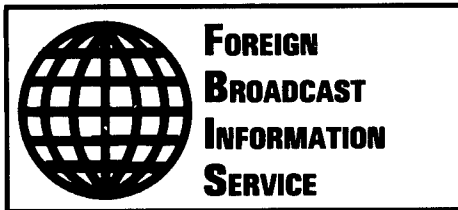
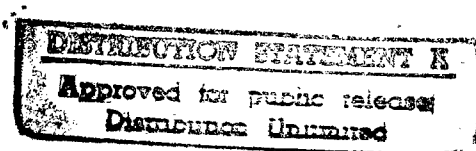


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168 CHASA Chief Targeted in Car Bombing

No Injuries Reported

92BA1048A Sofia DUMA in Bulgarian 28 May 92 p 1

[Article by Stoyan Sirakov: "Car of Noted Newsman Blown Up in Act of Terrorism"]

[Text] The Mercedes 500 SEL belonging to Pet'o Bluskov, chief of the 168 CHASA Press Group, was blown up yesterday. At 0530, a violent explosion shook the district where the journalist lives.

The blast tore up the hood, the windshield, and the instrument panel and damaged the engine of the car, valued at 150,000 German marks. The early hour prevented loss of life on the street. Fifteen minutes later, the area was sealed off with the help of all available units of the MVR [Ministry of Internal Affairs] on duty, including the antiterrorist group of the Operative and Technical Information Service.

The initial version of the experts was that the detonation was caused by 400 grams of war or mining explosives connected to a fuse and a detonator. The final results of the evaluation will become known today. The explosives were set at the front end of the car in the space containing the windshield wipers, between the windshield and the hood. It was by accident that the car had been parked in the yard instead of in the garage. Shortly after the explosion, Mr. Bluskov's wife, in her ninth month of pregnancy, was taken to the hospital. She is now the mother of a healthy little boy.

Some specialists suspect that this was meant to be a warning. It is an attempt against the independent private Bulgarian press, Pet'o Bluskov claimed in his meeting with the heads of newspapers held yesterday on the premises of the Union of Journalists. According to him, the photograph with handcuffs in it that ran on the front page of Tuesday's DEMOKRATSIYA was the signal for the operation. An escalation is possible, and the situation may become more threatening, Mr. Bluskov told his colleagues.

The SBZh [Union of Bulgarian Journalists] condemned the act of terrorism with a special protest yesterday and appealed to publications and colleagues to forget their differences and unite for the sake of their profession.

Police Criticized

92BA1048B Sofia 168 CHASA in Bulgarian 2 Jun 92 p 25

[Unattributed report: "While Waiting for the Duty Group, the Police Left Numerous Traces, but the Criminals Did Not"]

[Text] Until four or five months ago, explosions in the country averaged 1.5 monthly. Currently, they average four to six weekly, according to Ivan Boyadzhiev, deputy

chief of the Operative and Technical Information Service. The Mercedes owned by Pet'o Bluskov was blown up on Wednesday, 27 May, at 0510 hours.

Most probably, two persons sneaked into the yard in the house in Gorna Banya toward 0500. One of them lifted one of the windshield wipers slightly and placed 300 grams of trotyl in the wiper channel. The car safety device could not be triggered, according to the specialists, because it reacts only when one of the car doors is opened or the car is rocked violently. Nor could it have reacted had a magnetic plastic bomb been set under the car, which would be the most effective way to kill someone, had this been the intention of the unknown terrorists. According to Ivan Tatarchev, the Republic's prosecutor general, "This is either an act of revenge or a warning."

The explosive device was put together by someone intimately familiar with explosives. Professionally, he could be described as a miner who works with explosives or a sapper or, in extremis, an amateur with this kind of hobby. The person who installed the device is familiar with automobile designs and safety-warning systems. Someone had been watching the Mercedes. Less than a minute would have been required to set the explosive and less than 10 additional seconds for the perpetrators to vanish inside the forest.

The trotyl was exploded not by remote control but with a detonator and a fuse. The special fuse burns at a speed of one centimeter per second. The explosion was heard by Ivan Boyadzhiev himself, who lives 1 kilometer from the Gorna Banya residence.

The police were alerted at 0520. The group on duty arrived at 1000. Meanwhile, the police took a series of unprofessional steps that are bound to greatly obstruct the investigation.

The agent from the Sixth MVR [Ministry of Internal Affairs] Rayon Administration who was there had no right to begin his search before the investigator on duty had arrived. However, he did what he could: Fingerprints from both his hands were found on the Mercedes, made as he leaned on the car, waiting for the duty group to arrive. No single policeman who preceded the group on duty remembered what the criminal investigations textbook states about the need to preserve evidence of a crime.

The area was not roped off to ensure its protection. There was neither a guard nor a warning sign posted. That made it possible for a number of cars and pedestrians to completely erase the initial clues. The material clues were not reassembled piece by piece. Even one of the windshield wipers could not be located.

The group on duty did not search the area. If it was not possible to preserve traces of the car, at least traces of people could have been preserved because the house is on a dead-end street, beyond which lies a gully. Nor was a tracking dog brought to the scene.

To top all this, a grossly politicized communication was issued by the press center of the MVR, which violated the practice observed in such cases: Instead of providing facts, it supplied arbitrary versions of the event. "This statement is ridiculous," an expert said. "It was not drafted by professionals. How can various versions be made public if they are only working versions?"

It may be that the only nonprofessional person at the MVR is its minister, Yordan Sokolov. On 29 May, following the announcement of the press center, he asserted that, in all likelihood, Pet'o Bluskov had blown up his own car. Isn't this a good way for Minister Sokolov to prejudge the outcome of the police investigation?

The Central Service for the Struggle against Organized Crime has refused to comment, referring to the continuing investigation and the need for secrecy.

The normal human reaction to this event is one of compassion, and anything different would be a display of cynicism. But perhaps Minister Sokolov has a different view of the matter.

Press Criticized

92BA1048C Sofia 168 CHASA in Bulgarian 2 Jun 92 p 25

[Announcement from the 168 CHASA Press Center]

[Text] The announcement from the MVR [Ministry of Internal Affairs] Press Center on the explosion of the Mercedes belonging to the 168 CHASA Press Group raises questions that require immediate answers so that the public may be provided with objective information concerning this case.

The authors of the announcement claim that they had a specific task and that they had performed their assignments and did not allow their objectivity to be questioned. By this token, they unequivocally express the political impartiality of the police department today, as well as that of its actions aimed exclusively at being in the service of the law.

The press center of the 168 CHASA Press Group cannot remain indifferent to attempts to depict the case as a campaign aimed at disturbing the social peace with headlines such as "A Bomb Maimed 'the Blue Idea'" and "Who Blasted 'the Blue Idea.'" "The Blue Idea" is the pet nickname given to the blue Mercedes 500 SEL belonging to the 168 CHASA Press Group, a fact known throughout Bulgaria and written about in the press.

The political insinuations made immediately after the incident, relative to the reasons for the crime and before the investigation conducted by the competent services was concluded, are inadmissible.

The truth is that the personnel of the 168 CHASA Press Group perform their work objectively, impartially, and with maximum speed. The expert evaluations have already been completed, indicating that the "independence" and impudence of "newly hatched" authors, who

lay claim to absolute justice and truth, with the arrogance of the former RABOTNICHESKO DELO, is unacceptable.

As long as the "Announcement From the MVR Press Center" continues to be inflated, the authorities of the 168 CHASA Press Group will continue headlining bomb blasts as "Larks Are Singing in Mother's Backyard."

SDS Accused of Creating Oligarchy

92BA0973A Sofia 168 CHASA in Bulgarian 28 Apr 92 pp 1, 8

[Article by Radostina Konstantinova: "'Operation Wedge' Is Completed in Bulgaria; The Political Regime Has Been Transformed Into an Administrative Oligarchy"]

[Text] *In 15 months, Kostov and Pushkarov accomplished what the communists could not do in 45 years—made the Bulgarian believe in socialism.*

At the end of December, we published an article entitled "The Economic Version of 'Operation Wedge' Is Taking Place in Bulgaria." The article analyzed the mechanism with which a handful of officials of a different color are seizing economic power in the country. The development of reform until now confirms the conclusions and prognoses of the article. In today's special supplement, "Reformgate," facts are collected about the plan and the instruments for this process. Under the cover of the blue idea, the group in power is repeating what the nomenklatura of the previous regime did—establishing an economic dictatorship of the administration and getting a bargain for themselves.

Beaten on the head with reforms for 15 months, the Bulgarian finally was knocked out by apathy, which is clearly necessary to the rulers, in order to rule over him with no problems. Even the restitution, which the deputies applauded with the phrase "Privatization has begun," stimulates independent income but not business. Nearly 90 percent of the former new owners rent out their shops.

This prolonging of privatization in the final analysis discredits the idea. Only one out of every 10 Bulgarians is ready to invest his funds in privatization, according to one March study. Almost half of the population (41 percent) accepts the idea "Privatization should wait because the rich will take advantage of it."

According to another study, 71 percent do not intend to participate at all in the process of privatization.

For a year and for the remainder of reform activities, 'Operation Wedge' has been under way to destroy forever the attempts of some suspicious elements to restore capitalism in the land.

It can be asserted that Andrey Lukanov's boys did their work—the nation's faith in socialism was returned.

"With 96-percent state ownership, we are nothing more than a communist state," perceived presidential candidate Zhelyu Zhelev on 16 January 1992.

He failed to mention, however, that 29 months after 10 November [1989], the Bulgarian believes more strongly in communism than he did during the time it was being built. Even 6.1 percent of adherents to the blue idea believe in the future of socialism.

The sociological studies from March indicate that, for the first time since May 1990, those who appraise the 45 years of totalitarianism favorably outnumber those with a negative opinion. This time the credit does not go to Todor Zhivkov but to the people who call themselves the economic team of the SDS [Union of Democratic Forces] and who, in the final analysis, reduce the percentage of the blue electorate.

Massive deflation for the Bulgarians was the principle result achieved by the economic tandem of the last two governments. Real revenues during 1991 fell twice, although a drop of 35 percent was promised. Real income last year dropped by 58 percent. Even in the warring country that was once called Yugoslavia, the drop in wages came to only 17 percent. The unemployment rate was double the predicted figure. Inflation was the highest in the former socialist camp.

In March, the SDS lost 5 percent of its electorate as compared with January, and the BSP [Bulgarian Socialist Party] won 4 percent of voters. One of the chief reasons for this is the disillusionment of Bulgarians. The sociologists are categorical—the motivating slogans and meetings for the average Bulgarian give way to the economic realities.

Forty-seven out of every 100 Bulgarians do not accept the possibility of having poor and rich.

The idea of a market economy is finally polluted and discredited.

"If we do not succeed in creating a middle class, we will have to go home," stated Stoyan Ganev at a conference of the SDS two weeks ago. Clearly, he had not consulted on the matter with his economic colleagues because their efforts are aimed in exactly opposite directions. According to the definition of the Republic's president, this direction is "the striving by some ministers to put their paws on absolutely all of economic life."

The economic team played Moses and declared that it alone could lead the country into the promised land of the market. As they conceived it, the market economy would have to come down from above—only when and only to the extent decided upon by the ministers controlling the levers.

