify the incident. An on-the-spot investigation revealed the causes of this occurrence, which are a result of the extremely unsatisfactory state of discipline and good military order in this unit. What is more, which is especially outrageous after this serious episode, the unit commanders attempted to play down its gravity.

The Defense Ministry leadership and the General Staff declare their firm determination to eradicate once and for all from military life the depravities that became deeply rooted during the past decades of totalitarianism.

To eliminate all influences that damage the prestige of the Bulgarian Army, the defense minister dismisses the unit commanders on disciplinary grounds, and the perpetrators of the acts and the guilty officials are being brought to trial. Pvt. Buliev will receive monetary compensation for the psychological damage and serious physical injuries inflicted on him.

With the aim of improving command and organizational control, the entire Defense Ministry Inspectorate will carry out in-depth investigations of the state of discipline in the various units, according to a schedule approved by Deputy Defense Minister Tikhomir Stanev. In his instructions, Colonel General Lyuben Petrov, chief of the Bulgarian Army General Staff, addresses the command staff, unit commanders, and chiefs at all levels, with an insistent demand that they should take concrete measures to eliminate the isolated cases that still exist of tendencies to play down and cover up disciplinary violations, depraved acts, and bullying.



**Czech Comment on Slovak 'Silent Majority'**

92CH0659A Prague *CESKY DENIK* in Czech  
12 Jun 92 p 3

[Editorial by Petr Pavlovsky: "On That on Which the 'Silent Majority' Was Silent"]

[Text] For long months, the public opinion polls in Slovakia appeared to be demonstrating an incomprehensible schizophrenia on the part of the population: A clear majority wished to retain the common state, no matter what its image (there were, in fact, not a few who favored the unitary model), but an equally clear majority was determined to elect those parties whose programs included the destruction of the state. This state of affairs was being at first explained by claiming that the separatist minority is more visible and more audible, whereas the profederal majority will, in the final analysis, show up silently during the elections. Beginning with the elections themselves, there is now talk of the fact that the Slovak voter did not know what he was doing, that he actually failed to understand that he was voting to shatter the state. Is this truly the case?

I believe that the answer is provided us by the catastrophic election results of Dubcek's SSDS [Social Democratic Party in Slovakia]. If the overwhelming majority of the inhabitants of the Slovak Republic rejects the rightist economic concept (including the Hungarians—the rightist MOS [Hungarian Civic Party] failed completely), why then did not the profederal left succeed, particularly because it is led by such a popular personality? Are the economic principles espoused by the SSDS and the HZDS [Movement for a Democratic Slovakia] somehow different in terms of principle?

Unfortunately, the sociological polls forgot to ask the most important question—that of priorities. We certainly know that, in Slovakia as well as in the Czech Republic, the economic problem has been considered to be one of the principal ones, if not the most important of all, for all of the last two years. However, a strict question would have to be couched as follows: If you had to choose between that economic concept of the state which you prefer and its dissolution, either-or, to which would you assign your priority? In this case, what constitutes the shirt and what constitutes the coat?

From the Czech side, the ODA [Civic Democratic Alliance] responded—for itself—to this question by its well-known proclamation of 7 March. Its meaning could be simplified into a single sentence: "We are definite supporters of the common state, but we will not let socialism be dragged into our country from Slovakia—we would rather be partitioned."

I believe that the election results in Slovakia can rightfully be interpreted as a mirror image of this statement: "We would like to continue living in a joint state (it was always very advantageous for us), but we will not allow you to drag capitalism into our land—we would rather secede."

In brief, in Slovakia anything that even had a whiff of the West lost. Not a single party which wanted to orient Slovakia toward Western trends or somehow connect these trends with Slovakia, coupons or no coupons, failed. This conclusion does not contradict the controversial success by the KDH [Christian Democratic Movement], whose chairman has been trying for some time now to push the card of separatism up his sleeve. The socialist economic opinions of J. Carnogursky have not been forgotten and the rejection of West European liberalism, which his brother proclaimed in the international arena, has also not been forgotten.

Under these conditions, it truly makes no sense to persuade the citizens of the Slovak Republic to embark on a joint road into the market paradise nor does it make any sense to, God forbid, compel them to do so by force. Democracy must receive safe conduct and this must occur, to the extent possible, via the most constitutional of ways. From this standpoint, I believe that, for the time being it is superfluous to proclaim a referendum in the Czech Republic. If the federal government is to be only a provisional one, it is possible to wait until Slovakia secedes, no matter what method it chooses to do so (it is evidently unthinkable that the Federal Government could prevent any nonconstitutional steps being taken in Slovakia by force).

Only in the event the Slovak referendum would indicate that the people favor preservation of the state or in the event the Slovak side would attempt to prolong this provisional status would there be a need for a hasty referendum in the Czech Republic. However, such a referendum would be no less necessary in a situation involving extreme endangerment, if the Czech left should attempt to ally itself with the Slovak left and again introduce a socialist system in the entire state.

**Czech Bitterness Toward Slovaks Expressed****Slovak Treatment of Havel**

92CH0660A Prague *CESKY DENIK* in Czech  
12 Jun 92 p 3

[Editorial by Daniel Lotysan: "Little Brother, Close the Gate Behind You"]

[Text] If in the past the prevailing reactions upon reading the Slovak press were amusement and disgust, occasionally permeated by doubting one's own eyes, today I search in vain for any feeling other than anger. My little Czech bilious separatist-chauvinist soul cries out—this is perhaps no longer possible among at least halfway decent people! That such a wise and honest person as the chief among Slovak rebels could quietly tell the president of the Republic that he would not even discuss matters with him because he simply does not smell good to him—I admit that I did not expect this even from such as he...! I should perhaps have been more farsighted and should have let my fantasy run its course. However, not too much at the above level.

From the very first days of the presidency of Vaclav Havel, he was accompanied, like a shadow, by a marvelous and generally loved Slovak actor who likes it when he is rained on. After returning from the United States, the president told the crowds assembled in the Castle courtyard that all the more important Americans were asking him what was going on, who was this long-eared boy? Vaclav Havel responded: This is my vice president. And the Slovak fellow only smiled. Yesterday, the former vice president explained in the parliament how Vaclav Havel would have to act in order to be the federal president. He would have to be a stabilizing impartial factor on the political scene, if possible, he should be a "guardian of some kind of image of a common state" (!). He should also be an authority for the Slovak and Czech citizens, for the Czech and Slovak political parties. Milan Knazko in fact says that a president has 14 days to prove that he fulfills these criteria during the negotiations between the various political representations. Otherwise...this is then the way in which a democratic Slovakia is being created, on the basis of ultimatums and blackmail. Shame.

Let us, however, say seriously and openly what it is that Vladimir Meciar did by refusing to meet with Vaclav Havel, and by doing it certainly knowingly. Let us assume that the common state was to be preserved. However, the chairman of the HZDS [Movement for a Democratic Slovakia] through his insulting action, has planted the feeling of resistance to the Slovak political representation into the hearts of most likely all those who favor Vaclav Havel in the Czech Republic, for many decades into the future, and there are not a few such followers. The actual irrationality of this feeling paradoxically only contributes to deepening it. On the political scene of Slovakia, there are certainly many politicians who are decent and considerate, but they are not being elected to leadership positions by our younger brethren. Thus, the aversion must logically spread to the entire Slovak nation.

The leader of the strongest Slovak political movement must know what he is doing. As long as the common state is preserved in whatever form, Vladimir Meciar is trying to endow it with the worst thing possible—nationalistic hatred. More likely, however, he is trying to see to it that the degree to which the Czechs are fed up [expletive deleted] would grow to the extent that citizens of the Czech Republic would be the first to take the step to partition Czechoslovakia. And he is succeeding. I will now finish writing this commentary, and then go and sign the Czech initiative. Mr. Sabat, tell them that beyond the Morava River.

#### **Meciar's Arrogance Scored**

92CH0660B Prague TELEGRAF in Czech  
12 Jun 92 p 3

[Editorial by Eva Kucova: "Two Who Are Acceptable"]

[Text] One of the points which the representatives of the Movement for a Democratic Slovakia [HZDS] brought up during the first negotiations with the Civic Democratic Party was more of a finding: On 23 June of this

year, at the first session of the Slovak National Council, the sovereignty of the Slovak Republic was to be announced, a Slovak constitution adopted, and a Slovak president elected.

In this connection, the insurmountable resistance to the candidacy of Vaclav Havel for the office of president appears to be interesting. The election of the president of the Czech and Slovak Federal Republic is to take place on 3 July, but no later than 5 July, in a period in which the sovereignty of Slovakia will already have been proclaimed, along with everything that goes along with it. Nevertheless, V. Meciar wants to see the function of head of the Czechoslovak state or possibly the office of Czech president, because Czechoslovakia will at that time no longer be a de facto entity, held by a citizen of Czech nationality who would be more suitable in terms of Meciar's notions. As it seems, the chairman of the HZDS apparently wishes to make decisions not only regarding the highest representatives of Slovakia, but also of the Czech Republic.

#### **Czech Side States View on Referendum**

##### **Interview With Havel**

92CH0661A Prague MLADA FRONTA DNES in Czech  
13 Jun 92 p 1

[Interview with President Vaclav Havel by Marcela Pechackova on 12 June; place not given: "The President Favors the Referendum"]

[Text] Yesterday, at 0200 hours, Vaclav Havel gave the following interview to MLADA FRONTA DNES.

[Pechackova] The representatives of the HZDS [Movement for a Democratic Slovakia] intend to announce a referendum. What do you think of that?

[Havel] From the press conference which followed the negotiations between the ODS [Civic Democratic Party] and the HZDS, I did not understand what kind of referendum was being referred to. In this country, we have a constitutional law regarding referenda, Article 1, Paragraph 1 of which says that a referendum may be announced regarding the form of the constitutional arrangement of the Czech and Slovak Federal Republic, provided such a referendum is first proposed to the president by the federal parliament. To the extent to which the president finds that the question is posed unequivocally, he is obligated to announce a referendum. This is a referendum which is held all over the territory of the federation.

[Pechackova] The HZDS clearly does not have this type of referendum in mind....

[Havel] There is still another possibility for a referendum, mentioned in Paragraph 2; this referendum is announced by the president upon the proposal of the National Council. This referendum may have to do only with one of the republics leaving the federation.

[Pechackova] How should the question be phrased?

[Havel] It must be posed unequivocally. The law says that there is a necessity of obtaining more than a 50-percent majority of the votes for any of the alternatives so that it can be seen at all how the referendum came out. This automatically indicates that the question cannot be posed in such a manner as to permit three or five responses because, in such a situation, it is not possible to guarantee a more than 50-percent majority of the votes for any of the posed alternatives. I, therefore, did not understand which of the paragraphs of the law was being invoked for purposes of the referendum. There was talk of the fact that the referendum would be initiated by the Slovak National Council and proposed to the president; but this could only be a referendum dealing with the secession from the federation.

[Pechackova] What is it that you propose?

[Havel] I am in favor of a referendum, as is well-known. I have been proposing it now for more than two years. Nevertheless, the political forces should clarify for themselves as to what kind of referendum this is supposed to be so that it would be in line with today's constitutional law. In my opinion, this should be discussed by the Federal Assembly at its first session and the Federal Assembly should possibly request that a referendum regarding the constitutional arrangement on the territory of the entire federation be announced.

### No Need To Hurry

92CH0661B Prague LIDOVE NOVINY in Czech  
13 Jun 92 p 3

[Commentary by Alena Slezakova: "Let Us Not Be Hasty in the Czech Republic—If There Is To Be a Referendum, Then There Must Be a President"]

[Text] "In a referendum, the citizens of the CSFR can have submitted to them for decision basic questions regarding the form of constitutional arrangement within the CSFR. A proposal for the secession of the Czech Republic or the Slovak Republic from the CSFR can be decided only by a referendum." This is the language of the first two paragraphs of Article 1 of the constitutional law on a referendum, which parliament adopted last July.

What is essential in this regard is that it is the president of the CSFR who proclaims a referendum. And he does so in the event the referendum is to be held in both portions of the federation (in this case, the proposal for such a referendum must come from the Federal Assembly) as well as in the event the referendum is to be held only in one of the republics (in that case, it is proposed by the pertinent national council). In both

cases, the president must make his decision within 15 days from the filing of the proposal. In the event the questions proposed for the referendum are not unequivocal or intelligible (according to the law on the method of carrying out referenda, dated November 1991, they must be formulated in such a manner as to permit a clear "yes" or "no" answer), the president may, within this 15-day period, return the proposal to the responsible legislative assembly with his annotations. If that assembly insists on the original formulation of the questions, the president shall proclaim a referendum within 15 days following the repeated delivery of the proposal. The referendum is held within 90 days from the day the president receives the proposal (or the repeat proposal).

Let us, therefore, consider the extent to which the claim by the HZDS [Movement for a Democratic Slovakia] that the referendum in Slovakia cannot be held sooner than sometime around the turn of the year is correct. The Slovak National Council, in which the HZDS has an overall comfortable majority, together with the SNS [Slovak National Party], can agree to propose that a referendum be held in Slovakia at its constituent assembly (in other words, according to existing prerequisites, as early as next week). The president could receive the proposal without delay, let us say, at the latest by 15 July (provided the questions are formulated in an intelligible manner), can proclaim a referendum, and the extreme deadline for holding such a referendum could be at the beginning of October. Any kind of delays are even disadvantageous for the HZDS: If a new president is not elected, it could very well happen that there will be no one to proclaim a referendum and the words regarding the constitutionality of the process would become meaningless.

The HZDS needs a referendum in Slovakia for two reasons: On the one hand, according to the constitutional arrangement, there is no other way for seceding from the federation (or possibly of creating some kind of free union, alliance, or association); on the other hand, a referendum, in which the citizens speak out for independence is one of the conditions imposed by the countries of the Helsinki process for recognizing a newly emerging entity under international law. However, there is one problem: According to our legal system, the proposal submitted in a referendum is considered as having been accepted provided it is approved by a more than 50-percent majority of the authorized voters of the republic (it is therefore not sufficient, for example, to have more than a 50-percent majority of those voting in the referendum). Are the HZDS, the SNS, and possible other parties in Slovakia certain of the outcome? If not, then they are taking a certain risk. According to law, the referendum on the same question cannot be repeated for five years.

It is necessary to reemphasize that declaring a referendum in the Czech Republic is superfluous because none of the parties of the Czech representation are casting doubt on the existence of the common state, they

are not denying the legal continuity of Czechoslovakia or its establishment in 1918, and have no intention of striving for membership in international organizations on their own. The referendum in the Czech Republic would only make things easier for Slovak separatists, irrespective of whether they directly favor secession or whether they speak of a free association.

#### When To Hold It

92CH0661C Prague CESKY DENIK in Czech  
13 Jun 92 p 2

[Commentary by Petr Pavlovsky: "Referenda"]

[Text] The elections have shown that in our hitherto common state, there live two such different societies that a federal referendum is clearly nonsense. In the final analysis, it is not even possible to imagine how the current parliament could agree on the question to be put to a referendum. Let us therefore consider a second constitutional possibility—republic-level referenda, proclaimed by the national councils.

From the constitutional standpoint, the coalition between the ODS-KDS [Civic Democratic Party—Christian Democratic Party] has a mandate to accomplish just one thing: to preserve the status quo ante—in other words, the status which existed prior to the elections, to preserve the federation in some kind of functional form. The alliance does not, however, have a mandate to prevent the Slovak Republic from seceding from this federation, something which not even the valid Constitution makes possible. It, thus, does not require any mandate in the discussions of Slovak secession; this mandate is based on the current status of things.

It is the HZDS [Movement for a Democratic Slovakia] that wishes to change something. At the very least, the HZDS, together with the SNS [Slovak National Party] has a mandate from the Slovak voters in the question of proclaiming an independent Slovak state because, in contrast to previous elections, this time both of these parties had this provision directly in their election programs. (Of course, during previous elections, the HZDS did not yet exist.) If, however, V. Meciar does not wish to violate the valid federal Constitution, he cannot proclaim the sovereignty of the Slovak Republic (its international legal subjectivity and the sovereignty of its laws over those of the federation) without a victorious referendum in Slovakia. The fact that our current state is no longer 100 percent a federation is indicated, among others, by the fact that following the possibly unconstitutional proclamation of Slovak sovereignty without a referendum, no thought is being given at all to any kind of federal sanctions. The existing de jure federation would simply disintegrate de facto.

Following the declaration of Slovak sovereignty, be it on the basis of a referendum or without one, there is no need for a Czech referendum. It is sufficient to take note of the action of the Slovak Republic and to take appropriate action.

Shall we need some kind of other referendum in the Czech Republic? In some cases, truly yes. In what cases?

I. If an attempt to put together a federal government fails, if the programs of the ODS and the HZDS prove to be incompatible, if the federal parliament will become completely blocked. Under such circumstances, new elections are customarily announced, but in our case the citizens of the Czech Republic should first be asked whether they intend to continue living in one state with the Slovak Republic?

II. In Slovakia, the referendum may come out in favor of a common state. But no new Slovak elections will result or there will be new elections, but again those parties having separatist programs will be victorious and these are parties with whom it is simply not possible to negotiate regarding a common state (the present situation in pale blue color).

Any specialists rightfully point out the fact that the partition of the CSFR would not be an inexpensive matter. But it is already high time to openly admit that the provisional method has long been out of place here, that there is a process involved here which has been ongoing consistently for two years now and has already consumed not inconsiderable investments and has resulted in not inconsiderable losses. It is a sort of second Gabcikovo, a situation in which, from the purely economic standpoint, it is most expensive to be indecisive, to procrastinate, to delay regarding an unequivocal decision. This gives rise to uncertainty, an atmosphere which strangles all economic activity, domestic as well as foreign investments.

The referendum is also an investment of its kind. It is an investment in democracy, but also an investment in certainty. In other words, anyone who wishes to alter the existing status is primarily the one needing a referendum. The elections have shown that citizens of the Czech Republic are not the ones—they wish to continue along the road embarked upon. They would not need a referendum until it turns out to be necessary to choose a method of preventing anyone else from the outside from obstructing them from taking that road.

#### Advantages of Independent Slovak State Recounted

92CH0653A Bratislava SLOBODNY PIATOK in Slovak  
29 May 92 p 1

[Article by Jergus Ferko: "Two Sides of the Barricade"]

[Text] From 1918 to date, Slovakia has never once been accorded an opportunity of letting its citizens declare in what kind of a state and under what conditions they would want to live. Slovakia did not gain such a democratic chance even after the so-called revolution in November 1989, in other words, at the time when Dienstbier's diplomacy was reaping praise all over the world for the democratic development in the CSFR, and when President Havel was busy lugging home suitcases

chock-full of honorary degrees for essentially the same achievement. If a nation does not have its own state, then the official world does not seem to be aware of that nation. And even when the world happens to learn that a nation without a state is subjected to injustice, nothing much will be done about it. The latest example thereof may be the Kurds in northern Iraq, mowed down recently with machine guns by the troops of Husayn's regime. However, if injustice is committed against a state (the occupation of Grenada or Kuwait), nothing less than an international uproar will ensue. That offers a simple lesson—in world politics, nation means almost nothing, while state means almost everything because state means a partner; it means power. The voice of the powerless (thus, of those who do not have their own state) will not rise up to the skies of world politics (or economics). Those who are in the right but who have nothing but "bare hands" get used to being clubbed with nightsticks. November 1989 notwithstanding, Slovakia has such bare hands to this day. Crying does not help; one must go to the polls and vote.

Since the "wise" election law prohibits confrontations of public opinion, quite a few citizens will fail to notice what in fact is at stake in these fateful parliamentary elections. Yet there is a simple answer—Slovakia's (non) sovereignty is at stake. That is the election barricade which has divided all leading political parties into two camps.

A campaign systematically waged against sovereignty (in other words, against one of the basic internationally recognized rights) has engaged the weightiest propaganda capacities. Their main ammunition includes the fomenting of fear about our economic prospects, in which particularly the federal prime minister has lately excelled in East Slovakia. History of mankind has shown which social forces had found it necessary in the past and are finding it necessary now to spread anxiety and threats. It is far from coincidental that some of their current representatives are again the same as in 1989. M. Calfa obviously aspired to the Nobel prize in economics when he prophesied to his countrymen with admirable assurance about our economic future: If the state splits, then the U.S. dollar would allegedly be worth 27 korunas [Kcs] in the Czech Republic but 84 korunas in independent Slovakia. The truth is that in economic terms, the next three or four years will be brutal for Slovakia's population regardless of which form of state is chosen. The difference is somewhere else—in the long-term outlook. By staying in the federation, the character of Slovakia's economy as an appendage and supplement will be frozen for long years to come. The declaration of sovereignty will open an unprecedented opportunity for Slovakia—to determine its own economy according to local criteria, conditions and interests. Klaus's prescriptions—just as the prescriptions of the then Finance Minister A. Rasin back in the days of the first republic—are tailor-made to the interests of the Czech economy (a different dimension of the market, a different industrial tradition, a different degree of production of finished

goods, etc)—and such prescription simply cannot suit Slovakia. That is evident from the fact that although the economic reform pretends today to be "federal," its impact is cruelly "confederal"—therefore, fundamentally different in Bohemia from that in Slovakia. Nevertheless, it is obvious which republic is at a disadvantage.

Those whom the past two years have not forever cured of the naive idea that the fundamental Slovak-Czech conflict concerning the issue of the constitutional system cannot be resolved with an aspirin tablet of Miklosko's compromises and inane pranks, those must be very seriously reminded of one thing which still is somehow being evaded: If the side of the election barricade which opposes sovereignty wins (really, very much only in theory) the current elections, its victory will have a rather short breath. And then Slovakia will continue to writhe in exhausting constitutional spasms and lose more valuable time that is so vitally needed for its thorough economic restructuring—its restructuring according to Slovak and not to alien, i.e., federal and Czech, economic interests. The struggle for sovereignty therefore is not an expression of nationalism, as some would prefer to downgrade it; on the contrary, it is primarily a struggle waged for the protection of our economic interests against their control by foreign powers.

Official propaganda tries by all possible means to silence and bulldoze this country's call for its own sovereignty—because few powers give up their position voluntarily. Its most frequently used lies could be analyzed at length—that to declare sovereignty actually means to become independent; that it would be against the constitution; that we are in danger of a variation of Yugoslav terror, and so on. It sure is remarkable. Sovereignty will grow into independence only if the Czech side shows no interest in coexisting on the basis of equality; if that interest is lacking, then in fact there is no reason to hesitate. Sovereignty cannot be anticonstitutional because it conforms with international laws which carry a higher legal force than domestic laws and moreover, do not contradict even the current federal constitution. From a formal point of view, November 1989 also was "anticonstitutional." And about the Yugoslav variation? It may occur only if two conditions are met. One, that there is an aggressor (who could that be in the CSFR?); and two, that *both* parties to the conflict are armed. However, in this respect, all Slovakia has are "bare hands".... To make a long story short—from the point of view of the world, it is a perfect little federal idyll.

#### **Porubjak on Results of Slovak Elections**

*92CH0658A Prague LIDOVE NOVINY in Czech  
11 Jun 92 p 6*

[Interview with M. Porubjak, chairman of the Civic Democratic Union, by Stefan Hrib; place and date not given: "To Work in a Socialist Manner, Live in a Capitalist Manner...."]

[Text] [Hrib] Where do you see the reason behind the results of the Slovak elections?

[Porubjak] The public in Slovakia simply did not accept certain negative impacts of the economic reform, impacts which were objectively greater in Slovakia. This can be clearly discerned on the basis of the results scored by all parties of the government coalition, particularly when the KDH [Christian Democratic Movement] scored only 8 percent of the votes instead of the anticipated 20 percent. Another matter—the broad movement of the OF [Civic Forum] and the VPN [Public Against Violence] experienced a similar process of disintegration. The VPN split into the conservative ODU [Civic Democratic Union] and the national-socialist HZDS [Movement for a Democratic Slovakia]. The difference compared to the OF lies in the fact that its three heirs, the ODS [Civic Democratic Party], ODA [Civic Democratic Alliance], and OH [Civic Movement], remained in the government coalition, despite any tension, and bore responsibility. The HZDS shifted to the opposition so that, for the entire period, it behaved as an opposition party, which, from the standpoint of popularity, was a singularly better position. It is true that the coalition never promised anything, but the public was not willing to bear the consequences involved in changing the system for a certain time. The HZDS was concentrating on popular slogans which were both constitutional and also economic in nature (according to the opinions of our economists, these aspirations are clearly unfulfillable).

[Hrib] Can such an expressly different economic development be tolerable in a common state?

[Porubjak] Such a different economic development in the Czech Republic and the Slovak Republic clearly signals the disintegration of the state because it is unimaginable that Slovakia could have a deficit budget program and a so-called controlled inflation (about which it speaks) and for the program in the Czech lands to be diametrically different. Controlled inflation would lead to inflating the Czechoslovak koruna, something which the Czech Republic will not be willing to accept. This is the problem which is similar to that in Serbia where people in Croatia and Slovenia were not willing to tolerate inflation, caused by Serbian policies and by the communist regime. I believe that not even the Czech side will be so generous or, let us say, so stupid, as to accept this. Political scientists rightly designate the HZDS as a leftist movement. Its economic program clearly supports the role of the state. However, the citizens perceive the HZDS to be the center. The center which promises them the kind of security which meant socialism, but also the advantages provided by the capitalist regime. The election program of the HZDS leads people into thinking that they could work as if they were under socialism and live as if they were under capitalism. The absurd illusion of the third way, the convergence of socialism with capitalism, which was popular in the 1960's, was truly attractive to people. More significant are the analyses of voter attitudes—77 percent of the HZDS voters believe that politicians should be directly accountable to the

people and not to the parliament (overall, in Slovakia this is believed by 69 percent of the respondents). Some 68 percent of HZDS sympathizers favor a strong government under one leader, 50 percent of the HZDS voters want to preserve the primacy of state ownership. Only 20 percent of them would wish privatization to continue. The inclination toward budgetism, toward a leader who will rid us of responsibility and will solve everything, objectively exists here. The market economy is preferred primarily by ODU and DS [Democratic Party] voters (around 7 percent) who clearly lost. These attitudes are different in the Czech Republic and in the Slovak Republic, which represents an additional objective threat to the existence of Czechoslovakia.

[Hrib] How do you evaluate the first postelection speeches by representatives of the HZDS (the demand to disestablish federal television and radio, the rejection of Vaclav Havel as president, and others)?

[Porubjak] Disregarding the facts, I consider the method by which these demands were expressed to be symptomatic. There have been plans to change the federal television system before. To pose this like an ultimatum, as was done by Mr. Meciar, is deliberately confrontational. Similarly, the rejection of the candidacy of Vaclav Havel is also confrontational. The words used by the chairman of the HZDS to express himself were not improvised, but it was a written speech. A politician who is considerate must be aware of the kind of reaction this results in on the other side. Quite understandably, Meciar's words must result in aversion on the Czech side. Speeches regarding the will to come to an agreement with the Czech Republic are in clear contradiction to the confrontational manner in which Mr. Meciar presented his demands.

[Hrib] Do you, thus, consider the preservation of the common state to be realistic?

[Porubjak] Shortly after the elections, I realized that if the HZDS does not fall apart quickly after the elections, the common state will quickly fall apart. If the HZDS intends to fulfill its program in the constitutional area, this must lead to a rupture. And Klaus is a tougher partner than Pithart. The ODS will not negotiate regarding confederation, duality of power, something which is directly part of the program of the HZDS. This will lead to negotiations regarding a parting of the ways.

**Reform-Minded Slovaks Support Czech Stand**  
*92CH0658B Prague LIDOVE NOVINY in Czech*  
12 Jun 92 p 1

[Commentary by Ivan Hoffman: "They Should Know"]

[Text] Vaclav Klaus should know that, in addition to the support of the reform-minded majority of citizens of Bohemia and Moravia, he also has a reform-minded minority of Slovaks who are interested in seeing Bohemia and Moravia move toward a normal market society. Even at the price of partitioning Czechoslovakia.

The larger the portion of Europe which will function normally in terms of economics, the larger is the hope that, some day, even Slovakia will become part of it.

Vaclav Havel should know that, in addition to the support for democracy and freedom expressed by the majority of the citizens in Bohemia and Moravia, it is also in the interest of Slovak democrats for the Czechs to not let up, even at the price of partitioning Czechoslovakia, in the effort to create a free democratic society based on the principles of decency and tolerance. Every expansion of the world which handles itself this way means strengthening the hope that these values will also prevail in Slovakia.

Jaroslav Sabata should know that, in addition to Czechs who are disgusted by his admiration of Meciar, he has also disgusted those Slovaks who have not succumbed to populism and to social demagoguery, did not permit themselves to be misled by unrealizable promises, and did not permit themselves to be manipulated by the nationalistically oriented media. He should know that these Slovaks are not interested in dragging those fellow citizens of theirs (who are still their fellow citizens today), who have elected to have a better future than the majority of Slovakia, into the common chasm. On the contrary—these Slovaks will root for the Czechs to persevere and will be grateful to them for the example showing that this is possible.

#### Slovak Side States View on Referendum

##### Need for It

92CH0662A Bratislava NARODNA OBRODA in Slovak  
13 Jun 92 p 3

[Commentary by Juraj Alner: "Klaus-Meciar: Concepts Difficult To Reconcile; 'Will Referendum Provide the Answer?'" ]

[Text] After the dramatic conclusion of the nightlong dialogue between ODS-HZDS [Civic Democratic Party-Movement for a Democratic Slovakia] I reread the election program of the Slovak victor. Is he escalating his demands? In the chapter "Citizen and the State" I found exactly the same wording of the program which Vladimir Meciar has now presented to Vaclav Klaus. Including the sentence "Draw up a treaty with the Czech Republic that will ensure the preservation of a common economic sphere, a common defense concept, and coordination of foreign policy." More than 1 million voters cast their votes in favor of the movement with this program, more than half a million others voted for similar or even more radical programs of other parties, which is almost exactly half of the citizens of Slovakia who came to vote.

These facts presage the possible result of the referendum about the future of the common state. Today's developments are no surprise. As the criticism of preelection television coverage is mounting, I can only add a belated, and therefore fruitless rebuke: The dialogue between Klaus and Meciar should have taken place a month ago

on television, so that it would be clear to everyone what kind of alternative they were choosing. In every democratic country positions are made clear before, not after the elections. It applies to those voters who now express surprise because they did not read any of the programs. And it applies to the future as well: Obviously, there is going to be a referendum. Its result can be influenced only if half a million nonvoters, should they now embrace a different view than the one which the Movement for a Democratic Slovakia is pushing, also take part in it.

After the mentioned nocturnal dialogue it became obvious that a compromise between the two negotiating sides will not be possible. There is in fact talk about forming a new federal government. From circles close to the Civic Democratic Party I learned that it is to be merely something like a liquidation commission, which is to prepare the partition of the state. The period before the referendum, which is obviously inevitable, will have to be used for presenting the alternatives of future developments. Not for agreements, emotions, or creating euphoria, but for substantive, sober arguments. By both sides. And the arguments and conclusions of the proponents of coexistence must not be dismissed with the popular formula about "scaring Slovakia."

The focal point of the controversy is the economy and its social impact. The future Slovak representation holds a different position than the Czech representation, which, however, is not an insurmountable obstacle. If in the Czech lands a vigorous campaign is not launched in the spirit of the newest demonstrations on St. Wenceslas Square in Prague where the call is heard to "Better give up the Slovaks than democracy." Here democracy is equated to a considerable degree with market economy. And if it is not expressed in the position which Vaclav Klaus stated during the night: "It is not a priori given that the Czech Republic will wait for the result of the referendum."

There is already talk about changing the Visegrad Three (Poland, Hungary, CSFR) into a Four. Such a move was already being planned by the present Minister Demes within the framework of the existing state setup. I do not think that after the breakup of the CSFR, the Czech Republic or Hungary will go out of their way to accommodate the new Slovakia in the new Four. It is our immediate geopolitical and economic area. It appears that the "Slovakia made visible" will get less support from the strong countries than its partners will.

In circles close to the Hungarian government the talk is that the breakup of the CSFR could have unforeseen consequences even in respect to our southern neighbor: the current relative stability could be considerably disrupted by destructive groups which so far have no power, but which are waiting for the opportunity to come forth with radical demands. They still maintain the position that "the traditional Hungarian territory was occupied after 1918 by the Czechs, and if they leave it, the treaty made with Czecho-Slovakia will become null and void."



I cannot imagine an open conflict between the Czech Republic and the Slovak Republic, but between the Slovak Republic and a radicalized situation in Hungary it cannot be ruled out. There are reports circulating that I do not wish to believe are true. That a future Slovakia could form some kind of defense union with Romania and Serbia against the Hungarian pressure. I do not think that anybody could consider such a triumvirate as something progressive under any circumstances.

It is necessary to look for down-to-earth solutions for the future. Through discussions that will precede the referendum. Through discussions that will refute conjectures and speculations.

### Tactical Moves

92CH0662B Bratislava SLOVENSKY DENNIK  
in Slovak 13 Jun 92 p 1

[Editorial by Peter Toth: "Tactical Moves on the Referendum"]

[Text] According to the statements of ODS [Civic Democratic Party] and HZDS [Movement for a Democratic Slovakia], both political parties are interested in preserving the common state. ODS talks about a functional federation and HZDS about an economic-defense union. What is a functional federation? If we speak about the present model as unsatisfactory, it means that the federal agencies are centralizing too many of the powers at the cost of the republics. To restructure the present federal system into a functional federal system requires breaking down the central agencies and strengthening the powers of the national republics—national governments and parliaments. As is evident, to explain the concept of a functional federation we do not have to use too high a level of political abstraction.... But what is meant by the concept of an economic-defense union? Unfortunately, it is difficult to answer this question. So far, the HZDS representatives have been unable to explain and give more specifics about what they mean by this concept, so that the public does not understand too well what the HZDS people actually want. HZDS says that it wants a common state based on a union. If history textbooks do not deceive us, political history has no knowledge of such a state structure, and it seems that talking about a union and at the same time about a common state is a theory that leads from nowhere to nowhere. If a citizen nevertheless had to find a correlation between a union of two independent republics and a common state of two republics, it would require of him a truly high degree of political "abstraction" (—a la HZDS)....

The present state of negotiations between HZDS and ODS gives rise to various speculations: Is it possible that HZDS by its approach to these negotiations is making a buck-passing effort to break up the CSFR and preparing the ground for its leader V. Meciar to become King Vladimir I of Slovakia? There is nothing left for a sane mind but to hope that the referendum on the future of the common state will take place in the shortest possible time, because only this can put an end to the deceitful assertions that HZDS

wanted a common state. Because in December of the first quarter of next year the political declaration of Slovakia's sovereignty will already be made.... Let us say what the truth is: It does not matter to the HZDS leaders what kind of state structure there will be. It does matter, however, in which one of them they will have more power, and that is also why they are delaying the implementation of the referendum....

### Green Party: No More Loans for Gabčíkovo

92CH0653B Bratislava PRAVDA in Slovak  
5 Jun 92 p 1

[Report by (lr): "Gabčíkovo Without Funds—Has Mr. Androsch Overestimated His Contacts?"]

[Text] Neither the Austrian banks nor the European Bank for Reconstruction and Development [EBRD] and the World Bank intend to participate in the financing of the Gabčíkovo waterworks, as the representatives of the Green Party and of the World Nature Fund informed the journalists in Bratislava yesterday. This was their reaction, among other things, to the statements made in an interview published in our daily by Julius Binder, director of the state enterprise Hydroeconomic Construction in Bratislava, concerning the opportunities for cooperation with the AICM brokerage company of Austria's former Finance Minister Hannes Androsch.

The Austrian Finance Minister F. Lacina recently informed the public in Vienna about the position of Austrian banks. The viewpoints of the international financial institutions European Bank for Reconstruction and Development and the World Bank were submitted by their representatives to organizations for environmental protection. "We did not receive any official request to finance the Gabčíkovo project, but even if we did, we would not consider it without the most thoroughly prepared environmental analysis in conformity with the policies of the World Bank," states A.K. Seth, the chairman of the environmental division of the World Bank for Europe, in his letter. The director of the department for infrastructure, power engineering, and environment of the European Bank for Reconstruction and Development writes: "We certainly shall not participate in the financing of this controversial project with a doubtful economic value and negative impact on the environment." The Greens ask, "From what sources will the government of the Slovak Republic obtain the 10 billion korunas [Kcs] for the completion of the project in its alternate version?" After all, it is not included in either the national or the federal budget. The Green Party concluded that contrary to the statements by our politicians, the Hungarian Republic has the right to cancel the interstate agreement of 1977, because since that time the conditions of the agreement have considerably changed. The Green Party sees the only realistic solution in a joint solution of the problem under dispute. Furthermore, the representatives of the organizations for environmental protection ascertained that in this dispute the European Community does not support the current position of the Czechoslovak Government.