And because private initiative hindered this effort, it had to be put under control. The mechanism to achieve this is familiar to Todor Zhivkov—handing over ownership to the collectives.

First it is announced that private initiative is the most dependable. Next it is explained to the population that private business is something very good, in principle, but that the Bulgarian private businessman is a speculator. A snare is woven of bans, taxes, interest rates. Then it is not even necessary to kick the keg. The results come of themselves.

The Bulgarian, believing in the soapbox promises, registers 199,000 private companies in just two years. Of these, however, barely 20 percent manage to start working. More than 52 percent of them have only one employee each, who is also an owner. In reality, almost all—94 percent—have no more than 10 employees.

Some of the daredevils cursed their courage forever—1,764 private firms went bankrupt last year. The debts that crushed them amounted to more than 60 million [probably leva]. Sociological studies indicate that one-fourth of firms with staffs of 25 to 30 persons intend to go out of business. While 6,500 state enterprises ran up a 44-billion-leva debt, 19 of them filed for bankruptcy. Bank managers maintain that prohibitions were issued to prevent state enterprises from declaring bankruptcy.

"There is no doubt that private business in Bulgaria is in comparatively bad condition and needs some concessions.... The idea is that, as business grows, even with fewer taxes, we will have a larger budgetary base, and the state will actually earn more money from taxes," maintains Aleks Aleksiev.

"We still do not have a tax system. No one has done anything to replace it. I have appealed many times to Minister Ivan Kostov, but..."—not even the nerves of a patient man like Aleksandur Dzherov could stand the strain two weeks ago, and so the routine justification of the finance minister went the same way as that of the communist majority in the former parliament.

Subjected to sharp criticism from their own that it was strangling that which the SDS relied upon, the economic tandem was forced to react. Except that the demands for principle concessions for private business corresponded to the socialist mechanism of privileges. The pride of Minister Pushkarov—the fund "Small and Midsize Enterprises"—according to experts, simply "imitated the whole mechanism for competition, conducted by the joint technical-economic council under the former Bulgarian Industrial Economic Association." The union for civil economic initiative refused to join the fund's governing council. As a result, Minister Pushkarov did not deny himself yet another post and became the fund's chairman.

Since its creation in June of last year, the fund has handed out privileges to 19 private firms. On what principle?

Sources wishing to remain anonymous maintain that five bakeries that received concessions last year had the Turkish lobby in the fund's governing council to thank. The French lobby was left empty-handed.

Businessmen from the petroleum branch suspect the state firm Petrol of suspicious affection toward Greece. As long as a month ago, 168 CHASA wrote that Kupen Borisov Dimov, head of Petrol, is the manager and partner of Elkoil Company Ltd.—export, import, and reexport of industrial goods. There has still been no reaction.

And no one will answer the questions of how the petroleum concessions were issued and at what price. It was clear only that, with the new auctions, the state interests will be better protected. Whose interests were settled during the previous issuance of privileges is in the annals of "Secrets and Mysteries."

A blow was delivered to the only competitive production in the country—the arms industry. What are the motives for declining to cover the debt in exactly this sphere? Stupidity? Personal interests?

"Ten percent of private business would exist if, during the past two years, the governments had implemented a policy of state protectionism and had created the conditions for private businessmen to be producers," thinks Valentin Mollov.

In Bulgaria, however, even privatization was transformed into a weapon for concentrating power. There are several hypotheses surrounding its delay.

According to Asen Michkovski, the opponents of privatization number in the hundreds, most within the structure of the Ministry of Industry and Trade, and are members of managerial councils of state enterprises transformed into trade associations. "For most of these people, a law on privatization means a cut in yearly income by 80,000 leva," says Michkovski.

However, Aleks Aleksiev thinks that "delaying privatization leads to this, that the *nomenklatura*, in order to gain benefits from the coming privatization, strives to break up its enterprises as quickly as possible, to bring them to bankruptcy and possibly to buy them at lower prices."

"Unfortunately these losing enterprises, which are technically bankrupt, continue to be supported by the budget with the false idea, that this in some way helps to stop the growth of unemployment," states the Prime Minister's advisor.

In the prosecutor's office, indications are continually received concerning causing deliberate bankruptcy in order to more easily purchase enterprises under privatization.

In the dispute surrounding the bill for privatization, the basic idea is clear—who will control the process. On several occasions, Asen Michkovski has delicately

alluded to the "personal interest" of Mr. Pushkarov to concentrate privatization in his ministry.

The condition of the state before 10 November is being duplicated—economic totalitarianism has been preserved. The participants are people who seemingly are connected with the so-called blue idea, but no one can understand their actual motives. If they are judged according to the condition of the economy and the finances of the state, these motives correspond directly to the motives of the former political power because now, as before, the economy is influenced by political manipulation. And now, as before, a monopoly on ownership has been preserved. And now, as before, there exists an administrative oligarchy.

Fables for small children say that, when the system is destroyed, today's state officials will proudly recede, having fulfilled their historical mission. Todor Zhivkov did not recede, Andrey Lukanov did not recede, Dimitur Popov did not recede. Once received, power is defended with all forces, even until the end. Whether communism in Bulgaria will be blue, red, orange, or green does not make any difference. This is the main idea of the economic version of 'Operation Wedge,' and, in the actions of the four governments since 10 November 1989, this idea has found its shining realization.

The final goal has been achieved. Where private initiative is vanishing, the power of the state official is condensed. And it makes no difference whether he is blue or red.

Inflation, Unemployment Continue To Increase

*AU1606160692 Sofia BTA in English 1501 GMT
16 Jun 92*

[Text] Sofia, June 16 (BTA)—Inflation hit 11.93 percent in May, prices of foods went up 11.7 percent, of non-foods 5.4 percent, of services 28.5 percent. Inflation has risen 33 per cent since last December, and the consumer price index is 133 from a base of 100 in December. These figures were quoted at a press conference of the National Statistical Institute (NSI) today.

According to NSI experts, the average wages persisted at the March figure of 1,804 leva (about 70 U.S. dollars at the current exchange rate). At 2,829 leva it remained highest at financial institutions. The average wages were lowest in state-financed establishments: 1,445 leva or 25 percent less than in all other sectors.

2,336,000 people were employed by state and cooperative enterprises (agriculture excluded) towards the end of April. The average monthly decrease in the number of employees in the January-April period of 1992 is half the decrease in the same period of 1991. At the same time between 20 and 47 percent of companies believe that the number of their employees will go down, while over 50 percent expect no changes.

Expectations for a drop in the number of employees are due to the beginning privatization, which is sure to result in cutting redundant personnel.

While the number of registered unemployed is constantly rising and was 467,000 in April according to the Ministry of Labour and Social Affairs, vacancies remain between 10,000 and 20,000, NSI experts report.

No Greek Visas to New Bulgarian Companies

AU1606113192 Sofia 24 CHASA in Bulgarian 6-7 June p 4

[Staff report: "Greek Embassy Does Not Issue Visas to New Companies"]

[Text] At present, there are some 40,000 Bulgarians who are in Greece illegally. Therefore, the Greek Embassy in

Sofia has stopped registering private companies, whose customers obtain visas more easily.

"We work with about 200 companies that organize group trips to Greece. They are serious partners. We are guided by the principle of whether the tourists return to Bulgaria," Alexis Zanos, Greek consul in Bulgaria, said. At present, the situation is that every second Bulgarian has a company. Those people lack experience and only aggravate our relations, the consul said.

Serious businessmen can submit their applications to the Bulgarian Trade-Industrial Chamber, which for its part will make a recommendation to the Greek Embassy on matters related to issuing multiple entry visas, Mr. Zanos said. The new private tourist companies will be registered on the basis of this recommendation at the beginning of 1993.

Minac Contradicts Havel on Failure of Communism

92CH0618A Bratislava NOVE SLOVO (supplement)
in Slovak 25 May 92 p 3

[Interview with Vladimir Minac, deputy of the Party of Democratic Left (SDL) in the Federal Assembly, by Anna Lenicka; place and date not given: "We Do Not Know the Most Essential Thing"]

[Text] [NOVE SLOVO] In Davos, before the financial and political elite from all over the world, Vaclav Havel stated that the demise of communism had taken us all by surprise. He characterized that demise as a notice to mankind which we thus far have failed to decode and comprehend sufficiently, and as a stop sign after the modern era in which the climactic conviction alleged that the world and life itself represent a fully comprehensible system that human intellect can control to its advantage. You are a man with a diametrically opposite experience; At the first glance it may seem paradoxical that the downfall of communism did not take you by any great surprise. Nevertheless, how would you decode its obituary after the country, the pillar symbolizing that particular social system, disappeared from the map of the world?

[Minac] For a person of our time it is, to say the least, brazen to identify or name this speck darting through space: This speck, our planet, is loaded with dichotomies and controversies and chock full of all kinds of varieties and disproportions. To give it a name, that may always be a very facile and thus, also reprehensible oversimplification. So Havel's end of the modern age is just another rotund rhetorical zero; it obfuscates more than it clarifies. It is just another of his favorite figures of speech, a triviality that attempts to pose as a profundity; precisely such figures elicit an applause from the world bankers and from the world politicians who dance to their tune.

The ozone hole is (possibly) more significant for the future of our planet than the end of a social experiment on our own and neighboring territories; the long trek of the Third World in the south-north direction—a colorful specter in which the well-deserved end of the white civilization may be encoded—may also carry more weight.

However, in the greatest probability from our standpoint, which we have not chosen but which we cannot change, we do not recognize the main, decisive fact. Such is the human lot—the higher we ascend, the steeper looms the mountain of the unknown facing us. Montaigne wisely advised us not to permit ourselves to say anything we cannot take back.

[NOVE SLOVO] During the period of courting before the elections two years ago sparks were flying when you were involved in polemics with your Czech colleague, Mr. Vaculik, about problems of the relationship between the Czechs and the Slovaks. What is the source of so

many "deep misunderstandings" between us? It is nothing more than a crisis of politicians, as we now so often hear?

[Minac] Ludvik Vaculik is one of the brightest Czech intellectuals and his workshop produces the most profound and the most beautiful Czech-Moravian literature. But whenever he faces a topic which for us is of the highest relevance, he digs in his heels like an old mule and is unwilling to use his judgment, all he has are his feelings: He acts just like 99 out of 100 Czech intellectuals. The Slovak question—and, along with it, the Czech question as well—is not a matter of controversy among contemporary intellectuals and politicians; we hope that the conflict is coming to a head. From the very beginning, since Stur's "divorce," it is a highly political controversy, a controversy not only about an independent language but also about independent deeds, in other words, about independent political action. That is how Stur's contemporaries, his students as well as his opponents, perceived it and that is how history turned it into the controversy between Slovak politicians of the Matica era with Rieger's generation, into the controversy of the patriots from the town of Martin with Masaryk's concept of the Czechoslovak language, nation, and politics, into the controversy between Hlinka and Razus and the rigid establishment of Czechoslovakism, into the controversy between Clementis and his colleagues with Prague's centralist Stalinism, and so on.

Next year our controversy will mark its 150th anniversary, and thus, it is really the question of our destiny. In this shadow of history Kalvoda and Carnogursky look like completely transitional midgets.