**Labor Organization To Disclose Assets***92CH0636B Budapest HETI VILAGGAZDASAG  
in Hungarian 23 May 92 p 16*

[Unattributed article: "National Federation of Hungarian Trade Unions To Account for Its Property"]

[Text] The National Federation of Hungarian Trade Unions [MSZOSZ] is going to abide by the Constitutional Court decision by accounting for its property soon, according to President Sandor Nagy. The accounting pertains to the former National Council of Trade Unions [SZOT] property; the audited and certified market value of which amounted to 4.7 billion forints as of January 1990, HVG was told by MSZOSZ. The bulk of the property consists of county headquarters buildings; educational institutions and cultural homes; as well as the Nepszava Publishing Enterprise, which filed for bankruptcy in March. The value of real estate has certainly increased since January 1990 but one cannot even guess by how much. At the same time the fate of 11 pieces of real property is "hanging in the air"; these were sold by MSZOSZ under a much-disputed contract to Frohburg Corporation; the changed title to three of these, including MSZOSZ's headquarters on Dozsa Gyorgy Street, has been recorded at land offices. These contracts have been consummated a few weeks or a few days before the effective date of Law No. 28 of 1991 (17 July 1991) concerning trade union property, but the law provides that the obligation to account for property applies to property that has existed as of 1 January 1991 as well as on the effective date of the law. MSZOSZ's 64-member trade unions also recognize the Constitutional Court decisions and are going to account for their property shortly, HVG was informed by the Federation, but MSZOSZ had no information concerning the value of that property.

**UN Body Sees Economic Collapse in East Europe***92CH0668A Budapest TOZSDE KURIR in Hungarian  
28 May 92 p 21*

[Unattributed article: "Economic Collapse Threatens East-Central Europe"]

[Text] In a report published recently, the UN European Economic Committee [EGB] headquartered in Geneva stated that reform processes in East-Central Europe have failed to fulfill great expectations because the problems of transition from a planned economy have been underestimated. Reemerging social and social welfare tensions threaten political stability. Thus, the East has entered a vicious circle.

Actual support received thus far from Western industrial countries has been rather modest. Western governments should provide far greater support to East Europe than what is being provided in order to enable economic reforms to succeed; economic tensions will only increase if that is not done, according to the EGB secretariat.

As compared to 1990, 1991 domestic production in East Europe declined by 14 percent, but the total decline since 1989 comes close to 25 percent, according to the EGB. (North America experienced a 29-percent recession between 1929 and 1933. The decline in production continues in 1992 and an overall decline of 25-30 percent in East Europe between 1989 and 1992 is not inconceivable, according to the report.)

The International Labor Organization (ILO) has also analyzed the problems of the region, and predicts an increase in unemployment sufficiently large to raise concern. In the states of the former Soviet Union the number of unemployed is estimated to increase to 4 million by the end of 1992. In the countries of East-Central Europe the number of unemployed may be as high as 15 million, or 12 percent of the labor force. The situation varies from country to country: The unemployment rate in Yugoslavia already reached 20 percent in 1991, and the outbreak of the civil war has further deteriorated the situation; Poland's unemployment rate is about 12 percent, while in Bulgaria 11 percent of the labor force is unemployed.

In 1990 a net outflow of funds from East-Central Europe to the West had taken place; this has changed into a modest surplus of \$4.4 billion in 1991, except in Poland and the Soviet Union, according to the EGB. The report mentions that Western aid provided to East-Central Europe and to the independent republics falls far behind the amount corresponding to the \$16.7 billion value that had been given to West Europe in the framework of the Marshall plan in its own days, but it also falls far behind the amount corresponding in value to the \$23 billion recommended by EC President Jacques Delors. Therefore the EGB once again calls for the initiation of a "Second European Reconstruction Program," a program similar to the one granted by the United States to West Europe in the aftermath of World War II, and underscores the need for a better coordination of, and more clarity in organizing Western aid during the transformation period. Quite naturally, the most significant support could be provided by opening the EC and EFTA [European Free Trade Association] markets to the industrial products of East European countries.

The contradiction is particularly great between the EC's free trade propaganda and its protectionist trade policy. While Poland, Hungary, and Czech-Slovakia have already implemented extensive trade liberalization measures, the EC has yet to downscale its high degree of protectionism. Energy, agriculture, textile clothing, iron and steel products, as well as chemicals represent between one-third to one-half of the exports of these countries, while much of the protectionist measures remain in force even after consummating agreements on association.

The EGB report indicates that 1991 has been one of the most difficult years in post-World War II history.

Although economic performance has improved somewhat in the western part of the European continent, it has declined in Great Britain and in North America.

Accordingly, the memorandum produced by the European Roundtable of Manufacturers must be accurately evaluated in light of data. (This group was founded in 1983 by Volvo Corporation president P.G. Gyllenhammer of Sweden, and its members include the heads of 40 of West Europe's largest industrial enterprises.) This document has also been submitted to the EC; it urges increased Western support to East Europe, asserting that jointly developed plans must be implemented in order to achieve a comprehensive development of the infrastructure in these countries. The memorandum recommends the establishment of an information center that would help East European enterprises by familiarizing them with the Western marketplace.

### **Mortgage Banking Catching Up With EC Standards**

*92CH0630A Budapest TOZSDE KURIR in Hungarian  
30 Apr 92 p 12*

[Interview with Dr. Agnes Balazs, representative of the National Savings Bank and Hungarian Commercial Bank at the Mortgage Executive Committee affiliated with the EC, by Zs.K.; date and place not given: "Mortgage; Hungary Is Catching Up With European Standards"]

[Text] *It was in Budapest where the Mortgage Union's [MU] Executive Committee, working alongside the European Community, held its scheduled April meeting. Hungary is represented in this organization by National Savings and Commercial Bank executive director Dr. Agnes Balazs; she provides to our readers a picture of the Budapest meeting.*

[Balazs] The EC Mortgage Union was formed on a voluntary basis with representatives of member states' mortgage unions and financial institutions that deal with mortgage loans. Its task is to help with the area's professional development. It weighs and evaluates every change that affects mortgage loans or related legal regulations on source acquisition. This may include everything from various claims, and the evaluation of mortgage loans all the way to systems of responsibility (e.g., the mortgage right involving real estate damaged by environmental pollution).

[Zs.K.] How did the OTP [National Savings Bank] Ltd. become an associate member of the Mortgage Union?

[Balazs] Our financial institution announced its wish to become an associate member over a year ago. Our initiative was met with great understanding. The MU's Executive Committee, which meets three times a year, invited me to London as early as the spring of 1991 in

order to obtain—as part of a lecture series on East-Central Europe—some information on Hungary's mortgage loan affairs. The OTP was admitted as associate member at the following summer's general meeting and was asked to organize the Executive Committee's spring 1992 meeting.

[Zs.K.] What were the topics of the lectures following the survey of the work committees' tasks?

[Balazs] State Bank Superintendency Chairman Katalin Botos talked about bank financing; Ministry of Public Welfare Deputy State Secretary Istvan Kakusz talked about issues of the housing and real estate market; Mr. Hupmann, arriving from Austria as a representative of an international organization of notaries, talked about the traditions and presence of notarial work and about his concerns. Mr. Czwick, who is active in one of the EC's economic work committees, offered some illuminating thoughts related to difficult problems. He talked about the extent to which the great differences—in customs, in living standards, in the distribution of wealth, in their laws etc.—between the involved countries hinder the implementation of the concept of a United Europe. In other words, he talked about the fact that every state's economic policy of integration is facing enormous contradictions.

[Zs.K.] Is the MU responsible for defining any kind of cooperation or program?

[Balazs] It became clear in London a year ago that despite the expertise in mortgage issues or economics and despite the western tradition, these things vanish at once in the East-Central European region. It was brought up that help should be provided to these countries in their taking the next step forward—e.g., in the area of knowledge and professional expertise. The MU did indeed call on its members to provide grants to banking experts arriving from the Czech and Slovak Republic, Poland, and Hungary, in order to provide them with ammunition for the development of their own mortgage system. Fifty persons from these three countries will, probably still this year, embark on a tour of study. (The Hungarian Bank League has already been accepting applications—the Editor.)

[Zs.K.] To what extent does the mortgage situation in Hungary differ from the practice of the EC member states?

[Balazs] The West European market is, in this respect, quite varied. The way financing in certain countries is done is to try to find, through bonds, sources with long-term maturity. In other countries specialized mortgage institutions are strong, perhaps that area being the one invaded by general banks in particular. There is no single correct way. Katalin Botos said that the creation of the legal and structural conditions has already begun in Hungary. At the same time, however, practically no financial sources exist in Hungary that could be tied down for a long time (which is the essence of the nature of mortgage loans!). Thus, it is extremely difficult to

finance long-term loans safely. Since source acquisition is not done in the way that is customary with mortgage institutions (on the money market or through issuing bonds), the structure of Hungarian mortgage loans is still precarious for in Hungary a mortgage is merely registered.

[Zs.K.] Thus, mortgage rights cannot be enforced on the housing market for instance?

[Balazs] Determining enforceability depends not on how many evictions take place in this or that country but on the existence of any other principles that can be implemented in practice. And, it depends mainly on whether a "buffer stock of housing" exists where anyone who is threatened by the mortgage holder can escape and thus decrease his overhead expenses. Of course, we must think not only of housing real estate, for mortgages also include ground plots and even arable land.

[Zs.K.] It is generally thought that dispensable money should be invested in real estate in order to protect its value. In view of the above, what is your opinion on that?

[Balazs] In the short run, other countries are also experiencing a strong decline in demand. Buyers cannot follow the prices the sellers hope to get. This way real estate properties are losing their relative—and occasionally absolute—value. Since the situation is similar in Hungary also, investing in housing carries an inherent risk.

[Zs.K.] Is it of any importance to have the various types of mortgage systems attuned to each other within the EC?

[Balazs] I think it would be extremely important. For the international circulation of mortgage documents has begun. First, American mortgage institutions began placing abroad part of their huge inventory of papers; but we have also heard of European countries that have tried to find sources at markets abroad for financing this. Thus, it is of essence to know the regulations that govern the collateral of transferable papers.

[Zs.K.] In Hungary, OTP is almost the only institution that offers loans of this kind. Are you planning any new solutions in this connection?

[Balazs] The first question is whether it is possible to take a step forward with respect to the maturity risk that is hard to overcome. The second task is to have our financial institution learn how to provide credit in a professional manner. For the time being, we are fighting tooth and nail trying to acquire papers and securities for we know little about our customers. Despite the rapid decline, we provide 20,000 to 25,000 loans annually for constructions and purchases of housing; and more than 100,000 loans for restorations and infrastructural developments. Although this volume makes it difficult indeed for us to monitor our debtors, we must nonetheless leave today's mechanical credit evaluations behind.

[Zs.K.] Do you have any tasks until the MU's next meeting?

[Balazs] We cannot expect the EC member states to find ways in which they can embrace us instead of concentrating on their own internal problems of integration. We must do everything we can to bring our financial institution to the best possible situation by the time of our full membership. Over and beyond the use of grant opportunities, it is important that we learn and transmit all significant information. For instance, we just learned that the EC is preparing directives for real estate funds as well. True, our law on investment funds touches upon this subject also, but this area has been worked out to a lesser extent than the regulations on security funds. Thus, it will be imperative for us to see to it that the issue of real estate funds also be brought up to EC norms.

### **Economist Kornai on Evolution of Capitalism**

*92CH0641A Budapest FIGYELO in Hungarian  
28 May 92 p 13*

[Article by Janos Kornai, economist, author of "Passionate Pamphlets: Responses to an International Questionnaire—'What I Think of Capitalism'"]

[Text] The question of what kind of system will replace the earlier one arose among the intelligentsia interested in politics not just after the collapse of communism, but a long time before that. Before 1917, humanity was taking the first road, that of capitalism. After that time, a very large portion of humanity—at its peak, one-third of the world's population—changed to the second road, that of socialism. Many have asked the question: Should one not find a third road? Those who think in this way, and let me add that this trend is still alive in East Europe and in the countries of the former Soviet Union, are disillusioned with socialism, but are also averse to capitalism. Some are looking for a way out in the self-rule of workers or other types of "direct democracy," which would replace the bureaucratic state. Others distrust state and private ownership alike, and would like to entrust small communities with property instead. They are willing to accept neither the market nor bureaucracy as a coordinator of activities; instead of these, they would like to see a different coordinator that is grounded in community spirit, traditions, or even religious principles.

### **Necessary Evil**

I am convinced that looking for a third road is a hopeless undertaking. Wherever the second road is abandoned in a radical way, there is only one road open: that of capitalist development. Far be it from me to idealize this road. I understand that it has many flaws: It cannot solve certain economic tasks perfectly, and without interference it results in an unjust distribution of income. About capitalism, one can say what Churchill said about democracy: It is a bad system, but humanity has not invented anything better. History has completed a great

experiment with the development of the socialist system—and this experiment brought with it severe hardship, followed then by bankruptcy. Humanity cannot allow itself the luxury of new experiments; it must introduce that system which has been tested and which has proved to be basically feasible: namely, capitalism. This system, although it is not perfect, is efficient; it is capable of sustained growth, of the continual development of technology, and consequently of the permanent improvement of the whole population's material circumstances.

In my opinion, this question will not be decided by a vote. When the political monopoly of the Communist Party—the party that proclaims its program to be the liquidation of capitalism—expires, then the capitalist system will start to develop spontaneously. Precisely this is where the enormous internal strength and vitality of this system lies. The organizations and the economic mechanism of socialism are built by state command. On the other hand, the capitalist entrepreneur does not wait for a command, but rather, hoping for financial gain, begins his activity on his own initiative. If someone looks around today in Hungary, Poland, or “Czecho-Slovakia,” he can see with his own eyes the rank growth of private economy.

What I said above does not lead to a simple deterministic conclusion: Capitalism will work out somehow by itself.... Capitalism has many variants, and from the perspective of the future life of the peoples living in the postsocialist region, it is of great importance which specific variant will be implemented.

In the following, I will give an overview of the alternatives, in five points. I will try to provide a prognosis for every question, although they can hardly amount to more than a conjecture about the probability of various possible scenarios. Which variant will be implemented in the end will depend on future political struggles, the outcome of which can be very different in the individual countries. In any case, I want to indicate to the reader which variant I would prefer, when it comes to a choice of political values.

1. Several postsocialist countries have taken the first steps towards a parliamentary democracy. Parties were founded, free elections were held, and legitimate governments were elected, based on a majority in parliament. A constitutional state is being built; a series of laws are being passed which conform to the market economy and private ownership. Human rights prevail, especially the freedom of the press and the freedom of assembly.

However, the democratic institutions are not yet robust enough. The communist system has discredited itself to such an extent that the probability of its restoration is practically zero. But we cannot discount the possibility that in some countries a nationalist-populist, autocratic political regime will get into power, in which one iron-handed politician or one single political group will hold the centralized power. It would be desirable to establish

democracy permanently in every postsocialist country. But if inflation and unemployment worsen, the possibility cannot be ruled out that in one or the other of the countries the tragedy of the Weimar Republic will be repeated. For this reason alone, the economic aid to these young democracies is of vital importance.

2. Of course, the development of capitalism means primarily that private ownership gains more and more ground. This is a complex process, the most important component of which is the establishment of new private companies and the appearance of an innovative species of man, the entrepreneur, whom the great economist Schumpeter regarded as the protagonist of capitalist growth.

The socialist system almost completely liquidated small enterprises, and tolerated extremely few middle-sized companies. It is time for a change in this area. It is to be hoped that in the next few years, in the entire region, many millions of privately owned small and middle-sized enterprises will crop up. This new, wide middle class can form the wide social basis of the new economic system.

In the beginning a considerable portion of this class does not carry out its activities within the boundaries of the law, but rather hides in the so-called shadow economy, where it does not pay taxes and evades regulations. This, too, must be calculated realistically into the prospects of the new capitalism. An official prosecution of infringements of the law and a consistent control must be supplemented with measures which make adhering to the legal framework rewarding for the private sector: We must guarantee the enforcement of contracts, protect companies from harassment by the authorities, and improve their access to bank loans.

#### Privatization

3. It is an open question what should be the fate of the state-owned sector of production which previously supplied the bulk of the GDP. There is a general consensus that the majority of it must be privatized. At least three problems are debated:

—Which companies must not be privatized in the future, but must be left in the hands of the state? I myself would restrict this group considerably, but there are forces in support of a wide state-owned sector.

—What should be the methods of privatization? Should the stocks be sold for the most part, or should a portion of the stocks be distributed to the entire population free of charge? I myself consider the first solution to be healthier, but in several countries, for instance in Czecho-Slovakia and in Poland, the latter solution is also being assigned a great role. We must wait for the results before we can pass final judgment on the advantages and disadvantages of free distribution.

—Connected with this question is the timing of the process. Methods of privatization which promise very quick results have many devotees among economists. I would also gladly see the process carried out quickly, but I am not in favor of forcing change. New owners and managers must emerge who would take good care of the property which had been mismanaged by an impersonal bureaucracy. Such persons cannot be produced on an assembly line; their emergence in masses is an evolutionary process. In my opinion, the prognosis for the transformations described in points 2 and 3 is that they will be organic processes of growth which might take years to accomplish.

4. Another open question is how big a role the state will play in the economies of these countries. The new system inherited an enormous bureaucracy and very high state expenditures, and these will not be easy to dismantle.

On my part, I support policies which intend to decrease bureaucracy and to give more room instead to coordination by the market and to private initiatives. Thus, at least a partial decentralization and privatization would be necessary in the systems of pensions and health care. It is predictable, however, that these changes will meet with strong resistance.

#### Shock

5. Finally, we are faced with alternatives of how the profits and the burdens of transformation should be distributed among various groups of the population. Shocks are unavoidable. Macrostabilization and structural transformation are accompanied by a drop in production and by unemployment. This is an especially great trauma in countries where for decades people were used to full employment. There is a great restructuring of income; some people profit from it, but there are large population groups among which real income has decreased dramatically.

The dangerous voices of social demagoguery are often heard. For instance, they demand an increase in real wages in an economic situation when complying with this demand is impossible. This could be the breeding ground for extreme right wing movements, such as the ones I mentioned in point 1.

Even if it is impossible to comply with the demands of demagogues, it is imperative that people whose income is plummeting be caught in a social safety net. We must establish a system of unemployment benefits. If possible, we should retain everything from the welfare programs of the old socialist system which people insist on as their acquired rights. It is desirable that they not be subjected to a brutal capitalism governed by the rules of the jungle, but encounter from the very beginning a more human version of capitalism.

Thus, it is necessary to have prudent social and welfare policies. But even from the point of view of welfare, the most important task is to boost production. The sooner

growth starts in postsocialist countries, the higher the standard of living will be for everyone.

#### Expected Impact of Medical Sector Reform Viewed

*92CH0635B Budapest HETI VILAGGAZDASAG in Hungarian 16 May 92 pp 103-104*

[Article by Patricia Molnar: "Health-Care Reform: Surgical Complications"]

[Text] Could a sick person choose his own physician, should a family doctor be able to choose his patients? What do employers have to do under the insurance-based health-care system beginning on 1 July? There are many questions that remain unanswered to the majority of the people.

Never mind that a decisive number of sick people in need of medical care entertains false beliefs concerning a free choice of physicians, the functions a family doctor may be expected to perform, and performance-based financing to be introduced as part of the health-care system. But since beginning on 1 July health-care services are not going to be provided as a matter of an individual right, but only for insured persons, one could at least expect health-care employees and employers who validate most of the health-care cards not to make major mistakes during preparations preceding the start.

Before the new method of health care goes into effect, at a minimum there is a need for explanations of decrees—at least another half dozen various legal provisions and a government decree concerning health-care financing, which was created more than two weeks ago. In the absence of the latter one could hardly expect, for example, local governments to enter into contracts with future family doctors, or doctors to submit on time the vouchers attached to the first package of insurance cards (distributed prior to 15 May), on the basis of which they should receive the initial, performance-based pay on 5 July.

Part of the basic misunderstanding is the fact that some physicians do not accept insurance cards from their patients because the cards have not been validated. The truth is that for the time being there is no need for validation because until 1 July every Hungarian citizen is entitled to receive free health care just as before, while it already is possible to choose one's physician in advance. Other doctors pick and choose from among the visiting patients, despite the fact that legal provisions require every family doctor to provide services in a given area to accept the card of every citizen belonging to his district.

Also mistaken is the understanding of employers according to which enterprises—in an effort to get ahead of things—already request employees to hand in their own and their family members' cards for validation. A physician will be hard put to tell in July whether a person—with a card validated in May—is still insured.

An employee could have quit, he might have been laid off, or his workplace might have been abolished in the meantime.

What to do with sick people without insurance is one of the most controversial issues discussed by doctors. Their oath as well as the health-care law obligates them to provide services, after all. Their inner struggle over this issue has been prompted by a provision of the social security law that states that a doctor treating uninsured persons or prescribing free of charge or subsidized medicine may be obligated to reimburse the social security for the services rendered. On the other hand, one could easily imagine a situation in which a person requires medical help but that person does not happen to have the insurance card in his possession. There is no problem if that person is able to verify his entitlement within 15 days. But there may be other cases in which a patient intentionally "cheats" the health-care institution.

Experts at the National Social Security Chief Directorate [OTF] tried to reassure physicians concerned about these conflicts at the most recent session of the Interest Mediation Council [ET]. They claim that the obligation to make reimbursements does not apply to emergency services. (On the other hand, as of 15 April, a new element was added to health-care services subject to reimbursement: 500 forints must be paid for a diagnosis.) Viewed from a different perspective, a grace period of more than half a year is available to the health-care industry for filtering out flaws in the process; a health-care institution can be obligated to pay the value of services rendered only after 1 January 1993. At the same time, a doctor can be held responsible only if he is unaware of the fact that the visiting patient is uninsured. This fact will be conveyed to family doctors by the OTF.

They were unable to fully dispel the physicians' doubts because the doctors felt that in many instances the question of whether an illness is or is not an emergency can be determined only after the fact, after performing various expensive tests. But health-care specialists should also be on their toes; people who, in disputed cases, are able to decide such issues only after several weeks or months.

Is there going to be performance-based financing this year? Could family doctors acquire more than 100,000 forints of income monthly? Most likely, one should not have to be envious about the amount of—official—compensation to be received by family doctors. Based on the 1992 Social Security budget, altogether 170.7 billion forints may be expended for medical services and sick pay. Of this amount 110.6 billion forints have been allocated for basic and specialized services, hospitals and clinics, and of this amount 93.6 billion forints have been allocated for basic service provision. The various districts receive their so-called basic allocations from this amount, i.e., the amount corresponding to operating expenses and wages based on conditions that existed as of 31 December 1991. In addition to this amount, funds to be distributed among physicians in

proportion to the cards they collected this year—i.e., performance-based financing—amount to 2.6 billion forints altogether. Accordingly, only a little more than 100,000 forints are available monthly for each individual family doctor and his staff, on average. Social security contributions must be deducted if this amount is expended in the form of wages. Consequently, the average 100,000 forint performance-based pay is not worth much more than 70,000 forints after taxes. However, sooner or later some of the money received from social security must also be expended for the purchase of medical instruments, and this money reaches the 100,000 forint level only under ideal circumstances. (In other words, the final amount is subject to great variation, if the number of adults belonging to a district fall below the prescribed average of 1,800, or if many individuals do not even hand in their cards.)

The basic value of each card is 20 forints; this can be increased with various multipliers depending on the age of the holder of the card and the professional qualifications of the doctor. Up to the age of three a citizen reporting to his family doctor is "worth" 3.5 points, one point if he is between the ages of 18 and 35, and 2.5 points if he is over the age of 60. A maximum multiplier of 1.4 may be applied if a doctor has passed various medical examinations or has practiced for a long time. In the OTF's view the net value of each card will be between seven and eight forints at most (especially if the funds are expended for the undoubtedly low wages of the doctor, his assistant, and the cleaning woman, and not on the purchase of costly instruments), because these funds will also be subject to social security contributions and taxes. In addition to the above, family doctors (and operators of medical services) will receive location supplements (2,000 forints a month in cities and 4,500 forints in outlying farms) and will be reimbursed for proven transportation expenses.

For now, one cannot tell how many family doctors there will be, if for none other than the fact that the number of "transforming" district physicians is estimated to fall between only 3,000 and 4,000 physicians. Doctors serving in plants, and even "entrepreneurial" private physicians can serve as family doctors, provided that they enter into agreements first with a local government then with the social security. A physician contracted by the social security can become a family doctor even if he does not have a contract with a local government. On the other hand, anyone agreeing to do so would either be a millionaire or would ask for an awful lot of money from his patients because such doctors would not be entitled to receive funds from the the basic social security allocation, which finances the bulk of the expenses.

All this also suggests the unlikely development of competition within the network providing basic services. This was one of several reasons why the health-care division of the Alliance of Free Democrats [SZDSZ] criticized the institutional reform directed by the government; a reform which, in their view and on top of

everything else, has nothing to do with genuine performance-based financing. After all, what the government is doing is to repay funds collected in the form of contributions, while on the other hand, the health condition of the populace differs greatly from region to region. Consequently the cards to be collected will hardly reflect the actual performance of doctors. This is also recognized by the OTF.

**Chronically Unemployable 'Type' Seen Emerging**  
*92CH0635A Budapest HETI VILAGAZDASAG*  
*in Hungarian 23 May 92 pp 83-84*

[Article by Laszlo Merth: "New Type of Unemployment; The Dismissed Generation"]

[Text] There will be more than 700,000 unemployed persons by the end of the year, according to the most optimistic predictions, and some estimate this number as 1 million. According to the author of this article, a sociologist, the number of unemployed is only one of the problems. The other problem characteristic in East Europe is that in contrast to developed countries the masses are not going to be able to count on finding work even after an economic upswing, because not only their workplaces have been discontinued, but also their knowledge has become obsolete. It is almost as if people could only be regarded as a political mass base....

Increased unemployment is a necessary and natural companion of economic recessions everywhere in the world. During recession periods people left without work—as well as their governments—may count on having work again once economic recovery begins. "Simple" economic structural change also creates newly unemployed persons by virtue of its nature. On such occasions there appears in society a certain unemployed stratum whose members have a minimum chance of finding new workplaces similar to their previous occupation, due to a lack of labor force management and training policies requiring major investments. The miner finds himself in a situation like this when his mine is shut down, but a number of people in industrial and agricultural occupations may find themselves in the same situation when more highly developed techniques and technologies replace live work.

In addition to recessionary and structural types of unemployment, which have economic structural change as their foundations, a new type of unemployment—characteristic of Central-East Europe—has emerged. A decisive, although nonquantifiable part of those who became unemployed in the process of changing the sociopolitical system from socialism to a market economy has no chance of finding new work under any circumstance, i.e., the transition creates a functionally unemployed mass of persons.

Not too long ago when in this part of the world the economy was organized from the top down, like the centralized political system, a few huge organizations dominated industry, and, in most countries, agriculture.

Those in power probably thought that it was easier to control—and, what was most important, to discipline—fewer economic power centers. Except for the fact that, as we know, the reverse materialized, and the tail began to wag the dog. Due to the various lobbies whose influence has increased in proportion to the size of their respective organizations, the political sphere was forced to serve the needs of technocrats by developing monopolies, thus establishing increasingly centralized organizations in the economy. In other words: The large plant, large enterprise technocracy, achieved a position of political preponderance.

In the unfathomable, complex organizations—"production offices"—that thus evolved, decision-making became so far removed from implementation that implementation and control required new, intermediate staffs. These service staffs became deposited upon hierarchically built organizational units; they were prepared to absorb every imaginable amount of labor, at least in principle. Excessive weight gained by the organizations and the consequent chronic labor shortage applied even to the smallest of organizations, whose internal staff might have been proportionately smaller. They nevertheless became subject to the power of the territorially broader regional supervisory and control organizations and centers.

In an organizational structure like this there was a need for countless people who assigned work, recorded work, reported and interpreted things and provided liaison, and God only knows what else. The organizational structure became more important than value-producing functions. This was one of the reasons why the smaller organizations "had to" copy the large organizational structures, i.e., if a new directorate or division was established "up above" due to reorganization or a cadre stationed there, a position of at least a new chief administrator had to appear "down below."

Following the spectacular explosion of large organizations in recent decades, and after the even more spectacular economic collapse of organizational units incapable of becoming independent due to a lack of appropriate professionals, the economic structure cast out the workforce, which had actually become superfluous, by no fault of its own. In the case of these people nothing more has happened than changing what had been a latent lack of function from the standpoint of production, which created people manifestly lacking a function. In other words, persons who, through no fault of their own, previously performed pseudo-work, and whose "expertise" required for the pseudo-work is no longer needed, are no longer needed, and most probably will not be needed by anyone in the future. This mass of people, which includes physical as well as nonphysical workers and which has been "thrown up" by the various commercial, industrial, and agricultural organizations, is capable of performing only a limited number of functions because its members have never learned how to be independent, and because even the seeds of independence have been eradicated in their spirits. As a matter



of serving large organizations and to satisfy large organizational needs, the educational system produced professionals to a lesser extent than it did latent people with a lack of function.

The same also applies to people who became skilled workers in the training shops of large industry, who were supposed to serve the mass production needs of large industry and were capable of doing just that and nothing else; but who in reality were forced all along to perform work appropriate for trained workers or simple laborers. This is why the value system, attitudes, conceptual wealth of workers, and subordinate white collar personnel and engineers manufacturing mass-produced goods for the unsophisticated CEMA market cannot be changed as a result of simple retraining. Accordingly, these people too have little or no chance at all for once again performing work.

Society and the political sphere must realize that functional unemployment exists in addition to structural unemployment, and it could not even be otherwise. The increasingly shrinking state sector is incapable of absorbing these people. If they are adults, they can avail themselves of training, but only in part will they be assimilated into the changed situation, which has taken an unfavorable turn from their standpoint. The functionally unemployed—in increasing numbers—“settle” in the hard-to-reach “corners” of society, and as people unable to break through will reproduce themselves and their situation in mass proportions. Their offsprings will learn to coexist with unemployment that will appear to them as virtual predestination; pushed to the periphery, undertrained in terms of their capacities they have little chance for being wanted by anyone, just as their parents were. And even if professional training follows employment needs and is modernized, it is likely that the labor requirements of the economy are not going to be recruited from among the functionally unemployed and their descendants.

The Hungarian economy is capable of renewing itself only on the basis of the private sector—and who knows how much time is needed for that. But those stuck in the cavities of society have no chance of starting a private enterprise: They have neither money nor expertise, nor an incubating infrastructure, nor a marketable idea. In the private enterprises of others the “apparatus” may be supplemented by a computer and modern management, the army of laborers and trained workers by modern techniques and technology, and unsophisticated mass production by a changing product structure.

Only the promise “of a future that molds history” and the political sphere are awaiting the legions of unemployed, which have become fossilized in transforming from structurally unemployed to functionally unemployed. This does not mean a political career, of course. Instead, they will become the “target masses” of partisan election propaganda campaigns, and these will include engineers whose brains have deteriorated, as well as the trade union representative who has been made independent, or the former official responsible for moving the materials—all among those who are unfortunate.

This is the stratum that has become used to being told what must be done, and once they were told there was no place for argument, for talking back; they had to go and do what they were told. For this reason, according to the rules of mass psychology, they are expecting to see the boss, who is certainly going to arrive some day. He must come and he must remove the large number of clowns to whom they may thank for all their trouble. And then they—many of whom have had a higher income than the gentlemen called engineers—will line up behind the “boss” and show on whose side God really is. Due to their sociological and sociopsychological situation, they too will become hyperactive, if nothing else, because this fight will be the ultimate fight....

They will become the ones who as a mass (or as masses) will love to devour social demagoguery. Many believe to have accurate knowledge of the fact that the source of all this trouble is the alien, the Gypsy, and the Jew (and, if necessary, people with blue eyes); they know that the dismembered Hungary is not a country and that Greater Hungary is heaven; that there is no better soldier than the Hungarian, particularly if he has a girlfriend; and they know that someone ought to instill order in this world, at last....

#### **Preferential Mortgage Loans To Gypsies Decried**

*92CH0645A Budapest NEPSZAVA in Hungarian  
23 May 92 p 11*

[Article by Zoltan Furucz: “The Gypsies in Karcag Tore Down Their New House; Back to the Five-Beams”]

[Text] “It’s a lie!” bursts out Bela Duka. His still-sparse mustache is twitching nervously, his expression hardens. “I didn’t squander the money. I simply had no other choice. I was laid off, and the two kids had to eat. They can put me in jail, but I won’t pay. There is nothing to pay with,” he blurts out.

The Gypsies who have swarmed out of the inn keep a gloomy silence around Bela Duka. Only Mihaly Kovacs grins dreamily at the strangers who have come from far away, swinging a brown beer bottle in his hand. There is hardly anything left in the bottom of it.

The mayor, Dr. Sandor Fazekas, would certainly not be scared by the angry faces. In his opinion, order must be reestablished before it is too late, this very minute. “It is to be expected that similar acts will be perpetrated in the town. In order to discourage them, and in order to set an example, we request that an investigation be undertaken and that the perpetrators be punished”—he wrote in a letter from the Office of the Mayor to the police.

The reply has arrived already. According to the Btk. [Code of Criminal Law], credit fraud was committed.

In Karcag, the local governing body dealt with the matter “unofficially.” The representatives themselves brought the news that a few Gypsy families had begun to tear down their new houses, even before they had been completed, and were selling the building materials.



"We discussed the matter thoroughly," remembers Dr. Imrene Foldvari, the town clerk. She asks for the documents to be brought in, and quotes from them. "As we saw it, this was fraud, since these people received a credit of 600,000 to 800,000 forints from the OTP [National Savings Bank], they collected welfare benefits in accordance with the number of their children, and they all built their houses on lots that the local government gave them free of charge. Today, some of them even live in apartments owned by the town, and now that they have no place to go, they don't want to move out, in spite of a contractual agreement to that effect."

In Karcag and in Kunmadaras—the local unemployment agency registers data from the two townships together—the rate of unemployment has reached 15 percent. This is almost twice as high as the national average. Statistics do not show this, but the facts prove it: Uneducated Gypsies are among the first laid off almost everywhere.

Hardly any grass grows in Gyep [Lawn] Street. A cold shower beats down on the knolls; we try to wind our way around the puddles, but to no avail. Occasionally we sink ankle-deep in mud.

"That small house is the one," Attilane Csik points at an old, dilapidated building at the end of the street. She offers to be our guide, since she is one of the natives. "That's where Sandor Nagy lives. He also tore down his house, the fool. And then ask them what happened to the money. Maybe they don't know how to count, because they squandered it all. Look at my house, it is the most beautiful one on the street. That one with the whitewash over there. I can account for the loans to the last filler. And we still make out alright; we regularly pay the installments to the OTP. Here in the development maybe five families can afford it."

In the meantime a relative arrives, Istvanne Kiss.

"Just print what those fools did," she points to the other side of the street. "Money should be given to those who need it, who appreciate it. Not to the ones who squander it, like them. I have a disability pension, and my husband works in town on the garbage truck. The pay is low, but we budget it. It is very tight; we can't even always buy food. I haven't eaten anything yet since this morning, but I am not ashamed. It was not always like this! We would need a Kadar back to make the world better again." "True, very true," nods Mrs. Csik. "Gypsies don't weep for the five-beams—the huts built of mud, straw, and five acacia beams. But by the time the beautiful house is built, there is no money to repay the loans. It cannot be sold, either, because who would want to move here? Tell me, who is responsible for this?"

"I am not allowed to say anything," says Ilona Matyus, director of the Karcag branch of the OTP. "The deputy county director visited us recently and told us: No word to the press."

So, we learn from others that strange things have been happening in Karcag. While the general practice is that

housing loans can only be granted on the basis of invoices, the Gypsy families were given hundreds of thousands of forints on their word alone or on the basis of unreliable invoices. Some of them cannot count beyond 100; others were duped. "Give me 50,000 [forints], and when you need stucco on your walls, we'll do it," they were told, and since it was a Gypsy asking another Gypsy, trust was established immediately. Only the promise was forgotten later by those who were patting the host on the back.