It is not a crisis of the politicians but a crisis of Czech politics. So long as Czech politics fail to recognize their own authenticity, so long as they fail to disentangle themselves from the worn-out cloak of Czechoslovakism, so long as they fail to experience Czech history as their obligation and the Czech state as their task, there can be no coexistence based on equality.

[NOVE SLOVO] Our political scene is undergoing a process of crystallization—Czech politics are limping more on the left side while Slovak politics are limping on the right side, but both are limping most of all in their political culture which is absolutely essential. What do you think are the prospects for our advancement in the fading glitter of the "gentle revolution" which has, according to a journalist, "boxing gloves wrapped not in velvet but in tough armor"?

[Minac] What kind of a silly connection is it, this political culture? The objective of politics is always, at any moment, power—the struggle for power; politics provide the space where a struggle is waged; it is a real arena where a real struggle rather than shadowboxing takes place. The rules of that struggle are dictated by those in power and not by the weak; the weak must obey the rules—politics are cynical and have nothing in common with the culture of the heart or with the culture

of the mind. The only respectable phenomenon in politics is a decent professional politician: The more professional, the more decent he is. However, even the most decent professional politician is a perishable commodity; the longer he dawdles in the grist mill, the more he gets covered with meal.

[NOVE SLOVO] This summer you will celebrate a significant milestone, your 70th birthday. You have lived through historical events, several regimes, and several governments. Despite all kinds of dramatic vicissitudes of our history in this century, you remained true to yourself, to your civic and artistic nature. Now you intend to give up your involvement in the political arena where you obtained quite a few bruises. Allow me a question: What can your experience say about the attitude of an artist to power, and where is the artist's place?

[Minač] The artist should not just sit by the fireplace but neither should he cling to power.

Meciar's Attractiveness to Slovak Voters Explained

92CH0631A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 30 May 92 p 3

[Article by Berthold Kohler: "In Slovakia People's Tribune Meciar Is Unbeatable: The Election Campaign of the HZDS (Movement for a Democratic Slovakia) Chairman"]

[Text] Handlova, 29 May—"This man understands us," says Jan Hegr, 73, at the end of the spectacle when only scattered pamphlets indicate that the most popular politician in Slovakia has given a speech. "This man," who has again boarded his dark limousine, which is of Bavarian origin, and is rushing to the next three election gatherings, will turn everything around for the better, according to the retiree, who had previously worked with the postal authorities and is now primarily a patriot. "And he will again see to law and order," interjects a younger passerby. Both are supporters of the party leader whom all election forecasts already now are declaring the victor in the parliamentary elections to be held on 5 and 6 June: Vladimir Meciar, chairman of the Movement for a Democratic Slovakia (HZDS).

Meciar is a phenomenon. Two and a half years ago, following the revolution, his former party, the revolutionary Public Against Violence (VPN) made him the first postcommunist minister of the interior for Slovakia. In June 1990, he advanced to the position of prime minister. A short year later he was toppled by a coalition of his party and the Christian Democrats of the current prime minister, Carnogursky, because of "incompetence" and alleged corruption, but primarily because of his inclination toward autocratic rule, something which made Meciar a merciless enemy of Carnogursky. The deposing of Meciar, which was not inconvenient for Prague politicians provided the former communist official, amateur boxer, laborer, and lawyer, however, with popularity, with power over the masses.

In the eyes of many Slovaks who suspect an anti-Slovak conspiracy at work in their heated struggle with the Czechs for retaining or dissolving the joint state, Meciar became a hero overnight. Since then, he and his newly formed HZDS party are considered to be guarantors in Slovakia for that which most Slovaks desire, to various degrees of intensity: liberation from "Czech patronization," slowing down of the economic reforms.

According to public opinion polls, more than 30 percent of the Slovaks intend to vote for Meciar. Anyone experiencing his speeches in central Slovakia must consider this number to be an underestimation. The reception in the little mining town of Handlova, some 20 km from Zvolen, where Meciar was born, not far from Banovce nad Bebravou, the birthplace of Tiso, was tantamount to a royal reception. There was music by a brass band of miners. Old women broke into tears, younger women were giving out flowers. One hour before the speech, the motion picture auditorium in the "House of Culture" was filled up to the last square meter; a good 700 people crowded into the rows of seats and in the aisles.

No other politician in Czechoslovakia has his public so surely in his grasp as does the people's tribune Meciar. He would much rather be the first man of a Slovak village than the second man in Czechoslovakia, said Meciar, who likes to explain his familiarity with the Slovak soul with his simple origins. Finance Minister Klaus, chairman of the Civic Democratic Party (ODS) and the election favorite in Bohemia and Moravia, is alleged to have even offered Meciar the presidency of the nation. "I rejected that. In Bohemia, they tend to scare little children with my picture."

The office of Slovak prime minister, for which Meciar is striving, would provide more power anyway than all other positions in the country which are attainable by him. If the HZDS actually wins as many votes as is being predicted, or even more, then, in large part, the future of Czechoslovakia (which is already showing up as "Czecho-Slovakia" on beer bottle labels in Slovakia) will depend on Meciar. In case he wins, he has announced that he will proclaim sovereignty in Slovakia, that a constitution calling for their own state president will be passed, and a referendum regarding the "clarification of relationships with the Czech Republic" will be held. If things go as the program utterances of the party indicate, Czechoslovakia would become a confederation, a union of two independent republics with their own constitutional subjectivity. However, for most Czechs, including ODS chief Klaus, this design is not acceptable. President Havel said that some of Meciar's ideas are "not thoroughly thought through" and are "dangerous"; however, in the meantime, he has seen himself compelled to undertake a light correction of his statement.

There also appeared to be some unbridgeable differences between Klaus and Meciar in terms of economic policy. Organizational politician Klaus, convinced that only his drastic treatment of a free market economy will help the

country out of its misery, is demanding the uncompromised continuation of "his" reforms in both republics. The populist Meciar must follow other moods in Slovakia, where unemployment at 12 percent is three times as high as it is in Bohemia. "We need the mines and the miners," Meciar responds to questions on small white pieces of paper his blond assistant allegedly passes to him from the audience and he earns enthusiastic applause. In the brown coal region around Handlova, more than 15,000 people work underground. Well-paid under the Communists, they are now suffering as a result of sales difficulties being experienced by their sector and unemployment is spreading.

Additional pressure on the labor market is being exerted by the armaments industry, which is concentrated in central Slovakia; Prague has prohibited it from engaging in lucrative weapons exports. "Our tanks are five times cheaper than the U.S. ones, but not five times as bad," Meciar assures the audience; he says that armaments production will be continued in Slovakia. Meciar promises the construction of super-highways and other make-work projects; if necessary, the state will have to go into debt in order to move people off the street. The prices must not be freed for all products; other models would have to be found for privatization and wages should continue to be coregulated by the state in the future—mixed with invectives against the "Carnogursky clan" in Bratislava and with polemic anecdotes on the "bad politician Havel," Meciar expiates all those of his "convictions," which have earned him the criticism that he is still a Communist and is inclined toward socialist populism.

However, Meciar would not be Meciar if he did not leave himself an escape hatch: The 53-year-old man says he can promise the Slovaks only "sweat and tears." "Meciar is the only politician in Europe who can say the exact opposite regarding that which he stated the day before without losing a single one of his supporters," claims a minister in Prague. In actual fact, Meciar is his own program and neither has nor needs a vision for Slovakia which transcends his own personality. A young couple categorically opposed to the separation from the Czechs, who could not find a seat in the movie theater, take a position in front of the "House of Culture." Nevertheless, both of them want to vote for Meciar—a widely held intellectual attitude in Slovakia.

The ability of the former "federalist" Meciar to transform himself permits some Czech politicians to believe that the Slovak national is not a "real" separatist, but rather that he is "only" interested in the maximum possible amount of personal power. However, the HZDS in Slovakia is likely to be dependent on coalition partners who have, hitherto, favored separation without a compromise: They will be dependent on either the Slovak Nationalist Party (SNS, currently polling 8 percent) and upon a nationalistically minded product of the splitting of the Christian Democrats. Within the HZDS, there is also a circle surrounding former Slovak "Foreign Minister" Knazko—a circle of "fanatics," who would

prefer to leave the common state today rather than tomorrow. On election posters, Meciar stands in the center; Knazko is rarely shown together with him. It is alleged that the seed of secession is already planted within the HZDS and Slovak interlocutors with whom I have spoken say that then it would be "quite dangerous" for Slovakia and the federation.

Meanwhile, both the HZDS and Meciar are still finding enough whipping boys among the conservative parties in Bratislava and, with the careful exception of Klaus, among the politicians in Prague. To what extent the mood in Slovakia is directed against the politics of Prague is something which Federal Interior Minister Langos, who, also being on a campaign trip, arrives at Handlova just an hour after Meciar, has to learn. In a small room next to the cinema auditorium, surrounded by few of his own supporters, but by many of Meciar's supporters, the minister is attempting patiently to explain that the world is somewhat more complicated than had been depicted by the previous speaker. "In the two weeks left before the elections, I will probably not convince you," says the minister of the interior in the face of wild vituperation and those slogans which could be heard a short while before in the great motion picture auditorium. In Slovakia, many simple people are searching for simple answers. No one has, in fact, understood better how to make use of this phenomenon for his own purposes than has Vladimir Meciar.

Influx of Foreign Investments to Slovakia Viewed

92CH0615E Prague EKONOM in Slovak

21 May 92 pp 16-17

[Article by Dr. Alzbeta Ivanickova, candidate of sciences, and Eng. Daniel Kordik: "Foreign Investments in Slovakia"]

[Text] *The problem of the influx of foreign capital to Slovakia is currently very much debated. Increased attention to this problem has two underlying causes. First, it is the fact that without foreign capital, the restructuring of the Slovak economy will be very difficult or possibly impossible and, second, the influx of foreign capital to Slovakia is very small and the structure and sphere of its interests are far from the notions entertained by our economic leaders. The reasons for this state of events are being constantly examined and a whole scale of reasons for this lack of interest in the Slovak economy on the part of foreign investors is being mentioned. Some problems, particularly those which came into being as a result of the location of enterprises having foreign property participation, are analyzed in the present article.*

The establishment of joint ventures involving foreign property participation is hard to explain at present on the basis of traditional localization factors (transportation, manpower). The decision to establish an enterprise with foreign property participation lies with the investor

who is oriented toward minimizing risks, and who is relying on the reliability and stability of the entire economic system.

In this first phase involved in the influx of foreign capital, the foreign investor is also orienting himself toward factors such as the proximity of central organs and the advantages of mutual territorial relationships, which can easily influence, both substantively and psychologically, the risk of such an investment. A significant role in this process is also played by the activities which are ongoing in currently established enterprises with foreign property participation. Capital is, for the most part, oriented to the sector of services, in which classical production areas normally do not play a decisive role.

The interest of foreign investors is concentrated on establishing projects which are not capital-intensive and which are focused mainly on commercial activity (in the area of domestic and foreign trade), services (computer equipment, tourism, and public catering, design and research and development activities, etc.), consultation advisory activities, where the return on invested capital is rapid. Foreign investors are not investing very much in production activities which might be connected with the import of progressive technologies.

Foreign partners are in business primarily with individuals who, on a regional scale, exert a significant influence upon the economic situation or who can perhaps share in this influence in a fundamental way. This is obviously a matter of the foreign investor "safeguarding himself" for purposes of the broadest possible collaboration. In the event a foreign investor himself is establishing an enterprise, his capital input is of a minimum nature, as required by our legislature (of those enterprises which have been established, approximately one-fifth are enterprises which have 100-percent foreign capital participation and in which capital deposits amount to 44.5 million korunas [Kcs], which is 1.7 percent of the overall deposited capital).

From the standpoint of absolute values, the level of deposited foreign capital is low, despite the fact that the pace at which these enterprises are being established in their numbers might appear to be adequate (as of 31 May 1991, the number of established enterprises with foreign capital participation in the CSFR was 2,984, including 794 in the Slovak Republic; as of 1 October 1991, some 5,921 enterprises were established in the CSFR, including 1,186 in Slovakia). As we evaluate this manifestation in accordance with individual regions in Slovakia (see table), the situation looks quite different. The influx of foreign capital is substantially lower than had been originally expected and, even in comparison with the anticipated requirements of the Slovak economy, it is a negligible percentage. The fact that the low capital participation is without a more fundamental influence upon the restructuring of the Slovak economy is turning out to be highly unfavorable.

Enterprises With Foreign Capital Participation (Established Between 1990 and the Third Quarter of 1991)

Region	Number of Enterprises	Deposited Capital* (in thousands of Kcs)
Bratislava—urban	562	2,855,692
Bratislava—rural	14	31,923
Dunajska Streda	20	6,053
Galanta	8	6,860
Komarno	10	5,850
Nitra	12	83,852
Levice	6	15,760
Nove Zamky	3	1,800
Senica	10	85,942
Topolcany	3	1,100
Trencin	8	9,050
Trnava	20	185,541
Banska Bystrica	18	31,069
Cadca	3	7,680
Dolny Kubin	6	17,610
Liptovsky Mikulas	3	4,650
Lucenec	3	1,050
Martin	3	24,944
Povazska Bystrica	7	2,500
Prievidza	4	1,020
Rimavska Sobota	5	1,600
Velky Krtis	2	1,000
Zvolen	3	800
Ziar nad Hronom	—	—
Zilina	23	55,501
Bardejov	—	—
Humenne	—	—
Kosice—urban	22	36,764
Kosice—rural	1	500
Michalovce	2	201
Poprad	1	150
Presov	5	25,201
Roznava	4	5,160
Spisska Nova Ves	—	—
Stara Lubovna	1	100
Svidnik	—	—
Trebisov	1	41,320
Vranov	1	100

* Approximate estimates

From the standpoint of the foreign investor, our domestic market, which appears to be insatiable in terms of certain types of products and services, as well as the fact that the regions of Slovakia, because of their strategic position in traditional ties to the former Soviet

Union, create a bridge to the markets of the Commonwealth of Independent States, appear to be very attractive.

Thus far, the regions have not created their own stimulating mechanism for the influx of foreign capital. The strong majorization of foreign capital from one source (country) to the capital market in the individual regions of Slovakia predominates.

The Origin of Foreign Capital and Its Localization

Based on an analysis of the geographic origin of foreign capital which is flowing into our territory, it is clear that the capital originates in countries:

- Which are immediate neighbors of Slovakia.
- Which have traditional commercial-economic ties to Slovakia.
- In which emigres from Slovakia have settled.
- Whose "favoring" of Slovakia cannot be determined clearly on the basis of the past. In many instances, it can be anticipated that these business activities are connected with market research, curiosity, etc.

A dominant position is occupied by enterprises established by investors in Austria. The largest number is in Bratislava (235), in the Bratislava rural region, and in Trnava. The second place is occupied by Germany (126). Much like the Austrian investors, the Germans are concentrating on Bratislava (81) and in western Slovakia.

Countries such as Switzerland, Italy, Sweden, the United States, France, Netherlands, the former USSR, Yugoslavia, and others are establishing enterprises with foreign property participation all over Slovakia, in contrast to such countries as Hungary or Poland which are utilizing the advantages of mutual territorial contacts and the territorial origin of investors. Hungary has established 44 enterprises in Slovakia, mainly in the region of Dunajska Streda (7), Bratislava (7), Komarno (4), Kosice (5), as well as other areas, that is to say, in all southern regions of Slovakia. Similarly, Poland is making use of the regions of northern Slovakia.

Based on an overview of the registered enterprises with foreign property participation in Slovakia, we can judge further that some countries have deposited their capital for purposes of initiating business coproduction (Great Britain, Finland, Canada, Belgium, but also countries from Asia, South America, and Africa).

The Determinants of Localization

If we were to attempt to define the determinants of localizing enterprises with foreign capital participation, we would reach the conclusion that the following were the principal impulses behind establishing an enterprise:

- Connection with the administrative center.
- A territorially advantageous location of the region with respect to the investor.
- Past investor contacts with the territory of Slovakia.

- Making use of the willingness of Czechoslovak individuals to the joint establishment of enterprises with foreign property participation.

The largest number of such enterprises is located in the center of decisionmaking, that is to say, in Bratislava. This is so because the entire agenda connected with permitting and establishing an enterprise with foreign property participation was concentrated in Bratislava. In the city of Bratislava, there is a concentration of the legal, financial, and information apparatus. As the distance from the center increases, the number of enterprises established with foreign property participation declines. The other regional centers in Slovakia do not have the experience nor the opportunity for providing services for foreign investors. Even though this status cannot be said to exist across the board, the regional centers have a cumbersome administrative apparatus, there is not the willingness to make a decision, very few people are willing to bear responsibility, etc.

Regional centers are utilized by those investors who recognize the regional specifics and market priorities of the past or those who are involved in cooperative relationships or perhaps by those who have resided in the region involved for a longer time. These investors include those from Hungary, Austria, the Federal Republic of Germany, the former USSR, but also Poland.

Only minimum success has been achieved with respect to coproduction, irrespective of whether it involves production of products, technological cooperation, or material coproduction. However, not even favorable "social climates" are developing which are necessary to the growth of regional activities benefiting the establishment of enterprises with foreign property participation.

The practical experiences of established enterprises with foreign property participation indicate that the principal reasons for the low amount of interest in the individual regions of Slovakia and for the hesitation of foreign investors are based, in part, on the policies of regional and local organs of state administration and, in part, on the socioeconomic and political situation in the country. It is for this reason that it is necessary to eliminate the bureaucratic barriers hampering the activities of foreign investors, to clarify ownership relationships, to legislatively regulate the tax advantages of investing in the individual regions, to create effective institutional structures even at the regional level, to create an adequate infrastructure, and to promote information science. Part of these problems must be solved through new legislation, but, at the same time, the activities of organizational, consultative, and advisory functions in the individual regions is indispensable.

Rapid Drop in Agricultural Labor Discussed

92CH0615D Prague ZEMEDLSKE NOVINY
in Czech 11 May 92 p 3

[Article by Milos Cadek of the Czech Statistical Office:
"Development of Manpower in Agriculture—A Rapid
Decline"]

[Text] *Wage costs are also contributing to the relatively high costs of agricultural production. That is why agricultural enterprises are attempting to rationalize work and reduce the number of workers, something that has already manifested itself in the form of a particularly high decline in the number of workers in 1991. It can be anticipated that this process will continue in subsequent years.*

In comparison with the status of 1990, the average number of workers in agriculture dropped by more than 113,000 by the end of 1991. On state farms and in agricultural cooperatives, this decline was 21.1 percent. The drop was felt particularly by seasonal workers and brigade workers in their productive years (40.2 percent). The number of permanent agricultural workers declined by 89,900 (by 19.3 percent).

The intensity of the decline of permanently active workers in agriculture, by individual category, was slower with respect to manual workers—18.3 percent, whereas the decline in the number of technical economic employees progressed at a faster pace (23.1 percent). The greatest drop was in numbers of workers employed in other economic activities: in associated production (38.9 percent), in construction crews and groups (35.6 percent), and in the group of drivers of cargo trucks and delivery trucks (22.4 percent). In plant production, the number of workers declined by 12.4 percent; in livestock production, by 11.9 percent. On state farms, the intensity of the decline is somewhat higher than is the case in agricultural cooperatives.

The decline in employment was also manifested in a lower volume of wage resources drawn on by state farms and agricultural cooperatives in 1991 compared to 1990; wage volumes were lower by 19.7 percent. The average wage increased for state farm employees by 3.8 percent

(132 korunas [Kcs] to Kcs3,578 and for employees of agricultural cooperatives the increase was 1.7 percent (Kcs66) to Kcs3,839 (comparable gross wages). In both cases, however, the average monthly wage, as well as the achieved annual increase, was lower than the average for the entire national economy.

The relatively even decline in the number of workers in plant production as well as in livestock production was manifested, in practice, more expressly only in livestock production which continued to decline as a result of the influence of the declining demand, particularly the demand for price-inaccessible beef.

Of course, the labor market in agriculture will, in the subsequent period, be developing on a differentiated basis, in accordance with territorial regions, because it is influenced both by the overall influence of agricultural production and by the different degree of concentration and the limited opportunities of migration available to the agricultural population.

In view of the specific regional differentiation in worker dismissals (the decline in employment and the amount of unemployment is worse in Moravia than it is Bohemia; it is worse in the border areas than it is in the interior of the country), it will be necessary to stimulate the development of new jobs in the interest of assuring acceptable development of employment for the economically active agricultural population, primarily in the most threatened regions, so as to prevent the depopulation of localities, to support the development of the infrastructure with the goal of the gradual transfer of part of the agricultural population into the tertiary sphere, and, finally, so as to assure retraining in accordance with business entities in rural areas (in border areas, this will involve utilizing employees abroad).

According to approximate forecasts, the Czech Republic anticipates an increase in the decline to approximately 190,000 to 200,000 individuals by the end of 1992. This decline already includes the incremental growth of privately managing farmers managing more than two hectares of land, whose numbers rose from 3,917 in 1990 to 5,118 in 1991, so that the average amount of agricultural land increased from 4.48 hectares to 5.23 hectares.

Party Leaders on Parliament-Presidency Relations

92EP0413A Warsaw *PRAWO I ZYCIE* in Polish
No 18, 2 May 92 p 6

[Statements by party representatives compiled by Zdzislaw Zaryczny: "What Is Next, Gentlemen?"]

[Text]

Henryk Goryszewski, Christian National Union [ZChN]: "We Start Anew"

The very idea of talks about the grand alliance contained a mistake. One did not take into consideration the fact that the parties of the "ten" were greatly divided on the issues of the economic program as well as Poland's political vision, its situation and place in Europe. This caused the negotiations to be incredibly difficult, with the long minutes of silence barely concealing the basic contradictions of interests. To be sure, particular parties were under tremendous pressure from their electorates, which often opposed their joining a united government, lest the given party lose its identity. I heard such opinions from many participants of the negotiations.

On top of all this was the lack of dynamism on the part of the prime minister, who presented neither a clear vision of a coalition nor a government program that would be agreeable to all parties of the "ten." As a result, instead of a competition of programs and ideas, we were drifting about passively.