As matters stand now, the OTP can whistle for its money. We are dealing with millions here. It cannot demand the money back from those who have already been awarded a residence permit, because along with the permit, several hundred thousand forints became theirs for good. But money can be taken back from those who tore the building down before it had been completed.

"That's it!" Sandor Nagy, one of the accused, kicks the doorpost. "They want to, but they can't. I support three kids and my wife with 7,000 forints; let them take something from it if they know how to. I wouldn't have torn down my house if fate hadn't forced me to it. I was laid off, and suddenly we noticed that there was nothing to eat. First I took out the windows, then the doors. Then they took the half-finished roof, and at the end the bricks. I put up notices in the inns; that's how the customers came. From the building that cost 800,000, I made 120,000 forints. There is nothing left of it."

The Nagy family is living in the development in temporary accommodations owned by the town. From the window they can see the row of new houses across the street. Some of them are not yet plastered, and some of them only have makeshift roofs.

We walk over to the neighboring Eszaki [North] Street. That is where Sandor Nagy's house stood. Only the foundation shows how large the building was.

"Recently, they sent me a notice about repossession. The foundation will be auctioned off. Do you think anybody will be foolish enough to buy it?" asks the hollow-faced man.

In Karcag the final word will be spoken by the court. The police have already interrogated Istvan Vadasz, Bela Duka, Sandor Nagy, and Adam Duka.

There is no way out. The responsible parties must be punished.

#### Photo Captions

1. p. 11: After lunch in the temporary accommodations. For want of a table they ate off the floor.
2. p. 11: According to Mrs. Csik, only a few people can regularly pay their mortgage to the OTP.
3. p. 11: "I couldn't watch the kids go hungry," says Sandor Nagy.
4. p. 11: This is what is left of Istvan Vadasz' new home.

### KPN Reaching Out, Winning New Supporters

92EP0500A Poznan WPROST in Polish  
No 22, 31 May 92 pp 20-21

[Article by Boguslaw Mazur: "Confederation of the Proletariat"]

[Text] "If we are no longer shouting that the working class and its collective wisdom is the best under the sun, then at least let us respect it and defend its interests, for they are the interests of the majority of society. Let us defend the interests of the people threatened with unemployment, let us defend the interests of state industry," Leszek Moczulski says. And he knows what he is doing.

The success of the KPN [Confederation for an Independent Poland] in the elections is largely due to the workers. Eighteen months ago they supported Lech Walesa and Solidarity, Social Democracy, the Republic of Poland, or Party X. Now, frustrated, they seek their own new representation.

Action groups, basic KPN cells, are at work in 24 of 28 gminas in the Zagłębie Dabrowskie area. The candidate who competed successfully for the senatorial seat received 250,000 votes in the Katowice Voivodship. In the Lublin Voivodship, the KPN obtained the best results—15.3 percent of the votes. Those votes were cast primarily by the workers who reside in Lublin city quarters. And in Krakow as well, the KPN managed to garner a large part of worker communities.

The KPN is strongest in the environs of Krakow, Katowice, and Lublin, but it also garnered 10 percent of the vote in the following districts: Czestochowa, Szczecin, Krosno-Przemysl, and Tarnow.

The slogan "governments of transition" and the promises of "7 million pensions" yielded unexpectedly good results. Thus, not without reason did Leszek Moczulski perceive his chance for success in maintaining that line. His reasoning is simple: the KPN relied to a great extent upon a disgruntled electorate, which will grow over the course of 18 months or so. If the KPN is successful in winning that electorate over to its side, then the KPN could become the strongest party in the country. The breakdown of the present political power structure, however, is a basic condition. Hence Moczulski's assertion that the present Sejm, which is fragmented politically, is incapable of functioning and that new elections should be announced as soon as possible. "In a half-year the Confederation will win the elections and in three years a proreform coalition will win them," claims Donald Tusk, chairman of the KLD [Liberal-Democratic Congress]. Moczulski likewise is aware of that, and consequently he is aiming to rake in the entire take and to assume power in a situation in which, as he says, "others will be afraid to take it and will say: 'Let the madmen from the KPN take a bath.'"

But what will happen if the Sejm endures despite its weaknesses, and the chances for gaining the "control

packet" of mandates in the elections begin to slip away? The leader of the KPN puts the matter clearly and openly: "We are always threatened by revolutionary solutions, by social unrest leading to revolution. If a revolution occurs, we shall try to have it bring the KPN into power."

For that concept to be realized, however, the KPN will have to win still greater support than it had in the past in those milieus that will serve as a trampoline for its leap to power. "Our program will be the program of NSZZ Solidarity," promises Leszek Moczulski, adding as an incentive that the KPN government will be created in conjunction with Christian Democracy, with the support of Solidarity.

The Sejm meetings serve as a good opportunity for sending out encouraging signals toward the potential electorate; when the deputies from other clubs worked on reducing the budget deficit, the KPN proposed that the budget be increased to 34.1 trillion zlotys [Z], and that an additional Z16.5 trillion be earmarked for education, the health service, the military and the like. They also wanted the NBP [Polish National Bank] president and the finance minister to be authorized to "put into circulation \$1.5 billion from state foreign-exchange reserves, in order to create money." Marek Dabrowski, UD [Democratic Union] deputy and deputy minister of finance in the Mazowiecki government, considered the KPN proposals to be "a professional compromise and politically rash." The person who proposed them should know that government foreign-exchange reserves have already been used to "create money."

The constantly reiterated demands by the KPN that the government print more unbacked money are doing their part—they are being heard by that part of society that is frustrated and is awaiting an immediate economic miracle. In order to guard against the "seizure" of those frustrated people by the SDRP [Social Democracy of the Polish Republic], Moczulski is not hesitating to hurl invectives at the left side of the Sejm hall.

The strategy for action adopted by the KPN, which likewise includes revolution, demands its continual disavowal of parliament, the president and the government. Said Moczulski of Jan Olszewski, "He bellyaches constantly. He bellyaches and bellyaches and is absolutely inert." On occasion the criticism of the prime minister is proof that Moczulski is most definitely afraid of political competition from other groups in the independence camp. At one time, Olszewski was chairman of the Program Council of the SWR [Party for Loyalty to the Republic], an umbrella organization led by Wojciech Ziembinski. In the 1970's, the latter accused Moczulski of having embezzled \$220. However, as Ziembinski was unable to prove the charge, he dismissed Moczulski. That was one of the elements of a game that led to the breakup of the Movement for the Defense of Human and Civil Rights into two groups: Andrzej Czuma's group (to which Ziembinski belonged) and Leszek Moczulski's group.

Prime Minister Olszewski likewise associated himself at that time with Romuald Szeremietiew, deputy minister of national defense and real leader of the Polish Independence Party [PPN]. The PPN was created in 1985, when several activists, including Szeremietiew, left the immediate leadership of the KPN. They charged Moczulski with being autocratic and, the story goes, with yielding excessively to the influence exerted by his wife, Maria Moczulska.

More important than the old animosities is the fact that Olszewski, who was supported by a part of the independence camp and by ZChN [Christian-National Union] "hawks," is courting worker activist communities. Marian Jurczyk, chairman of Solidarity '80, acknowledged that he was sympathetic to a part of the independence groups. Most likely, he was not thinking of the KPN.

The president is likewise on the blacklist. "He did not know why he wanted to win," "he has no future vision," "he was not able to give momentum to Poland"—are just some of the charges leveled at Walesa by Jurczyk.

The president is dual competition for the KPN both as the one who can seize upon society's dissatisfaction and as the one who holds the highest office in the government. Meanwhile, Moczulski responds to the query—will he become president—by saying "certainly, someday." And he adds that he will serve at least two terms.

The criticism of parliament emanates simply from the need to court the workers. "Your slogans are our slogans!" cried the chairman to the demonstrators assembled in front of the Sejm building.

During the demonstration before the parliament building, Dariusz Wojcik, Sejm vice marshal and the individual behind the KPN's success in Lublin, showed his skill at establishing contact with the crowd. And from that moment Moczulski clearly began to favor Wojcik, perhaps seeing in him a major connection between the party leadership and worker communities. If that really were the case, he would alienate Adam Slomka, deputy chairman of the KPN, and until recently chief of the strong Silesian area. Moreover, it is characteristic that many local leaders want to be considered "number two" in the party. That opinion is going the rounds about Piotr Aszyk, former chief of the Pomorze area and now Sejm deputy; about Wojciech Pegiel, likewise a deputy, who controls the Wielkopolska 6th area; and, finally, about Andrzej Ostoi-Owsiany, chairman of the Lodz Municipal Council, slated to be minister of justice in the KPN "shadow cabinet." It is doubtful, however, that they have managed to threaten Krzysztof Krol.

"Krzysztof will be president after me," assures the chairman unwaveringly.

The KPN's show of self-assurance, the expression of its self-martyrdom and its allegedly powerful structures are intended to attract the dissatisfied, on the one hand, and those who seek a "strong man" on the other. The leader of the KPN foresaw everything. He was the demiurge

behind all of the more important events taking place in contemporary Polish history. Without him, for example, there would have been no Free Trade Unions [WZZ]. He claims that it took a long time to talk Kazimierz Switon into embarking upon this initiative. Had Moczulski not taken "some sort of book" in which the French WZZ was described down from his home book shelf, Kazik Switon would not have established the WZZ. "If he had reached for a different book just then, about American experiences, for example, perhaps the name of our unions would have been different," the "father" of the independent union movement concludes. His party is just as powerful as he is: "On 14 December I yielded to arrest in the court chamber for I was afraid that if I went underground, I would not make it and we would be called into armed conflict," says Moczulski gravely.

His agents infiltrated the SB [Security Service]. At the same time, the chairman makes it clear that the special service employees do not have to fear his rule: "For not all security forces officials are criminals. We ourselves directed certain people into service."

But we should not dismiss Moczulski's colorful tales with a shrug of the shoulders. The KPN really is ready to embark upon revolutionary action, but, for the present, not on the scale suggested by the "boss" ("we expected 100 committees to vote in a bloc" and the like).

The KPN can afford to begin a revolt. The last takeover, by its 20 deputies, of the office of the deputy minister for economic cooperation with foreign countries, would have appealed to many people. Moreover, the actions of Moczulski's workers are at his discretion—purely Leninist principles of democratic centralism rule. "Anyone may say whatever comes to his mind, but he may only say it. Things do not have to be explained to our deputies; a decision that has already been made does not have to be discussed. It is merely stated." "The Political Council decided thus and so," brags the chairman. He makes a virtue of blind obedience: "... I am in a position to execute every political maneuver, even if that maneuver is incomprehensible to my rank and file."

Flexing his muscles, promising higher wages and the rejuvenation of the army, distancing himself from the church, which is losing popularity, promising to punish speculators and to create an "Isthmus"—are things that are supposed to convince potential participants in the revolution that the KPN is best predisposed to assume leadership of the revolution. And it is convincing to the working class: the results of recent studies at the Pentor Institute prove that the traditional, working class electorate of the KPN has almost doubled. What's more, the KPN is also gaining adherents in groups that were unfavorable to it in the past: businessmen, persons with a higher education, the well situated. "Import is ruining me, the banks are fleecing me, and am I supposed to support the liberals? Moreover, neither Mazowiecki nor Bielecki is holding back the rebellious crowds. Only

Moczulski can get all these things in order," says an entrepreneur who wishes to preserve his anonymity.

KPN revolutionary socialism is becoming increasingly pan-national in scope.

### German Minority's Mood Shifting From Resettlement

92EP0480A Bonn RHEINISCHER MERKUR  
in German No 21, 22 May 92 p 3

[Article by Manfred Neuber: "Prefer To Stay in the Old Homeland: Gradual Shift in Mood Sets In Among German Minority; Many No Longer Seek To Resettle in Germany"]

[Text] Raciborz—"Life as Germans must again become worth living," it says in big letters in black, red, and gold on the rear stage curtain in the Raciborz arts center. The spokesmen of 7,000 members of the German ethnic group in Upper Silesia, crowded in the auditorium, are waiting to express their hopes and concerns. To welcome representatives of the German Bundestag and of the [German] Federal Government, a group in traditional costumes starts singing a sentimental folksong.

Horst Waffenschmidt, the resettlers commissioner from Bonn, prevented melancholy from gaining ground in the audience. Following his request, the dark anonymity in the hall was ended and not only the stage was lit up. Then he conveyed the greetings of Federal Chancellor Kohl, thanked the Silesians for their remaining "in this old European cultural scene," encouraged them to cooperate with the Poles in building the economy, and assured them that for himself and those accompanying him this was not a duty visit but a sign of solidarity with them.

The jovial Rhinelander struck the right note when he explained, "in all candor among friends," why Bonn is unable to fulfill "the sometimes too great expectations." With a sidelong glance at the deputies from the budget committee, who want to satisfy themselves on this trip of the benefit of German aid, the parliamentary state secretary from the Federal Ministry of the Interior enumerated the other great tasks in the resettlement areas of East and Southeast Europe as well as in the new laender. "We have to employ the limited funds as effectively as possible," he emphasized.

That is to be accomplished by a closer coordination among the relief organizations and with the Friendship Circles of the Germans in Poland. Priorities for assistance from Germany will be determined in the future at regular meetings with their elected representatives. "We have to form a large family of cooperation," Horst Waffenschmidt said.

The Polish population is included in that. The aid from the West should not cause any resentment, but should benefit all the inhabitants of a region. This becomes evident in the promotion of economic development and in joint projects in the social and medical field, he said.

The door to Germany remains open to those who decide to leave their ancestral homeland, the parliamentary undersecretary promised. "But we would like it if many of you see a future for yourselves and your children here and remain in Poland." Bonn wants to contribute to that within the bounds of its possibilities. Waffenschmidt said he is impressed by talks with ethnic Germans of the younger generation who have expressed their intention to remain in the homeland of their ancestors and "to participate in building the European house" there. They deserve moral and material support, he said.

Declining numbers among the applicants and the resettlers prove it: A change in the mood of the German minority in Poland has begun; the inclination to remain in Silesia or Pomerania, in West or East Prussia is becoming stronger. For one thing, the end of communist rule and the reform process in Poland opened up the possibility for the German Government to ease the living conditions of the Germans there by various types of aid. On the other hand, since the conclusion of the Treaty on Good Neighborly Relations and Friendly Cooperation between Bonn and Warsaw, the relationship to one another has become relaxed and has noticeably improved.

Those who still view the new development with skepticism, those who continue to waver in view of the economic difficulties in Poland presumably would more likely decide to remain in the old homeland if the promises for the cultural development of the Germans in Poland were to be laid down by an amendment to the constitution or in a minorities law. So far Warsaw considers the guarantees vested by other treaties to be sufficient. Thus, many members of the German ethnic group, even though they have no intention now of leaving, view the German passport as a reinsurance—and accordingly the number of proceedings for recognition of German citizenship is high.

"Of course I am a German," states Peter Baron in Wroclaw, who was a cofounder of a youth association of the German minority and wants to remain in Silesia. For him as for other young people there seems to be no conflict of loyalty with the Polish state on account of the nationality. Does something like a European consciousness arise in them? The urban open-mindedness differs from the minority mentality in the rural area. The insecure identity becomes evident through the statement of Elwira Wasmerski, age 20, in East Prussian Olsztyn: "In Poland I am a German, in Germany I am a Pole."

In the arts center on Chopin Street in Raciborz, older, unassuming minds speak up. Some have trouble articulating their everyday concerns in German. They want the mass in their church, too, to be read in the German language again, the instruction in German to start already in kindergarten, in elementary school at the latest, and thereafter all subjects to be taught in German. They want new textbooks for Silesian regional studies from which Polish children, too, will find out that Silesia has produced nine Nobel Prize-winners. They ask for

subsidies for medical equipment, for old-age assistance, and for a German war memorial.

There was a brief burst of strong applause when a demagogically gifted oldster recalled the name of Adenauer, conjured up 45 years of hope for Silesia's reintegration into Germany, and charged Bonn with unlawful abandonment of the German eastern territories. As with other speakers, Federal Foreign Minister Hans-Dietrich Genscher was used as a special target. But reason triumphed in the charged atmosphere and applause no less strong followed Waffenschmidt's statement that German unity would not have been conceivable without recognition of the Oder-Neisse border—a border that means less and less on the road to the united Europe.

The petitioners quickly return to their small problems. Why does Polish customs impose duties on relief shipments, why do taxes have to be paid in Poland on pensions received from the Federal Republic? Why do Poles receive indemnification from the German side for years of forced labor, but not the Germans who suffered a similar fate in Poland after 1945? Their years of service in the Wehrmacht are not counted in computing their pension and they are definitely not entitled to benefits like those for Polish veterans. The state secretary had the petitions collected and promised, together with Social Affairs Minister Nobert Bluem, to take care of hardship cases.

In the German meeting place in Olsztyn in Masuria, at the meeting of spokesmen of the social and cultural association in East and West Prussia, here under the slogan, "The Homeland Constitutes an Obligation," there exists fear of impoverishment because of the economic crisis. Unemployment and lack of housing make it difficult, especially for the young, to believe in a future in their homeland. A preferred arrangement for temporary work in Germany is being demanded for them. But resettlers and Germans from Poland who are looking for work, according to an often heard complaint, are not treated any better than asylum seekers.

The undersecretary, deputies Ina Albowitz (FDP [Free Democratic Party]), Horst Jungmann (SPD [Social Democratic Party]), and Hartmut Koschyk (CSU [Christian Social Union]) contradicted such ideas. But they promised well-directed types of aid. After a brief consultation with the "treasurer" for the Poland aid in the Federal Ministry of Finance, several tens of thousands of German marks [DM] were granted for a surgical microscope for the treatment of eyes in the district hospital. And in the Olsztyn children's hospital, the visitors experienced the deep gratitude for donations of medical equipment. Germans as well as Poles use the modern language laboratory which is being handed over to the Olsztyn Teachers College on this day.

The support that flows this year—as it did already in 1991—from the federal budget, for example, through charitable institutions and cultural intermediary organizations to areas with a German minority in Poland,

amounts to about DM25 million. It also comprises training assistance in agriculture and administration, for persons seeking to establish a business and for instruction in German, as well as for projects relating to environmental protection, for water supply and sewage disposal. In this connection the Federal Ministry for Economic Cooperation, formerly entirely oriented toward the Third World, is now also using experts of the GTZ (Society for Technical Cooperation).

When German Sejm deputies in Wroclaw and German mayors in Upper Silesia speak frankly, their anger erupts over the neglect by Warsaw of the territories with a German minority in the years of the old regime. But Polish authorities even now balk at foreign investments and Germans cannot acquire any land in the former German eastern territories.

It is evident that the German mayors in localities with a Polish majority want to achieve noticeable improvements for all inhabitants, in view of their reelection alone. Joachim Czernek, who advocates a merger of 30 localities in the Opole region, regrets the continuing centralism in the control of the economy. Initiatives on a lower level are interfered with, not even the voivodships can make independent decisions, he said. Moreover, many Germans are asking themselves what happened to the funds from the German jumbo credit to Poland.

In the opinion of Alfons Nossol, bishop of Opole, who gave a benediction at the recent CDU party congress at the invitation of Federal Chancellor Helmut Kohl, Upper Silesia can now serve as a "barometer for German-Polish feelings." Nossol, along with other dignitaries of the Catholic Church, who have contributed a great deal to the reconciliation between Poles and Germans by their example, calls it a miracle "that the old cliches of the enmity have faded away in the past two years." An ecumenical worship service in the Opole Cathedral, which State Secretary Waffenschmidt helped arrange, is deeply moving evidence of this statement.

#### **Society's Transition to Market Economy Analyzed** *92EP0487B Warsaw TYGODNIK SOLIDARNOSC* *in Polish No 23, 5 Jun 92 pp 1, 20*

[Interview with Jadwiga Staniszkis, professor of sociology, by Piotr Semka; place and date not given: "We Must Study, We Must Study, We Must..."]

[Text] [Semka] Our entry into a free-market economy has been the most difficult for workers. It has been drastic in psychological and economic terms. Do the elites still keep them in mind?

[Staniszkis] I try to view the current crisis as a kind of opportunity for both groups. Today's elite has had much contact with workers. It suffices to mention only the society of working people. When I lectured in 1980-81 in the forum of the Solidarity Workers University, they acquired knowledge and I also learned a great deal from them. Many of my acquaintances from those times have

lasted until today, despite the many years that have passed. That contact was important for both sides, even though it did have a second aspect.

[Semka] Which was?

[Staniszki] Too often the intelligentsia took on the tone of mentor and failed to listen to the other side carefully. During the "carnival," the initiative was taken away from the workers too often. It was the intelligentsia that took over the union publications and that staffed the union offices. The workers had not yet begun to do anything themselves and the intelligentsia had already begun to act for them, thinking that this would be quicker, better, and nicer.... But then something stirred. The workers attended lectures and entered discussions. If martial law had not swept all that away, and if the period of worker input could have lasted longer and continued at the same level as during that period, we could have spoken of a cultural advance on an unprecedented scale.

[Semka] Today no one prevents the workers from organizing themselves. The problem, however, lies in the fact that the elite disappeared from their view long ago.

[Staniszki] Yes, that is so. The workers and the intelligentsia are two distinct worlds today. Meanwhile, workers today seem to be completely unadapted to the situation of early capitalism, to a world in which one must seek opportunities for himself. This is particularly tragic in small towns, where unemployment is the highest.

[Semka] What is the biggest problem?

[Staniszki] Those people who were let go from a state plant are unable to function autonomously. Often they are unable to do anything in an office. They cannot conceive of a new niche for themselves. Usually, they cannot even work with each other, or get together with each other and come out with some sort of initiative.

It is a fact that beginning with the mid-1970's, the communist authorities made the conscious decision to degrade the working class. After the events in Radom at the end of 1976, they began to reduce the number of technicians while, at the same time, increasing the number of technical schools. The quality of study programs was reduced in these schools.

The people active in 1980, the young leaders, were people from an earlier lot. The results of the tactics of those in power became evident in the mid-1980's. The strikers at the Gdansk Shipyard in May 1988 were another generation. They chose the Smurfs as the symbol of the strike communications, and not the anchor of Fighting Poland. Their consciousness was raised through their actions, and it was raised to an impassioned level. On the other hand, their motivations were drawn more from instinct than from deep convictions. They quickly

crumbled. Their example shows the frailty of people who do not have support from within, the support that knowledge can provide.

[Semka] You are not doing very much to teach behavior in the new market reality. What do you propose?

[Staniszki] Such things cannot be determined at the level of the central government, especially with a state as weak as ours. Social initiatives can be joined together with the help of the state. It should be kept in mind that in countries such as Japan, Sweden, or Germany, a basic truth has been known since the beginning of the 20th century. That truth is that the building of capitalism must be joined with the creation of paths to advance the education of workers.

Meanwhile, in Poland the opposite is happening. Centers for upgrading vocational skills and for learning a vocational skill are diminishing in quality. Such centers had existed before the war and had been public property. The PPS [Polish Socialist Party] conducted an entire network of schools, courses and forms of adult education. In Warsaw's Podwale, the Pilsudski Institute was in existence until 1939. It was a huge complex of workshops and classrooms used to train workers. After the war, the ZDZ [Vocational Improvement Center] took it over. Today, the former administration has taken it over once again and is leasing the lecture halls to casual renters; for example, to a quack doctor. The shops are not being used.

[Semka] Who should be taking charge of this?

[Staniszki] I believe that there are still people who could find their self-fulfillment in this field. The fascination with politics, a value which is somehow artificially put on, is waning. Above all, we must go back to prewar models for training workers.

We have 2 million unemployed persons. Among unemployed youth, up to 40 percent have completed their elementary education. We can readily imagine linking the availability of intelligentsia unemployed because of budget cuts and the needs of worker communities.

Following recent changes, it is expected that approximately 70,000 teachers will be unemployed. These people could work in training and vocational rehabilitation centers. A program may be developed for training people to think in new realities, to expand the general knowledge they learned in elementary school. Perhaps some people would be inclined to work as social workers once again. We could begin with the unemployed. The payment of benefits would be tied in with the obligation to receive training. Setting things up this way would reinforce the conviction that in modern societies only the constant broadening of one's store of information will allow one to stay in the labor market. Poorly qualified black workers in the United States forgot this and today their unemployed children are burning stores in Los Angeles.

We must demonstrate that learning and developing one's imagination are a value in and of themselves, a very real value.

[Semka] And so, we must study.

[Staniszki] Exactly. Perhaps it is a truism, but through knowledge we begin to understand the world that surrounds us and we become sure of ourselves. What threatens workers most today is the deterioration of faith in themselves: this breakdown together with the collapse of former value systems. When people lose the point of reference that was the plant, they lose their sense of security. Studies show an increase in the number of suicides in worker communities.

The next two to three years may be used to prepare the intellectual advancement of workers. While this is not an overly spectacular activity, it is indispensable if we are going to think about a real influx of investment from the West. For the unemployed intelligentsia, this may be an opportunity to do something concrete. Many people are weary of the abstract nature of change in the system, while in their eyes nothing has changed.

Finally, let us remember one thing. The return of capitalism with an authoritarian face and a postcommunist origin is an entirely real scenario. Technocrats of that kind see the workers as a dark, sinister mass. They harbor many resentments marked with a spirit of anti-solidarity. Meanwhile, capitalism requires the intellectual advancement of all social layers, not only of managers. In America, the information revolution forced hundreds of thousands of workers to use computers, to use more and more complex technologies. We must do the same thing, otherwise we will not build a free market.

#### Government Contenders' Economic Positions

92EP0513A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 10 Jun 92 p 1

[Article by D.E. and A.H.B.: "Fire, Water, Air: The Next Government's Economic Program"]

[Text] It is difficult to say whether Prime Minister Waldemar Pawlak will succeed in forming the next government. The prime minister himself assesses his chances at 50-50. It also is difficult to say which of the parties that had supported his candidacy for the prime ministership in the Sejm balloting will likewise be inclined to form a common platform on economic issues.

Of the parties considered to be possible partners the ones currently being mentioned are mainly the Democratic Union (UD), the Liberal-Democratic Congress (KLD), the Confederation for an Independent Poland (KPN), and, of course, the Polish Peasant Party, Prime Minister Pawlak's party.

Let us offer a brief reminder of the views of these eventual coalition partners on economic issues. It would be worthwhile to consider them through the prism of

particular matters that have to be tackled if an efficient functioning of the economy is to be considered. In the case of the PSL and the KPN their views reflect the official positions of the parties as stated in their current more or less elaborated programs. For example, the KPN has expressed its position on economic issues during talks with Prime Minister Jan Olszewski.

The matter is not as clear-cut with the UD and the KLD. Following the first round of talks on forming the government last Monday, the KLD leader Donald Tusk clearly emphasized that for the Liberals there can be no compromise about the budget and the anti-inflationary policy. A broader exposition of their views on various crucial economic policy issues was presented to RZECZPOSPOLITA by well-known politicians from both parties, Marek Dabrowski and Witold Gadomski.

The options considered in the present compilation reflect, however, their views rather than any ultimately agreed-upon positions of the parties they represent.

#### The Budget Deficit

KLD: Obviously the budget deficit must be curtailed. The level to which it is to be reduced is a compromise between what the economy can bear and what our incompetent government is capable of collecting.

KPN: The budget should be open so as to allow for an increase in the deficit to 8-10 percent. At the same time, efforts should be made to reduce the deficit, at best to 5 percent.

PSL: The deficit will be 35 trillion zlotys more than anticipated by the government. The increase in the budget deficit may be offset by improvements in the balance of payments. The monies saved on imports of consumer goods should be transferred from the banking system to the federal budget and allocated for public investments or cuts in the interest rate on investment credits.

UD: The budget deficit in 1992 should be maintained at the level of 5 percent of the GDP and reduced to 3 percent in 1993 and 1 percent in 1994.

#### The Currency Rate of Exchange

KLD: The rate of exchange should keep in step with inflation. It would be good to introduce a mechanism for a predictable currency exchange so that investors and potential exporters could plan their operations.

KPN: Devaluation of the zloty (decision by the NBP [National Bank of Poland]), at first drastic and then flexible, or flexible but with a higher coefficient.

PSL: Imports of consumer goods have to be curtailed, exports need bigger incentives, and resources have to be conserved for imports of producer goods and investment goods that are indispensable to emerging from the recession: all this requires additionally raising the exchange



rate. Compared with 1991, the increase in the exchange rates of hard currencies should be markedly greater than the increase in domestic prices.

UD: A flexible policy on rates of exchange, serving to promote exports.

#### Privatization

KLD: Privatization should be as speedy and simple as possible. Reprivatization should be restricted. The KLD is in favor of mass and sector privatization. The new law on government enterprises: Unless they find no other way out for themselves within the next few months, their commercialization should be mandatory.

KPN: The appointment of an interministerial commission for the privatization of large high-income enterprises. The preparation of a minimum program for reprivatization and privatization.

PSL: Rapid commercialization, that is, transformation of government enterprises into Treasury companies. Privatization of decisions should precede a gradual, evolutionary transfer of ownership. The state should relinquish its controlling rights in companies even in cases in which only a minority share is privately owned (but upward of a specific ceiling, say, 20 percent).

UD: Broader privatization offerings to foreign investors; privatization of a majority of commercial banks, which are government owned; acceleration of privatization proceedings; simplification of privatization-by-receivership; decentralization of privatization proceedings and broadening of the related powers of the voivodes; financial support for the participation of private investors in privatization; simplified procedures for granting autonomy to state enterprises; linkage of perks for employees to the economic condition of the enterprise.

#### Debt Relief

KLD: Debt relief is needed, but not in the sense of canceling old debts. A debt relief agency administering the debts should be established, and a kind of debentures should be issued so as to earn a profit on the debts.

KPN: The problem of enterprise debts and arrears in payments and of "old credits" should be eliminated. Debts here are interpreted as monies owed to the federal budget, the banks, and other enterprises.

Proposed solutions: quashing, partial quashing, conversion, takeover of shares, renegotiation of payments, etc. Note: The solution of the above problem should be linked to so-called restructuring of enterprises (that is, to their proving that they can be streamlined and made more efficient). A government commissioner for debt relief should be appointed.

PSL: Gradual exclusion of bad credits from normal accounting, along with debiting of interest penalties. A differentiated approach to current debts and to historical

debts (from before January 1990). Emission of Treasury interest coupons. Lump-sum nationwide compensation of accrued arrears and encumbrances, to be coordinated with the National Bank of Poland.

UD: Initiate negotiations to reduce debt to the private banks associated in the Club of London.

#### Monetary and Credit Policy

KLD: Strengthen the currency, reduce inflation, and increase the credit available to the private sector.

KPN: Change the monetary policy (in consultation with the NBP).

—Possibility of increasing the budget deficit.

—Reduction in the mandatory bank reserve rate.

—Abolition or restriction of credit limits.

—Issuance of securities and bank bonds.

—Increased money supply.

Note: Monetary policy is codependent on the expansion of the domestic market.

PSL: Maintaining a passive NBP policy endangers not only the economy but the banking system itself. More credit should be made available to enterprises, as should be greater preferential credit for investments, agriculture, and the food industry, along with the establishment of a special national bank granting noninflationary credit (for purchases of housing on the installment plan). UD Budget subsidies for the energy, transportation, and housing sectors should be reduced, along with a reduction in budgetary spending on administration, national defense, and state intervention in agriculture. The NBP's cooperation should be enlisted in stabilizing the money supply, increasing foreign exchange reserves, and pursuing an interest rate policy that would encourage savings.

#### Taxes

KLD: The VAT should be introduced. It should probably be higher than the initially planned 18 percent. To stimulate investments, the income tax on legal entities should be reduced to 30-25 percent from the current 40 percent.

KPN: Taxation of enterprises:

Excess wage tax: The progressive excess wage tax should be reduced from 500 percent to 200-300 percent and made retroactive to 1 January 1992.

No excess wage tax should be levied on profitable enterprises, or its progression should be further reduced as of 1 July 1992.

Sales tax (at rates exceeding 25 percent) should be reduced for certain consumer goods.



The wage tax should be cut by 2-5 percent.

The "dividend" [tax paid by state enterprises on their assets] should instead be paid from after-tax profits.

Note: The wage tax and the social security premium should be "meshed" with the unemployment problem (that can be done chiefly in regions threatened by high unemployment).

PSL: The excess wage tax should be retained but modified and government enterprises should be steeply taxed if they raise prices much above the average price increases in industry.

UD: Gradual increases in sales tax should be continued, the value-added tax should be introduced early in January 1993, and the excess wage tax should be abolished in 1993.

#### What Next for the Economy?

The four politicians representing the parties forming the so-called Small Coalition who took part on 9 June in the meeting of the Warsaw Political Club displayed a healthy dose of skepticism toward the economic program of the Polish Peasant Party. The discussion of what is next for the economy, was organized by the Warsaw UD Council. The politicians emphasized that the opinions they voiced were their own, not the official views of their parties.

Witold Gadomski of the KLD declared that he dreads experts from the PSL when they speak of accomplishing enterprise debt relief by canceling some of the enterprises' debts. Still, he believes in the possibility of reaching a compromise on farm policy with peasant groupings, provided, however, that they remain somewhat consistent in their demands. Deputy Gadomski cited as an example Sejm discussions during which the deputies representing peasant groupings changed their minds and demanded a doubling of spending on agriculture after they had already agreed to increasing that spending.

Marek Dabrowski of the UD feels, as he said, great sympathy for the prime minister, but he feels very skeptical about the economic program of the latter's party (the PSL).

In their comments the politicians tried to identify among other things, the principal priorities of the Polish economy. Andrzej Czarnecki of the Polish Economic Program declared that to him as a physicist by profession the movements in our economy resemble the Brownian movement. Polish enterprises are executing uncontrolled and uncoordinated moves. Deputy Czarnecki believes that a long-range economic program that would be independent of whatever government is at the helm should be drafted. Individual moves should be consonant with that program.

That view was also shared by W. Gadomski, in whose opinion the new government should be efficient, above all.

A person in the audience asked who of the politicians would agree to join the government of Waldemar Pawlak. A definitely negative answer was not given by only the fourth of the invited panelists, Marcin Swiecicki. No answer at all was given by Witold Gadomski, who just then was in a hurry to depart for the prime minister's coalition talks with the KLD.

Also unanswered was the question asked by a representative of a foreign company who wanted to know what the chances were for introducing some specific economic program so that finally the right climate for work would be created.

#### Draft Law on Organization of Ministry of Economy

92EP0487A Warsaw RZECZPOSPOLITA  
in Polish 3 Jun 92 p 2

[Article by E.O.: "Draft Law on Organization of Ministry of Economy"]

[Excerpt] [passage omitted] In implementing its planned reform of the central administration, the Council of Ministers [RM] gave Minister Jerzy Eysymont a month to prepare a draft outlining the indispensable legislation for creating the Ministry of the Economy [MG]. The head of CUP [Central Planning Office] was also enjoined to prepare a draft law on the State Treasury.

The MG will assume the functions of four ministries, i.e., the Ministry for Privatization, the Ministry of Industry and Trade, the Ministry of Construction and Land Management, and the CUP.

The MG will implement state policy via the institutional representation of the State Treasury. The new ministry will also facilitate integration with European associations, which have allotted 3 million ECU's [European Currency Units] to help set up the MG. This money will be designated to train MG employees.

The CUP representative could not say how many persons will be employed in the new ministry (the four ministries which are being replaced employ a combined total of 2,000 workers). Nor was he able to outline the costs of the administrative reform to the State Treasury. He merely announced that compensation for employees of the liquidated ministries who do not feel competent to work in the new MG will be covered out of the budget. Jerzy Kowalczyk stated that the date for the opening of the new ministry was contingent upon the date of the Sejm decision on this matter. He also added that the current government has submitted 40 draft laws to the Sejm and to date none of them have been passed.

The RM also heard the minister of justice present an analysis of the pathological phenomena occurring in the

economy. The report included irregularities in bank and capital turnovers, in the ownership restructuring process and in the creation and work of companies involved in commodities turnovers with foreign countries. It was recognized that the legal system must be revised if these phenomena are to be battled effectively.