In my opinion, one can still reverse the unfavorable course of events. The most important is the prime minister's attitude: Will he find in himself the determination to fight? Will he be ready to present anew the government's concepts and its program? Perhaps the best solution would be if the people who are too well known were removed from this redesigned government and substituted by new ones, who, while not being associated with particular parties, would nevertheless have their trust. It is a very difficult idea, given the fact that, apart from two or three parties, the rest has a very small core of cadre politicians capable of assuming the government positions. That core usually corresponds to the top party leaders, and this is also the case of ZChN. It is obvious in this situation that the government must be expanded. No policy can be implemented when the three largest parties remain outside the government, while the fourth participates in it only partially.

It is difficult to foresee the long-term consequences of the grand coalition's debacle. As far as the "seven" is concerned, I think the recent events made it stronger. It appears to be more consolidated, but will it be ready to launch a new initiative? Such a new initiative is essential now more than any time before. In a way, it is like dealing the cards again, but not necessarily from the same deck.

Aleksander Hall, Democratic Union [UD]: "Without Jan Olszewski"

I think that the failure to create a grand alliance is a waste of an unprecedented chance. I hope that it is not the last chance of the Polish democracy, at least at this stage of its development. It may yet turn out to have been the last chance after all.

Still, despite everything, there is one positive element—all major groupings which participated in these negotiations agreed that Mr. Jan Olszewski could no longer be a partner in future talks. One simply cannot create a broad coalition led by a man who does not see that common perspective. And that is, after all, that much-desired future perspective.

As a politician from the camp of the "three," I have nothing else to do but to consolidate this pact and to speak loudly about the state of the nation and the parliament in order to sober up the politicians. Although, even if they do sober up, it may already be too late—the more so that all those recent coalition groupings are poorly consolidated and internally very divided. I am not sure if the president's eventual initiative and his active participation in talks about the creation of a new government will contribute to the rebuilding of the grand coalition, due to the fact that the president is not always consistent in his actions, and each of his announcements—for example, that he has two candidates for the post of the prime minister (Tadeusz Mazowiecki and Andrzej Olechowski)—contains many unknown elements. In my opinion, the ball is in the court of that political configuration which had proposed Jan Olszewski as a candidate for prime minister, and which has a governmental majority. But their time to kick it is fast running out.

I do not conceal that the grand coalition is one of my political ideas. The fact that it has not materialized is also my defeat, of course. But I am not giving up on the creation of new standards on the Polish political scene. One can see with the naked eye even now, just how very necessary that is. The defeat of the grand coalition may significantly postpone necessary changes. In my opinion, the degeneration of Polish political institutions, which undoubtedly has taken place, ought to be blamed on the whole political class, regardless of the intentions and efforts of many politicians. In this sense, we all should feel that we've lost.

Krzysztof Krol, Confederation for an Independent Poland [KPN]: "Time Is on Our Side"

The Confederation presented the matter clearly. Prime Minister Olszewski should decide whether he wants to expand the government's coalition by including UD [Democratic Union] and the liberals, having accepted their anti-inflationary program, or KPN [Confederation for an Independent Poland]. Our strategy is risky—we don't conceal that—but that other direction is equally risky; in other words, we think that society needs to rest

a little after a very exhaustive journey toward the new system, even at the price of extending that journey.

The point of contention was our economic program. If we had but abandoned it, two hours later we would have been received by the prime minister and discussed cabinet posts. KPN even received an offer to staff the position of the first and only deputy prime minister. Yes, we could have joined that government, but it would have had to be done in such a manner that society would notice a major, qualitative change. However, since we did not have that guarantee and since we did not want to give up our program, KPN was left out of the conference table of the "ten."

To all intents and purposes we do not face that dilemma today because the extended "honeymoon" for Prime Olszewski's cabinet is over. Social protest is beginning or about to begin. In addition, the government is unlucky because the budgetary debate coincides with Solidarity's pre-congress election campaign as it [the trade union] is struggling for survival. Such a campaign usually heightens social tensions. Therefore, one may expect the factories and streets to be uneasy. Only a government staffed with people who could say about the strikes (just as General de Gaulle did once), "it's a normal thing," could cope with all of that. However, in that regard, we don't have even majors [who could do that]....

In short, three scenarios are possible today.

First: a center-right coalition is established and it adopts the KPN program or one like it. Such a coalition could include the peasant parties, a decided majority of the ZChN, and the Christian-democratic camp. I cannot exclude the possibility that it would be joined by factions from UD and KLD [Liberal Democratic Congress]. On the other hand, part of the PC [Center Accord] definitely would not join it. This would be the most favorable variant.

Second: a broad coalition, such as, for example, the "ten," is rebuilt, which will, however, sooner or later be divided by quarrels about seats [in the government]. Nothing really changes, and this leads to the third scenario, which Leszek Moczulski described in the form of a dilemma: Controlled democracy or new elections? It may come to the point that the president (or one of his close, trusted associates) would become the prime minister on the basis of the principle that someone finally should begin governing this country decisively. It could somehow resemble the system of the French Fifth Republic. If this does not succeed, there is no other way but to announce simultaneous parliamentary and presidential elections. There is simply no other solution. What can one do with a political arrangement that functions badly? Of course, one could play with that "puzzle" for many months, but since it cannot be put together, one has to change the picture. KPN will surely be visible in that picture. Time is on our side.

Waldemar Pawlak, PSL [Polish Peasant Party]: "The Moment of Truth Is Coming"

One should look for the causes of the grand coalition's failure in the first few days after the elections, when the Sejm was being assembled, and when it was impossible either to agree on participation in it or to share work and responsibility. At that time, emotions and a belief that the will of the majority was decisive led to arrangements which, to date, have yet to become permanent and are still a source of potential conflicts. Such a belief in an "invisible hand" in the political market is very naive, just as it is in the economic market.

We still underestimate the simple fact that we could gain more by cooperation than by total rivalry. I see the lack of will to reach an understanding as the basic reason for the fiasco of the coalition negotiations. Otherwise, a compromise would have certainly been worked out.

However, one should not cry too long over some spilled milk. We will try to do our job, that is on the one hand, to emphasize the need for cooperation, and on the other hand, to seek those places on our political scene where such cooperation is possible and where we can achieve more by working with each other than by fighting against each other mercilessly. This is my chief goal in carrying on negotiations within various political configurations, which I try to conduct regardless of the current situation. I was amazed by attempts to set certain restrictions during the negotiations of the "ten," restrictions which would prevent us from conducting a dialogue with other groups outside the coalition. After all, we weren't interested in tearing apart whatever coalition would have been formed, but rather in finding the broadest possible configuration so that an accord would be workable within it.

We have arrived to the point where future developments depend not so much on us as on those who stand in the first row, so to speak. However, these politicians ought to evaluate their strength and abilities, and reveal them publicly: Are they able to continue the effort which they have undertaken, or do they choose another solution? The PSL is still willing to look for positive solutions.

A moment of truth is coming, the moment when we would have to answer a question: Are we interested in a rational settlement of relations within the parliament, which could bear fruit in the form of a strong government, or are we going to tolerate a chaotic and improvisational manner of solving problems by an ad hoc majority, gathered to fix something or to get someone, until the next time, etc.

Donald Tusk, KLD [Liberal Democratic Congress]: "You Asked for It"

The failure of the grand coalition and a growing societal discontent (no matter whether it is orchestrated or real) have significantly weakened the position of Prime Minister Olszewski and his cabinet. As a result, it seems, the president decided to take the initiative in his own hands.

It is a matter of weeks, or perhaps of days, before this initiative is implemented, regardless of the intentions and efforts of particular parties and politicians.

It may mean an imminent realization of an idea about which Lech Walesa talks today loudly and directly, namely of a government only loosely connected with the parliament, in which, for example, Andrzej Olechowski would be prime minister.

I do not really know what one is supposed to do in this situation. There are no good ideas left, in my opinion. The low status of the parliament and especially of the government is a result, after all, of their own actions. One could [proverbially] say: You asked for it, Grzegorz Dyndala. As far as I am concerned, one should strive to achieve the ideal, that is of having the government and the prime minister endowed with trust by the parliamentary majority and the president. Whether it is only a question of the people involved or above all the will of the president to cooperate with parliament, is still an open question. However, I am under the impression that the president no longer sees the parliament's creative possibilities in that regard.

Olszewski Government Criticized by Its Adviser

92EP0463A Warsaw POLITYKA in Polish
No 21, 23 May 92 pp 1, 5

[Article by Jerzy Baczynski: "Stagnation: Who Is Heading This Mess?"]

[Text] *"The government of Prime Minister Olszewski has lost a lot of time," said a well-known politician last week. Let us call him X.*

Were I to work for the radio, I would announce a "Who Is X?" contest for the listeners.

To make it easier, let me cite the following other comments by X: "The prime minister's predictions in his speech to the parliament have largely fallen by the wayside.... The administration talks more than it acts. Somebody has said that we have a creeping government, but it is also possible to creep rapidly once decisions are taken..."

So who said that?

The answer: The above are quotations from press comments made by Zdzislaw Najder, the prime minister's senior adviser and the closest associate of Jan Olszewski.

In the meantime, the prime minister himself convened a press conference last Friday and presented at it the accomplishments of his cabinet. He made no mention of lost time or of creeping. On the contrary, only the cabinet's own successes and the mistakes of its predecessors were mentioned. The prime minister included among the most important achievements of his administration the improvement in the economic situation during the first quarter of 1992. His having said that seems to indicate that lately he has not been discussing

things with his senior adviser, as otherwise he would be more prone to self-criticism at that press conference. Sure, some signs of revival have appeared in the economy, but ascribing them to the new administration is, to put it diplomatically, abusing the truth. Z. Najder is right in claiming that the government talks more than it acts. It is patently obvious that:

"In the last five months the economic reform has lost its impetus and direction; no major problem has been solved; there is either stagnation or confusion at the ministries (except perhaps at the Ministry of Finance)."

If there actually are any changes to the better, these are the legacy of "two years of mistakes and distortions" [during the Mazowiecki and Bielecki administrations] rather than to the credit of the new administrations.

Let us begin by saying that no one is known to be at the helm of the economy and there is no clear economic policy. It had seemed that the policy would be set and pursued by Minister Jerzy Eysymontt, the director of the Central Planning Office (CUP), but for some time now his name has not surfaced. Instead, it is the Minister of Finance Andrzej Olechowski who is getting the publicity, although, of course, his ministry is rather focusing on budgetary matters and on defending the assumed deficit level. Contrary to the prime minister's predictions, a Ministry of the Economy, which was to shoulder the burden of promoting the reforms, has not been established. Z. Najder said, "the economic ministries and their heads refrained from initiating changes on their own.... These ministries have to be coordinated and prodded." Sure, but who is to coordinate and prod them? It is debatable whether in the times of Leszek Balcerowicz economic power may not have been too much concentrated in the hands of a single individual, but nowadays the pendulum has swung in the other direction and it seems that no one is in the driver's seat.

"Who is heading this mess?" asked the weekly NEWSWEEK in its report from Warsaw. According to that weekly, which largely influences foreign opinion on Poland, the Jan Olszewski administration is definitely the worst of all the governments in Poland ever since the collapse of communism. NEWSWEEK uses the term "inept," which can also be interpreted as "incompetent; not in place." Against this background Minister Olechowski is described as a "rare exception." Thus, the news about Olechowski's resignation is bound to be considered by millions of influential NEWSWEEK readers as a warning that, for the time being, there is no one to talk with in Poland. One such article can influence opinion on Poland more than several official visits taken together. Once again, I repeat that the incompetent information policy of this administration and its inability to cooperate with domestic and foreign press is each week causing increasingly irreparable damage.