At its Tuesday meeting, the RM also coordinated the government position with regard to the deputies' constitutional draft law on mutual relations between the legislative and executive authorities. The RM gave up the idea of introducing its own draft of the constitutional law into the Sejm (this draft law would rescind the 1952 Constitution in its entirety). The RM decision was made that the work of the Constitutional Commission would not be further delayed. The commission has been discussing the deputies' draft law for some time. In this situation the government decided to submit only extensive corrections to the Sejm, to be presented on behalf of the government by Minister Stanislaw Krukowski. The draft will be submitted to the Sejm on Wednesday.

#### Status of Electronics Industry Reviewed

92EP0490A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 13 May 92 p VI

[Article by Zbigniew Zwierzchowski: "A Rescue on Hold"]

[Text] Polish-made electronics products are losing in the competition with imported products. The number of domestic products sold declined last year by almost 50 percent. A sector study done for the electronics industry by the Ministry of Privatization [MP] shows that this industry can still be rescued from the path which leads to its utter collapse. However, the study and the plans for saving the electronics industry have, at this time, the value of an untested recipe. Given the suspension of the government decision to implement it, the study and the plans are right now of no avail.

Standing in sharp contrast to the present situation of the branch are the significant hopes of foreign experts associated with a program for restructuring and privatizing the industry. Peter Young and Paul Reynolds of the British Moncrieff Consortium noted in an opinion sent to RZECZPOSPOLITA that the manner for preparing a restructuring program and its application would constitute a suitable mechanism in the privatization of other branches of Polish industry as well. While the subjective element in their opinion must be taken into consideration (for both specialists were doing work on their dissertations), it cannot be totally ignored.

The program for electronics, says Jacek Kurowski, deputy director of the MP Capital Privatization Department, was actually prepared on a more extensive scale than other programs. However, it is conditioned upon many more factors than just the basic lack of a decision to implement. There are two possibilities for rescuing the electronics industry: the creation of corporations or consortiums of enterprises and the sale of plants or of

shares in plants to foreign investors. The program, however, includes more elements and subsidiary programs.

Restructuring is proposed within the framework of the sector itself; namely, enterprises should be summoned to cooperate so as not to compete under endangered conditions. Under such a situation, firms should offer a broad market assortment and, at the same time, develop joint marketing. If they lose the market, they will not be able to maintain plants, electroplating departments, plastics production and the like. They must learn to make use of the economies of production scale and the scale of purchasing raw materials. Finally, and most importantly, they must take into consideration the market situation. This means abandoning the production of finished products if they can enter the market with subassemblies.

According to J. Kinowski, the source of today's problems in this industry is the indiscriminate "electronization of the economy" and large-scale investments embarked upon with a view to the Polish market and the former CEMA. Now the free market in Poland is eliminating domestic products and the latter no longer exists. True, our electronics industry is not excessively backward, but it cannot offer the most modern products. Thus, products which are in the middle category but which are competitive in terms of price constitute an opportunity.

Restructuring within the sector framework is essential because although Western firms (contact was made with 300 firms) are demonstrating a definite interest in our firms, our firms are not attractive enough to them. Excessive numbers of employees, the large size of plants and the indebtedness and liabilities of plants constitute a problem for Western firms. Thus, restructuring would make privatization possible. Hence, the creation of an enterprise restructuring fund proposed by the MP.P. Young and P. Reynolds maintain that a fund created by means of the sale of certain firms and in other ways would make it possible to finance a portion of the costs of restructuring and to moderate the social consequences of the changes. However, as J. Kinowski emphasizes, this would require changes in legislation to prevent funds from the sale of these enterprises from entering a constantly underfunded budget. This is one of the most important problems: whether privatization is directed toward the interest of the budget or the interest of the State Treasury.

The restructuring of the electronics industry requires the implementation of many projects—a different approach to the firms which produce subassemblies, electronics for the consumer and for professional usage (here we must know whether this industry should be privatized at all) and computers. It is necessary that decisions which do not lie within the management domain of the MP be made.

The electronics industry, whose potential is indicated by its 60 major firms and its employment upwards of

120,000 (in 1989) and of approximately 80,000 at present, has not had to date good luck in its program. The electronics program was not created for the reality at the time of its creation, and, moreover, it does not suit today's reality—the privatization program has been waiting three months for implementation.

#### Electronics Products Market

	Sale of Polish Products		Imported Into Poland
	1990	1991	1991
Televisions	647,900	422,300	1,177,500
VCR's	4,200	2,100	834,600
Audio equipment	600,300	351,800	666,500
Hi-fi systems	461,100	132,800	151,000

Source: report of the Polish Foundation

#### German Development Specialists Working in Poland

92EP0488A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 22 May 92 p III

[Article by Antoni Kowalik: "Delegation as Aid: Thirty-three Applications To Receive German Employees"]

[Text] The Center for International Migration and Development (CIM) in Frankfurt am Main received 33 applications from Polish institutions for German experts to be assigned to work in Poland. Seven of them have already been filled. German specialists are already working in institutions like the Privatization Ministry, GUS [Central Office of Statistics], the Polish Development Bank, Voivodship Administration in Radom, and NOT [Chief Technical Organization] in Bialystok, and the following institutions are among those awaiting expert assistance: Ministry of Finance, Polish National Bank, Export Development Bank, and the Polish postal service.

Such delegations are one form of technical assistance that German Government institutions are extending to developing countries and to mid-central Europe. The help is given under the auspices of a special program called "Integrated Professional Manpower," which consists of sending experts abroad to work chiefly in government and public institutions in countries that are receiving development assistance from the German Government. Two years ago the program encompassed Poland, Hungary, and Czechoslovakia. Romania and Bulgaria were added later. CIM has recently been planning to offer its services to the Baltic and CIS [Commonwealth of Independent States] countries, too.

The specific details of the program are as follows:

German experts sign a contract to work with the institutions of a given country under the same conditions as local employees;

CIM pays the assigned specialists the difference between local wages and German wages and also provides for continued German social entitlements and retirement benefits. The subsidy is applied after an appropriate agreement has been signed with CIM. The contract maximum is six years;

After reaching an agreement with the local employer, the specialist performs the tasks assigned to him, in keeping with the appropriate scope of duties and within the framework of the given institution's management and organizational structure. It is the employer alone that determines the scope of responsibilities. In that way, the specialist hired is "integrated."

According to Prof. Peter Hoss, of CIM, who is program coordinator for mid-central Europe, the institution is planning to expand the program to about 100 people in five countries, that is, Poland, Hungary, Czechoslovakia, Romania, and Bulgaria, but Poland is to be the major partner, and about 50 percent of the assignments are envisioned to be in Poland. Polish institutions interested in such assistance may file applications (on special forms) to receive "integrated experts" directly with CIM (Bettinastrasse 62, 6000 Frankfurt/M; tel. 069-756-0020, telex 416915 cim d) or at the Trade Promotion Department of the FRG Embassy in Warsaw.

#### Australians Compete With Asarco for Copper Firm

92EP0513B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 16 Jun 92 p I

[Article by Aleksandra Bialy and Danuta Walewska: "Copper for an Australian: Western Mining Offers \$500 Million for 40-Percent Share"]

[Text] The Australian concern Western Mining has offered to buy 40 percent of the shares in the Copper Mining and Metallurgical Conglomerate [KGHM] for \$500 million. The chairman of that Australian mining concern Arvi Parbo was received last Monday by Prime Minister Waldemar Pawlak. An American mining company, Asarco, is also trying to buy shares in Polish copper.

"Our offer, presented to the Supervising Council of the Copper Mining and Metallurgical Conglomerate in Lubin, comprises administering mining operations and the processing and sale of copper. We have not submitted any investment bid," said Robert J. Muth, vice chairman of Asarco, Inc., an American producer of nonferrous metals.

Robert J. Muth has been to Poland twice, once in mid-May and then again as a member of an investment mission headed by an emissary of President Bush, John Whitehead. At that time he poured out his complaints about Polish reporters, whom he thought hostile to his project. Nevertheless, he declared that his company is nearing a positive outcome of negotiations.

Asarco presented to the Ministry of Privatization an offer to conclude a management contract for administering the Conglomerate's operations. That contract was to consist in dispatching to Poland a team of American managers who would work in Lubin for three years. The team was to provide, among other things, assistance in financial and marketing management, on paying attention to improving environmental protection.

The offer did not specify the salaries of the managers, on the grounds that they were negotiable. At a conference the vice chairman of the American company declared that he expects an annual salary of \$200,000 for each member of the team.

"We consider it insulting," the representatives of the Copper Mining and Metallurgical Conglomerate in Lubin told RZECZPOSPOLITA. "It was not enough that Asarco scouted out our situation practically in secret: The workforce and the management learned only afterward that representatives of that company were touring the mines. The point is that we can operate our mine quite well on our own and, had it not been for the excess wage tax, our situation would have been good. The KGHM needs rapid privatization above all. We also need capital, but the Americans are not offering it to us."

The Australian concern, Western Mining Corporation [WMC], is already operating an office of its own in Lubin. D.M. Morgan, the director of finance at WMC, told RZECZPOSPOLITA that his company is courting the Polish mine, because it is promising and the world business outlook for copper is good.

For a week now the entire eight-member Supervising Council of Western Mining Corporation has been visiting Poland. In the history of that company this is the first such mission in nine years. They came to Poland in such a large group because they wanted to familiarize themselves on the spot with the situation in our country and jointly take a decision which they would subsequently have to justify to their stockholders. For the first time that company is considering investing in a country which is experiencing such far-reaching political transformations.

One of the delegation's members told RZECZPOSPOLITA that the negotiations being held by WMC in this country are exceptionally difficult and he just cannot understand why his company, which desires to invest such a huge sum, is being treated on par with small companies investing several score thousands of dollars.

But this is not so bad: The Australian delegation was received by the prime minister, and meetings with it have been organized at the Ministry of Finance, the Ministry of Ownership Transformation, and the Belweder. KGHM employees are very well-disposed toward the Australian offer, but at the same time they believe that no foreign company should own a majority share.

In the opinion of the Ministry of Ownership Transformation, it is too early yet for any decision to be taken. If

the Polish authorities decide in favor of transferring the management of the conglomerate to foreign hands, that will be on the principle of announcing an international contest. However, we were told that no such measures are envisaged prior to the privatization of the conglomerate, and the privatization deadline has not yet been fixed.

#### Output of Livestock Products Projected

92EP0441B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 8 May 92 p II

[Interview with Professor Jan Malkowski, expert in meat production, by Edmund Szot; place and date not given: "Lean Years Are Coming"]

[Text] [Szot] In Poland you have the reputation for making the best predictions for meat production. What kind of results do you anticipate this year and in the coming years?

[Malkowski] This year it won't be bad. Pork production will remain at almost the same level as in the past year and will be approximately 2,050,000 [metric] tons, but beef production will be significantly lower than a year ago; it will drop by more than 100,000 tons. In conjunction with the drop in production of other kinds of meat, total meat supply to the market and for export will be less by approximately 140,000 tons, that is, by about five percent. Unfortunately, in the coming years the drop in meat production may be significantly greater.

[Szot] What is the reason for that?

[Malkowski] The present size of cattle herds, which dropped to the level of the 1950's, and no rapid growth is anticipated here especially since the size has not yet dropped to its lowest point; also, we can anticipate a drop in the number of hogs, which has always depended on grain and potato yields, and these in turn will probably decrease in both crop and harvest. This development of the situation is indicated by the major drop in the use of means to increase yields and by prospects of a long-term stagnation in this area.

[Szot] But does this not mean that to buy meat on Monday morning, we will have to get in line on Saturday evening?

[Malkowski] In the market economy there is no concept of shortages. Lines will not get longer because the price of meat will go up. I am afraid that temporarily this increase may even be very significant. We can see this phenomenon even now in the beef market. Because the present supply is much less than a year ago, the ratio of prices for cattle to prices for hogs began a rapid correction. But for the results of this we must wait until the end of 1993 or the beginning of 1994. Agriculture cannot react to market signals from day to day. This means it will react, but from laws of nature, it follows that the reaction becomes noticeable in the market only after a

long period. Under conditions in Poland, the price of milk also is decisive as an incentive for beef production.

[Szot] From the drop in milk production, which the less informed deputies believe to be as much as 50 percent, it follows that milk prices do not satisfy the farmers?

[Malkowski] Obviously these estimates are greatly exaggerated. In 1989- 91, milk production dropped by perhaps as much as 11 percent. This year, it will drop by seven or eight percent and will be approximately 13.2 billion liters. Recently, however, milk sales have dropped significantly more than production. During the last two years, milk sales dropped from 11.4 to 7.8 billion liters. I believe that this year the drop will be another billion liters, then in subsequent years, both sales and production will begin to increase slowly.

[Szot] Such a large drop milk sales must obviously have been reflected at the level of production of milk products....

[Malkowski] In two years, butter production dropped by about 35 percent; milk, by more than 45 percent; and cottage cheese, by more than 44 percent. Production of aged cheese and melted cheese dropped less, by only about 15 percent.

[Szot] We note that dairy products that were at some time subsidized had the greatest drop in production and consumption....

[Malkowski] This reaction of the market could have been foreseen, of course. It was more difficult to foresee that the drop in milk sales would have such a great effect on retail prices of dairy products and a much smaller effect on wholesale milk prices. Between January 1990 and January 1992, retail prices of butter rose by 140 percent, and rich cottage cheese, by as much as 276 percent. Also, this year the prices of milk and milk products will increase more rapidly than meat prices. A reversal of these trends will occur only in subsequent years when meat production decreases and milk production increases. Then meat prices will increase more rapidly.

[Szot] Professor, your predictions indicate that for some years we will dine on meat and in subsequent years, on dairy products. Cannot the consumption of the one and the other be regulated within reasonable limits?

[Malkowski] With time such regulatory mechanisms will develop and rational intervention of the government might be helpful here. At present we bear the consequences of many years of disregarding the laws of economics and this has borne the fruit of exactly such, let us hope, temporary perturbations. The developing prospect of a long-term drop in agricultural production is another matter. This should be counteracted by all methods except those that violate the laws of the market.

### Cooperative Crafts Banks Seek To Unite

92EP0490B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13 May 92 p IV

[Article by P.J.: "Cooperative Crafts Banks: Will They Unite?"]

[Text] There are 10 Cooperative Crafts Banks [SBR] in Poland. These constitute the elite of Polish cooperative banks, since their financial situation is significantly better than that of other cooperative banks in Poland. Their balance-sheet total is higher than in some new bank stock companies. Unfortunately, their prime funds, despite the fact that they are higher than in other cooperative banks, are still lower than required by the NBP [Polish National Bank] minimum. Unlike other banks, they normally do not have difficulty securing credit. Doubtful credit and losses represent an average of 5-7 percent of the value of a credit share. Warsaw Crafts Bank, the third largest in Poland, showed a gross profit of 12.3 billion zlotys [Z], with a total balance of Z450 billion and prime capital of Z15.5 billion. About half of these banks fall within the structures of the Food Industry Bank [BGZ], but a portion of them have become independent.

A recent decree from the NBP president concerning consolidating credit has led the crafts banks to sense danger once again. Given their low prime funds, this means the loss of their largest clients. This would be a serious loss, especially since a portion of their clients have already stopped using their services since they do not hold foreign exchange licenses. The banks are considering joint action to counter those threats. On Monday and Tuesday, the heads of nine crafts banks met in Warsaw to discuss this problem.

At present the banks have different ideas about joint action. Those include a plan for opening a consortium, a plan for opening a joint branch bank to operate like the cooperative regional banks organized by other banks, and a plan for restructuring into a single bank in the form of a stock company. But the members of the cooperative bank will have the final say.

For the present, the banks are to prepare their own reorganization projects which will then be compared and discussed. It is already known that, due to a lack of the appropriate cooperative law regulations, banks will have difficulty restructuring into stock companies. The interpretation of banking law by the NBP does not provide for the creation of regional banks, which are essentially branch banks. Such an interpretation will render it impossible for crafts banks to obtain aid from the capital fund designated for the capital support of the regional banks which are set up and will not allow them to obtain shares in the restructured BGZ.

During the meetings, the bankers complained of the impossibility of obtaining foreign exchange licenses. Banks which are just beginning their activity are receiving them, while the crafts banks cannot obtain

them, despite the fact that they have an excellent cadre and know their clients well. The Warsaw bank submitted a request for such a license in mid-1990 and received a letter from the NBP in April 1992 in which the terms for obtaining these licenses—terms it does not meet—were spelled out. The lack of foreign exchange licenses makes it impossible or difficult to obtain credit from the World Bank.

### **POLITYKA Weekly News Roundup: 7-13 Jun**

92EP0498A Warsaw POLITYKA in Polish  
No 24, 13 Jun 92 p 2

[Excerpts]

#### **National News**

[passage omitted]

At the request of the president, the Sejm has named Waldemar Pawlak (Polish Peasant Party [PSL]) prime minister of the new government. Of the deputies, 261 voted for the candidate, including a majority of the Democratic Union (UD), the Liberal-Democratic Congress (KL-D), the Polish Economic Party (PPG), the Confederation for an Independent Poland (KPN), the Alliance of the Democratic Left (SLD), the PSL, and the Labor Party (SP). There were 149 voting against, including Solidarity, the Center Accord (PC), the Christian National Union (ZChN), the Peasant Accord (PL), and the Fraction of the Democratic Right (FPD) of the Democratic Union (UD). There were seven abstentions. W. Pawlak (age 32), is a graduate of the Warsaw Polytechnic and owns a 17-hectare farm (J. Wilczak wrote about it in POLITYKA No. 14 and there was an interview in No. 5). He is in his second term as a deputy; since July 1991, he has been president of the PSL. [passage omitted]

On Friday evening, the Sejm adopted the state budget. (It still has to be accepted by the Senate and signed by the president.) Expenditures are 403.15 trillion zlotys [Z]; income Z337.65 trillion. There were 230 votes for the budget law; 90 votes against, and seven abstentions. [passage omitted]

The first personnel decision of the new prime minister: Antoni Macierewicz, the minister of internal affairs, was given a leave of absence; Andrzej Milczanowski, former head of the Office of State Protection under J.K. Bielecki, became the head of the ministry. He has the status of a secretary of state. Janusz Onyszkiewicz, deputy of the UD, former deputy minister of defense in the governments of T. Mazowiecki and J.K. Bielecki, was named to head the Ministry of National Defense; he will hold the position as a deputy minister of national defense. The following were removed: Romuald Szeremietiew, under secretary of state at the Ministry of National Defense and Piotr Naimski, head of the Office of State Protection. After holding office for 12 days, Zbigniew Romaszewski was removed as president of the

Radio and Television Committee; Janusz Zaorski returned to the position after a break of 14 days. [passage omitted]

The Union of Labor (UP) is a new leftist political group. Among its organizers are R. Bugaj and Z. Bujak.

The Committees To Defend Parys, the former minister of national defense, has transformed themselves into one party, the Movement for the Third Republic. As the leader himself declared, the new movement is separating itself from the leftist, roundtable, and postcommunist forces. [passage omitted]

Gen. Viktor Dubynin, commander of the Northern Army Group of the former Soviet Union, during a visit to the Belweder, announced that by 15 November 1992, the battle units will leave Poland; 35,000 of the 59,000 soldiers have already departed. Dubynin is aware of the problems and damages caused by the 47-year stay of Soviet forces in Poland and apologized for their presence.

The Sejm Commission for Regulation and Deputy Affairs has supported depriving Mieczyslaw Gil of his immunity. Leszek Miller and Wieslaw Huszcz, activists of the Social Democracy of the Republic of Poland, filed suit in the regional court against M. Gil in September 1991. They have accused him of making false accusation from the Sejm tribunal to the effect that prior to the putsch in the USSR, they made contact with the leaders of the putsch. [passage omitted]

The most recent survey by the Center For Research on Public Opinion shows that 42 percent of Poles thinks that it would be good if the government of J. Olszewski were removed by the Sejm; 34 percent is of the opposite opinion. Among the respondents, 39 percent thinks that it would be good if Waldemar Pawlak, the leader of the Polish Peasant Party, became the new prime minister; 18 percent is of the opposite opinion, and 13 percent has no developed opinion. Of the respondents, 40 percent thinks that revealing the files will bring both harm and benefit to the country; 22 percent more good, and 22 percent more harm. Of Poles, 46 percent thinks that the contents of the files are credible; 25 percent does not; 29 percent has no opinion. [passage omitted]

#### **Opinions**

**Jan Maria Rokita, deputy of the Democratic Union:**

*(Interviewed by Katarzyna Kolenda, GAZETA KRAKOWSKA 26 May 1992)*

[Kolenda] You spoke of the threat of new parliamentary elections. Is that prospect becoming increasingly more real?

[Rokita] The answer to that question will be easier in several weeks. If we succeed in forming a parliamentary government, then elections will not await us. If we do not, that prospect will approach in a very dramatic way;

the elections could be held at the beginning of the fall. I, however, am against demonizing the danger of new elections. Democratic parties should not fear them. The small coalition, which would come out together as a block in favor of reform, would receive many more seats in parliament than now. Thus, we do not want to accelerate them, but we also do not fear them. [passage omitted]

**Father Maciej Zieba, a Dominican and journalist:**

*(Interviewed by Tomasz Soldenhoff, GLOS PORANNY 23 May 1992)*

[Zieba] The church was then to a certain degree one of the main architects of the move from the totalitarian system to democracy. Now, however, I am afraid of this "politicization"; in Poland, everyone is only learning democracy. The president being president; the Sejm being Sejm; the papers, writing without censorship. The church too must learn democracy.

**Edward Wende, senator:**

*(Interviewed by Andrzej Patula, CZAS KRAKOWSKI 27 May 1992)*

[Patula] The judges of the Supreme Court were the only ones verified. What about the others?

[Wende] The question of verification of the judges arouses colossal emotions. I think that there will be no respect for the courts if judges continue to make decisions in them who disgraced their profession by acquiescing, by being compliant. They risked nothing. Those were not the 1950's, when a judge who did not follow the orders of the Office of Security could pay with his head. The judges of the 1980's could only pay with their professional career, nothing more. People counted on the compliant judges, who had stained their hands, leaving on their own accord. One left. The hope for a sense of honor among these people failed completely. In view of that, it is necessary to help them. A compliant judge will always be one regardless of who gives him his orders.

### **SRI Accused of Slandering Opposition Figure**

*AU2306134692 Bucharest ROMANIA LIBERA  
in Romanian 11 Jun 92 p 1*

[Article by Sorin Mugur Dumitrescu: "Money Spent in Vain"]

[Text] When Romanian Intelligence Service [SRI] Director Virgil Magureanu appeared before the commission inquiring into the September 1991 miners incursion, the talks also centered on the so-called theft of Magureanu's Securitate file by Gelu Voican-Voiculescu and the intentions of that action. On that occasion, Magureanu said that—within the framework of other documents also stolen from the Securitate archives by people interested in compromising certain political figures—some documents from the file of Corneliu Coposu [president of the National Peasant Christian Democratic Party] were also taken. Coposu was then slandered through the publication of fragments from his file which purported to prove that he had been a Securitate informer. Magureanu categorically denied that Coposu had been a Securitate informer, declaring that "that martyr of the anticommunist struggle was unjustly slandered." Asked why he did not say so at that time (1990), Magureanu said that it would have not been in Coposu's interest to be defended by the SRI director.

The question is: Why does the SRI—which is copiously funded to defend national security—fail to do its duty when it comes to the political parties? These are basic institutions of democracy, called upon to compete for the state's leadership. The SRI, in its capacity as "custodian" of the Securitate files, should have either ensured their integrity or started their official, consolidated publication. Instead, another road chosen, that of political blackmail, through the selective "dropping" of files which—taken out of the context of the overall dossier and then published—try to denigrate the potential competitors to the Presidency.

### **Intentional Postponement of Elections Suggested**

*AU2706144792 Bucharest AZI in Romanian 17 Jun 92  
pp 1, 3*

[Editorial by Radu Daniel: "The Troika and the Sledge"]

[Text] In spite of the solid and tactful arguments made by the prime minister, and in spite of the national interests and clear signals launched by the domestic and international public and press, the parliament still missed the opportunity to hold elections.

Mean personal and party interests, and absurd and incredible but nevertheless undeniable alliances (such as the alliance between the Democratic National Salvation Front and Campeanu's National Liberal Party), caused those who proclaimed themselves champions of democracy and who spoke out for the elections to be held as soon as possible to view the harmful effects of this delay. Though anyone could see clearly the orchestrated

maneuvers of the presidents of the two parliament chambers to hold back endorsement of the electoral law within an adequate period of time, some (like the FDSN [Democratic National Salvation Front]) continue cynically to accuse the FSN [National Salvation Front] of this postponement, and, after obtaining the desired results, to candidly support during the 10 June news conference the idea that elections should still be held this fall!

The FDSN parliamentarians rely on the naivete and credulity of the Romanian electorate. Others (especially if they pose as "defenders of the needy and the miserable," in an embarrassing and revolting populist style) also rely on the same naivete. In addition to this, they also "eavesdrop" to find out what is going on around them.

The increasingly pressing offensive of the old communist structures in Russia, particularly in that huge military-industrial complex which is the source of disquieting news regarding a possible communist coup, the declarations of the Russian foreign ministers and the former Soviet leader regarding their "stabilizing" (?) role, just like the victory in the recent Slovak elections of the populist left wing led by Meciar, advocate of dismantling the Czechoslovak state, stimulate hope in a communist revival. All these elements taken "offhand" might obviously encourage the Romanian left—FDSN, the Socialist Party of Labor [PSM], and all their allies—which is becoming increasingly active and present in politics with the more than generous assistance of Romanian Television, which is the welcoming host of the fierce attacks against the FSN. (As a matter of fact, this party has less and less access to "national" television, which has in fact been dominated by the FDSN, the president, and the liberals.)

It is significant to also note President Ion Iliescu's attitude. Since the visit of U.S. Deputy Secretary of State Eagleburger, with his ambiguous declaration (or perhaps phrased that way on purpose) about the need for free elections "without any interest in who is the winner" (maybe even communists?!?), Mr. Iliescu's proverbial modesty, prudence, and reserve have disappeared. He has given the "green light" to the FDSN to dismantle the FSN by any means and eliminate Petre Roman from politics.

In this context, it is worth mentioning Iliescu's approach to the elections. In his statement to the national radio station after the 10 June meeting with political party leaders, Iliescu expressed his dissatisfaction with the "insinuations" regarding his wish to postpone elections when he had repeatedly spoken out for "stepping up" the electoral process. Certainly, it was not a simple slip that made him omit the "detail" that on 26 May before the entire country in the interview with Russian television and the ITAR-TASS News Agency, he affirmed that it does not matter whether elections take place in June, July, or September. The problem of the election date and the statements regarding the consequences brought



about by their postponement would be "a simple pretext, I would say, often artificially backed by certain political forces." There is no doubt about the fact that this was Iliescu's clear option from the very beginning. This was confirmed in his 20 May speech in which he (as early as that!) expressed his regret that no action had been taken toward holding elections in the summer. After this signal, "court parliamentarians" under the baton of the unequaled maestros in the arts of delay and deception, the two presidents of the parliamentary chambers, provoked and shamelessly carried out a grotesque hoax on the electorate in order to prevent them from realizing what card has been played here AGAINST ROMANIA'S NATIONAL INTEREST.

Let us sum up what we have: the explosive revival of the communist-type left, which intends to shamelessly exploit the difficulties that will worsen until fall and pushes "the masses" toward the desired radicalization (certainly against the FSN, for being totally responsible for all the evils that have occurred, especially since it is virtually not even governing); the increasingly dense and tight net of Russian imperial policy; the attitude of the current U.S. administration, which encourages President Iliescu but does not invite him to Washington when all the other heads of East European states are being invited; the heated situation surrounding us; and the "thorough preparations" for the autumn elections. These preparations include a cabinet reshuffle (that is, driving away the last FSN members from the government). It was not accidental that Iliescu, also during his 26 May interview and then in his 10 June interview, said that "if Prime Minister Stolojan needs to strengthen his government team, he just has to say so...." We now have a clear image on the outcome of the fall elections. (We might not have elections at all, considering that the current parliamentarians are "up to the mark" and the FDSN and the PNL [National Liberal Party] will master the situation in the government.)

Therefore, the sled built this summer, by the well-known troika, has been built to slide markedly toward the left, toward a socialism with a human and... smiling face.

Maybe we will be even permitted to write such things as I am writing now, considering that there will be a completely "original democracy"!

Only THIS TIME, no one will have the right to say that he did not know what was in store for us!

#### **FDSN Blames FSN for Ignoring Public Interest**

*AU1906113392 Bucharest DIMINEATA in Romanian  
10 Jun 92 pp 1, 3*

["Statement" by the Democratic National Salvation Front—place and date not given]

[Text] The Democratic National Salvation Front [FDSN] repeats before the public that it had favored the date of 5 June 1992 for holding the general and presidential elections.

Given the difficult situation in the country, the FDSN favored holding the general and presidential elections simultaneously.

Although the law on the presidential elections was ready by 18 May 1992, its voting was boycotted by the FSN [National Salvation Front]-Roman grouping, which diverted the proceedings of the Assembly of Deputies to other subjects for two full weeks, by invoking false priorities, often outside the session's agenda.

Accepting with great delay a so-called "political compromise," by endorsing the simultaneity of the elections, the FSN-Petre Roman grouping used every means to impose a deadline for holding the elections on 26 July 1992.

We regret that their calculations failed to take account of the correct assessment of the real national interests and would have led the country into a political crisis, given the existing socioeconomic hardships.

Why did the aforementioned grouping insist so much on the date of 25 July? Here are the reasons:

1. Because—as also maintained by the representatives of other parties—FSN-Roman and its allies of circumstance hoped for a great percentage of absentees from the vote, due to the specific nature of the period, something that would have implicitly led to the election of an unrepresentative and constantly contested parliament.
2. To stop the Senate inquiries into the activity of the former government and their legal repercussions.
3. To stop the draft parliamentary resolution on releasing the files of Securitate collaborators from among the parliamentarians.
4. To block parliamentary discussion of the inquiry commission's report on the events of September 1991.

It is obvious and regrettable that an attempt is being made to maintain a state of confusion among the people concerning the efforts made by the FDSN to hold simultaneous elections by 5 July 1992 at the latest.

Right now, we note that other political groupings have also shown political lucidity and realism and are supporting the idea of holding new elections, in accordance with the provisions of the Constitution, as soon as possible; the elections must be properly prepared and correctly organized, thus offering guarantees for political and socioeconomic stability for the coming years.

We are convinced that our electorate needs correct information and we are determined to continue to serve it, regardless of the political diversions and confusions created by those who do not have the national interests at heart and who want power at all costs.

**UDMR Mayoral Winner in Tirgu Mures  
Interviewed**

92CH0644B Budapest MAGYAR NEMZET  
in Hungarian 28 May 92 p 2

[Interview with Gyozo Nagy, Democratic Union of Hungarians in Romania candidate and winner in the Tirgu Mures mayoral elections, by Szendrei in Tirgu Mures; date not given: "The Mayor of Tirgu Mures Is Confident; 'We Would Like To Show an Example to Nations That Coexist in Romania'"]

[Text] *As we have already reported from the scene, Gyozo Nagy, the candidate of the Democratic Union of Hungarians in Romania [RMDSZ—in Romanian, UDMR], has received 56.8 percent of the votes in Sunday's elections at Marosvasarhely [Tirgu Mures]; out-pacing Constantin Herisanut, the candidate of the Maros [Mures] County Democratic Alliance—the organization that includes the Vatra [Romaneasca]—who received 39.52 percent of the votes.*

*Despite this, one cannot claim that Marosvasarhely has a Hungarian mayor because based on Romanian law the winner in the elections must be installed in office by the autonomous local government—still called "council"—[before he can be regarded as the mayor]. Concerns exist that the Vatra, which delegates nine members of the council, is going to try to paralyze the work of the 25-member body. Aware of the outcome of the elections, Gyozo Nagy, the winning RMDSZ politician, discussed this and many other concerns.*

[Szendrei] "Virtually everyone in the city is concerned that winning the elections is not going to do much good because the Romanians are not going to acquiesce into this," we recited the results of an ad hoc public opinion poll.

[Nagy] Unfortunately, one cannot rule out the possibility of the council pulling off some trick in a few days. We prepared ourselves for everything, including a situation in which they continue to sabotage the establishment of the council body, thus putting off my installation in office. But whatever they invent, they must see by now that their maneuvering has turned against them. This has been proven by the fact that Laszlo Pokorny, who received fewer votes in the 9 February elections than in these elections, had become the mayor. Later on, he was forced to resign as a result of some filthy charges. Our political opponents must realize that a majority in the city has given us a vote of confidence.

[Szendrei] Please summarize your program as the mayor.

[Nagy] The most important task is to normalize and to restore the city's economy. We must revive traditions in private commerce and industry. I will do everything to create more workplaces because our city has also been struck by unemployment. There are things to be done about the deteriorated looks of the city; it must be made

prettier. Providing security to people is of particular importance. Firming up public order and public security has top priority.

[Szendrei] Colonel Judea—a civilian by now—who once commanded the crowd to attack Andras Suto, is a prominent member of the Vatra. In other respects, too, relationships between the Vatra and the police are quite good. Are you not concerned about renewed clashes?

[Nagy] The police abides by the law. I am not concerned about conflicts evolving between the office of the mayor and the forces that maintain order. Marosvasarhely is going to be the city of peace, and we would like to show an example with this to nations that coexist throughout Transylvania.

[Szendrei] What kind of relationship do you anticipate to have with Funar, the infamous Vatra mayor of Kolozsvar [Cluj-Napoca], the seat of the neighboring Kolozs County?

[Nagy] He has no other choice but fostering good neighbor relations. I have great expectations as a result of the upcoming new general elections because I hope that all democratic parties in Romania will gain strength in that election and that extremes will be downscaled. This would also prompt Funar to pursue more considered policies.

[Szendrei] At one time one could see bilingual signs on the public buildings and shops of Marosvasarhely. Are you going to restore these?

[Nagy] Anything that is not prohibited by law is permitted. This also applies to bilingual signs. You can already see Hungarian wording in other Szekely cities. And how could they object to a sign which says, for example "cipobolt" [shoe store in Hungarian] as long as they tolerate Turkish and Chinese signs in Brasso [Brasov] and as long as signs with the wording "drink bar" and "snack bar" [as published] have appeared elsewhere?

[Szendrei] And what if they tear down, or strike down those signs?

[Nagy] They will be replaced.

[Szendrei] Some serious resistance developed in the city's schools during the skirmishes in March 1991. What is the situation regarding teaching in the Hungarian language?

[Nagy] I am unable to give you an appropriate answer in this regard because I am an engineer by profession. I could say in general that fewer Hungarian classes have been started than what would have been justified by the number of students who have applied. Accordingly, we must increase the number of classes taught in the Hungarian language in secondary schools.

[Szendrei] Whom would you like to see as your deputy mayor?

[Nagy] I cannot discuss this matter because we have yet to begin negotiations in this regard. But the RMDSZ has decided to recommend a Romanian deputy mayor. We take advantage of every opportunity to preserve possible areas of cooperation, and I would like to render the workings of this body and office fully transparent and controllable. We will respond to all questions, regardless of the language in which they are raised.

**Burca: UDMR Leaders' Past Also Communist**  
*92CH0644A Budapest NEPSZAVA in Hungarian*  
27 May 92 p 3

[Interview with Petru Burca, a Romanian parliamentary representative, by Ferenc Kepecs in Tirgu Mures; date not given: "The Other Party's View; Whose Land Is Transylvania?"]

[Text] *Let us hear from the other party. I was guided by this old principle when I asked parliamentary Representative Petru Burca to grant an interview in Marosvasarhely [Tirgu Mures]. He also serves as vice chairman of the National Unity Party of Romanians (RNEP). (This party is the political organization of the nationalist alliance called Vatra Romaneasca.)*

[Kepecs] Mr. Burca, what causes the opposition between the Vatra and the RNEP on the one hand, and the Democratic Union of Hungarians in Romania [RMDSZ—in Romanian, UDMR] on the other?

[Burca] The RMDSZ began attacking us by claiming that we were nationalist-turned communist who wish to salvage their power. Well, all I can say to this is that neither the Vatra nor the RNEP include more turncoat communists than the RMDSZ. For example, let us take Karoly Kiraly, the once notorious supporter of the failed system; he too, became part of the opposition at a rather late date. Or Geza Domokos, whom I respect for his cultural achievements, but of whom I know that he was a member of the Central Committee and that he rendered homage by writing a poem to Ceausescu.