If the prime minister wished to present a balance sheet of the economic accomplishments of his government, he

should not have succumbed to the love of uttering all too obvious propaganda slogans which simply begged to be rebutted.

("We also are obliged to Prime Minister Olszewski's cabinet for the exceptionally fair spring this year," according to GAZETA WYBORCZA.)

No doubt, some items in this balance sheet can be considered as pluses for the government, above all because it did not do too much harm—perhaps because it accomplished so little. The two recent ministers of finance prevented bloating the budget, and the new chairperson of the National Bank of Poland has, so far, proved resolute in protecting currency [stability]. The economy has not—knock on wood—become destabilized and, if nowadays we perceive certain signs of an improvement in the economic situation, that is, I believe, a delayed but predicted effect of the economic policy of the predecessors, considering that both those recent ministers of finance basically continued Balcerowicz's macroeconomic policy. It is to the credit of the prime minister that he enabled them to do so and even personally intervened on behalf of financial austerity. The retention of moderately stable foundations of the economy is an undoubted accomplishment of this administration.

Let us consider, however, that the Polish economy needs not only some minimal stability but also a thorough restructuring. In that respect, unfortunately, the results of the last few months have been negligible. In his conversation with the prime minister last week the president said, "It is necessary to begin work as soon as possible on reprivatization, privatization, the banking system, the statute of state enterprises, the formation of the State Treasury, credits, and credit guarantees." Note the words, "It is necessary to begin work," which means that the president too has the impression that nothing is happening in these domains, which are so crucial to the economy's future. This of course is not quite true, but in many cases talk about reforms has been substituted for implementing them. (Consider Zdzislaw Najder's comment, "The government talks more than it acts.")

In April the Sejm placed the government under the obligation of presenting an outline of an industrial policy. In that connection, it was found that the related work is in the preliminary stage and Deputy Minister Nowak, when reporting to the Sejm, merely transmitted "a collection of slogans."

Furthermore, during the Sejm's discussion of the privatization program, Deputy Staniszewska rightly pointed out that "work on privatization has replaced privatization." During the first quarter of this year barely three firms were sold, and conceptually we exist in the same stage as one and one-half years ago. The entire process of privatization has come to a standstill. The establishment of the State Treasury as an institution is being protracted—it would be interesting to know why—as is the spread of managerial contracts, etc.

Another fundamental issue is the predicted debt relief for enterprises. In its own "Assumptions of Socioeconomic Policy" the government stated that, as early as 1 April, enterprise debts will be exchanged for promissory notes; subsequently, the head of the ministry of industry made known his own initiative for restructuring the debt.... And the discussions continue.

These instances can be multiplied. The Chancellery of the Sejm has provided me with a list of draft legislation to be considered by the parliament (as of 11 May). Only every fourth of the 80 draft laws originated from the government, and if we do not include the so-called budgetary legislation, that proportion is still further halved and most of these government-proposed laws concern—I beg your pardon—marginal matters (cultivating the Polish military traditions, insignia for the armed forces, protection of state secrets, sound nutrition, judicial fees, inventions, measures, and certifications).

Once again we quote Z. Najder: "Transmitting new draft laws to the Sejm would burden the Sejm too much." But his concern seems somewhat ambiguous. A value added tax was to be introduced, an integral reform of social insurance was commenced, the government's "Assumptions" envisaged changes in the operating procedures of budget-funded institutions (on the occasion the previous administration was blamed for neglecting this particular reform), etc. It was only on 12 May that the Council of Ministers placed the head of the Central Planning Office under the obligation of presenting within 10 days draft rules for establishing the ministry of the economy, and it likewise placed the head of the Office of the Council of Ministers under the obligation of presenting a proposal for an administrative reform. In addition, a draft law establishing the State Treasury is to be discussed in two weeks. Is the whip finally being plied?

Despite this tardy haste, it would be good to know just what is the administration's timetable for the related actions (the president also asked about it), and what is the plan for reforming the country. This administration has already been characterized by many adjectives: creeping, rhetorical (Rulewski), the government of national torment (Kwasniewski), the government of survival.... Adjectives like these hardly point to vigor and competence.

For now, let us disregard the reform (emulating the government) and consider what has taken place in the economy during the first quarter of this year and what is the origin of those positive signs for which the prime minister has so zealously credited his government.

Well, the recession was clearly—though one does not know for how long—halted. In the first quarter of 1992 output was 8.6 percent lower than in the first quarter of 1991, whereas the decline in output during the last three quarters of 1991 was much steeper. But another event is more significant: For the first time since 1989, output increased by 6.7 percent in a single month (March,

compared with February, over a comparable number of work hours). At the same time, during the first three months of 1992 inflation was lower than assumed (11.6 percent instead of 16.8 percent) and the budget deficit was 10.6 trillion zlotys [Z] instead of the anticipated Z18.6 trillion. What is more, we had a positive balance of foreign trade amounting to nearly \$400 million. Great, is it not?

However, these figures should be interpreted with great caution. The increase in output last March was largely due to an exceptionally good outlook in construction. In the first quarter, especially in March, 80 percent more housing was released for occupancy than a year ago. This has to be linked, unfortunately, to the change in the regulations governing building loans as of 1 April. Everyone concerned tried to take advantage of the more convenient terms applying before that date. The sudden revival of construction invigorated certain branches of industry. In March sales volume reached a peak in the mineral industry (as much as 32 percent higher than in February) and in the chemical industry—both industries that to a large extent are linked to construction. For the chemical industry there was also the added stimulus of the seasonal demand for agricultural chemicals.

The successes of foreign trade are to be attributed to the effect of last February's devaluation of the zloty (effects that by their very nature peter out in time) and to the decline in imports of consumer goods (owing to the continuing decline in real incomes). The lower inflation between January and March also may prove to be a seasonal trend, especially after the introduction of new turnover tax rates in May. Periodically lower inflation may ensue from delays in passing the state budget, that is, from postponements of many price increases. We should not therefore celebrate yet.

All the same, enterprise polls conducted by the Central Planning Office last April indicate that the revival is continuing. More than one-half of the enterprises polled had no problems in marketing their products, and at one-third of the enterprises output and exports increased. It thus turns out that, contrary to the opinion of many experts, economic revival can occur in the absence of financial austerity and inflationary stimulation of demand.

Springtime in the economy is somewhat more fair than had been predicted. But this does not mean at all that, as in the old anecdote, the peasant can sleep and the crop will grow on its own.

Political Figures on Government Performance

92EP0448A Warsaw *KULISY EXPRESS*
WIECZORNY in Polish 15-17 May 92 p 5

[Interview with politicians J.M. Rokita, I. Sekula, M. Jankowski, and S. Niesiolowski by Aleksandra Zawlocka; place and date not given: "An Examination of Conscience: The Olszewski Administration"]

[Text] It is now five months since the Olszewski government has been appointed. In the winter of 1992 this government had awakened tremendous hopes. Has it met our expectations?

Deputy Jan Maria Rokita, Democratic Union: "The State Is Disintegrating: Olszewski Must Go"

[Zawlocka] How do you evaluate the performance of the Olszewski administration?

[Rokita] It is a disaster. The government has totally ceased to govern, especially since the talks on forming the grand coalition had ended. It is not making even the most elementary decisions.

[Zawlocka] What is the reason?

[Rokita] There is an inner crisis at every ministry. The most explicit example at present is the destruction of the Ministry of Privatization; practically all of its executives who had exercised some real power have departed. This threatens the collapse of the privatization process. The same situation prevails everywhere else, especially at the economic ministries.

[Zawlocka] Is not this a side effect of long predicted and needed changes?

[Rokita] This is a purely cronyist government. It toys with people, shifts them from one position to another. Broadly speaking, it has not established contact with public opinion. It has not enhanced the public's faith in the success of reforms in Poland. On the contrary, it has definitely reduced that faith.

[Zawlocka] But is not halting the recession an accomplishment of the government?

[Rokita] That is hardly a fact. We are dealing with a dispute about interpreting the results reported by the GUS [Main Statistical Administration]. Curtailment of the recession can be considered if the present trend persists for some six to nine months.

[Zawlocka] How do you view the foreign policy of the government of Jan Olszewski?

[Rokita] It merely is needlessly irritating the neighboring countries, especially Czechoslovakia. Its policy toward the West is totally irresponsible.

[Zawlocka] In a word, you do not consider Jan Olszewski's policy to have produced any positive results.

[Rokita] That is right. All that it has produced is disintegration of the state.

[Zawlocka] How do you assess the chances of this government? Is its reorganization possible?

[Rokita] It is hopeless. This government is not governing. My slogan is: reform of incompetent governance. I think that the sooner some alternative is found, the

sooner this government will resign, the better for Poland. A reorganization is not possible. Prime Minister Olszewski must go.

Deputy Ireneusz Sekula (Alliance of the Democratic Left): "The Worse Things Are, the Worse They Become: We Are Concerned"

[Sekula] We listened hopefully to the prime minister's report to the parliament; it contained many aspects concerning social policy with which we could be in accord. Unfortunately, there was no consistency in implementing these declarations.

Secondly, the parliamentary game, those deals arranged when apportioning cabinet portfolios, has affected the economic program, which is neither a continuation of the program of Minister Balcerowicz nor anything novel. As a result, the economy was left to shift for itself. In a recession, the economy has to be guided. That guidance is clearly missing. Such are the principal shortcomings of this government.

[Zawlocka] What do you think, has the government scored any positive accomplishments?

[Sekula] Aside from a short period of hope following the visit of Minister Olechowski to the United States and the announcement that relations with the World Bank would be smoothed out, there are no accomplishments to speak of.

[Zawlocka] How does the left evaluate the conflict between the government and Belweder [the Polish White House]?

[Sekula] This is a needless conflict, focusing on some trivial matter, and it affects unfavorably the performance of the government and harms Poland's interests in the eyes of the world.

[Zawlocka] Does the left link any hopes to the government of Jan Olszewski?

[Sekula] The left is nowadays in the opposition which does not mean that we rejoice over the failures of this government. We do not believe in the principle that the worse things are the better they are. Unfortunately, the worse they are, the worse they become—for everyone: for the society, for the state, for the parliament, for the political parties. We feel concerned and anxious. In Poland's interest we wish the best for this government and any other. We wish that it would perform more effectively and score successes.

[Zawlocka] In your opinion, is a reorganization of the cabinet possible, or do you expect the government to resign?

[Sekula] Any governmental crisis destabilizes the life of the nation. It would be better if the present government were to continue at the expense of some minor reorganization that would assure it of broader national support. We hope that a broader government coalition will

be formed, partisan and personal disputes will be relegated to a secondary plane, and the government will attend to major issues, such as living standards, the performance of the economy, and incentives for reviving the economy.

[Zawlocka] What about decommunization?

[Sekula] Decommunization is a meaningless slogan. Sooner or later the political elites should understand that governing is an art like any other and requires trained and experienced individuals. In Poland there are many such people who shall of a certainty work loyally for any democratically elected government. Decommunization would negate the achievements of millions of Poles who had been working very hard, without deriving any personal advantages or privileges. It would mean a fatal division of the society into various categories. I hope that this slogan will be forgotten.