[Kepecs] So far as I know, the conflict is caused by RMDSZ's belief that Hungarians in Transylvania do not have enough rights, while you [plural] think that they have too many rights.

[Burca] If we were in power we would proceed pursuant to the most sophisticated European standards and would grant to Hungarians all the rights necessary to preserve their ethnic identity. Religious freedom, language use, primary and secondary level education in the native tongue, and even high level education for those who wish to teach in the Hungarian language later on.

[Kepecs] And how about those who want to attend universities for other purposes?

[Burca] That's something else. I simply cannot understand why the RMDSZ does not accept the idea of teaching technical subjects for example, in the state's official language.

[Kepecs] What is your view of the Bolyai University and institutions which were converted into mixed schools—the ones whose return the RMDSZ demands?

[Burca] The Bolyai University was established under Horthy, as a result of the Vienna Award that was forced upon us. I, as a Romanian, would find it inconceivable not to be able to study at that university because, at one time, this was a Hungarian institution. One should not protect the rights of Hungarians to the detriment of the rights of Romanians. And insofar as mixed schools are concerned, those amount to none other than early forms of the beginning of coexistence. Previously, during the era of the autonomous Hungarian province, the two parties did not communicate with each other; and this was unnatural on the one hand, and provided a source for hostilities on the other.

[Kepecs] What is your assessment of the relationship between Hungary and Romania?

[Burca] The relationship between the two parliaments is good, I am convinced of that. That relationship should be developed further and expanded to other fields. Unfortunately, however, the Hungarian Government is not a partner in this regard. For example, during his trip to Brazil, Geza Jeszenszky said certain things that made me wonder. When he and I met prior to his trip to Brazil, he talked about the same things completely differently; at that time it appeared that he and I were in agreement.

[Kepecs] Are you concerned about Hungarian territorial demands?

[Burca] Considering differences in the size of population and the military might of the two countries, I would much rather say—and I want to stress that this is my personal view—that the international situation does not raise concerns about Romania's territorial integrity. The situation was different in 1940, and I also had certain concerns in early 1990. Doubtless, Hungarian politicians today do not assert that Transylvania is Hungarian land. Not publicly, at least. But unofficially there is propaganda in this regard on both sides, both in Romania and in Hungary. For example, when I visited the parliament in Budapest I could hear tourists being told that one or another stone originated from Transylvania. What conclusion would a foreign visitor draw from a statement like this? He would conclude that Transylvania belonged to Hungary and that it was administered by Romanians only temporarily. Well, I am unable to accept a situation in which Transylvania belongs to the Romanians, the Hungarians, the Saxons and the Jews, all at the same time. Although Transylvania is inhabited by various ethnic groups, it is an inseparable part of Romania.

### UDMR Protests Ministry's Draft Education Law

AU2306133592 Bucharest ROMANIA LIBERA  
in Romanian 11 Jun 92 p 3

[Text] "The draft education law worked out by the Ministry of Education and Science, which was approved by the government and passed the discussion stage in the Assembly of Deputies Education Commission, is, in our opinion, unacceptable both for the Romanian people in general and the Hungarian minority in particular" reads an appeal sent to AM PRESS by the Presidium of the Democratic Union of Hungarians in Romania [UDMR]. The appeal, which calls for solidarity actions with the nationwide protest organized for 11 June, contains severe criticism of this draft law which it considers overcentralized, antidemocratic, discriminatory, and seriously prejudicial to the equal opportunity principle.

The law is considered the faithful descendant of the forced assimilation trends typical of the Ceausescu era and running counter to the spirit of the December 1989 revolution. The document also points out: "We protest against any kind of infringement upon education in the mother tongue of the national minorities! We protest the measures taken at various levels to limit the use of the national minorities' mother tongue in education, measures that aim to weaken minority education through constant pressures. We condemn the attempts of extremist forces to stir up ethnic tensions by invoking reasons linked to education, with the obvious goal of strengthening their own political power."

### Celac Criticizes Politicians' Inconsistency

92BA1073A Bucharest ADEVARUL in Romanian  
6 Jun 92 pp 1, 7

[Interview with Sergiu Celac, former foreign minister, currently Romania's ambassador to London and Dublin, by Alin Theodor Ciocarlie in London on 21 May: "Politicians' Inconsistency Is an Enormous Handicap for Romania!"]

[Text] [Ciocarlie] Mr. Ambassador, how is Romania viewed across the Channel?

[Celac] With growing goodwill. With a certain curiosity, which is also increasing, but also with some doubts that have not yet been dispelled. I think I am not far wrong in stating—not only from my own parochial London viewpoint—that we are on the brink of a possible strategically stable relationship with Great Britain. That is for a multitude of converging interests above and beyond the "charms" of a given political personality in our country or here.

[Ciocarlie] Nevertheless, in important London newspapers Romania is featured very seldom in comparison with Czechoslovakia, Hungary, Poland, or Russia. In fact, almost nothing is known about Romania. How do you explain that?

[Celac] From the very start, the question reeks a bit of accusation. In other words: "What in the world is this embassy doing that we are not more actively represented in the British press?"

[Ciocarlie] Not only the embassy, others, too.

[Celac] Others too! In line with inherited reflexes, I shall begin with a harsh self-criticism. Our relations with the top echelons of the British press are good. That does not mean that we can make them publish only what we like. In fact, one axiomatic truth is that a country's image is not created outside, but in the country itself. As a rule, any news items and commentaries published originate in Bucharest. Before traveling to Romania, serious British journalists sometimes come by the embassy. God help you if afterward it turns out you lied! Consequently our endeavors tend toward realism, toward identifying the very real potential of our economy, the advantages of our legislative system, and the astounding progress that has been made in only two short years by a parliament bad-mouthed by almost the entire press. And we also attempt to generate the kind of interest and curiosity I mentioned at the beginning.

[Ciocarlie] What specifically do you think should be done?

[Celac] On 9 March we held a seminar on Romania's problems, organized by the Confederation of British Industries with the help of the Chamber of Commerce. The level of the presentations, discussions, and case studies had an extremely positive effect on raising interest. But then came the DISASTER; letters, telephone calls, visits—"Give us material, we want to know more!" But with the exception of two pamphlets published by the Romanian Development Agency [ARD]—printed in a modest but civilized manner in cooperation with reputable foreign consulting firms and in an English resembling the English language—we did not have much to give them. I did my editorial apprenticeship for almost 13 years, until after the revolution, at the Scientific and Encyclopaedic Publishing House, at the foreign encyclopaedia desk, which primarily produced very terse and very dry, but apolitical (otherwise they would not have been published in the West) presentations of essential information about Romania: so many square km, so many inhabitants, waterways, known resources, and so forth. Nobody is doing that any more. The first elementary penetration is through reference books—encyclopedias, almanacs, and dictionaries. The information about us dates back to 1978! We do have practical solutions for this issue, I will not now dwell on it too much.

Another handicap of the same kind is the presentation of our commercial offers. Our ability to generate useful information in very brief format, in intelligible English, and in an acceptable graphic form is very limited. Let us not forget that this is an area in which you have to cast a hundred lines in the hope of catching something.

[Ciocarlie] Do we not have people who know how to conduct business correspondence?

[Celac] There is only one solution, namely to hire the services of public relations firms. The ARD efforts are laudable, but its brochures were published in England, and another in Canada. This kind of thing should be done in Romania, as soon as possible!

[Ciocarlie] Can you tell us anything about the local attitude, if there is such a thing, regarding the legislative and presidential elections in Romania?

[Celac] We have been receiving signals from two directions: One consists of the officials with whom we have a continuing working relationship; the other category is made up of the business and academic communities. The requests for information come mostly from the latter category, from the segment of public opinion shapers. Whether we like it or not, the elections in Romania have become the sine qua non condition for the necessary certificate of good behavior, which will speed up—perhaps more than we suspect—the active and quantifiable interest in our country.

[Ciocarlie] As of the beginning of July, the United Kingdom will take over the chairmanship of the European Community for six months. What is your opinion of that, especially with negotiations underway over Romania's association with the Community?

[Celac] We are proceeding from some undeservedly positive premises. Both conceptually and from the viewpoint of direct long and medium-term interests, the British chairmanship is in our favor. For the sake of their own interests, the British are interested in the expansion of the Community and in a more extensive continental integration, while preserving the essential attributes of national sovereignty and precluding excessive supranational bureaucracy. That does not automatically mean that all our requests will be swiftly and easily met. Conceptually, we will enjoy a certain receptivity and openness. But we must prepare our negotiation files very minutely, which is not at all easy. My counterparts from Poland, Czechoslovakia, and Hungary, as well as the Irish—I am also accredited to Dublin—have several times called my attention to the fact that the level of professionalism, tenacity, and knowledge of our own files will be decisive.

[Ciocarlie] You have been Romania's ambassador to the United Kingdom for almost two years. What are your main motives of satisfaction after these two years?

[Celac] Great Britain ranks second in Romania regarding the volume of foreign investments, according to the latest ARD statistics. Regarding credits from the IBRD [International Bank for Reconstruction and Development, the World Bank], whose head offices are in London, we rank first among the Eastern European countries, including the CIS [Commonwealth of Independent States]. When it comes to the utilization of the "Know-How Fund" managed by the Foreign Office, we

can speak of an unqualified success. We have also made considerable headway toward getting ourselves included in EC aid programs—I am referring to PHARE [Economic Reconstruction Aid for Poland and Hungary], Tempus, and Ouverture, the latter is aimed at shaping the local administration and at regional development.

[Ciocarlie] And the eternal ending: What question do you wish I had asked? Of course, I am interested in the answer too....

[Celac] I would emphasize our present priority directions of action. One is to replug Romania into the financial-banking circuit. London is the money capital. The second point is that I am profoundly convinced that, in view of the limited financial resources of the world community, our hope for economic take-off is to promote and intelligently utilize direct foreign investments. And in that respect I think that we should pursue a combination between major investors (like Shell) and microinvestors.

[Ciocarlie] About "replugging into the financial-banking circuit": On my visits to major London banks, I cannot claim to have noticed any special interest for Romania....

[Celac] Here we are back to the elections issue and to their excessive postponement by the same parliamentarians who actually did an impressive amount of legislative work, but who now seem to doubt the wisdom of hastening to relinquish the perks carried by the positions to which they were elected. Thus, the excessive postponement of the elections tosses us out of a schedule not of our devising. Europe and the world have scheduled dates and meetings that will have decisive outcomes for how the financial resources of the world economy will be channeled. If by those dates we will meet certain conditions, we will be considered; if not, then we won't even come into discussion. As simple as that!

[Ciocarlie] Such as the summit of the seven main industrialized nations scheduled for the beginning of July in Munich. This seems to be a fitting conclusion for our interview.

[Celac] Nevertheless, I would like to end with an appeal to the economic enterprises in Romania, to the authorities, and to the chambers of commerce. Try us; ask us for help, clearly stating your intentions and interests (I know it isn't easy, but try). Then you will see whether the London embassy can "deliver the goods!"

[Ciocarlie] That, Mr. Ambassador, seems to be an even better ending. I want to thank you for the interview.

### **Diplomatic Personnel Changes Announced**

92P20239A

[Editorial Report] Bucharest MONITORUL OFICIAL in Romanian on 21 May on page 2 reports that Sorin Mircea Botez has been accredited as Romanian ambassador to the Republic of South Africa, effective 21 April. On 27 May, the same source reports, on page 1, that

Eugen Ionescu has been recalled from his post as Romanian ambassador to Colombia and, on page 2, that Anton Donciu has been recalled from his position as Romanian ambassador to Uruguay, both effective 15 May. According to MONITORUL OFICIAL of 4 May, page 2, Romul Patru Bena has been appointed Romanian consul general in Montreal, Canada, effective 10 April. On 5 June, the same source reports, on page 1, that Ilie Spataru has been appointed consul general, head of the Romanian Consulate General in Milan, Italy, effective 21 May.

### 'Alarming' Unemployment Data Analyzed

92BA1076B Bucharest ROMANIA LIBERA  
in Romanian 9 Jun 92 p 3

[Article by Traian Dobre: "What Do We Do With the Unemployed?"]

[Text] On 1 June 1992 Labor and Social Protection Ministry statistics showed an alarming unemployment situation in Romania: 378,903 registered unemployed on the payroll (328,757 workers, 42,022 high school graduates, and 8,124 college graduates). In addition to those there are 70,469 persons, (58,002 workers, 8,233 high school graduates, and 4,234 college graduates) who were given jobs or who (the majority) stopped requesting aid, and another 135,809 (119,372 workers, 13,020 high school graduates, and 3,417 college graduates), whose right to unemployment relief payments expired—the real starvation subjects. At the moment there are only 2,502 jobs available, 2,170 of them for workers and 332 for both high school and college graduates. With every passing month, the number of Romanians without any means of income is rapidly increasing. The desperation prompting many to seek their daily bread in foreign countries is becoming well founded. Unfortunately, in this respect, too, the government has shown itself cold and uncaring. The only intervention along that line materialized in a convention signed with Germany, designed primarily to stop the emigration of ethnic Germans. Age and language conditions were instituted and the average annual number of people accepted is only 7,000. So far 195 firms requested working permits and 5,200 skilled workers actually left. The convention envisages two other forms. The first has the advantage that it does not set limits on contracts, but it does envisage 3-month seasons. In the January-June period, 760 persons took advantage of that clause. The second, which provides 500 slots a year, applies to 18- to 35-year-olds who may work in Germany for the purpose of improving their professional and language skills.

There had been talk of conventions with Israel, France, and Greece, but they did not materialize because of lack of interest on the part of those countries. And our people did not insist! Talks are now underway with Sweden, but there is nothing concrete in the works.

Aside from official governmental contracts there are others, signed by various private firms, as a rule to the

detriment of natural persons. Although we requested specific data about departures for foreign countries "through the back door," Mr. Mircea Boldescu, spokesman for for Labor Force and Unemployment Department of the Labor and Social Protection Ministry did not provide any; either they are not known in their entirety at ministry level, or the sources concerned requested discretion to make arrangements for their people in peace and quiet. Mr. Mircea Boldescu, however, called attention to the risks to which all those who leave to work abroad expose themselves. Upon expiration of their contract, anyone may be unpleasantly surprised to find himself unemployed, because no company with either state or private capital is interested in "conserving" jobs. People who sign foreign contracts are advised to ascertain the existence of absolutely necessary clauses, such as social security (pension, health care, etc.). They are also advised not to accept salaries much lower than those common in the country in which they will work, because living expenses are rather high and they may end up not even having enough money for cigarettes.

Thus, compared to the large number of unemployed, both domestic and foreign work offers are practically nil. The solution remains in our hands. It would be enough to relaunch the economy by eliminating the FSN [National Salvation Front] creation known as financial blockage, by starting up some new and necessary investments. It is true that we have unprofitable enterprises. But I have yet to hear of any effort made by the government to make them profitable. The indifference displayed by the government in the past two years resulted and continues to result in the disqualification of laboriously trained specialists (researchers, designers, etc.) and what is worse, in starving out hundreds of thousands and soon millions of people. Seems like someone wants us to have our own bankruptcies....

### Contracts Signed for Privatized TV Channel

92BA1025A Bucharest ROMANIA LIBERA  
in Romanian 21 May 92 p 3

[Report by Liana Ionescu: "TV Channel Privatized"]

[Text] Toward the end of this year, the independent commercial TV station "Canal 2," owned by the British-Romanian joint association Canal 2 TV Romania, will begin to operate on the second channel of TVR [Romanian Television]. The founding contract was signed on Tuesday (after nine months of negotiations) by Robin Edwards, representative of Atlantic Television Ltd., and Razvan Theodorescu, chairman of the RTVR [Romanian Radio-Television]. The British side will hold 80 percent and the Romanian side 20 percent of the stock and the profits will be divided accordingly. As was pointed out at the press conference that followed the signing of the contract (and which Mr. R.Th. did not honor with his presence), this is the first enterprise of its kind in Eastern Europe. Asked why he had chosen Romania and whether he made similar offers to other

Eastern European countries, Mr. Edwards, who will also serve as director general of Canal 2, said that "Romania is a great country" and that "the negotiations here progressed faster." In its turn, the Romanian side stated that the British offer was "financially the most advantageous of the offers received," which were, however, not specified.

Initially Canal 2 will reach about 25 percent of the country's population and will broadcast on the present network. The plan is, however, to expand it so that within one year of the beginning of broadcasting it should reach 60 percent of the public. Canal 2 broadcasts will feature national and international news, Romanian and foreign movies and plays, games, and entertainment. The channel will begin with six hours on the air during the week and seven hours on Saturday and Sunday, thus completely replacing the existing programming.

TVR's material contribution to this commercial venture consists of granting the user rights for 15 years with the option to extend, plots of land, the building on Moliere St. (which housed the first TV broadcasts), and 30 minutes a day of advertising space on the first channel, which Canal 2 will enjoy for an unspecified period of time—probably 15 years with extensions. The English partner will provide the necessary technical equipment and will invest in repairing the station building. A contract will soon be signed with the Ministry of Communications to expand the current broadcast network. The space devoted to advertising on that channel will be six minutes per hour. The station declares itself to be apolitical and its structure will be decided by the program directors, which in the beginning will be both British and Romanian. Consultancy along this line will be provided by Frank Magid Associates Inc., one of the major international firms in matters of programming. The principal investor in Canal 2 is Mr. Minos Kyriakou, owner of the Antenna SA, one of the two commercial television stations in Greece. No additional tax will be levied for receiving the programs. The channel will be called national because of its intention to reach the entire country. Personnel will be hired and trained by Canal 2 and wages were said to be "appropriate," so that the employees will ensure its success.

For viewers eager for good quality programs, the British involvement in the Romanian audiovisual media can only be good news. We hope, at the same time, that the deal signed with the present TVR leadership will not turn into a "Trojan horse," a new bluff staged by the main tool of the neocommunist power. We also hope that the institution of the television will not be the loser again in the wake of the step toward privatization, while its "managers" will be prospering suspiciously, to say the least.

### Slow Privatization of Tourism Criticized

92BA1076A Bucharest ADEVARUL in Romanian  
9 Jun 92 p 5

[Article by Constantin Priescu: "We Say One Thing, Do Another, and Get Nowhere"]

[Text] Having for two years faithfully recorded the statements of Mr. Constantin Fota, minister of commerce and tourism, and of his main aides about the privatization of tourism, we note that they share a common denominator of expression: We say one thing and do something else. In everyone's understanding the formula has even had several distinct stages. The first (the Catarama stage) was the privatization of the entire tourism sector within one year. The second—the Fota version—called for the privatization of at least 50 percent of the tourism sector in 1992. The third, currently underway, consists of a collective thinking: Almost 50 percent of the assets published in MONITORUL OFICIAL (over 1,500) are to be sold this year.

So where does the privatization of the tourism sector stand now in the middle of 1992? Precisely as in the above-mentioned formula: We say one thing and do something else. Lest anyone think we are exaggerating, we will cite some concrete figures. In every country in transition, tourism is viewed as a genuine privatization ace, especially in the form of mixed associations. We, however, have managed, at least for the time being, to lose that "ace," too. While 10-12 mixed tourism associations are recorded as existing and are registered with the Romanian Development Agency, only three are actually in operation: Bucharest-Casino, Rom-Novamatic (a company that manufactures and runs electronic games), and Carpyram, established on the account of Egypt's debts to Romania. With the exception of the latter, which bears a purely touristic character, the other two also carry out complementary activities.

Under such conditions, the question is: Are foreign investors rejecting such cooperation and privatization of tourist activities in Romania? The experts at a certain department expert in creating muddles (the Department for Commerce and Tourism Regulation) could possibly cite one thousand and one such arguments, but they forget one, namely that while over 11,000 mixed companies with foreign partners were established throughout the Romanian economy—from the buttons industry to the metallurgical industry), only 11 (by an odd symmetry of comparison) were formed in the tourist sector. Why? Because, frankly speaking, foreign investors interested in forming mixed companies in that area "were given a song and dance": either the land situation was not clear, or we did not recognize estimates by foreign firms, or that we need double credit confirmations. In the case of one important businessman, he was requested to produce a "certificate of good behavior." With the outcome



mentioned above, the most attractive offer in the Romanian economy, tourism, has become and remains the "black sheep" in the area of business with foreigners.

You may say that the mechanism of mixed companies is more difficult to implement in tourism, that it holds certain "secrets." But what happened with the tourism assets that were put up for sale? Exactly the same thing as with the mixed companies. Instead of persuading foreign investors to purchase assets both by making the offer attractive and by making sure that they enjoy equal chances as Romanian investors, we are once again passing them through the "bureaucracy mill." A specially planned organizational mechanism prevents them from participating in the first auction round and in the second. Only at the third auction, after Romanian investors bought everything they wanted, is the door opened to foreign investors, too. Were the system to work faultlessly, were all the legally established advertising and organization terms to be mathematically observed, a foreign investor interested in a certain asset would need to wait almost six months before his turn came—if it ever came—to bid. The same system has the sale of assets planned not according to the criterion of the attraction and interest they present for the investor, but to the criterion of the bureaucratic interests of the assets holder, who tries to sell not the best, but the worst he has. In Bucharest, Sinaia, Brasov, and Predeal—to cite only a few examples—no valuable asset (hotel, restaurant, or night club) has been put up for sale. On the other hand, endless lists have been compiled of second- and third-class hotels in Mangalia, Saturn, Mamaia, Sinnicolau Mare, Orsova, Negresti-Oas, and so forth, that do not and at least for the time being, cannot present any interest for foreign investors. The outcome? Throughout the tourist network only 25-30 assets have been purchased so far, at low prices between 50,000-2,000,000 lei, consisting of luncheonettes and make-shift stores that produce immediate profit and certain business. The absence of valuable assets of competitive interest to foreign investors has delayed and continues to delay the emergence of strong, moneyed buyers who could demonstrate in practice the meaning of the "Western model" of privatization.

We must not forget that Romania has an extremely well developed tourist structure concentrated in many tourist areas and resorts. The privatization of the almost 250,000 facilities at the seashore, spas, and mountain and winter sports resorts would require tens and hundreds of billionaires. But the billionaires refuse to come when and where we want them to. So what can be done? Despite their partial results, the solutions applied so far continue to be an important turning point for privatization. But the rich infrastructure of assets that Romania has in the tourist sector cannot be turned into private property only by those means. One immediate and efficient solution can be privatization within the framework of the existing associations, by issuing stock to all their employees and anyone else interested in participating, or forming associations of several domestic companies, regardless of their field of activity, which we are positive can yield much faster and much more profitable results. We wonder why such possibilities are not even being considered as viable solutions.

### Hungarian Publishing Industry Woes Surveyed

92CH0644C Budapest HETI MAGYARORSZAG  
in Hungarian 29 May 92 p 10

[Article by Mihaly Andras Beke: "The Fate of Newspapers, Books in Transylvania; New Chapter in the History of the Press—How Is It Possible to Stay on One's Feet?"]

[Text]

#### I.

A new chapter in the history of Hungarian culture, the Hungarian press, and Hungarian book publishing in Romania began in December 1989. After the collapse of perhaps the most ruthless censorship in East Europe, a free press began to flourish with seemingly unreal riches in Romania. Newspapers that were discontinued earlier have revived, including, for example, the popular MUVELODES and the SZEKELY UJSAG of Kezdivasarhely [Tirgu Secuiesc]. New local and national newspapers were founded. Radio and television studios in the countryside that were shut down overnight before began broadcasting again, including Hungarian programs. Bucharest television also began broadcasting Hungarian programs. Most Hungarian newspapers were published by new editors and under new names. Kriterion book publishers began publishing previously banned books. In those days the editors of literary newspapers had to face the theoretical issue of how the previously forced, metaphoric language of literature would change, and what role the previously decisive nationalities of literature would play in the anticipated market economy. The changes proved that national minorities—more receptive to democratic ideals due to their situations—were spiritually prepared for the changes and were immediately ready to embark on self-organizing efforts, both in a political and a cultural sense.

The majority was not so well prepared for the change. Despite promises by the head of state in January 1990—reminiscent of Petru Groza's spectacular and tactical friendly gestures in 1945—what proved to be the tragic truth at Marosvasarhely [Tirgu Mures] in March had already become apparent in late January: No essential change has taken place in Romanian nationalities policies.

Since then the frequently omitted Hungarian language broadcast of Bucharest television has been cut in half; half of it is being broadcast on a channel that cannot be received in the larger part of Transylvania. Thus, the broadcast does not reach its public; it reaches the Csango-Hungarians of Moldavia the least, even though at the very end of the 1960's these broadcasts represented an incredible source of strength. Kriterion has published only one book as of last April. The Romanian book distribution system has collapsed, private book distribution is staggering. In Transylvanian book stores newspapers and books from last year—rescued from the pulping mill—gather dust. Romanian newspapers struggle to survive. Some of them have already discontinued publishing. Gabriella Csire, the editor in chief of



the recently discontinued CIMBORA, the successor student newspaper to JOBARAT, had this to say in SZABADSAG published in Kolozsvár [Cluj-Napoca]: "CIMBORA is dead, like so many other Hungarian and Romanian newspapers. It died not only because of the extremely high paper and printing costs, but also because of sabotage activities at the post office. They do not forward the newspapers for months and make it impossible for newspapers to reach their subscribers." Other factors also played a role of course, as for instance the large workload at printing presses, which could no longer accept the an order for printing CIMBORA, as they said.

#### On a Constrained Course

Hungarian newspapers in Romania have difficulties in adapting to the changed circumstances, such as the discontinued subsidies, the constant drastic increases in paper and printing costs, the collapse of the state distribution system, the restructuring, the changed needs of readers, and the competition coming from Hungary. Newspapers that have been published by one or another central organ before, such as the children's newspaper NAPSUGAR or CSALADI TUKOR, the former newspaper of the Women's Association, find themselves in particularly difficult situations. HELICON, the successor to the Writers' Association weekly newspaper UTUNK published in Kolozsvár is now being published only biweekly. LATO, the successor newspaper of the Marosvasarhely IGÁZ SZO, is able to publish once a month, but only with difficulties; it is supported by foundations and donations. They figured out last year that the deficit incurred by the newspapers of the Romanian Writers' Association could be cut in half if these newspapers were discontinued and if only the editorial offices were maintained. Not much money is available for cultural purposes in a country where some statistical records show that 40 percent of the populace is clearly impoverished, and 20 percent lives under miserable conditions. And the shortage of funds will only increase. Andor Horvath, a state secretary at the Ministry of Culture in Bucharest said in an article published last March in the Kolozsvár newspaper SZABADSAG that cultural investments have not been made because a budget still does not exist, but this year's funding is going to be tighter by all means. The state secretary complained about a lack of qualitative change at cultural institutions and said that the ministry that has 20 newspapers at present and also subsidizes minority publications, would allocate the subsidies on the basis of competition beginning in the second half of the year. Awards will be made on the basis of "the general qualitative factors of newspaper editorial policies."

On the other hand, we could add, that as shown in the case of CIMBORA, the Hungarian press in Romania must face not only the challenges of a radically changed economic environment, but also of a political pressure that probably became even more effective as a result of economic and administrative manipulations. One of several incidents that demonstrates this kind of manipulation and pressure is the Calvary of ERDELYI NAPLO that has been expropriated by the Nagyvarad [Oradea] prefecture. In Geneva, the high-ranking Romanian diplomat Traian Chebelev publicly

slandered EUROPAI IDO, BIHARI NAPLO, VALOSAG, and the comic newspaper TROMF; and in an obvious effort to divert attention, he equated these newspapers to the extremist newspapers ROMANIA MARE and PHOENIX, which enjoy ill fame in international circles. The Association of Hungarian Journalists of Romania registered its protest against this statement and the president of the Association of Romanian Journalists demanded a public explanation from the Foreign Ministry.

In earlier days the Hungarian minority in Romania has suffered from the dual burden of a communist dictatorship and the oppression of a nationality. By now, the Hungarian minority is carrying the triple burden of a nationalism that is losing even its earlier administrative framework, a more "velvety" dictatorship, and of a hard-to-defend economic dictatorship. The present situation of the Hungarian press in Romania that exists under the constraint of nationalistic wild capitalism is best symbolized by the newspaper MINI published in Csikszereda [Miercurea Ciuc]. Pal Murgu of Brassó [Brasov] publishes what is probably the smallest newspaper in the world: a few centimeters long, eight-page weekly. Only out of spite.

#### EUROPAI IDO in Sepsiszentgyörgy [Sfintu Gheorghe]

Hungarian newspapers in Romania try to stay on their feet. After the turnaround of December 1989 the tone of voice and sophistication manifested by the weekly newspaper EUROPAI IDO—privately published in Sepsiszentgyörgy and dedicated to protect minorities—has soon achieved national fame. The newspaper gave room to a number of eminent representatives of Hungarians in Transylvania, ranging from Eva Cs. Gyimesi to Imre Borbely. But the initial 30,000 circulation has declined. Last September the number of copies sold barely hit the 5,000 mark. This was not necessarily the fault of the editors. The first issue of the newspaper was published in 30,000 copies and cost 7,000 lei. Today, the publication of 15,000 copies of the 16-page newspapers costs between 210,000 and 220,000 lei. Last October paper prices increased by 100 percent in the course of a weekend, between Friday and Monday. Meanwhile the press has also increased its prices by 300 percent, not to mention the increased postage. The nine-member editorial office, which has changed itself to become a newspaper publisher, also handling administrative, distribution, and recordkeeping tasks, has made radical changes. They changed the format and the structure of the newspapers, reduced the length of articles, and initiated new columns, including a survey of newspapers published in Hungary. The newspaper preserved its original structure and concept in part, and in part it assumed the character of a magazine; in the latter sense it endeavors to achieve high standards. Circulation once again increased to 10,000 by April. The publishers try to sustain the newspaper by pursuing respectable ventures. They published 35,000 copies of Balázs Orban's descriptive work entitled "Szekely Land" in 25 notebook volumes. Deputy editor in chief Valter Willman revealed this year that they have received advance orders for 10,000 complete sets of the collected works of [Mor] Jokai. They intend to sustain the newspaper by using the profits flowing from this series. Due to the unreliable postal service, the

editorial office handles most of the distribution itself. They maintain continuous relations with private distributors throughout Transylvania, analyze on a computer the reports presented by the private distributors, and adjust the number of copies to be published accordingly. All this does not make distribution less costly and more

reliable, but this way they can reach outlying areas not reached by other newspapers. Today, EUROPAI IDO operates with a zero balance. And this means a lot in Romania today.

(To be continued.)

### Serbian-Montenegrin Relations Called 'Fine Mess'

AU3006105292 Zagreb NOVI VJESNIK  
in Serbo-Croatian 18 Jun 92 p 2a

[Commentary by Stjepo Martinovic: "One Serb Each"]

[Text] A fine mess it is that the "beautiful, young, and clever" Milosevic slaves in Podgorica find themselves in now! Not only has the Dedinje boss given them a wide berth in handing out presidential honors in the "Federal Republic of Yugoslavia," but he has also sent them a message—via his talented mouthpiece Seselj—that they have nothing to be angry about. Montenegrin participation in the organs of the "federation" can easily be achieved later: either by the inclusion of a "Montenegrin who feels like a Serb, or by the inclusion of a Serb from Montenegro." Something along the principles of forming the SFRY Presidency—one Serb from each republic!

But the problem is not in the fact that Montenegrin Grand Guignol players are pouring adrenalin because of Milosevic's "betrayal," but in the fact that Bulatovic and Co. are getting closer to asking for asylum in Serbia. The Montenegrin political scenery is being rapidly inundated with black-marketeering, which is partly traditional, and partly born out of false promises to the vanguard of the "AB-revolution." Belgrade thieves and other criminals have burst in on the Montenegrin seaside and brutally transformed the "first ecological country in the world" into the backyard of a memorandum project.

In the past, keeping in mind the illustrious features of the Serbian mentality, I estimated that two tourist seasons with the arrogant Serbs as their only guests from Igalo to Ulcinj beach will be enough to cause great rifts in the monolith of the three-fingered brotherhood and unity. I was wrong—the balloon burst on the eve of the first summer when the Serbs faced the closed doors of Greek, Spanish, and other seaside resorts. The architects of Serbia from Palic to Becici do not need the Montenegrins, but their country and (particularly) their sea. There is no room for non-Serbian Montenegrins on the territory that the memorandum gurus have encircled with the borders of swollen Serbia, weakened with the Dakic workers [referring to the Radoje Dakic collective] and tied with the puppet state clique, which has been paid for by the looting of Dubrovnik and Konavle. Why should there be room for them in the "federal organs" in New Belgrade...?

The Montenegrin political public now has a chance to do a "Zuta greda" [scene of the crushing of workers' protest in 1989] on the devil's pupils—and they will not be wrong to do so at least a day before the Croatian Army reaches Prevlaka!

### Croatian Opposition Demands Talks With Tudjman

92BA1104E Zagreb VECERNJI LIST  
in Serbo-Croatian 18 Apr 92 p 4

[Article by D. Djuretek: "Demand for Conversation With Dr. Tudjman"]

[Text] Zagreb—The meeting of the Coordinating Committee of Opposition Parties (that portion open to newsmen) was preceded yesterday by a closed meeting of party representatives, and the reason—so it was reported to the newsmen—was the "sensitivity of the subject matter of elections." The newsmen were told the positions of the opposition parties in the Croatian parliament concerning the constitutionality and legality of the election system and about the 1992 elections, and they were shown the document entitled "Security of Parliamentary Elections."

Stjepan Lozo said that the question of elections is becoming more relevant and that according to some people it is a matter of days before the election. That is why the Coordinating Committee in fact emphasized that the elections in the Republic of Croatia, if they are scheduled, would be held in a very specific situation, while the country is at war. Additional tension, it goes on to say, is caused by the position of those who have fled and been driven out. The opposition has decided to address the president of the republic on the basis of one of his fundamental roles—that of "seeing to implementation of the Constitution."

The opposition believes that there are "certain indications and facts which can serve as the basis for expressing doubt as to the constitutionality, internal consistency, integrity, and completeness of the election system," and that "the head of state must be alerted before the elections are scheduled, our reason being that we want the Constitution to be respected (...). But if the elections are nevertheless undertaken, then we could not consent to share the responsibility for that."

For all those reasons, S. Lozo said, the opposition has been forced to a step which it has not practiced up to now: It is demanding a "conversation with the president of the Republic of Croatia within a period of one week for all representatives of parliamentary opposition parties." Lozo says that "if the president does not receive us, the Coordinating Committee announces that further steps are to be taken."

Newsmen have been unable to learn what those "further steps" are, but they were told that they will be informed in good time.

In answering the question whether this is by way of announcing a boycott of the elections, Lj. Antic denied that, because "the Coordinating Committee has not so decided." S. Lozo said that there have been hints that certain parties would boycott the election, but the Coordinating Committee has not debated that issue. He

added that it is not precluded that the incumbent party would provoke resistance to certain steps by creating that kind of atmosphere. Z. Nikolic mentioned that there is no consensus among the opposition parties on that point and that the opposition is united to take part in the elections as soon as the conditions of legality and legitimacy are met.

The Coordinating Committee also presented its views on the security of the presidential and parliamentary elections. Lj. Antic said that if the elections are held, they will be held "in an abnormal situation, when war is still going on in Croatia." The opposition therefore demands that the "Ministry of Internal Affairs of the Republic of Croatia and the Office for Protection of the Constitutional Order of the President of the Republic issue unambiguous guarantees that they assume responsibility for the security of the 1992 election campaign and elections."

#### **Official Says Turkey Pressing for Firm Action**

*AU0107110992 Zagreb VECERNJI LIST  
in Serbo-Croatian 19 Jun 92 p 7*

[Interview with Muhamed Cengic, representative of Bosnian Government in Turkey, by A. Kaurin; place and date not given: "Military Intervention Is a Reality"]

[Text] Muhamed Cengic, former deputy prime minister of Bosnia-Herzegovina and one of the leaders of the Party of Democratic Action, has been in Turkey since the outbreak of the war, where he has been participating in talks with the Turkish Government and representatives of Islamic countries. Cengic speaks for VECERNJI LIST about the meeting of the Islamic countries in Istanbul, Turkey's pressure on the West to intervene militarily to stop the war in Bosnia-Herzegovina, the mistakes that the Bosnia-Herzegovina Government has made, and generally about this past year.