Maciej Jankowski, Chairman of Mazowsze Region Solidarity: "Time Wasted: The Government Should Have Clearly Defined Duties"

[Jankowski] The accomplishments of the Olszewski administration are reduced to the announcement of changes in economic policy made by the prime minister in his report to the parliament. As we see it, the last five months have been totally wasted. This is not even attributable to the extremely difficult operating conditions of the government such as the Sejm's hostile attitude and the general anarchy of political and economic life in Poland.

[Zawlocka] From Solidarity's standpoint, what aspect has the government's policy neglected most?

[Jankowski] It failed to work on establishing the State Treasury as a new institution, providing debt relief for enterprises, liquid capital, wage guarantees, and social protection. It has not even established a procedure for resolving these problems. It has done nothing in economic, administrative, and legal domains.

[Zawlocka] But the recession was halted.

[Jankowski] No, it was not. The number of money-losing enterprises has risen from 30 percent (at the beginning of 1992) to 45-50 percent (at present). Economic policy is oriented toward artificially curtailing demand. A system for debt relief and capital injections for enterprises has not been worked out. In view of this, how can we speak of halting the recession?

[Zawlocka] In your opinion, what is the reason for the weakness of this government?

[Jankowski] Internal dissension. On one side there is the Ministry of Finance (supported by various lobbies), which continues Balcerowicz's policy (taxes, tariff policy, budgetary structure), and on the other there are the Central Planning Office and the Ministry of

Industry, which attempted to take antirecession measures. This contest between conflicting interests is additionally complicated by puzzling decisions of the Office of the Council of Ministers, personnel appointments, which impede setting up a staff of able and experienced civil servants for the government. The chaos at the Ministry of Privatization exemplifies the discord in decisions and concepts of the reform held by the various power centers.

[Zawlocka] Is a reorganization of the present government possible?

[Jankowski] Yes, but first the powers of the government, the president, and the parliament have to be defined. The government must have clearly defined duties, especially in the domain of the economy, and be accountable for them. It should be provided with strong executive powers and freedom of maneuver, because the budget is completely fictitious. Both receipts and spending will vary. The government must rapidly react to these variations.

[Zawlocka] Should Prime Minister Jan Olszewski remain at the helm of the government?

[Jankowski] I do not see any political figure who could replace him. If major personnel changes are made among the prime minister's advisers, and if the government operates efficiently, he may turn out to be a good prime minister.

**Deputy Stefan Niesiolowski (Christian-National Union):
"The Government Has Scored Encouraging Results:
The Crises Are Nonthreatening"**

[Niesiolowski] Five months is too short a period to evaluate the performance of the government. All this time the government has been preoccupied with the problem of presenting a realistic budget and reconciling it with the rulings of the Tribunal of State.

It has presented what in my opinion is an antirecession budget, and the results for the first quarter of the year are very encouraging; there is no budget deficit, output has increased, unemployment is not rising, and a positive balance of foreign trade has been achieved. In a word, these are the first signs of emergence from the recession.

[Zawlocka] But the Sejm has accepted some of the rulings of the Tribunal of State.

[Niesiolowski] True, but afterward it voted that implementing these rulings should not impact the budget.

[Zawlocka] A paradox?

[Niesiolowski] We have returned to the starting point.

[Zawlocka] What about the crises inside the government?

[Niesiolowski] They are not threatening. In my opinion, the Christian Democratic Party made a mistake in withdrawing from the coalition, and it will pay for that

mistake. That was a very frivolous thing to do. Christians should display dignity and courage in any situation. Abandoning an ally is not part of that ethos.

As regards [Minister of Finance] Olechowski, he had previously announced his intent to resign in the event that the Sejm accepts the rulings of the Tribunal, so this was no surprise. On the other hand, I am not sure I understand completely why Balazs also resigned.

[Zawlocka] What about the crisis at the Ministry of Defense and the conflict with the Belweder?

[Niesiolowski] That of course is a problem which Prime Minister Olszewski should resolve as soon as possible.

[Zawlocka] Is the Christian-National Union considering the possibility of a reorganization of the government?

[Niesiolowski] There are certain possibilities. We shall see.

[Zawlocka] But are you taking into consideration the possibility that the government might resign?

[Niesiolowski] No. This is not an issue. The issue is that of a program of action for the immediate future, of a reform of the economy, of emergency powers for the government, of adopting the "Little Constitution" [constitutional amendments concerning chiefly the powers of the executive].

Editor Offers Commentary on Government

*92EP0448B Warsaw KULISY EXPRESS
WIECZORNY in Polish 15-17 May 92 p 5*

[Article by Andrzej Urbanski, editor in chief of KULISY EXPRESS WIECZORNY: "My Commentary"]

[Text] In evaluating the performance of the government of Jan Olszewski, two aspects should be considered: the economic and the political. No doubt, this year the economic aspect looms more importantly to the public, although it, too, is directly dependent on political events. In the economic domain the government has been unexpectedly efficient. It is worth noting that it has inherited a very poor legacy from the liberal government: first, the huge budget deficit—and it should be borne in mind that the Bielecki administration had originally inherited a budget surplus from the Mazowiecki administration—and second, uncompleted drafts of the budget law and of socioeconomic assumptions. Within a very short time, thanks to the efforts of Minister Eysymontt [director of the Central Planning Office], the basic socioeconomic assumptions were changed and a budget law was drafted. This is a major accomplishment for the government, although, of course, the scale of the difficulties is so large that in comparison it is hard to notice; it is less interesting, less exciting, and more opaque to the public. It should be taken into consideration, however, whenever the government's performance is evaluated. The drafting of the "Assumptions," the budget law, and preliminary economic strategy plans is a valuable legacy for any

succeeding government. That legacy will of a certainty be revised, but it means that the next government will not have to begin from scratch. The plan drafted by Minister Eysymontt offers a realistic chance for the economy to revive as early as next year while at the same time avoiding the growth of inflation, the price spiral, and other social costs.

Let me emphasize that this government has accomplished its purpose in the presence of an extremely difficult situation. I am thinking chiefly of Minister Eysymontt. The ministers of finance have been changing but the policy of the Economic Committee of the Council of Ministers has remained stable.

Seen from the political aspect, the government's performance has been, unfortunately, worse. The Mazowiecki government had arisen in an atypical situation, in the presence of the contract [the roundtable agreement to apportion Sejm seats between communists and opposition forces], with the acceptance of the communists. The Bielecki government also had been formed outside the parliament, by the hand of the president. In contrast, the Olszewski government is the first parliamentary government in postwar Poland. A major purpose of such a government is to create a stable majority in the parliament. And in this respect I wish to emphasize strongly that the government of Jan Olszewski has failed. It was only under extremely strong pressure from the Center Accord that it has undertaken this effort. Unfortunately, however, although it had twice a chance to form a stable coalition—the first time last December when the Democratic Union for the first time had expressed its consent to join the government, and the second time in March, when, being persuaded by the Center Accord, it had again joined the negotiations—twice it had forfeited this opportunity. That was a huge political mistake of the government of Jan Olszewski, a mistake which may also be decisive to nullifying the economic accomplishments of this government.

Should it happen so, the first parliamentary government not only would suffer defeat on its own but also would impair public confidence in the parliament and in the democratic procedure of forming the government in general. Besides, we are already observing a decline in that confidence. I must regretfully state that it is Prime Minister Jan Olszewski who is personally to be blamed for this.

In a word, I believe that those who condemn the present government unreservedly are wrong. Unfortunately, this government also is wrong in pretending that nothing happened.

Army Chief of Staff on Change, Depoliticization

*92P20306A Warsaw RZECZPOSPOLITA
in Polish 28 May 92 p 3*

[Article by P.W.R.: "General Zdzislaw Stelmazuk: The Army Is Apolitical"]

[Text] "As a strong supporter of reform in the armed forces, I am convinced that the minister of national defense should be a civilian," said General Div. Zdzislaw Stelmazuk, chief of the General Staff, during the Wednesday [27 May] news conference at the First Mechanized Regiment in Wesola, near Warsaw.

At the same time the general underscored that he is saying this as regards function and competence and not in terms of any specific person.

The general also stated that the minister, having at his disposal three deputy ministers (for strategic defense affairs, social issues, and logistics), would be responsible for managing the army, and the chief of the General Staff or the general inspector of the armed forces would command it—this would be a person who would command the army and be above political intrigues. Commenting on the proposal that the chief of the General Staff be subordinate to the president, the general said that in seven of the NATO countries this function comes under the minister of national defense. General Stelmazuk stated that a clear definition should be made as to whom the armed forces are subordinate. This should be one easily identifiable person. One-person command is the foundation for a successful army, he noted, but "the politicians will decide on how the future will look."

Against Reductions

The chief of the General Staff confirmed that the long term apolitical nature of the army is going to be maintained; "we are accomplishing our missions and in the uniformed services all is well," said the general.

General Stelmazuk came out against reductions in the armed forces, calling for good judgement and study of other armies of the world. According to the general, the armed forces should be composed of approximately one half percent of the population, that is 200,000 to 300,000 people, noting that "this is only a proposal; the politicians will settle this issue."

Responding to a question concerning the speculation that he may be dismissed from the position of chief of the General Staff, General Stelmazuk said that he is a soldier and he is ready to depart at any moment.

Who Are the Authors of the Leaflets?

The general confirmed that he and other officers received leaflets signed by the Young Officer's Association on changes in the military. "In my opinion, the authors of these leaflets are older officers. The authors made errors in the first and last names of officers; competent people would not do this," said the general, and he added that nowhere in the leaflets does his name appear, neither is there a demand for his dismissal. The general said that the Young Officer's Association is no sort of an organization. "I would not take these leaflets seriously," he added.

Great Changes

"Great changes have taken place in the army, unappreciated by ill-disposed people, from the moment of the formation of Prime Minister Mazowiecki's government," said General Stelmazuk.

The great changes which he enumerated were the liquidation of all units charged with maintaining the Warsaw Pact (up to this point, 340 of them have been liquidated and this process is still progressing), the transformation of 11 armored divisions [as given] to mechanized divisions, the admission of the Krakow Military District into the organization, and the disbandment of many central military institutes. The general said that he could name 100 more examples to prove military restructuring is taking place in the army.

IMF-Style Balance of Payments Published

92EP0392A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13 Apr 92 p II

[Article by Pawel Jablonski: "State Balance of Payments According to IMF Regulations"]

[Text] A state's balance of payments is the comparison of all income and outlays resulting from its relations with foreign countries during a given period. Poland's balance of payments for the current year is given as a justification for the draft law on the state budget. For the first time, the balance of payments was drawn up according to the model used by developed countries, member states of the IMF.