[Cengic] About a year ago the Serbs started to carry out the plan for the occupation of Sarajevo. In June last year barricades were erected in the parts of Sarajevo with a majority Serbian population, and the explanation was that there was apparently some sort of radioactive material around. The city was completely blocked, and that was in fact a dress rehearsal to see whether the Serbs can bring a city of a half a million to a standstill. After that first blockade I insisted at a government meeting that the police force should be used. Something could have been done then, because all the parties claimed to be united at the time. However, my proposal was rejected and so was the one to send a special unit to Trebinje. The situation in Bosnia-Herzegovina had to change immediately after the event in Trebinje. Everyone realized that if we lost Trebinje, we would lose Bosnia-Herzegovina.

#### **Was the Croatian War Also a Bosnian One?**

[Kaurin] Why was it that there was so little discussion in the Bosnia-Herzegovina Government on the questions regarding the Yugoslav People's Army and the government's relations with it?

[Cengic] The government did not review the situation relating to the Army at all. We did not function as a government, but as individuals. The Defense Ministry turned its back on the Army and avoided all contact. That is why we had no idea what the Army was up to, apart from the information we received from Croatia that the Army was moving in on Bosnia-Herzegovina in large numbers. But we did not know where, how, and when. I must say that the commanders of the Army kept coming in a very arrogant way for half-hour talks in the Bosnia-Herzegovina Presidency. The government knew nothing about these visits and even less about the subject of the talks. As far as the government is concerned, I can say that we fell hook, line, and sinker for the Serbian falsity. Until the very last day, they sat with us in the government, listened to our decisions, and heard what means we had available. These same people are now waging a war against us. Instead of revising the matter of partnership in government after the first conflict with the Serbs, we did the opposite.

[Kaurin] Why did the leadership of Bosnia-Herzegovina keep insisting during the war in Croatia that it was not their war? It is a well-known fact that aircraft took off from airports in Bosnia-Herzegovina and that Croatia was shelled from positions inside Bosnia-Herzegovina.

[Cengic] When the first refugees started arriving in Bosnia-Herzegovina from Croatia, I said at one government session that it had to be our war, too. If Croatia was shelled from Bosnia-Herzegovina, and it was, then we should have realized that it was going to be our war. Croatia obviously cannot forget statements like the one about it not being our war. And still Croatia has taken in several hundred thousand refugees from Bosnia-Herzegovina, and even to the disadvantage of its own people and exiles, it has helped the people of Bosnia-Herzegovina. The Bosnia-Herzegovina Government is still not dealing with matters of war. It is preposterous now to speak of all the condemnation of the Serbian Democratic Party and the government's sessions at which the Serbian leadership was severely criticized. We condemned Trebinje, we condemned the separation of the "Serbian Autonomous Region of Krajina" and the "Serbian Autonomous Region of Romanija," we condemned the so-called Serbian assembly, and so on. I suggested that we should immediately and in advance condemn everything the Serbs might do, so as not to waste time. Condemnation without sanctions means nothing. And while the government was busy condemning, the Serbs went on with their thing: destroying cities and killing tens of thousands of people. The leadership of that party is insane, they are not normal.

### Help of Islamic Countries

[Kaurin] Why have the Islamic countries reacted so slowly in sending help to Bosnia-Hercegovina? The eyes of the Muslims are turned to the Islamic countries from which they expect salvation.

[Cengic] Bosnia-Hercegovina made a grave mistake for not having a strong information and propaganda service. If we had had more information centers in Western Europe and the world, military intervention would have already been under way. Rational sanctions could never have much influence on Serbia. There is no stopping war without military might. We should have kept in mind Karadzic's threats that one nation might well disappear from the Balkans. As he had announced that in the Bosnia-Hercegovina parliament, we should have prepared for war there and then. I believe that military intervention is now a reality.

When I arrived in Turkey at the end of April, the Islamic countries had very little information on the war in Bosnia-Hercegovina. It was only after the massacres in Bijeljina, Zvornik, and Foca, that more extensive information started arriving. If we had had a chance to inform the world expeditiously about the war and the suffering of the Muslims, I am sure that the Islamic countries would have reacted far sooner and more energetically.

[Kaurin] Can you give us any details from the two meetings between Turkish President Turgut Ozal and American President Bush and their talks on Bosnia-Hercegovina?

[Cengic] President Ozal of Turkey traveled twice to America to meet President Bush. Turkish Prime Minister Sulejman Demirel has also traveled several times to America to discuss Bosnia-Hercegovina. I must say that the pressure of the Turkish public opinion on the leadership of that republic is very intense. There are a large number of Muslims from Bosnia-Hercegovina and Sandzak who now live in Turkey. Immediately after the first massacres, the Turkish opposition demanded from the Turkish Government that it send weaponry to Bosnia-Hercegovina. The Turks are ready to send help to Bosnia-Hercegovina, and the response of the people and the general mood are amazing. Bosnia-Hercegovina is on the cover pages of the Turkish press, and all radio and television news bulletins begin with reports from the Bosnia-Hercegovina battlefields. After the talks that the Turkish president and prime minister held in the United States, America has become more specific and military intervention has moved closer. Turkey wants peace in the Balkans. It demands that a stop be put to the killings and persecution of Muslims and the destruction of historical monuments of the Turkish culture on the territory of Bosnia-Hercegovina. Turkey has an interest in exerting pressure on the United States and the West. I believe that after the meeting of Islamic countries in Istanbul, things will start moving in a more favorable

way for Bosnia-Hercegovina. The Islamic countries will ask adamantly for military intervention from the United States and the West.

### Choice of Cosic as FRY President Analyzed

*92BA1098C Zagreb VECERNJI LIST  
in Serbo-Croatian 16 Jun 92 p 3*

[Article by Branko Tudjen: "The Leopard Does Not Change Its Spots"]

[Text] There could be two aims behind Dobrica Cosic's coming to head the so-called FRY [Federal Republic of Yugoslavia]: to reduce Milosevic's influence, to placate those who are dissatisfied in Serbia, to avert civil war, to lull the world to sleep, to gain the right to inherit Yugoslavia, to blunt the edge of the international economic sanctions and altogether remove the possibility of military intervention, or to rescue Milosevic by removing him temporarily from the public eye, to deceive the international community, and to rescue Serbia from most of the bad things that lie ahead for it.

The first would mean that father and son have parted ways. The son did not achieve the results that the father conceived, and so he decided to go even formally to the first line of the front, although up to now he has always tried to remain in the trench, far from the real dangers. But why should they part when their ideas and aspirations are the same? Can it be that Cosic would all of a sudden give up the "Serbian krajinas and a Serbian B-H [Bosnia-Hercegovina]," would he all of a sudden recognize his neighbors, would he recognize the rights of the Albanian and other minorities, when he is the one who provided the ideological germ and impetus for the present events?

It will turn out that Cosic and the Serbian Orthodox Church, whose blessing he has undoubtedly received, have realized that Serbia must put on a new uniform—in which, aside from the suit, everything would remain as it was, if not perhaps worse—so as perhaps to rescue themselves in that way from the serious internal tensions and insurmountable consequences of the international blockade. Only he and to some extent Patriarch Pavle could accept that role in moments when the average Serbian mind has still not fathomed what is being prepared for it.

Perhaps Milosevic himself initiated this turn of events. The world has no use for him. He must, then, lie low at least temporarily and operate from the rear until the storm passes, and during that time Cosic would be an excellent lightning rod. Instead of Milosevic, the "Balkan murder," the world will be talking about "Cosic, the humanist and writer." But that makes new questions necessary. Is not all this just an agreement between Cosic and Milosevic, a kind of tactical maneuver aimed at getting out of a blind alley? It seems in the end not to be, because—would Cosic, as the "father of the nation," consent to the role of Milosevic's lightning rod? A more logical thesis is that those who provided Milosevic his

wings have now decided to get rid of him. But because in Serbia the critical mass necessary to remove him is still lacking, and this is not the time for tensions within Serbia, Milosevic remains until further notice.

Cosic's entrance probably postpones the complete collapse of the ideology of Serbian expansionism, and that is the poorer option for the Croatian interest and the general interest in the space of the former Yugoslavia caught up in warfare. Milosevic is mired so deep there is no going back. Some of the moves will now be diluted. Cosic, the ideologue of Serbian expansionism, advocated a new national policy and reality yesterday in the Serbian Academy of Sciences. Skeptics say that this is nothing but a desire to put the world to sleep, that is, to awaken once again illusions of the good intentions of some people in Belgrade. After all, the leopard may change his spots, but not his nature.

Cosic has come to face two difficult tasks. By assuring the international community that Milosevic's influence has been reined in, and to try to wangle for Serbia and Montenegro the right of succession of the former Yugoslavia, and a removal or moderation of the sanctions. Recognition or nonrecognition of the right of succession is question number one for Great Serbia imperialism. If Serbia and Montenegro have to fulfill certain conditions just like the other republics of the former Yugoslavia, especially concerning the rights of minorities, that would be a serious blow to the ideology of Serbian expansionism.

Even though Cosic's election is seen in the world as a certain move in a positive direction (especially by certain traditional friends of Serbia), this does not mean that Washington will immediately say "Good-bye sanctions; Mr. Cosic, you need not withdraw the army from neighboring states, nor recognize them and their borders." Cosic must do considerably more than merely say: "We need realism and a new national policy." For that matter, he is the president of a region that almost no one recognizes as a state.

#### **Press Conference on DANAS, Other Papers**

*92BA1129D Split SLOBODNA DALMACIJA  
in Serbo-Croatian 20 Jun 92 p 8*

[Article by Zeljko Luburovic, who covered the press conference on the transformation of the companies Vecernji List and Vjesnik]

[Text] The first press conference held today by the Board of Directors of the publishing house Vjesnik resulted mainly in polemic discussions between the members of the Board—Branko Hebrang and Milovan Sibl—and the journalists. They mostly claimed that the present situation in the different branches of Vjesnik is the result of inert management and that the fate of these branches is literally uncertain due to the same. Sibl and Hebrang tried to convince the journalists that there is no such thing as stifling the press but that, on the contrary, what they have is a positive transformation process that will

lead to the privatization of the company. The members of the Board of Directors are of the opinion that the daily VECERNJI LIST stands the best chance for privatization; it is the only profitable paper and it has all the elements necessary for transformation. German partners are showing a great deal of interest in buying Vecernji List, but this is still in the negotiation phase, mainly due to the war situation, according to Mr. Hebrang.

#### **Drop in Circulation**

Milovan Sibl wondered why no one realizes that the social enterprises are breaking down because they have lost their markets, and that in the present situation the buying power of the reading public has drastically fallen. Both Sibl and Hebrang, answering the journalists, claimed that the Board of Directors does not have a say in managing, and that the transformation that is taking place depends exclusively on the relationship between the enterprise and the Agency for Restructuring. Regardless of the existing political background of, or actions by, the Board of Directors of Vjesnik, both Sibl and Hebrang are of the opinion that the process undertaken in their publishing house is identical to the one concluded, for instance, by the Rade Koncar company.

When presenting statistics about the drop in circulation of Vjesnik publications in the past two years, Mr. Hebrang said that in contrast to April 1990 when, expressed by the index, 100 units were sold, in April of this year only 33 units were sold, and that the number of employees was reduced by only 10 percent. Addressing the Danas and Revije branches, Mr. Hebrang said that they showed the worst results, adding that out of 38 publications by the Revije branch, only five to six show a profit. The delays in the transformation of Vjesnik branches are due to the mental barriers of certain individuals in the editorial staff who do not believe the statistics, and also because of the shortage of a capable cadre that could take over the management of these branches, e.g., the editorial staff does not have any of the basic elements needed to manage an enterprise such as marketing.

Mr. Hebrang said, "The Board of Directors does not carry out business policy," and thus provoked the polemics in which Denis Kuljis from GLOBUS and Zeljko Ivankovic from DANAS were the most vocal. While the members of the Board of Directors claimed that the directors of branches were the ones who could have independently started the transformation, the two journalists claimed that the Agency for Restructuring delegated the task of starting the transformation to the Board of Directors. When the members of the Board of Directors tried to free themselves of the responsibility for not having completed the transformation, they were disputed by Kuljis and Ivankovic, who referred to the Transformation Law and claimed that, according to the law, it is precisely up to the Board of Directors to carry out the transformation process. For the most part, the press conference resulted in continued bickering and arguing over the question of who is responsible for the

fact that the transformation is not complete. The second half of the press conference dealt only with the magazine DANAS.

#### Let Tedeschi Pay...

The members of the Board of Directors insisted that this weekly [DANAS] had bad marketing management and claimed that in order to privatize DANAS, the agency should not have been contacted since its estimated value was below 5 million German marks, but Zeljko Ivankovic from DANAS disputed their claim, and said that the Board of Directors took over all of the managerial functions in the company. Mr. Ivankovic said, "The manager (director) cannot be the one responsible for carrying out the transformation if the agency delegated the Board of Directors with this task, and with the task of preventing the state's capital from being divided up." Milovan Sibl responded that it is not up to the Board of Directors to decide about the bankruptcy of DANAS but rather up to the creditors and the SDK [public auditing service]. He added that perhaps Mr. Tedeschi, the potential buyer of DANAS, in addition to saying that he will pay off DANAS' debts, should go to the publishing house DELO and actually pay off the debts, and then DANAS will continue to be published.

Branko Hebrang tried to cut the Gordian knot in the transformation of Vjesnik by stating that everything stopped in the companies because the employees could not decide whether they wanted the companies to be sold as a package, or by shares, and added that the Board of Directors never did interfere in such business decisions. When Denis Kuljis disagreed, Mr. Hebrang tried to solve the problem when he said, "Mr. Kuljis, it is not fair that you put the failure in managing of the company on the back of Board of Directors." This prompted Zeljko Ivankovic to ask why certain publications were not terminated a year ago, since even then it was a known fact that they showed negative balances. The members of the Board of Directors believe that the basic problem was that a special Board of Directors, made up of professionals whose only job would be to do this, was not appointed.

#### No Shares

In the end, it was said that Vecernji List and Vjesnik organizations received approval to be transformed into stock companies, and during this conference the unofficial information was that VJESNIK, a political daily, became a government paper. This information was revealed as the result of a question posed by the journalist from DELO, Mr. Hebrang said, "this would mean that the government bought 50 percent of the shares, but we have to see whether this is true." He also informed the journalists that the employees at Revije and Danas refused to buy shares in their companies, that the printing and sales companies are in the process of being transformed, and have expressed a desire to become stock companies. He also said, that the sale of all the

companies as a package is almost impossible, although this is a matter of supply and demand.

#### Croatia Restricts Exports to Slovenia

92P20328A Ljubljana DNEVNIK in Slovene  
17 Jun 92 p 1

[Unattributed article: "Restrictions on Croatian Exports to Slovenia"]

[Text] Rijeka, 17 Jun—Croatia plans to limit exports of some raw materials and products to Slovenia to prevent uncontrolled outflow, as stated by Branko Miksa, Croatian minister of trade, at yesterday's meeting of the Trade Groups Committee at the regional Chamber of Commerce in Rijeka.

Miksa also added that leveling off of high inflation, which could turn into hyperinflation, is a priority for the Croatian economy and the first condition to reach agreements with international monetary institutions. He believes that economic crisis can only be overcome with shock therapy. Therefore, wages will be placed under control. Imported goods such as coffee, alcohol, cigarettes, and precious metals will become state monopolies.

#### Commentary on Counterfeit Slovene Tolar Scandal

AU2606171992 Zagreb NOVI VJESNIK  
in Serbo-Croatian 17 Jun 92 p 2

[Commentary by Mladen Plese: "DELO's Tricks"]

[Text] It was to be expected that the affair with counterfeit tolars would upset the Slovene public, but it was hardly to be expected that Ljubljana DELO would use that affair to blame Croatia for the Slovene monetary hardship. Actually, even the first reports in the Slovene media claimed that "everything indicated that Zagreb was behind the affair with counterfeit tolars," so one could have guessed even then what the intentions were. Even after the first vague information on the arrest of Ibrahim Dedic, the owner of the Promdei Bank from Zagreb, and the employees of its subsidiary in Kopar, reports started coming in, from which it was clear that there were attempts to give this—not in the least bit unusual—counterfeiting affair some different connotations and dimensions.

DELO wondered why it was two national guardsmen who brought the counterfeit tolars to Kopar and immediately suggested possible answers. According to DELO, it should not be surprising, since it was clear that "Croatia has taken on the mission of supplying of Bosnia-Hercegovina with arms," and nothing could be easier than to "buy the arms in Slovenia, paying in cash with counterfeit tolars." If, however, this theory on state-funded gun-running did not "wash" with the public, DELO immediately launched another, reserve theory: "state revenge"—no more or less. So if it was not

gun-running, than it was "to punish the neighbor for the well-known dispute with Ljubljanska Bank in paying up to Croatian foreign-currency account holders." Last Friday, DELO expressed surprise on its front page at the fact that nobody had yet been arrested in Zagreb. Why is DELO—even before there has been a proper investigation—trying to condemn a neighboring country in such a crude way, even suggesting that Croatia has tried to undermine Slovenia's monetary system? Putting more

pressure on relations that are already strained is not an act that will contribute to the establishment of correct interstate relations. All the more so since Ibrahim Dedic, the owner of the Promdei Bank, has criticized the Croatian authorities for obstructing his business through constant control. That there is some sort of an alliance is clearly out of the question, and insinuations about state involvement in black-market currency transactions are indeed uncalled for.



**Decline in Industrial Output Leveling Off**

92BA1110A Ljubljana SLOVENE in Slovene  
9 Jun 92 p 21

[Article by Alenka Jakomin: "The Leveling Off of the Decline in Production Is Continuing"]

[Text] In April, industrial production declined (by 1.69 percent per month) considerably more slowly than in previous months. In the first four months of this year, it declined at an average of 2.06 percent per month. The April leveling off of the decline was higher than in February and March.

In contrast to the previous months, when the extremely low base last year and the distribution of working days made possible apparently more favorable year-to-year production results than would correspond to the actual rate, the year-to-year result in April deteriorated considerably.

The reason for this is the two working days less than in the same month last year, the relatively slow decline (i.e., no longer an extremely low level and thus a "favorable" base for measuring the annual increase) last April, and the actual decline.

For this reason, this April's production was a full 21 percent below the comparable production last year. In the first four months of this year, it was 15.5 percent lower than in the corresponding period last year.

In May the circumstances on which the year-to-year result depends were the same as in April. Because there was one working day less than in May 1992 and because of the stagnation of production (the very slow decline) last May, the base for measuring the May year-to-year result will again be less favorable than in February and March.

At least because of the smaller number of working days, the annual result will also show a somewhat "worse" picture than would correspond to the actual rate.

Industrial production is declining because of the reduction in sales to the former Yugoslav republics, East Europe, and Iraq, because of the decline in domestic sales, and because of the liquidity crisis and the fact that with the nominal given money supply enterprises cannot pay the desired earnings to workers, creditors, suppliers of raw materials, and the state.

The decline in production, which reached its peak last December upon monetary independence and Slovenia's departure from the Yugoslav economic union, is also leveling off because of the slow reorientation of the economy (on the purchase and sales side) from the Yugoslav area toward the world and the domestic market, and also because of a return to the markets of the former Yugoslavia.

The crisis is intensifying, to be sure, but it is being alleviated by both substitute demand and exports.

Economic policy can accelerate elimination of the crisis, delay it, or even prevent it.

The measures and omissions that are most harmful in orienting the economy toward the world market are associated with the exchange rate, measures that influence the liquidity crisis and constitute part of income policy, the control of monopolistic prices, and protectionist policy (tariffs, import quotas, etc.).

To date, the Slovene state has influenced the continuation and intensification of the crisis through its passive exchange rate policy (in the last two years, it has neglected active encouragement of exports on several occasions), its passive antimonopolistic policy (especially with respect to food and gasoline), and its restrictions on imports.

On the other hand, the state has alleviated the liquidity crisis by restricting wages and tax breaks for the enterprises in the greatest liquidity difficulties (by which it otherwise did not encourage the growing part of the economy). The decline in economic activity probably would have ended already. Conversely, even more confused measures, especially acceleration of the growth of those incomes which economy policy in the past nevertheless held back, can lead to a new spiral of decline in economic activity.

[Boxed item: After its departure from the Yugoslav economic community, in the middle of 1992 Slovenia is faced with the issue of its future development strategy.

In this regard, two alternatives are being opened up:

- Autarky, with protection of domestic producers oriented toward the domestic market, or
- Openness to the world for both imports and exports.]

In Slovenia, which is so small, there are virtually no possibilities for a combination of both alternatives (in which the autarkic ones would be on the input side, and those who are open to the world and export-oriented would be on the output side).

In fact, the costs of autarkic production in most cases do not support world competition. A commitment to one strategy or the other is not an academic question, but obviously a completely practical one, and the answers to it are not "on paper," but rather in current economic policy measures.

The autarkic orientation of development is indicated by high import barriers (especially nontariff ones), and the state's encouragement of the producers of food and other vital necessities intended for the domestic market and produced at considerably higher costs than world prices. In this way prosperity is reduced, on one hand, and a specific economic activity is ensured, on the other.

Nevertheless, inflation, which is caused by increases in the prices of these goods, is reducing the economy's competitiveness in the world, and in the current phase is

also influencing the accumulation of exporters' losses. Such an orientation would be economically sensible if enough people were employed in the sectors producing solely for the domestic market that with an increase in prices and in their incomes they would correspondingly strengthen demand and thereby economic activity as a whole.

A different orientation is shown in economic policy measures that encourage the economic growth of those sectors in which Slovenia has natural or acquired comparative advantages. These measures include in particular an active exchange rate policy and a restrictive policy on domestic spending (restrictive monetary policy); deindexation, achieved in one way or another; elimination of the payments crisis through rehabilitation of the banks; freeing up imports; and controlling monopolistic prices on the domestic market. This will be followed in succession by: an increase in exports, economic activity, employment, and the standard of living, and only then, in nominal personal incomes. A substitution in the sequence and especially an attempt to stop the crisis by intensifying domestic demand does not make such a strategic development concept possible for Slovenia. It can lead to autarky, a new foreign trade and balance of payments crisis, or even to hyperinflation.

Demand is still very low in the Slovene market. In April, the real volume of sales in retail trade was 31 percent, and in the first fourth months of 1992 27 percent, below the comparable level last year, which was already meager. The Slovene Republic Institute for Statistics obviously has difficulties with collecting information about industrial producers' stocks of unsold goods. The information changes not only for the current months, but also for past ones. According to the latest version, we could judge that the stocks of unsold goods are not growing quickly (as it appeared even last month), but rather that they are growing slowly, and in the case of stocks of food products, even declining.

Among the nonindustrial activities, in recent months tourism and transportation have been improving, and forestry and construction have become worse. We only have information on forestry activity up to February, when it was already declining rapidly, but because of the growth from last March until December, it was nevertheless 10 percent higher than in the same month in 1991. In January and February combined, it was still 22 percent over the comparable 1991 level. Construction (in terms of the number of man-hours) declined in April, and in that month was 9 percent lower, and from January to April combined, 7 percent lower than the year before.

Judging by the data on the number of overnight stays, in April 1992 tourism in Slovenia increased dramatically. There was a growth in the number of overnight stays by foreign and domestic guests, whereas the number of overnight stays by guests from the former Yugoslav republics rapidly declined. Because of the profound decline last year, in spite of this year's growth the

number of overnight stays in April and the first four months of 1992 combined are below the comparable levels last year, by 11 percent and 21 percent, respectively. This year domestic tourism has already increased so much that in April 11 percent more, and in the first four months combined 3 percent more Slovene citizens made overnight stays than in the corresponding period last year. In April 1992 there were 13 percent fewer overnight stays by foreign guests, and from January to April combined 28 percent fewer, than in the same period in 1991, while the number of tourist overnight stays by citizens of the Yugoslav republics this April was 46 percent lower, and from January to April combined 41 percent lower, than a year ago.

In March 1992 employment in the noneconomic sector grew at a monthly rate of 0.13 percent, and employment in the private sector at a monthly rate of 0.25 percent. In the noneconomic sector a full 1 percent fewer people were employed than in March 1991, but in the private sector, more people were employed.

There were 95,479 people unemployed, the number grew at a monthly rate of 1.26 percent, and it was 53 percent higher than in the same month last year. The unemployment rate reached 12 percent for work by the active work force (not counting private farmers and people working "on the black market"). In March 1992, for the first time since last August, the number of vacant jobs began to decline. With a decline at a monthly rate of 2.73 percent, it was a full 1 percent lower than in March 1991.

#### Counterfeit Tolars Turn Up in Croatia

92BA1124A Ljubljana DELO in Slovene 18 Jun 92 p 1

[Article by Peter Potocnik and Zarko Hojnik: "Sensational Discovery in Zagreb: Who Counterfeited the Tolars?"]

[Text] Zagreb, Ljubljana, 17 Jun—"Our service has never before discovered such amounts of counterfeit money," stated Martin Jakovac, the chief of the section for preventing economic crime at the Croatian Interior Ministry. He pointed to the table in the conference room of the Zagreb police station, which was bending under the weight of 97,151 counterfeit thousand-tolar bank notes. Their value, expressed in German marks, amounts to about 2 million.

This money was discovered by the Zagreb police yesterday in the cellar of the Zagreb apartment of the girlfriend of 28-year-old student Ivan G., born in Vinkovci. Martin Jakovac, the chief of the section for preventing economic crime, also said that they had not been able to discover the network nor the organizers of this crime. At the Zagreb police station, they said that since the initial discovery of the counterfeit money affair they had been cooperating closely with the Slovene police, and during the investigation to date at the Promdel Bank in Zagreb they had determined that this bank had gotten rid of counterfeit tolars by sending them to its Koper branch.

For the time being they cannot yet say anything about the extent of the counterfeiting of the tolar bank notes, their source, and the organizers of this crime. Obviously the arrested student Ivan G. was only a member in a chain of sellers of counterfeit tolar, emphasized Martin Jakovac. Whereas the first counterfeit thousand-tolar bank notes were printed with the serial designator AH, series with AC, AD, AE, AG, AI, and AK were also observed among the counterfeit bank notes discovered in the Zagreb cellar. It is likewise still unclear where the counterfeiters were from Croatia or whether there is possibly an international organization of counterfeiters. Whatever the case, the counterfeits are of quite high quality.

As early as last night, somewhat before midnight, Bozo Truden, the Slovene Interior Ministry's official representative for public relations, prepared a brief report on the discovery of a larger amount of counterfeit thousand-tolar bank notes. We thus learned that on Sunday the internal affairs authorities, which are continuously investigating the background of the sale of counterfeit tolar, found a suitcase with 24,000 counterfeit thousand-tolar bank notes of various series in the woods along the highway close to Ivančna Gorica. According to Bozo Truden, yesterday their Interior Ministry also received a report from the Croatian Interior Ministry that in a certain hiding place in the area of Zagreb they had found four suitcases, in which there were 97,151 counterfeit thousand-tolar bank notes.

Thanks to rapid and timely action, at this time only 400 counterfeit thousand-tolar bank notes have entered circulation, while the police confiscated 438 in time. They

discovered 201 counterfeits in the area of Krsko, 156 in Ljubljana, 30 in Koper, and 20 counterfeit bank notes in Kranj. Bozo Truden says that in connection with this, our Interior Ministry has also asked the security authorities of neighboring Italy, Austria, Croatia, and Germany.

**[Box, p 1]**

How can the counterfeit thousand-tolar bank notes be recognized? Their color is paler, the serial numbers on them are smaller and thinner, and the inscription under "thousand" is printed at a slant. The bank notes are also smoother, and the water mark on the right side is made by hand. At the same time, counterfeit American dollars, German marks, and Italian lire have appeared in the Zagreb foreign exchange market, but it is still not clear what amounts of counterfeits are involved.

**[Box, p 1]**

According to Rijeka's LA VOCE DEL POPOLO, lawyer Faruk Balijagic, who is also the attorney for the owner of Promdel Bank, Ibrahim Dedic, is convinced that it has to do with "a sordid political game" that Slovene political circles are conducting at this sensitive time. It is the best way to redirect the attention of public opinion away from the killing of Ivan Kramberger and other things as well. "We must not forget that this capable business proved that even before the war Slovene deposited its foreign exchange abroad, and that by issuing tolar it harmed both Croatia and Bosnia-Herzegovina." Balijagic also claims that the counterfeit tolar were sold to Promdel Bank by Ivica Senjak, from the leadership of the 101st Croatian army brigade.

### Effect of Sanctions Against Serbia

92BA1126B Belgrade NIN in Serbo-Croatian 12 Jun 92  
pp 10-13

[Article by Dragan Cicic: "The Sanctions: A State in Prison"]

[Text] Getting up in the morning is not really very pleasant for the average citizen of Serbia. He knows there is no coffee to drink as he wakes up, nor will there be cocoa as a substitute, probably not even tea. All three can be obtained only on the black market, at astronomical prices. And he cannot pay them. Sometimes he is working shorter hours, mainly he is taking an enforced vacation if he is lucky enough still to be on the payroll. Most of his neighbors are not. He uses soap to shave with, because there is no shaving cream. He goes out into the street in which the occasional traffic consists of rare official cars. He waits for the bus in a crowd of people. The crush is terrible; nevertheless, it is consoling to know that food has been provided. They all have ration coupons for which they can obtain the most essential things. This does not bother him much, it is just a pity that there are no bananas or chocolate for children. But at least it is warm—it is still summer. He reads the newspaper quickly, the page is getting smaller and smaller, and the headlines bigger and bigger. Television supplements his information. The broadcasting is brief and is crammed full of editorials on the international conspiracy. Pictures of factory rallies indicate support for the leadership. If he saves on gasoline this month, next month he will be able to visit his relatives in the country, and they will eat better for a week or two.

### The Theory of a Conspiracy

This unfortunately is not a description of an Orwellian path of four decades ago, but projections of a future as seen by certain leading economists if the sanctions last. And the time frame is a month or two or three, certainly not more than six. It is obvious that the economists are not the only ones who think that way. Judging by the crowds in the stores and the unprecedented hoarding, more or less everyone foresees that kind of future. Store shelves are still full in the morning, but empty in the afternoon. Flour, oil, and sugar are the articles purchased most. There is no longer rice in the stores—in past days, people have bought five, 10, or even 15 kg at once. There is also less and less detergent.

It seems that the assertion of Nikola Sainovic, Serbian deputy prime minister and minister for energy, to the effect that "there are no reasons for panic" was not found very convincing by the citizens. Nor the phrase that sanctions are not an effective weapon. What the consequences will be as far as we are concerned cannot be judged by a comparison with other cases when Chapter Seven of the UN Charter has been applied, and there are several reasons. Before us, the mechanism has been applied only five times: In Korea (1950), it had to do with military intervention. Rhodesia (1966) easily got around it, because neighboring African countries were

forced to trade with it because of exceptionally weak economies; in the case of South Africa (1977), the only binding sanctions were those pertaining to arms, military equipment, and nuclear components; as for Libya (1992), the measures embraced only a blockade of air traffic, the arms trade, and reduction of the "level" of diplomatic missions. There remains the case of Iraq (1990), which, by contrast with the FRY [Federal Republic of Yugoslavia], has a more favorable environment (Arab countries, especially Jordan) ready when necessary to close both eyes, but even then, as a consequence of the measures, more than 100,000 people lost their lives, mainly children. Nor are comparisons concerning the duration of sanctions encouraging. The Americans have been in Korea more than 40 years, Rhodesia was exposed to a trade blockade for 11 years, until the regime there stepped down, even today South Africa cannot import military equipment, and the measures against Iraq and Libya are still in effect.

The all-inclusiveness of the sanctions against Yugoslavia is illustrated by the statement of film distributors that within two months at the latest the movie theaters and video stores will have to be shut down: there is a ban on the import of films. What is more, the Serbian economy is already in a bad way. In the first five months of this year, exports were worth \$1,557 million, which is 26 percent less than in the same period of last year, and imports were worth \$2,404 million (8.6 percent less than last year), leaving a trade deficit of \$847 million.

Prof. Danijel Cveticanin believes that the government bears the greatest responsibility: "I do not know if a conspiracy against Serbia exists, but if it does, I am certain that the leadership of Serbia is taking part in it. It is hard for me to imagine any measure against an economy which that leadership has not already taken. I will cite the two most important ones: nationalization (so far, 25 percent of the economy has passed over to the ownership of the state, 15 percent is under mixed ownership, 55.7 percent is under so-called social ownership, 2.6 percent under cooperative ownership, and only 1.7 percent under private ownership) and coverage of the government administration with inflation."

### A Trump Card for Survival

Only a week before the blockade was instituted, it was quite certain that there was no economic sector that would not be seriously affected. Petroleum products are an acute problem, as shown by the recent introduction of gasoline coupons. Yugoslavia, that is, Serbia, is producing one-fifth of the petroleum it needs. To be sure, the government has announced that production will be increased, but the fact that a sizable portion of equipment and materials necessary to use the sources of petroleum come from abroad led the columnist in THE FINANCIAL TIMES to conclude that production will even fall off. There has been talk about supply from Angola as well as of a possible favoring attitude of Romania and Greece. However, as far as Angola is concerned, petroleum would have to be delivered from

there by tanker, and it has been stated in a session of NATO that if the embargo is breached, a maritime blockade of seaports will be resorted to. Romania really is the only neighboring country with which Yugoslavia has good relations, but certainly no very considerable quantities of petroleum can be expected from that direction, because it would be extremely dangerous for that country to risk the anger of the West in its own difficult economic situation. For that matter, this is also shown by the case with petroleum already paid for which the Romanians have not delivered to us because the sanctions were instituted. Macedonia has already shown how it will react to attempts to break the blockade from the Greek side.

Many things, then, will be stopped. Private automobiles first of all. The essential thing for citizens, nevertheless, is that municipal transportation will be able to function without major difficulties for a long time yet although the crowds will be doubled or tripled. Experts, that is, say that given the reduced bus transportation, considerably less gasoline will be consumed. What is more, there are trolleybuses and streetcars which run on electric power. Electric power is one of the "trump cards for survival," because it is a source of energy Yugoslavia is not short of; it was even exported before the sanctions were put in place. Nevertheless, even here we should be cautious, because our exports of power are not so large as is thought. In the first four months, according to figures of the Federal Bureau for Statistics, 14,437 million kWh [kilowatt-hours] of electric power were generated, 256 million kWh were exported, but during periods of shortage 13 million kWh were imported. Of the total quantity of power which Yugoslavia possessed for export, then, 1.8 percent remained. When we take into account that many power plants are oil-fired, that the dump trucks used in mining coal for the power plant need gasoline, and that Serbia, when it comes to coal, possesses almost exclusively low-calorie lignite, the situation in the electric power industry is not altogether rosy.

#### **Inflation Is Continuing**

It is also superfluous to speak about the other sectors of the economy. FAP [Priboj Automobile Factory] shut down the day after the blockade was instituted; because of the shortage of gasoline and heavy fuel oil production of "Knjaz Milos" mineral water recently shut down, most of the 18,000 people employed at "Zastava" in Kragujevac have been laid off for the umpteenth time this year, and 5,000 workers of JUMKA have experienced the same fate because of the shortage of cotton, dye, and heavy fuel oil.... The list is getting longer every day.

Dusan Maltez, secretary of the regional cooperative alliance of Zajecar, says: "Last year, in this region we had a total harvest of 180,000 metric tons of wheat, but this year we do not expect more than 114,000 tons. Nevertheless, if the peasants sold to the grain merchants the entire anticipated market surplus of 42,000 tons, there would be enough grain to feed the population here.

There are quite a few indications that the peasants are not willing to do this, that regardless of the price they will hold the grain in their barns as insurance against hard times. This means a very bad supply of the urban population. Because it nevertheless has to be fed, there are three possible ways out of this situation."

#### **Mandatory Requisitioning?**

The first possibility, and under these conditions most probable, is resorting to mandatory requisitioning and the introduction of ration coupons, i.e., food ration coupons. In order to make it possible in this way for the food to be distributed in a way that guarantees everyone's survival. If such a decision is not made, the second possibility is direct exchange between country and city. Because the domestic money will for all practical purposes lose its value, trade will be conducted by means of what foreign exchange is left, possibly the tobacco that has already been mentioned, and finally through direct barter, in which television sets, VCR's, cassette players, gold, and the like could be used. A third possibility is that tensions between country and city would result in major political conflicts and changes in the balance of power, that is, political changes. It is for the present impossible to foresee what kind they might be, their scope, and their direction. Social changes of that kind would not occur alone.

Professor Cveticanin told NIN: "There will inevitably be extensive social stratification. Up to now, one man drove a little Fiat, and someone a BMW. In a few months, the one with the BMW will still be driving it, but the other one will not be driving anything. We will go back to the time of commissaries for 'officers' and 'diplomats' (to be sure, there are no longer any diplomats, but that does not mean that the stores will not be referred to that way). We will know that that time has come when for the first time there is an increased ration for the miners—it usually begins that way. In an economy run by a quartermaster, everyone gets the same at the beginning. Then they say that the miners and the workers at blast furnaces must get more milk. And then the officers who are protecting us. Milk and some other things. And then civil servants, who are working strenuously for our benefit. Then come party officials. (The opposition parties as well?) The other basis for stratification will be the 'enterprising' people, that is, those capable of smuggling, criminal activities, bribes, and corruption."

That, then, will be the picture of Yugoslavia in a few months. Unless something changes, that is, unless the sanctions are removed. It is the government's move: Only it can show at least goodwill, if nothing else, to the bodies of the United Nations. If the government is not ready for that kind of effort, that presumably should mean that they have decided that we will all pass over to the "heavenly kingdom" together, Cveticanin said. "In that case, I can remind them of only one thing: there are much faster and less painful roads to the 'kingdom of heaven' than hunger and misery."

### Serbia's Losses From Sanctions Projected

92BA1112B Belgrade BORBA in Serbo-Croatian  
19 Jun 92 p 11

[Article by T. Jakobi: "The Last Days Are Running Out"]

[Text] *The Institute of Economic Sciences in Belgrade: How much the blockade will cost us. "If we got out of the blockade in at most four weeks, it would still be possible for us to implement an anti-inflationary stabilization program and join the world of a market economy. If the blockade lasts until the end of the year, economic catastrophe and decades of emergence from social misery await us," Stojan Stamenkovic thinks.*

Belgrade—"Unless we get out of the blockade in two weeks, or four at most, on the economic level a command economy will follow for us, and in the long term what awaits us is such an erosion of production that our only option will be social survival—and it will be the kind of survival that implies that every two or three weeks we will lower the limit of the subsistence level, literally to the point of misery and starvation!"

Along with this assessment by Stojan Stamenkovic from the Federal Planning Institute, Toma Popovic, the director of the Institute of Economic Sciences, at a press conference yesterday at that institution, also added a "social prediction," according to which every day of the blockade brings us closer to a tragic outcome: totalitarianism, social unrest, and civil war.

"Under the assumption that the blockade will last between one and three months, production will fall by at least 40 percent, and even more. With 700,000 people unemployed and another half million technologically surplus, in the next three months, about another 800,000 people will be virtually without work. In that case we would have an absurd and untenable situation of having 3.5 million employed people support their own families and also two unemployed people each, or retirees and their families," Stamenkovic said. "If the blockade lasted until the end of the year, then production would be reduced to 15-20 percent of what we had in 1989."

#### Days Like Years

The "last days" are running out for Serbia and the new Yugoslavia if we have any intention of joining the market economy world, admittedly with a great deal of effort. With a blockade longer than three months, in Stamenkovic's opinion, it is still possible to implement an anti-inflationary stabilization program, admittedly at a much higher price, but if the sanctions were extended, that would mean "economic catastrophe and decades of emergence from social misery."

The reason why the press conference, at which the members of a group of experts (Stojan Stamenkovic, Davor Savin, and Aleksandra Posarac) presented their anti-inflationary stabilization program to the public, was convened at the Institute of Economic Sciences, lies in

the fact that there is still time (which is measured in weeks, admittedly) for any federal government that Yugoslavia gets to implement that program within 24 hours.

"The program was prepared between mid-March and mid-May, when there was still no 'cordon sanitaire' around Serbia and Montenegro, when not all links among the former Yugoslav republics had been severed, and assistance from international financial institutions was not completely hopeless," Dr. Tomislav Popovic said. "In the meantime, the blockade has been imposed, the government's legitimacy has been challenged, and the government, the trade unions, and the economy are further than ever from the necessary mutual consensus."

#### Path of No Return

"Today hours are worth as much as years," Stojan Stamenkovic said, "and the following facts can help to illustrate this position: When the anti-inflation program was initiated in 1989, the equilibrium average wage in Yugoslavia was \$250, and now it could not be more than \$50, or even less (with every day of the blockade, the wage is 'dripping' toward \$40), and pensions are no more than \$30. Three years ago we had high foreign exchange reserves, but now we would not dare to embark upon an anti-inflation program without four billion dollars in support from the IMF (if the blockade lasted for a month, we would need an additional \$1.5 billion as a basic prerequisite). With the rate of decline in industrial production that we have now, by the end of the year the social product (even without the blockade) would drop to 60 percent of the one in 1989, and with the present rate of inflation, as early as December we would have a monthly growth rate of 750 percent. Between December 1991 and December 1992, inflation would climb to the fantastic annual level of 25 million percent, and every month next year we would have to make a change in denomination (removal) of three zeros from bank notes.

"We are on a path of no return, and the public must now be told openly, without any political admixtures, how much the blockade is costing," Popovic said. Unwillingly making an assessment of the program that was prepared by the group gathered around Prime Minister Bozovic (and in which several members of the Institute's group of experts also participated, by the force of circumstances), the participants in yesterday's press conference said that "any anti-inflation program would be impossible if its prerequisite is coexistence with the blockade," and that the basic difference between these two programs is that the starting point of this one from the Institute is that the economic system has to be changed radically, and the starting point of the other one is that the system is good and that its efficiency just needs to be increased.

If it is at all possible to "buy time" during these three or four weeks, then, in the opinion of the members of the

group of experts from the Institute of Economic Sciences, it would first be necessary to "lift" the blockade, and then to meet four essential conditions for any stabilization program: cut public spending in half (its share of the social product is now 70 percent); secure IMF support; and create conditions in society such that a consensus will be achieved regarding the fundamental goals of the stabilization program and its social costs. "Even before the blockade we were close to a command economy, and if it is introduced, then the distribution of goods will be a technical engineering question, and not a task for economists," it was concluded at yesterday's press conference.

[Box, p 11]

#### Dream in the Lines

"I am among those people who believe that we can by no means withstand the blockade until the end of the year," Aleksandra Posarac said. "Unless, naturally, we think that a ration of 250 grams of bread a day is enough. In that case even the lines in front of shops will seem to us like a 'market dream.'"

#### NIN Poll on Impact of Sanctions on Serbia

92BA1126A Belgrade NIN in Serbo-Croatian 12 Jun 92 pp 24-26

[Article by Ljuba Stojic and a team of staff members of the NIN Research Center: "Life Under the Embargo: Innocence Without Protection"]

[Text] Judging by our telephone survey, on the first weekend in June the citizenry had only just begun to feel in a personal way the consequences of the quarantine in which a decision of the UN Security Council has placed FR [Federal Republic] Yugoslavia, that is, Serbia and Montenegro. It is no wonder, then, that most of them are not yet taking any serious steps to protect themselves and their families—such as creating sizable food stocks, cutting back spending, additional sources of income, and the like.

Three-fourths of those surveyed judge that the UN sanctions will be short-lived—no more than a month or a few months at the most was the most frequent answer—and that the prospects for military intervention are minimal. It is understandable, then, that two-thirds of those polled feel that the "unreasonable demands" from the world should not be heeded—it is enough to fight for the "truth to get through."

Elections to the federal Assembly and opstina assemblies in Serbia, which two principal opposition parties—the Democratic Party [DS] and the Serbian Renewal Movement [SPO], boycotted, were held on the day the sanctions were proclaimed (31 May). This did not prevent most of the respondents (again two-thirds!) to consider the assemblies elected in that way legitimate. There was still greater consensus (nearly three-fourths) on the point that no peace demonstrations "under tents" have a

chance of bringing down the present regime. However, consensus does not exist in predictions of the future course of events if the regime should nevertheless fall. Three approximately equal oppositions emerge: that free elections would be organized, that the opposition would take power without an election, and that they do not know what would happen.

In such a situation, confidence in politicians has weakened considerably by comparison to the situation this April. There are more people who do not trust anyone, and all the leading figures have lost some of their earlier popularity. The overall picture has also changed. There is no middle group between the leaders and the stragglers—after Slobodan Milosevic and Vojislav Seselj, who received more than 20 percent of the votes, another seven names are mentioned with less than 10 percent.

#### A Specific People

One sympathizer of the SRS [Serbian Radical Party] who did not want to remain anonymous (Slavoljub Nikolic, age 42) succinctly made the case for his belief that we have sufficient reserves in the country to withstand a blockade as long as it might last: "We will certainly survive, we are a specific people."

This is confirmed in the answers to all the questions on the sanctions. One out of every five participants in the June NIN Forum has not felt the consequences of the sanctions personally at all, slightly more than half are feeling them a bit (quite a few of them only mentally, in a change of mood, their own and members of their household), and only one-fourth are seriously threatened. It should, of course, be borne in mind that the participants in the NIN telephone survey, although they were selected at random from the telephone directory, are not a realistic cross section of our population, but considerably above the average, especially in terms of their material position.

Not everyone is as calm as the housewife (age 60) from Sremska Mitrovica, who says: "At present, life is going on as usual." For some people, peace has been disturbed by dark clouds which they see in the distance: "I still have not felt any consequences, but later there will be a general chaos" (mathematics teacher from Velika Plana, age 52). A pilot from Belgrade says that he is "angry and frustrated." Ljubinko Spasojevic of Subotica (PTT installer, age 52) feels "a great nervousness at work" because he is the "only Serb among the Hungarians," and a 36-year-old chauffeur from Leskovac says: "I am a chauffeur, but I cannot drive." For some people, the dark clouds have already moved overhead: "I am worried about survival" (Djordje Stankovic, age 57, machinist from Vladicin Han); "It could not be worse" (a worker from Krusevac, age 43).

A majority is doing nothing by way of protection against the sanctions. "I did my part by casting my vote in the election, the rest is up to the government," says Milan Vukicevic (age 52), a worker from Cuprija. Jovan Aleksic (age 73), a pensioner from Belgrade, "has given

up on everything," and a 26-year-old machine designer from the same city "is waiting for something to happen." A cloakroom attendant from Belgrade (age 42) is among those who are beginning to adapt a bit to the blockade: "I have cut down on drinking." There are also those who are making more serious preparations, such as the pensioner from Krusevac (age 63), who is buying "food that is short and that is going to become more expensive," or like the officeworker from Leskovac (age 55), who is moonlighting "for a private operator, even doing physical work." Some only notice serious preparations in their vicinity: "They have armed themselves to the teeth" (a businesswoman from Belgrade, age 35).

### Pessimists and Optimists

The majority do not expect the sanctions to last long, nor to escalate into military intervention against Yugoslavia. Within this group of 75.6 percent, 26 percent foresee a duration of less than a month and 25.5 percent between two and six months. Only 6.5 percent think it could be longer, and 18.5 percent do not know how to be more precise ("it will not be long"). Within that group of participants in the June NIN Forum, the view prevails that our country has sufficient reserves to withstand this siege (55 percent).

It is different when it comes to evaluating our capabilities of defending ourselves militarily in case a military intervention should occur. The largest group thinks that our chances are slight (24 percent) or nonexistent (22.3), but a fourth nevertheless believes that such chances exist (25 percent). There are quite a few who did not enter into estimates of that kind (28.5 percent).

Not all the pessimists are as depressed as the 72-year-old metalworker from Valjevo (a sympathizer, incidentally, of the SRS), who says: "All of Serbia would die." A worker from Krusevac (age 45), who is a sympathizer of the SPS [Socialist Party of Serbia], views this in specific terms: "If they attack us, I can only put up my hands, because it is 10 km to the shelter." A librarian from Belgrade (Nedeljka Cupurdija, age 57, a sympathizer of the DS) and a civil engineer from Nis (Nikola Stojanovic, age 61, member of the SPO) show a certain familiarity with military science, and they distinguish the possibilities of defense in the air and defense on the ground ("the air force has no chance, but the infantry does"), and he concludes from the historical experience of his people ("Serbia is a good fighter only with the help of allies").

The optimists also take realistic assessments as their points of departure. "Quite a few of us will die, but Yugoslavia will remain," says Petar Menjak, a mechanic from Belgrade who voted for the SRS, and a highly skilled worker from the same city (age 60), who says that "we are not really secure, but we must be dignified." A machinist from Obrenovac (age 62, a sympathizer of the SRS) goes a step further: "This will be a second Vietnam and Afghanistan for them!"

After all of this, it is not surprising that almost two-thirds of the respondents feel that the best answer to the sanctions is to fight to get the truth out into the world. Some want to improve our propaganda, and others feel that it is enough to preserve our independence ("We do not like to be dictated to," says a 54-year-old woman lawyer from Belgrade).

Among those who favor acting in conformity with the demands of the UN Security Council, some add that we should continue to fight to get the truth out. Together they make up a third of the respondents of the June NIN Forum. It should be recalled that in the middle of the survey (Saturday evening) the news arrived about Branko Kostic's letter to Butrus Butrus-Ghali in which he expresses Yugoslavia's willingness to act in accordance with Resolution 757. When they speak about the demands, those with whom we talked usually had in mind the withdrawal of the JNA [Yugoslav People's Army] from B-H [Bosnia-Herzegovina] (half) and the cessation of hostilities (slightly less). Disbanding the paramilitary groups, facilitating humanitarian aid, etc., was mentioned quite rarely.

### The "Tents" Have No Chance

Serbia's domestic political scene was marked by the postelection activities of the opposition, who before the first weekend of June were joined by members of the academy (so far, 46 signatures were below a demand to President Milosevic that he withdraw for patriotic reasons). The two strongest opposition parties accompanied contesting the legitimacy of an election in which they did not take part by an insistence that on turning over authority to a transitional government that would organize elections for a constitutional assembly.

The question "Will the assemblies (federal and opstina) elected in this way be able to legitimately decide in the name of all the citizens?" was answered affirmatively by two-thirds of our respondents (65.5 percent), and negatively by slightly more than a fourth (27 percent). There were not many undecideds (7.5). The domination of the affirmative responses was particularly pronounced among the older generations (over age 25: 72 percent as against 13 percent), while considerably moderated in younger people (under age 35: 53 percent as against 38 percent).

What are the prospects that the regime will fall under the peaceful pressure of the public?

Judging by the answers of the respondents of the June NIN Forum, the prospects are poor. Only one-third of the respondents believe that the present government could be driven to retreat in that way. The most frequent explanation for the negative answer is that "that is not the way" in a parliamentary democracy (29 percent), then that "the people is against that" (15.5), and slightly rarer that "the government is firm" (9 percent) and that "the opposition is weak" (7.5).



Those who give the "tents" a chance feel that this is the "right way" under these conditions (5 percent), that the "time has come for changes" (3.5 percent), that "today everything is possible, even though they do not have the support of a majority of the people" (3.5 percent), and some of them simply hope that this happens (3 percent).

There was a significant division of the respondents when they were placed in a situation of foreseeing the future course of events if there should be a withdrawal of the present government by some chance. The largest group expresses confidence in the survival of the institutions of our young and fragile democracy ("they would organize free elections"), although there are also those among them who do not like the opposition ("... but the opposition will lose once again in those elections" in the opinion of 4 percent of the respondents). There is a slightly smaller, but not much smaller, group of those who have no confidence in the opposition ("they would take power" without an election—believe a third of the respondents), because they think that the opposition cannot take power otherwise. Almost the same number does not know what would happen "if that happened."

In response to the question of what segment of society could make any very significant changes for the better, the most frequent groups mentioned are the university students (25 percent), then workers and intellectuals (19.5 percent and 19 percent, respectively), and less frequently the peasants and secondary schoolchildren (6 percent and 3 percent, respectively).

Could that be the king, who has announced his imminent return to the country, and we hear more and more frequently that he could "restore to Serbia its reputation in the world and calm the internal friction"? A large majority of participants in the June NIN Forum do not think so (69.5 percent), because they believe that Prince Aleksandar lacks the personal attributes for something like that (20.5 percent), or because they do not believe in the monarchy (20.5 percent). Explanations that "no one on the outside can help us" or that "the king would cause new conflicts," and so on, occurred somewhat less frequently.

If no one from outside can help us, we can at least take a position toward those figures who are present on the domestic political scene? The book has been shortened to two letters—might be the briefest conclusion to be reached from the responses of our survey. Only two names are mentioned more frequently than 10 percent—Milosevic and Seselj, who also headed the list earlier. But the June NIN Forum shows a certain decline of confidence even for them. In Milosevic's case, this is pronounced (from 42 percent in April to 32.5 percent now), but Seselj has also fallen below the limit of 30 percent (from 31.5 percent to 27 percent).

All the rest are bringing up the rear—between 8.5 and 5.5 percent. Among them, there have been minor shifts, but the differences are not significant. Paroski, Jovanovic, B. Jovic, Kostunica, and B. Kostic moved up a bit, and

Kosutic and Micunovic dropped down a bit on the ladder of confidence. In the case of the latter two, this is a continuation of a trend manifested earlier. The curve for Budimir Kosutic has been falling since January for understandable reasons: the new Serbian prime minister did not give him a solid place on his team, although in the Zelenovic government he was the most agile deputy prime minister and a kind of spokesman. It is more difficult to explain the constant drop of confidence in Dragoljub Micunovic, which has also been more pronounced since January, when it held at the December level of 25.5 percent.

[Box, p 24]

### Only a Third of the Women

Following the May break because polling was prohibited during the election campaign, on Saturday and Sunday, 6 and 7 June 1992, we again held the NIN Forum over the telephone with 200 citizens of the Republic of Serbia selected by the method of "random sample" from telephone books.

At the end of the first week following proclamation of the sanctions of the United Nations against FR Yugoslavia, the main topic of our mini public opinion survey was "life under the embargo." Women showed no particular interest in this topic, and their participation dropped to one-third of the respondents, as is usually the case in political polls (in the April NIN Forum almost half of them spoke about the drop in the standard of living).

In any case, the composition of those polled was mainly the same as it always is in our surveys of this type: Those over age 55 represent one-third, and those under age 35 barely one-fourth: among the two-thirds who are gainfully employed, most are in worker occupations (28 percent) and specialists 23.5 percent), and slightly fewer are technicians and officeworkers (18.5 percent); most of those who are not working are retired (20 percent), and students and housewives were minimally represented.

The party commitments of those polled also do not depart considerably from those in earlier "NIN Forums." More than half are neither members nor sympathizers of any political party (57.5 percent), the SPS has the largest number of followers (29 percent), followed by three parties among whom there are no great differences—the SRS, DS, and SPO (9.5, 7.5, and 6 percent, respectively).

The multiparty Supervision Committee of the "NIN Forum," which we formed in April from representatives of the SPS, SRS, DS, and SPO, did not manage to meet at the appointed time this month. We hope that the wording of our questions did not lose anything of its disinterestedness for that reason.

### Results of Poll on Sanctions Against Serbia

92BA1122C Belgrade POLITIKA in Serbo-Croatian  
19 Jun 92 p 7

[Article by Dj. Martić: "They Expect Misery, but Not Intervention"]

[Text] *Results of a public opinion poll on the sanctions. In the Partner Agency's poll, the respondents usually answered that the most serious sanction was the oil embargo, and that there would be hunger but not a foreign military intervention. According to the most common opinions, the way to eliminate the sanctions is for the truth to get through to the world. Almost a quarter of the electorate would vote for the SPS [Serbian Socialist Party], and 15 percent would not vote in the June elections.*

Among the sanctions affecting Serbia, the most serious is the oil embargo, the blockade will end in three months, and the most serious consequences will be misery and starvation, but there will probably not be a foreign military intervention. These are the most common answers (between 35 and 43 percent of the respondents) obtained in a poll on the attitude of public opinion toward the sanctions by the UN Security Council. The poll was conducted by the Partner Agency, and the results were presented to the public yesterday at a press conference.

In second place in terms of the number of answers to the question about the sanctions are those according to which the most serious punishment is the economic blockade, and it will last for half a year, with economic problems as the key consequence. In response to the question about whether there would be a military intervention, the respondents in this second largest group of answers (between 24 and 31 percent) say that they do not know.

The least common answers (between 6.8 and close to [figure indistinct] percent) were that the most serious sanction was the transportation blockade (or all the UN Security Council measures equally), that it would last for more than a year, the consequence would be civil war, and there would probably be a military intervention.

#### For the "Truth To Get Through" and a "Change in Government"

Total pessimism was thus least common in Serbia, but on the other hand, there is no unreserved optimism in the answers, according to the results of this poll.

In response to a question about what should be done first of all to eliminate the sanctions, in almost 40 percent of the cases the answer was that the truth should get through, and then in only almost 30 percent of the cases, the answer was a change in government. A group of about 16 percent of the respondents think that only fulfilling all the demands would lead to elimination of the sanctions, but the group that thinks that nothing

should be done except to endure is not negligible either. There are 12.5 percent of them.

A classification according to party orientations showed that among those who think that only having the truth get through can eliminate the sanctions, the socialists are the most frequent (more than 60 percent of the respondents), and the least frequent voters are SPO [Serbian Renewal Movement] sympathizers (between 10 and 15 percent). In contrast to this, as many as 80 percent of the respondents who are SPO adherents think that the sanctions can only be eliminated by changing the current government. There are also such people among the socialists, but less than 10 percent, and among the Serbian Radical Party's [SRS] sympathizers (somewhat less than 20 percent).

#### Rating of the Parties

After this kind of "photo [word unclear]" of the way people are thinking about the sanctions here, Partner once again also conducted a rating of the parties among the Serbian electorate. On the basis of the respondents' answers, it was determined that 24.5 percent would vote for the SPS; 18.2 percent for the SRS; 9.9 percent for the SPO; 11.9 for the DS [Democratic Party]; 15.1 percent for the remaining parties; 4.5 percent are undecided; and close to 16 percent of the voters would not even vote at all.

It was also determined by computer that there was great disagreement with the policy of more or less all the parties. Thus, in June 28.3 percent of the respondents disagreed with the policy of the DS, as many as 40.3 percent with the policy of the SPS, 34 percent with the SRS, and 59.3 percent of the respondents with the SPO. Furthermore, the percentage of this disagreement was several points higher in June than in May for all the parties listed, except the Democratic Party. The respondents were more critical of the DS in May. All the parties were rated higher by the voters in May than in June, and that negative difference in ratings was highest for the socialists. In any case, on the basis of the answers from the respondents, the SRS received the highest average rating in June. It was followed by the SPS, and then the DS and the SPO.

#### Effect of Sanctions on Livestock Raising

92BA1126C Belgrade NIN in Serbo-Croatian  
12 Jun 92 p 11

[Interview with Milan Njegomir, general director of the Federal Fund for Promotion and Export of Livestock and Livestock Products, by D. Vesovic; place and date not given: "Death Sentence on Livestock Raising"]

[Text] "In the SFRY, agriculture contributed one-eighth of the inflow of foreign exchange. When we bear in mind that livestock raising had a share of 50 percent of that and that in 1990, say, the inflow of foreign exchange amounted to \$476 million, it is not difficult to foresee the consequences of the sanctions. I am not counting at

all the indirect inflow of foreign exchange; agriculture, for example, had a considerable share in tourism. In that Yugoslavia, Serbia had a share of 33 percent of exports and 50 percent of output. Plans for this year called for Serbia to export \$150 million worth of livestock and livestock products. In the first five months, we exported products worth \$35 million.

"Our position is also difficult because the five-year contract with the EC expired on 31 December and was not renewed. To our misfortune, certain countries like Hungary, for example, all of a sudden were given a more favored position than us, and we fell into the so-called third category.

"It is no exaggeration to say that our meat brought the highest price. The European Community was in certain periods paying 30 percent for it than for the same kind from other countries. Because of the quality, of course. Lamb from Yugoslavia, it is well-known, is the highest quality in Europe, and the baby beef was known throughout the world. In spite of the import levies at rates between 30 and 40 percent which the EC countries were paying because they were buying meat from a country which was not a member, our products had excellent sales. In addition to 8,000 lire, the Italians had to pay another 4,000 lire for the import levy and bought meat from us, although Belgium was offering the same kind of meat at 9,000 lire without the import levy. It was a question of quality. Our meat does not contain pesticides, the livestock has a special diet, it is fattened within a particular period of time. What does that Italian market mean to us? Eighty percent of total exports went to the EC, and 70 percent of that to Italy. We also had the countries of the Mediterranean, Libya, Tunisia, Egypt, Lebanon, and then Iran, Iraq.... Of all U.S. imports of canned pork, all of 15 percent came from us. Because of the sanctions, we are losing a market, and other countries are jumping into our place—Hungary, Denmark, Poland....

"Something must be done. But the domestic market is reduced, the purchasing power of the citizens has been diminished. How to maintain production? It takes a few years to replenish the livestock herds, and during that time importers turn to other markets. The only thing left for us to do is to somehow maintain production and wait for the sanctions to be removed. If we are to survive, we have to market what has been frozen on the domestic market and deliver fresh meat abroad. I say this provided we maintain the level of production, that we do not lose our trading partners, and that the sanctions of the EC do not last long."

#### **Party Leaders on Cosic for FRY President**

92BA1105A Belgrade POLITIKA in Serbo-Croatian  
17 Jun 92 p 5

[Article by M. Pesic: "An Ideal Person for Political Compromise"]

[Text] Following the first impressions of the choice of Dobrica Cosic, member of the academy, to be president of the Federal Republic of Yugoslavia [FRY], there have

come deeper public assessments of the address delivered by the leader of the third Yugoslavia.

"It would be bad if Dobrica Cosic is supposed to be an additional screen for the current policy in order to divert the attention of the public from the events in Serbia to the events in FR Yugoslavia. Were that to happen, the new president of the federal state would lose his credibility in a matter of a few days. If the point is to keep Slobodan Milosevic in office, then all this is a big mistake," that was the only reservation about Cosic's election as president of FR Yugoslavia uttered yesterday by Dr. Zoran Djindjic, president of the Executive Board of the Democratic Party [DS].

#### **A Step Further From War**

Reluctant to believe that anything like that was possible, Djindjic went on to say that Cosic is an ideal person for political compromise, one who will initiate the political transformations that are so necessary. "Those fundamentalists who reproach Cosic for not having adopted a sufficiently radical commitment to change should think over whether that kind of change would speed up or slow down democratic processes in Serbia. At the same time, Cosic must urgently summon representatives of all the important parties in the country in order to organize a roundtable discussion on the conditions for democratic and fair elections, which should be held by the end of this year," Djindjic added.

The second move which the Democrats expect from the new president of the FRY is to summon for a conversation the representatives of the ethnic communities and ethnic minorities in order to reach an agreement with them on establishment of definitive interethnic peace in Serbia. The choice of Dobrica Cosic means to Dr. Zoran Djindjic that no room has been opened up for maneuvering, which at the same time means that we are a step further from civil war, toward which we have begun to move in serious fashion.

It does not leave a good impression, Nikola Milosevic, member of the academy and president of the Serbian Liberal Party [SLS], feels, that Mr. Cosic has agreed to be proclaimed president by a body elected in undemocratic elections, organized according to the scheme of the incumbent party and its allies. Nor is much good likely to come from the fact that we know Mr. Cosic as a man who in all decisive moments has supported the present regime and the present president of Serbia, opposing, among other things, the notion in a recent assembly of the Serbian Academy of Sciences and Arts in which a group of members of the academy called for Slobodan Milosevic to submit his resignation.

#### **Are We About To See Cosmetic Alterations?**

"It can be rightly assumed that Mr. Cosic's mission will mainly be that of a firefighter. Above all, to neutralize

DEPOS [Democratic Movement of Serbia] and the Serbian opposition, and the purpose would be to preserve the present system, with only certain minor cosmetic alterations," Dr. Milosevic said.

The choice of Dobrica Cosic as president of the new Yugoslavia restores hope, believes Milosav Jovanovic, president of the Radical Party of Yugoslavia [RPJ], that reason, tolerance, and democracy will come forward on the political stage of Serbia and Yugoslavia. According to him, Cosic is an authoritative figure both for the opposition and for the powers that be. Jovanovic hopes that the new president will be able to achieve in large part the political will which he set forth in his famous book *Strvarno i moguće (The Real and the Possible)*.

#### **Cosic Has Not Come To Govern**

Slobodan Rakitic, chairman of the caucus of the SPO [Serbian Renewal Movement], sees Dobrica Cosic's political speech as a new speech which up to now he has never heard in the Federal Assembly.

"His speech marks a definite break with Titoism. If Cosic has been reproached for having supported left-wing political convictions and Milosevic's line, his speech yesterday does away with the division of Serbs into left wing and right wing. At this moment, I see Cosic as a symbol of national unity. We should give him a chance and let us not be doubting Thomases in advance," Rakitic said.

According to Slobodan Rakitic, there are three essential things in Cosic's speech. First, a dialogue was offered and respect for the opinions of others, and then definition of a minimum of national unity was called for, and third, overcoming the split which threatens civil war.

Dobrica Cosic, in Rakitic's opinion, has staked his literary and national reputation in this terrible time in order to neutralize the ideological and political oppositions and exclusivities and to restore Serbia to the community of European states, the vice president of the SPO added.

#### **Bozovic, Others on Government Reconstruction**

AU0307194492 Belgrade BORBA in Serbo-Croatian  
24 Jun 92 p 12

[Report on an interview with Serbian Prime Minister Bozovic by S.P. Stamatovic at the Serbian Assembly in Belgrade; date not given: "Government Stable—Reconstruction Necessary"]

[Text] [Stamatovic] Mr. Bozovic, can you give us a short comment on the eventual reconstruction of the government?

[Bozovic] My government is so stable that there is no need to talk about any reconstruction.

[Stamatovic] Is that your statement?

[Bozovic] No, it is not. How can you even ask me that?

[Stamatovic] Mainly because President Milosevic himself has recently been talking about the need for change in the government of Serbia.

[Bozovic] I, as prime minister, will soon be talking about that in the assembly.

That is what Dr. Bozovic told the BORBA reporter in a short interview held in the hall of the Serbian assembly.

Although he said it with his well-known smile and even better known frown, the Serbian prime minister will almost certainly have to make some changes.

Slobodan Milosevic, president of the Republic of Serbia, has recently mentioned the need for the reconstruction of the government in talks with students and representatives of the university.

At yesterday's session of the republican parliament, many representatives, seeking a solution to the grave economic situation in which Serbia had found itself with the imposition of the sanctions, spoke of changes in the Serbian Government, which would contribute to "halting the decline in living standards and prevent the dangerous phase of social unrest and riots." Pavic Obradovic, vice president of the Serbian Assembly, spoke of necessary changes in the government, stressing that "there is no reason important positions should be held by people who are more distrusted than they are trusted."

Many are of the opinion that the question of staff changes in the Serbian Government is currently evolving around the "degree of radicalism," since some are in favor of drastic change (which includes the proposal of 30 representatives that the assembly should express a vote of no confidence to the government), while others, including Prime Minister Bozovic, are in favor of milder changes, which would mean only the replacement of several ministers. Some opposition representatives are in favor of neither of the two but believe that the matter is far more complex and implies the question of the functioning and the organization of the republican government.

There are opposition representatives (they asked to remain anonymous) who would—if offered—enter the government, but not while it is run by Dr. Bozovic, because that would prevent them from "acting creatively and independently."

Even the ministers in the Serbian Government, to whom we spoke during the breaks in the assembly session, were unwilling to give official statements or comments on the staff changes and demands for a vote of no confidence to the government. What four ministers did tell us basically meant that the question of the reconstruction of the government was a political and subtle one, and that "it was not in the competence of certain ministers to issue

statements about it, but exclusively in the competence of the mandator, so he should be the one to talk about the matter."

Velimir Mihajlovic, minister of industry in the Serbian Government, said:

"At any rate, it would be rude for someone inside the government, be it member or minister, to talk about it. It would not be fair to one's colleagues. That is what the prime minister-designate is there for."

In unofficial talks with the representatives in the Serbian assembly, we found out that there would soon be some changes, but only concerning several ministers. It appears that the Serbian Defense Ministry will be moved to the federal level (Federal Republic of Yugoslavia), which means that this ministerial position will be abolished.

**Reorganization in Federal Administration Detailed**  
*92BA1104D Belgrade POLITIKA in Serbo-Croatian*  
18 Jun 92 p 6

[Article by A.C.K.: "Six Federal Institutions Are Being Abolished"]

[Text] At this moment, none of the competent people in federal authorities are ready to say the exact number of civil servants who are (still) working in federal bodies. Warning that in a time of reorganization, stating such figures would be arbitrary, and that also applies to the differing numbers published these days in the news media, they say in the Federal Secretariat for Jurisprudence and Administration that in coming days this secretariat will be receiving information from all federal bodies and organizations about the precise number of people they need to continue to do their work.

Up until 31 March of this year, when the possibility of terminating the employment relation in federal bodies and organizations officially ceased, with severance pay of 24 net monthly incomes, that opportunity, according to Gojko Baletic, secretary of the Commission for Personnel and Administrative and Housing Affairs, was enjoyed by 1,500 federal administrative employees (not including the Federal Secretariat for Foreign Affairs, the Federal Secretariat for Internal Affairs, and the Federal Customs Administration).

What is also certain, and has been regulated in the constitutional law, is that six federal institutions will no longer function independently, but as organizational units within various federal ministries.

These are the Federal Price Bureau, which has become a part of the Federal Ministry for Trade; the Federal Planning Bureau, whose responsibilities have been "merged" with the affairs of the Federal Ministry for Development; the Federal Bureau for International Scientific, Educational, and Cultural and Technical Cooperation, which will operate, reduced in its staff, of

course, under the umbrella of the Federal Secretariat for Foreign Affairs; the Federal Geology Bureau, which is "moving over" to the Federal Secretariat for Energy and Industry; and the Federal Bureau for Advancement of Administration, which will become a part of the Ministry for Jurisprudence and Administration.

The decision will be made in a matter of days on the number of people who will move over to those ministries.

**Lawyer Claims Election Rigged, Assembly Illegal**  
*AU0107095892 Belgrade BORBA in Serbo-Croatian*  
18 Jun 92 p 11

[Report by J. Floric: "Recount of Voters"]

[Text] The Federal and Republican Elections Committees, the Supreme Court of Serbia, and the Constitutional Court of Serbia received on 5 June identical letters from lawyer Milenko Radic, in which it stated that the elections that were held in Serbia were illegitimate because of widespread abuse, which affected the legality and the results of the elections.

The said letters underline that "contrary to Article 1 of the Constitutional law on alterations and supplements to the Constitutional law on the implementation of the Constitution of the Republic of Serbia, elections were called on 29 April 1992, although it was explicitly stated that the National Assembly would give a deadline for the elections to be held upon the cessation of the danger of war. The decision on the cessation of the danger of war was passed a month later, on 22 May 1992." Radic stressed the fact that Serbia had printed 1 million more ballot papers than there were voters, and that 682,053 voters had disappeared from voting lists.

The only institution to respond to the letter was the Republican Elections Committee with a decision of 8 June 1992 that rejected Radic's objections with the explanation that they were made too late, as "the legal time allowed to lodge a complaint is 24 hours upon the occurrence of the act that the complainant regards as irregular." Following this decision by the Republican Elections Committee, Radic lodged a complaint with the Federal Court, which then passed a decision that the complaint by lawyer Milenko Radic "is accepted as prompt, and will be forwarded to the Elections Republican Committee."

Milenko Radic commented on this decision by the Federal Court:

"The Federal Elections Committee was due to pass a decision within 48 hours upon receipt of the complaint. There were two solutions. If the Federal Elections Committee had accepted my complaint as valid, it would have had to annul the elections procedure and the elections themselves. If their decision had been negative, I would have had the right to lodge a complaint within 48 hours with the Federal Court. However, contrary to the

law, the Federal Elections Committee, and its president Rajko Nisevic did not respond either way. As this is contrary to the law, I consider that Nisevic has committed the crime of falsifying public documents, and abuse of office.

"On the other hand, the Republican Elections Committee—if it accepts my complaint as prompt (which has been confirmed by the decision of the Federal Court)—has to examine all the points I made in the letter. It is obliged to do so by the law, which states that 'the Republican Elections Committee is obliged to monitor the regularity of elections,' and if it establishes that I am right, it will have to annul the elections," Milenko Radic said.

He concluded that all this meant that the representatives in the Federal Assembly were illegally elected, that the Assembly itself was illegally formed, and that the nomination of Dobrica Cosic for president was also illegal.

### **Democratic Party's Possible Scenarios for Republic**

*AU2606182592 Belgrade NIN in Serbo-Croatian  
19 Jun 92 p 12*

["Excerpts" from Democratic Party document: "'Democratic' Scenarios"]

[Text] During a closed session of the Supreme Committee of the Democratic Party, a document was distributed that was intended for "internal use." The document is an account by party analysts of possible scenarios during the coming days. NIN gives you the most interesting excerpts.

#### **Scenario 1**

Milosevic does not resign. The negotiations between deputies' clubs end in failure. Sanctions remain, which leads to a complete economic standstill. At the beginning of July all West European embassies pull out as they do not recognize Yugoslavia. Tension rises, particularly in Kosovo and Sandzak. Possible political conflicts arise in Belgrade, which immediately lead to conflicts in Kosovo. A major incident in Kosovo, and particularly a heavy deployment of the army, leads to Albania's involvement, followed by Turkey and NATO. After that follows the military capitulation of Serbia.

#### **Scenario 2**

Milosevic resigns. Radical forces see that as their chance. Seselj makes a bid for power. That increases interethnic tension, and isolates us further from the West. If there is a consensus of the political center (including state organs), this challenge can be met. Conditions are: mutual trust among the compromising parties, army and police support, and new media policies. Another form of radicalism comes in the form of Milosevic's supporters who could delay any change. The third danger comes from the extremists from the opposition. They can be

pacified by drawing attention to the elections to be held by the end of the year, and the danger of civil war. All public opposition to the compromise stands little chance of success, provided the media is reasonable, and that the compromising sides keep their word.

#### **Scenario 3**

Milosevic is ready to resign, but the opposition, the Democratic Movement of Serbia, the church, etc., demand the removal of all socialists from power, which is impossible without force. That opens the way to Seselj, and crimes of theft become a form of social protest. In that case the support of the army and the business elite is needed. An interim government would be technocratic, and so would the State Council. Everything else would go in accordance with the Platform [document proposed by the Democratic Movement of Serbia].

#### **Scenario 4**

Milosevic does not want to resign. Agreement is not possible with the Socialist Party of Serbia. In that case, 80 signatures are needed for the demand for an extraordinary session of the assembly. That demand would have to get such wide support by the media as if it were the last chance for the salvation of Serbia. The session would have to be held by mid-June. A vote of no-confidence in [Serbian Assembly President] Bakocevic would have to be tabled at once, and he should be promptly dismissed. Then the Platform should be placed on the agenda. Depending on the development of events, everything should be aimed at compromise and peace, as opposed to radicalism and war.

### **Dissatisfied Socialists Demand New Elections**

*AU2606181292 Belgrade BORBA in Serbo-Croatian  
16 Jun 92 p 13*

[Report by M. Torov: "Severe Objections Made to Government"]

[Text] One gets the impression that the deputies—who had earlier announced that they would leave their deputies' club because they were dissatisfied with the relations within the Socialist Party of Serbia [SPS]—have changed their minds following last week's meeting of an SPS group. Does that mean that the presence of Petar Skundric, secretary-general of the SPS, and the republican Prime Minister Radoman Bozovic, and their promises have contributed to that change of mind?

As the initiators and signatories of the letter that was sent to the SPS leadership told us themselves, no agreement was reached at the meeting of the deputies' group of the SPS, nor was any real progress made. Their meeting with the Executive Committee of the SPS—which had started at 0900 on Friday as agreed—was broken up because of the said meeting of the deputies' group in the parliament. So no decisions on reconsideration of the SPS policies, as the dissatisfied deputies had expected, were made. The only progress was that the

members of the Executive Committee agreed that an SPS congress was indeed needed, as was a change in the personnel policy, but the Executive Committee rejected the demand by the rebellious deputies that new elections be called, the government dismissed, and a new concentration government formed.

#### "Platform of Independent Socialists"

These deputies are not giving up on further talks with the SPS Executive Council, which, they believe will be continued this week. They have not been wasting time in the meantime, as they have been preparing a platform of their new group of independent socialists, which they insist they will form only if their demands are not met during the continued talks with the SPS Executive Committee. They will consider forming a new party only if their demands are rejected again. But, they stress, that would only be the next stage.

What are the chances of an agreement being reached between the dissatisfied deputies and their party's leadership? "Our demands have been discussed twice, for five hours both times, which means that the problems have been taken seriously," say some of the deputies who still maintain a bit of optimism. Their main objection is that everything is moving very slowly; a large number of questions remain yet to be elaborated, and some inconsistencies in the SPS program need to be corrected, as the program was formed in the times of the federation. Special consideration needs to be dedicated to the question of restructuring the economy to suit the new conditions. This group of dissatisfied SPS deputies is particularly angered by the fact that, in the present situation, the "legal state" is not functioning more effectively. When the situation is desperate, they say, the "legal state" has to be recognizable, and everyone—the assembly, the government, and the judiciary—should do their jobs better and faster. In short, the functioning of the system should be adjusted to the newly created situation.

"We remain adamant that the local elections were held post-factum. They were illegal, so we demand that new, premature elections are called, which would be held in a tolerant atmosphere and under equal conditions for all participants."

#### Government's Invisible Measures

This group of 11 dissatisfied SPS deputies sees itself in the parliament as a reconcilable middle between the "destructive minority and the dictatorship of the big majority." Their main demand is that "everything should be aimed at having the embargo lifted." That implies a change of government. However, as they say, there seems to be no indication that this was even being considered, as could be seen in last week's meeting of the SPS deputies' group, when the government, instead of offering its resignation, offered measures against sanctions.

That meeting was a prelude to the extraordinary session of the parliament that has been called for 17 June and is

expected to be dedicated to Serbia's position under the economic blockade. The deputies have nothing to say about the government's program of measures, since they have only been told that "the measures exist." They are hoping that they will receive the material prior to the assembly session, so that they will be in a position to discuss the measures. It appears that the deputies doubt that the government has any concrete solutions for rescuing the country from the desperate situation—although they did not say so explicitly. "One cannot go alone against the whole world, and the world wants a change."

#### Assembly Session Prevented by Serbian Police

AU0307194392 Belgrade BORBA in Serbo-Croatian  
25 Jun 92 p 13

[Report by Milos Antic: "Public Promotion Postponed"]

[Text] The organs of the Serbian Ministry of Internal Affairs have implemented the decision of the Serbian authorities by blocking the approach to the Muslim religious secondary school in Pristina, thus rendering impossible—or, in the words of Fehmi Agani, president of the Democratic Alliance of Kosovo, "forbidding"—the inauguration of the multiparty parliamentary assembly of the "Republic of Kosovo." According to a statement issued by the Serbian Government, no public constitution of the Albanian assembly will be allowed in future, either.

On the same day, even before the appointed time for the inaugural session, the Albanian side, represented by Prof. Fehmi Agani, stated in very composed, not to say carefully chosen, words that the assembly would not be held within the next few days, but it certainly would be held eventually. Where and when, publicly or secretly, would be decided by a specially formed committee.

This event, at least to judge by its visible aspects, did not cause any significant upset. However, since yesterday, many things have changed in Kosmet [Kosovo and Metohija], particularly regarding the balance of political forces and the attitude of the current authorities toward Albanian attempts to create their own "paperwork" republic in Serbia. For example, a month ago multiparty elections were allowed to be held, but now the attempt to hold a inaugural session of the parliament of the "Republic of Kosovo" has been met with the first defense mechanism—the police force.

Many wonder whether this is the first direct "clash" between the Serbian and Albanian police forces, since during the blockade of the Muslim school, the Serbian police arrested four Albanian policemen, who were acting as the security in the school, and three more outside the building of the Democratic Alliance of Kosovo. As far as we know, there was no exchange of fire, but all the arrested Albanians used to be Kosovo policemen and inspectors, who, two years ago, left the then regional internal affairs service without a word of explanation. How this particular point will develop



remains to be seen, particularly as Ibrahim Rugova has announced the formation of an Albanian police force, and its appearance in the streets. Unlike Agani, whose strongest words were that Serbia was forbidding the holding of their assembly because it was against the Serbian constitution, which the Albanians did not recognize, the speakers on the Kosmet Albanian political scene make no secret of the fact that—by constituting their multiparty assembly, holding elections for president, and institutionalizing their own government—they still intend to “move the Serbs out of Kosovo,” because the latter “are the centuries-old occupying force there,” and “have no business there any longer.” They do not hide the fact that “Kosovo has been promised to us by friends from abroad,” and that “we have the patience to wait for that day.” These are, of course, accompanied by threats that “it would be better for Serbia to accept that peacefully, rather than, as has happened in Croatia and Bosnia-Herzegovina, by force.”

The Serbian side has, at least for the time being, said all it had to. True, the statement that warned against holding any illegal assembly also invited again all Albanian political parties to a dialogue, this time without a deadline. However, taking into account recent developments, particularly as it is obvious that the Albanian side is not willing to give up its intentions, it seems quite unlikely that there can be a dialogue between the present protagonists.

The chroniclers and analysts of Kosovo have already noticed that the leading Albanian forces in Kosovo benefit greatly from the postponement of the constitutional assembly, which, they know in advance, would have absolutely nothing to offer to the Albanians. One thing is certain, however. Everything that has happened (or did not happen) surrounding the fact that the said assembly has not been held, will have a considerable influence on the further developments in Kosmet. In what way, only time will tell.

#### **Albanian Parties Reject Offer of Dialogue**

*AU2806194192 Zofingen RILINDJA in Albanian  
16 Jun 92 p 1*

[Communique of the Coordinating Council of Kosovo Albanian Political Parties: “Offer of Dialogue—Effort To Deceive International Community”]

[Text] In relation to the Serbian Government’s offer of dialogue for solving the Kosovo issue, the Coordinating Council of the Albanian Political Parties issued a communique that they sent to the CSCE and other international bodies.

The Kosovo Albanians are determined to settle their cause through dialogue and peaceful means, and this position is familiar to and largely supported by the international community.

After two years of not answering the Albanians’ constant demands for general and serious dialogue, the present

Serbian communist regime arranged three one-sided meetings one after another, to which the political parties and Albanian associations from Kosovo were invited. All three invitations for these meetings were sent 24 hours before the meetings were due to start.

The content of the invitations showed clearly that they were not invitations for serious dialogue with the representatives of Kosovo Albanians, but in fact were formal meetings in the service of Serbian policy.

The Albanians could not accept such formal and conditional meetings because:

The experience of the leaders of the Albanian educational authorities in two contacts with Serbian officials shows that they were a total failure. While the first efforts for talks were made in November 1991, the Serbian authorities closed the doors of Pristina University to about 20,000 Albanian students and dismissed the entire Albanian university staff of over 830 teachers. During the second contact in January 1992, the Serbian authorities closed the Albanian secondary schools, closing the doors on nearly 60,000 students.

Finally, in spite of constant promises for the resumption of talks about Albanian-language education, the Serbian side never continued them. They have even been continually deceiving the international forums by giving the impression that the talks were continuing.

Serbian officials, including Serbian Premier Bozovic, and Obradovic, deputy chief of the Serbian parliament, have publicly declared during their recent visits to Pristina that the final goal of Serbian policy toward Kosovo is to change the ethnic structure in favor of the Kosovo Serbs and that, as far as the status of Kosovo is concerned, there can be no discussion. Bozovic repeated the same statement at a meeting of the deputies of Milosevic’s ruling Socialist Party in Belgrade on 12 June.

If the Albanian political representatives agreed to take part in such a meeting conditioned by the framework of the present Serbian Constitution of 1990, a communist constitution known as the “constitution of tanks” that finally wiped out Kosovo’s autonomy as one of the eight constituent units in the former Yugoslav federation and which the Albanian people have rejected, they would be recognizing the annexation and occupation of Kosovo.

Besides, the invitations were addressed to Albanian political parties and associations and not to the parliament, president and government of the Republic of Kosovo, with the purpose of ignoring the results of the referendum on the independence and sovereignty of Kosovo held on November 1991 and the results of the free multiparty elections held on 24 May 1992. Under such circumstances, none of the Kosovar political parties and associations could take part in deliberately conditional meetings with Serbian authorities. First of all, a suitable political climate must be created in order to conduct successful talks and meaningful dialogue. This totally depends on Serbia. The state of emergency must



be lifted in Kosovo, and the terror and repression against the Albanian population must end at once.

On the contrary, the Serbian regime increases repression in Kosovo whenever it puts forward any kind of proposal, as is shown by these facts: When the talks on education were supposed to be held in January, the Serbian police killed three Albanian parents who were escorting their children to a private school in the village of Uce. The Albanian workers at the Rilindja printing house were expelled en masse from work, and the name of the Rilindja printing house was changed to Gracanica, after a Serbian Orthodox church, on the day when Serbian Prime Minister Bozovic called for the second meeting. A large number of employees of the Feronikeli enterprise were expelled from work on the day the Serbian prime minister made the last invitation, and the leaders of the Turkish political party who took part on the 24 May elections in Kosovo were brutally mistreated and beaten.

It is obvious that Serbia increases repression and police violence against Albanians whenever it offers a communique or formal invitation to dialogue.

At the time of Serbia's total international isolation and especially after the application of the UN sanctions, when the Serbian opposition is increasing its criticism of the failure of the ruling communist regime, which includes the failure to establish communication with the Kosovo Albanians, the Serbian authorities are not offering a dialogue for a serious solution of Kosovo issue, but their purpose is to deceive the international community and the public opinion and to amortize the critics that come from all directions.

The Albanian political parties of Kosovo are ready to start the dialogue for solving the Kosovo issue in a peaceful way, but they cannot start such talks that the Serbian Government offers, which give no possibility for a success, as they are political manipulations. The Albanian political parties invite a serious and well-prepared dialogue, including the essential question of the status of Kosovo, the right of the Albanian people for self-determination based on European criteria in the presence of the European representatives or the UN. A necessary step in this direction would be the equal participation at the Peace Conference for Yugoslavia under EC patronage.

The cause and situation of the Albanians in Kosovo are very serious. Therefore, although the Albanian political representatives are open and ready for serious talks, they cannot accept participation in talks that are prejudiced to fail, states the communique signed by President Ibrahim Rugova.

**Albanians Reject Talks With Serbian Authorities**  
*AU3006124292 Belgrade BORBA in Serbo-Croatian*  
17 Jun 92 p 12

[Report by M. Antic: "Dialogue Yes, Manipulation No"]

[Text] The coordination committee of all Albanian political parties, led by Ibrahim Rugova, yesterday gave its explanation of why it had rejected dialogue with the Serbian Government. The explanation was primarily intended for the international public, since it was sent, in the form of a statement, to the CSCE and other international institutions.

"Albanians cannot accept the formal offer for talks," the statement said, since after the first contact with the Serbian authorities "the latter shut down the university," after the second contact they "shut down secondary schools," and when the talks were supposed to be renewed Prime Minister Radoman Bozovic and the vice president of the Assembly, Pavic Obradovic, announced that "the status of Kosovo was absolutely not to be discussed." The Albanians in Kosovo favor dialogue and a peaceful solution to the problem, but "the international community can be assured that this is impossible under the circumstances, particularly as these talks should be well-prepared, while the Serbian side is proposing them 24 hours before they are supposed to start." These are not "serious proposals for dialogue, but demands for formal meetings which are on the agenda of Serbian daily political interests."

The international factors are reminded that "in 1990 Serbia adopted a tank [tenkovski] Constitution, which abolished Kosovo's autonomy," so "the state of emergency should immediately be lifted in Kosovo and the terror against the Albanian people stopped if there is to be a serious dialogue with the Albanians." Then there is a reminder that "the Albanians have their own political parties and citizens' associations, their own parliament, government, president of the republic—all elected in free multiparty elections—and they had their referendum, which gave full support to an independent and sovereign Kosovo, so no party or individual or the elected representatives can breach the will of the Albanian people, nor make contact with the representatives of the Serbian authorities."

The statement goes on to say that the Albanians cannot accept talks with Serbia also because it is in international isolation and because its own opposition is trying to overthrow the Serbian communist government. Thus, accepting talks with that government would mean amortizing all criticism aimed against it.

The statement ends with the following: "The Albanian political parties from Kosovo are ready to begin talks for a peaceful solution to the problem of Kosovo, but cannot, at the moment, accept the proposal by the Serbian authorities, because it represents political manipulation. We want a serious dialogue of equals, which will concern the status of Kosovo and the rights of the Albanian people, which have been confirmed by their support of self-determination, according to European criteria. We want a dialogue that will be attended by representatives of Europe and the UN. That dialogue would imply the direct participation of Kosovo in the peace conference on Yugoslavia under EC auspices."

#### **Macedonian Daily on VMRO Weapons Case**

*92BA1118A Skopje NOVA MAKEDONIJA  
in Macedonian 6 Jun 92 p 16*

[Article by S. Markovski and P. Trajkov: "Birth of Terrorism or Forbidden Possession of Weapons; Defenders and Sinners"]

[Text] *With whom, how, and from whom is the VMRO [Internal Macedonian Revolutionary Organization] Defense Committee defending Macedonian sovereignty?*

As we already wrote, at the end of April, Krum Cuskov (63), his son Goce Cuskov (36), Gjorgi Kalauzarov (64), and Petre Konevski (42) from Titov Veles, as well as Zharko Petrushev (29) and Stojce Delevski (31) from Tetovo, were detained. All six were sentenced to one month in jail and an investigation because of substantiated doubts that they owned firearms and explosives. Although the police so far have made only an extremely brief announcement, one can read between the lines that it was not exclusively a question of possession of weapons and explosives because, in such a heated situation as exists today, it would be difficult to find a person who does not illegally possess some kind of weapon. As to the explosives, the usual justification is that the person wants to dig a well. However, it was precisely this "unfinished" communique, timidly presenting knowledge and results, as well as the "inaccessibility" of the investigation and the township prosecution in Veles that were the reasons for an independent journalistic investigation of the detention of these people. This became necessary above all because, from the end of 1989 to the beginning of April of this year, there were nine grenades thrown mainly at the houses of noted personalities in Titov Veles and the building that, until recently, was the Yugoslav People's Army Club. Without claiming total accuracy, the investigation has helped us to establish a rather reliable picture of the situation and the involvement of the detainees in the explosions.

#### **Thwarted Political Scandal**

The start of such explosions in Titov Veles goes back to 1989, when four explosions occurred, two each at the houses of the now deceased Stevo Strovjanov, at that time director of the Medical Center and chairman of the

township committee of the League of Macedonian Communists, and that of Stevo Kjulumov, director of the Economic Bank in Titov Veles. There were no explosions in Veles in 1990. Last year, however, such activities were resumed, with even greater zeal. First, on the night of 30 July, a hand grenade and a Molotov cocktail were thrown at the Yugoslav People's Army Club, and, somewhat later, there was an explosion in front of the house of Trajce Dzhalev, the Porcelanka director. A third attack was directed at the Kjulumov house. The explosions continued this year as well. At the end of January, a device was exploded in front of the house inhabited by Boris Mimov, director of the Derben communal enterprise, and, on the night of 2 April, another explosion occurred in front of the house of Stojan Nikolovski, commercial director of the Lozar Agricultural Combine.

The police investigated all nine explosions carefully and drew up a list of perpetrators, detailing what each member of the group had at his disposal. However, possession of weapons and explosives, without specific proof of their use, is not a serious crime. That is why we believe that the police organized the surveillance of the suspects and waited for the next explosion. However, it was precisely then that, in all likelihood, the police were informed that a connection would be established between the group in Veles and a similar group in Tetovo. In that regard, there were indications that there would be an eventual detonation on the premises of the PDP [Party for Democratic Prosperity] and the NDP [National Democratic Party] in Tetovo. If no such activity occurred, all the police had to do was broaden the net and wait for the action. However, awareness of the objective also implies taking a tremendous risk, in which even the slightest error in evaluation would result in a political scandal with much broader dimensions. For that reason, the police decided that the safest thing to do was terminate the game of experienced terrorists and naive policemen. Accordingly, in the second half of April, six of the individuals were arrested in Kalauzarov's country cottage while delivering explosives.

The reasons for the existence of the group and its activities can easily be surmised by a more extensive look into the origin of the Veles "terrorists." More specifically, Krum Cuskov is a "known sapper." Many years ago, in his youth as well as immediately before the war, he was tried and sentenced for detonating explosives. At that time, Cuskov, along with several contemporaries, was making bombs in the hut in his family's vegetable garden. He had already committed some actions and detonated explosives. The trial is remembered for two reasons. First, to prove to the court that it was only a matter of children playing games, the accused showed up in court wearing shorts. Second, Cuskov later claimed that he had been tried for engaging in VMRO activities, and those who remembered the trial added that he had been sentenced for supporting the ideals of Vanco Mikhajlov. We do not mention this incidentally because a rich library of works was also confiscated (propaganda material), which consisted of everything Vanco Mikhajlov and the Supremacists, in general, had published.

### Self-Defense Committee

This subtitle is self-explanatory. It was in a recent interview that "Commander" Nikola Veljanovski, a member of the leadership of the VMRO Defense Committee, said that those detained were members of the Defense Committee and that they had nothing to do with the explosions in Titov Veles. The leader also said that the committee has 100,000 armed people in Macedonia and throughout the world, trained in terrorist actions and ready to act when necessary. All of this would be considered a "revolutionary victory" in defense of Macedonian sovereignty. Nonetheless, the activities of the Veles group and the Okhrid supporters of Veljanovski say that the committee was created to protect the members from sanctions that might be imposed by a law-governed state or, in other words, to give the membership the right to do whatever it wants with impunity.

In that context, according to available information, Veljanovski's statement is a case of pure party-line marketing. More specifically, throughout Macedonia, according to available information, there are no more than 50 members of the Defense Committee. The extent to which they are fighters in defense of Macedonian sovereignty is best proved by the fact that most of them, particularly the leadership, have served long prison sentences and have been tried a number of times. They now claim to have been persecuted for dissidence.

Somehow these "defenders" seem to forget that, in all countries and in all laws, crime and violations of the law of all sorts, thefts, and terrorist actions are known by their true names and are subject to the same kind of penalties.

### Unenviable Situation

There is yet another fact that proves that this committee was indeed created to protect the membership from the law and to change public opinion and draw attention away from themselves and from their anarchy—namely, if the Veles group wanted to continue the traditions of the true leaders, it would have insisted on maintaining a high morality among the membership. Actually, such people have been exposed in their true light as ordinary despicable persons. One of the prisoners "recited" the entire membership of the group. Thus, recently, Nikola Vasilkovski (26) and Dragi Mitrev (28), both VMRO members of the assembly in Titov Veles, and Dragi Karov (36) and Beno Kjurciev (27), all of them unemployed, were detained. They are all suspected of being supporters of the ideas of the two Cuskovs and Kalauzarov.

Whatever the case, we can say that terrorism in this land is undesirable and unnecessary and that it should be uprooted. If today the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] has such an organization, who is to say that clandestinely, like secret bandits, similar organizations may not have been set up by other

parties as well? In that sense, if anyone starts to determine what his rights are, what are the chances that, as of tomorrow, with or without reason, we will not turn into something like Lebanon or Bosnia-Herzegovina? This leads us to something else. All parties must act decently and responsibly because we are dealing with the civilized world and because all of the activities in this area are being watched. There are specialized organizations both in Europe and in each individual country in charge of tracking the activities of terrorists in the struggle against them. In the past, NOVA MAKEDONIJA, using a report from the [U.S.] Department of State, cautioned the VMRO-DPMNE against a similar situation. It is this specific notification that mentioned the existence of an extremist group within the largest Macedonian party. As a result of this, the VMRO-DPMNE distanced itself from the extremists. However, the "purge" was halted halfway through. Why? The answer is very simple: The healthy nucleus of the VMRO-DPMNE found out that it could not reject those who had brought it victory. In other words, the question is what would the situation have been in the electoral campaign and in the elections themselves if the VMRO-DPMNE had found itself without Veljanovski and his activities against the other parties in Okhrid, or, similarly, without Crnomarov, in Bitola, or Kalauzarov and Cuskov, in Titov Veles? They may not even have won the elections. That is why it appears that the Defense Committee (such as it is) will be the most troubling element for the VMRO-DPMNE.

[Box, p 16]

### Sentencing on 12 June

We found out from unofficial sources that yesterday the township court in Titov Veles completed its investigation of the 10 jailed individuals, based on a substantiated suspicion that they illegally possessed weapons and explosives. Charges have been filed against all of them, and a public trial will be held on 12 June in the township court. Because of the unusual and legendary discretion of the township prosecution, we are unable to determine the specific charges. We do not know why the prosecutor has the right to keep the indictment a secret. However, in this case, this is not essential. We shall wait for 12 June.

**Macedonian Minister on Police Role, Arms**  
*92BA1107A Skopje NOVA MAKEDONIJA*  
*in Macedonian 20 Jun 92 p 13*

[Interview with Prof. Dr. Ljubomir Frckovski, minister of internal affairs, by Julijana Kocovska; place and date not given: "There Is No Such Thing as Democratic Police"]

[Text] *A democratic society has its police. So far, all activities of the MVR [Ministry of Internal Affairs] have indicated that we are acting within the framework of the Constitution and the law, regardless of the heated political atmosphere and the pathological interest in the police displayed by half-baked*

*political parties. There has been more than enough proof concerning the action in Radolista.*

Many people found it incredibly strange for Ljubomir Danailov Frckovski to become the nation's top policeman. An ambitious professor at the law school and known as a person belonging to the democratic "blood group," he is not reluctant to say that he could have blocked and rejected the pressure to assume the head of that ministry, but that was something he was unwilling to do. Conversely, as he says, he sat down and drew up a program in which he challenged the police to define itself in a democracy and to eliminate any possible abuse on the part of the police. In a sense, this plan is transitional, as was his participation in drafting the Constitution, and he believes that his involvement in these two projects will be quite satisfactory in terms of his excursion into politics, Frckovski says.

[Kocovska] When you became the chief policeman of the Republic, you said you joined a ministry that, in practical terms, constitutes a "state within a state." Is something different now, and, if so, what is it? And is it found in the police or in the person who has long been known as a fighter against repression?

[Frckovski] I am, above all, a professional in everything I do. The rules of the game within the police are more or less defined, and they do not change. What does change is some relations between the police and other structures. One either accepts the rules or does not accept them, and, if one does accept them, one must define them precisely in order to avoid the syndrome of the bull in a china shop, whereas, if one rejects them, one should avoid becoming involved in intrigues. I always find it difficult to deal with people within such large structures: One always has to deal with human lives, which are always complicated. One must see to it that one remains clean and works with the belief that he is doing the right thing.

I do have an idea as to what the police should be. The basic principle is the separation of the police from politics, regardless of what one may think, and the fact that there will always be comments. The second plan is the internal structure that must be maintained in accordance with the concept you hold; if the police structure does not support this, eventually it may tolerate it while you are at the head, and then the wheel turns around. This means that it is possible to make a structural change in terms of support of the idea of depolitization. Third, there will be people behind you, and there will be people who will not work behind your back—something that is very easy to do. This applies precisely to a situation in which you are holding the reins of the ministry in order to be able to assume responsibility for the steps taken by the ministry. On the one hand, I realized this clearly. On the other, I was helped by my character. In this case, I was facing a problem: Your character either helps you or prevents you from working. I believe that, in that ministry, if the plan is rational and complete, to the extent to which it is supported it will function, and one can already see results.

### Wrong Neologism

[Kocovska] Has the image of Minister Frckovski remained clean? The main question in the cases of Kuklis and Radovis to this day is this: Did someone beat up on the people, and was force used? Naturally, is it possible, in general, for the police to be idealized to the point of being considered democratic?

[Frckovski] The concept of a democratic police force is the wrong neologism. A democratic society must have police. Therefore, there are police forces that function the way contemporary police forces should function; in a democratic society, this means there are limits and ways of controlling the activities of this segment that has a monopoly on the force. There must be a parliamentary, a governmental, control by the public, and there must be clarity in the use of such force and a clear definition of the rules of activities. Second, as to the most sensitive element of the functioning of the police—the use of force—I believe that both the ministry and the public were in very poor condition. To begin with, this was like a trick mirror. The main training in democracy was perhaps not a spoiled but a twisted police structure that acted as the stooge of the authoritarian society. On the other hand, the main training of the so-called parlor democracy was based on the fact that little criticism was addressed to the main culprit, and always in elegant terms. This created an area of superficial moralizing as to the meaning of democracy and the meaning of police.

I was aware of the fact that there will be tests, regardless of whether you think the program is good or not. There always are test cases after a couple of months, and, at that point, one should concentrate on the most sensible area: the use of force, which will prove whether the concept is functional. I believe that, in all three cases—the cases of Kuklis, Radovis, and Frangovo—we were able to stick to that line: The use of force was strictly in accordance with the law. It is my profound belief that, in the course of that test, we proved one thing: that we are functioning within the framework of the Constitution and the law, regardless of the heated political atmosphere and the pathological interest in the police shown by half-baked political parties. Within some such parties, love for the police increases, and the police become synonymous with power structure.

### Rules of the Game

[Kocovska] Were public feelings aroused as a result of the Radolista action?

[Frckovski] Radolista is a special case of a rather regressive and quite arrogant relationship between Albanians and the police. In the majority of cases, in these three or four Albanian villages surrounding Struga, the police provided no pretext for the incident. Neither was police strength increased nor were there special relations with the peasants or demands for identification, discussions, fights, or the use of force. Conversely, there were efforts to encourage an extremist internal political behavior, probably influenced by the long-existing traditions of

negative behavior in dealing with the state authorities of the Republic of Macedonia. However, this is not a police problem. It becomes a police problem when these elements assume the aspects of illegal arms trade, leading to the establishment of alternate or parallel authorities and other criminal actions, such as drug trafficking or attacks on officials, which happens frequently. In the case of Radolista, there were quite a few indications for the need to act in a way that has not been seen in Macedonia not only since it was liberated but at least for the past 20 years. We believed that the action we took was absolutely necessary, first to confiscate the weapons, and second to define the rules of the game according to which the police should do their work and the citizens behave the way they should behave in a democratic country without the need of paramilitary formations or authorities.

[Kocovska] Could this action lead to increased tension in the already brittle interethnic situation in that area? It was said at the meeting in Struga that, should such intervention occur, the population in the area would organize its own self-defense.

[Frckovski] I believe that, to begin with, this is demagogic and that such efforts at establishing a defense force are being made in a situation in which there is no reason for such a force. Second, in general, I do not think matters are all that simple; they are much more complicated. The main problem is to formulate the rules of the game. In all such actions, one must not cross the delicate line of legality and fair play, and it must not become a matter of a manifestation of power over the citizenry. We are working toward a specific objective that, once achieved, will mark the end of the action. This is a fine point on whose basis the entire action must be gauged. We believe the operation was carried out very well, even excellently. Such actions always excite the population and are not pleasant for us and even less so for the villagers, who are not to be blamed. In any case, that is what we thought had to be done. We achieved this objective with not a single casualty, which, to me, was extremely important. It was precisely for that reason that there was such a heavy concentration of police. With fewer policemen, the illusion might have developed of creating a resistance, at which point there might have been real casualties. We nipped the matter in the bud with fast action. There was greater resistance in two or three houses. We avoided taking immediate action and tried to settle the matter with discussions, which is why the operation took four hours, even though we had planned to complete it in two.

Therefore, inasmuch as we applied these rules of the game within the framework of the law, we had no problems, and we showed understanding of and respect for the people. If one implies weakness in controlling the terrain, one cannot participate in any discussion and one becomes practically nothing. It is at this point that the parlor democrats are mistaken in saying that one can make decisions while avoiding a delicate situation in on-site relations, which must be maintained within the

limits of the law in order to make possible a dialogue among institutions. Such a dialogue must be sincere and not hypocritical.

#### Arms Trade

[Kocovska] What do you think of weapons being introduced into Macedonia? Are there people preparing themselves for an armed uprising?

[Frckovski] No. It would be an exaggeration to say that an uprising is being prepared for a specific day and time because we believe we are in control in this area. It is normal for statements on the seriousness of a situation to be linked to a criminal act. In the situation in which Macedonia finds itself, the arms trade is exceptionally low. It is greater than in the past but, if you consider the amount of weapons currently available in Bulgaria that remain from the breakdown of the Eastern bloc, and in Albania, where there is no control at all over this area, and in Serbia, where one can buy a grenade for 25 marks and an automatic weapon for 300 marks, and which tomorrow will have 150,000-200,000 people returning from the fighting in Croatia and where, to this day, it is impossible to disarm the people who have come back from the fighting and who the authorities are not even attempting to disarm, gangs and societies and an entire political culture previously classified as criminal are being developed and may endure as long as 10 years after the war. In Macedonia, the social and criminological map is entirely different. In that area, the arms trade in Macedonia is marginal. However, we are controlling it along all channels.

[Kocovska] Will you be able to implement your idea of separating the police from political parties? Your predecessor was accused of being linked to the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], while you are being accused of being connected to the so-called leftwing bloc.

[Frckovski] I cannot refute such allegations, nor do I try. That can best be determined by the people at the ministry, who personally experience the impact of cadre changes, and the various administrations. Regardless of my personal preferences, in my job I try to be as professional as I possibly can, and the only criterion by which to judge a person is the way he does his work. I have heard that some of the heads of administrations I appointed may previously have been members of some groups, but, according to the law of probability, wherever you go in Macedonia, you will find someone who was either a member of the League of Communists or a petty employee. Theoretically, you cannot err. For example, there were comments that we had appointed such people in Probistip and Delcevo. However, if we had already drawn up a plan to recruit people linked to a given political bloc, at that point we would have placed them in Skopje, Bitola, Ohrid or Kumanovo, in the key Macedonian areas. We certainly would not have put them in Delcevo. These are stupid comments, but it

seems that it is not easy to refute them. This is a political step, and even if the people were to understand that such is not the case, being supporters of a given party, they frequently discuss such ideas on various occasions, and, although deep down they are convinced that such is not the case, they publicly say the opposite.

[Kocovska] Does Minister Frckovski have a reliable team that will not operate behind his back?

[Frckovski] I hear various comments. Some of my fellow workers were appointed before my time and were subject to various influences, and there were various comments on those influences. I believe that throughout we must develop a harmonious team that will be rather flexible so that it understands the occasional tight situations in which those people found themselves in the past, pressured by one side or another, but that will do their jobs in accordance with the constitutional authority of the government and the president of the Republic. I believe we are succeeding (despite all the changes around and within the Cabinet and the leadership of the MVR, and the resignation of the two deputy secretaries) in developing a team that will function harmoniously in all things and all areas of information.

[Box, p 13]

#### On the Resignations

Actually, the reaction to the resignations is an indication of one's training, and, if one is excessively sensitive, this is the wrong job to be in. The first thing I do is assess my responsibility in each specific case, and I am not about to wait for political parties or groups in the parliament to raise the question because I can resolve the problem myself. As you know, we are currently doing the most normal kind of work. It is a fine democratic combination: Some people demand resignations, other ignore comments, still others comment in the press. This is a

fine democratic environment in which people do not let themselves be annoyed, and, second, parliamentary life goes on, some people become excited, and others pursue practical measures. The main thing is that all of this is developing within the framework of normal parliamentary life.

[Box, p 13]

#### On the Controversy With the Army

I shall avoid establishing specific ties between our ministry and the Ministry of National Defense. However, my general view is the following: Any society is based on an element of minimal social justice and a balance among its various segments. We must oppose any kind of privileged stratum, particularly if we begin to consider the situation in Macedonia created by the former Yugoslav National Army. The main shock is created when an attempt is made to resolve in one fell swoop the existential problems of all other segments and of the Army. This creates tension even if the people engaging in such efforts are ideal. I believe that the Armed Forces cannot establish their own limits because it is logical in such a situation to try to fit into the shoes one inherits and to attempt to take over everything. This is the cause of some tension that I believe we shall be able to eliminate. We shall do everything possible to avoid any direct conflict for which there is no major reason. However, I shall not surrender to either the government or any other institution my right to have my own ideas.

In any case, I shall strictly defend the interests of the ministry. This applies to the housing at our disposal because of our intention to keep at least one-third of it (in some cases some 80 percent) and the question of the policemen in uniform who occupy such housing and who rent it. We are working to provide housing, mainly small, for unmarried people, and we believe that we shall be able to reach an understanding through political dialogue.

NTIS  
ATTN PROCESS 103  
5285 PORT ROYAL RD  
SPRINGFIELD VA

2

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

#### SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.