At present, the balance of payments is made up of seven groups of items:

- The first group, known as "current turnovers," begins with the balance of goods payments, or the trade balance. This year an increase of 3 percent is planned in export (in fixed prices) with a 2.5-percent increase in import and a price increase of 3 percent. As a result, we should achieve a positive balance of goods payments of \$119 million, which more than doubles last year's balance (133.3 percent).
- The second item is the "balance of services." It is projected that this year the value of services rendered by our foreign firms will be \$200 million higher than the value of those services rendered in Poland by foreign firms. The data found in last year's balance regarding both the balance of goods payments and services payments does not correspond to the data published by GUS [Central Office of Statistics], which correlates it and does not include (at least according to information provided by the Ministry of Finance [MF]) all of private import.
- The next item in the balance is interest on the various credits and loans, those incurred or guaranteed both by the government and by enterprises. In budget planning, a slight increase is expected in the value of interest obtained by Poland from credit granted as

well as a very large increase in the value of interest on the credit incurred by Poland.

According to the data found in the balance, this year Poland should repay \$5.052 billion in interest. This is so-called required interest. In reality, a portion of this interest, by virtue of an understanding with the Paris Club, has been remitted for us (\$2.807 billion). A portion has been changed into zlotys (converted) or refinanced, which means that the payment has been deferred to a later date. Poland will not pay a certain part of the interest this year, in spite of the fact that the date for payment of it will come due and that we have not made any agreements regarding the deferral or remission of this credit. The so-called interest in arrearage is capitalized and added to the debt. In toto, of the overall sum of \$5.052 billion in principal (the so-called required interest) which we are obliged to repay this year, we will definitely repay \$1.161 billion. In spite of this, the value of all required interest is listed under this item.

- Transfers are the next item in the balance. They are divided into two parts: private and official. It is planned that the positive balance of private transfers will increase more than threefold by comparison with last year's balance, from \$308 million to \$1 billion. This item corresponds roughly to the balance of turnovers in type A foreign exchange accounts in banks. It means that both foreign exchange purchased on the domestic market and paid to banks and, of course, all private monetary transfers made through the brokerage of banks are taken into account. The possibility of paying for private import through the brokerage of type-A accounts had a definite impact upon the low value of last year's transfers.
- Official transfers are made up of the obligations which have been converted for us (changed into zlotys) or remitted. On the basis of an agreement with the Paris Club, 80 percent of the interest due on our debts in 1992, i.e., \$2.807 billion, has been remitted.
- The group known as long-term and midterm capital encompasses the balance of credit with a repayment period of more than a year as well as capital invested in Poland. It is planned that this year the balance of midterm and long-term credit will be positive, amounting to \$681 million. This means that it is planned that the value of the credit we obtain this year (\$1.480 billion) will be higher by this sum than the credit we are to repay this year (\$799 million). We receive most of our credit from international financial institutions. Some of it (\$3.6 billion according to the budget law) will be used to finance the budget deficit.

In reality, the balance of repaid credit will be significantly higher since in this item, in accordance with IMF requirements, the repayment of all credit is taken into consideration. Meanwhile, we will definitely repay only \$389 million. The remaining \$410 million may be refinanced, converted (it is planned that \$33 million will be converted this year) or treated as arrears.

- The next item is the balance of credit granted by Poland. Last year this balance was positive. This means that more credit was repaid to us than we granted. This year it is planned that we will lend more than is repaid to us. This results from the poor situation of several of our debtors and from the anticipated need to finance Polish export by credit. The budget projects that we shall grant credit valued at \$132.7 billion, or approximately \$10 million. Thus, it may be concluded that the remaining credit will be granted by Polish enterprises and banks.
- The value of foreign investments in Poland this year is estimated at \$120 million. This figure, however, refers only to capital shares paid in. It means that if some Western firm contributes machinery as its share, for example, this is not taken into account in the balance of payments.
- Short-term capital encompasses various types of short-term loans and the balance of the various clearings of accounts between financial institutions.

The credits found in this group usually are used to finance export (credit granted) or import.

- The item "purchase and sale of currencies" roughly corresponds to the amount of foreign exchange sold by the NBP [Polish National Bank] on the domestic market, and to foreign exchange offices as well. Since this foreign exchange frequently finds its way into individual accounts, its value has a definite impact upon the amount of private transfers.
- The item "changes in other foreign debts and obligations and other financial operations" refers to changes in the amount of assets and liabilities in the entire banking system as well as to the international clearing of accounts conducted in the banking system (for example, foreign exchange debts, arbitrage and C-type foreign exchange accounts).
- The item "errors and omissions" includes all payments about which the decision has not yet been made regarding placement under a given item. The vast majority of these should be found in the group of current turnovers. The high value of this item emanates primarily from incomplete reporting forms. The situation should improve this year.
- The item "exceptional financing" corresponds to certain special forms of financing the balance of payments. In its present form, the payments which we are obliged to pay this year are covered in two items: interest and long-term and midterm capital. However, we will not pay these payments, since we have either signed an agreement with our debtors or we do not have the funds to pay. However, in order for the balance to tally in the item "exceptional financing," these figures are included once again, this time in the

amount of \$1.308 billion. Our arrearage is growing by this amount.

This amount is the total of our interest and capital which is in arrears or has been refinanced. The sum remaining after this operation is \$1.454 billion. When \$1.308 billion is subtracted from this, we find that the government plans to repay an additional \$146 million in former obligations. Thus, item E informs us that Poland's debt due to the servicing of its old foreign debt is growing by \$1.308 billion this year. This is significantly less than last year. Moreover, the current one-third increase in indebtedness (the item "restructured debt") results from signed international contracts.

- The item "revalorization" is the results of keeping our reserves in various currencies. As a result of changes in currency rates of exchange, there was a decline last year in the value of reserves, calculated in dollars.
- The balance of items A-F is positive and amounts to \$666 million. These funds increase the value of official reserves. In order to bring this balance down to zero, however, this amount is written with a minus sign. Last year, when the national balance of payments was negative, the value of reserves declined. Experts commenting on the balance claim that it is very unlikely that the balance of private transfers will reach \$1 billion. On the other hand, it is possible that the value of the balance in goods and services turnovers will be higher.

* * *

Experts commenting on the balance claim that it is very unlikely that the balance of private transfers will reach \$1 billion. On the other hand, a higher balance value in commodities and services turnovers is possible. The projected twofold increase in the absorption of foreign credit is also quite problematical.

To summarize, according to the justification for the budget law, the government projects that the state debt this year will increase from \$48.412 billion to approximately \$49.396 billion, i.e., by \$984 million. Meanwhile, the balance shows that assuming that the currency rate of exchange does not change, our debt will increase by \$1,989 million (item B plus item E). This may mean that the government expects our creditors not only to remit our interest but also to reduce the amount of our debt (remit the principal on our credit). The balance does not include such operations. Meanwhile, last year, on the basis of agreements in the United States, Holland, Great Britain and Holland [as published], \$2.004 billion of our debt has been remitted. This year we signed a similar agreement with Germany to reduce our debt.

	1991 Performance	1992 Plan
A		
Current turnovers	(- 1,359)	(- 336)
Commodities payments balance	51	119
Export income	12,760	13,537
Import outlays	12,709	13,418
Services balance	236	200
Services: income	1,577	1,500
Services: outlays	3,404	5,052
—Paid	888	1,161
—Unpaid	2,516	3,891
—Refinanced	579	
—Remitted	864	
—Converted	7	
—In arrears	1,066	
Transfers balance	1,217	3,847
Private transfers balance	308	1,000
Official transfers balance	909	2,847
Converted debts	45	40
Remitted debts	864	2,807
B		
Long-term and mid-term capital	(- 4,472)	761
Credit obtained	(- 4,632)	681
Utilization of new credit	786	1,480
Payments	5,418	799
—Repaid	347	389
—Due but unpaid	5,071	410
—Refinanced	1,512	
—Converted	38	
—In arrears	3,521	
Credit granted	43	(- 40)
Utilization	49	
Payments	92	
Direct investments and remaining capital	117	120
C		
Short-term capital	(- 1,169)	(- 1,067)
Credit obtained	8	
Credit granted	(- 46)	
Purchase and sale of currency	(- 620)	
Changes in other debts and foreign obligations	85	
Other financial operations	(- 596)	
D		
Errors and omissions	(- 699)	
E		
Exceptional financing	6,569	1,308

Restructured debts	2,091	
Changes in arrears	4,478	
Increase in arrears	4,587	
Drop (paid)	(- 109)	
F		
Revalorization	(- 58)	
—Of official reserves	(- 29)	
—Of other debts and obligations	(- 29)	
G		
Change in official reserves	1,188	(- 666)

Enterprises Expect Economic Improvement

92EP0416B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 6 May 92 p IV

[Article by Ryszard Barczyk, Malgorzata Kokocinska, and Wieslawa Przybylska-Kapuscinska: "No Changes at Present; Forecast: Improving"]

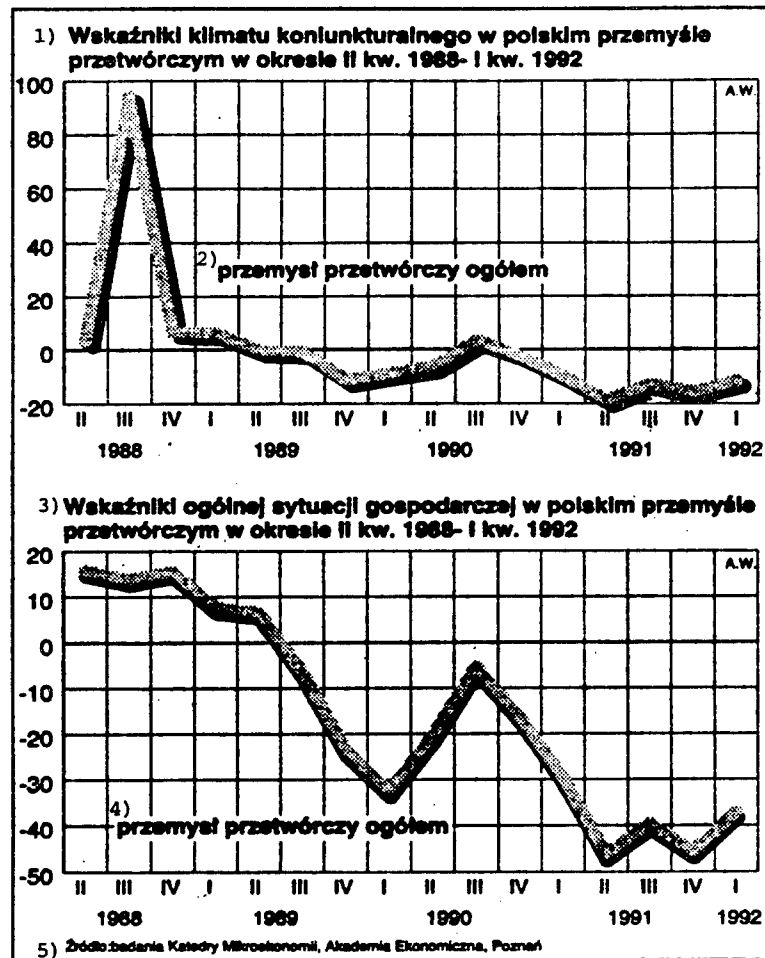
[Text] It can be assumed that the second quarter of 1992 will bring some economic revival but no turning point. The question remains open as to whether the enterprises forecasting more favorable prospects guided themselves by their growing familiarity with the market and a realistic appraisal of their possibilities or whether they anticipated to a greater degree the [government's] adoption of a socioeconomic policy envisaging some alleviation of the operations of state-sector enterprises.¹ A graphic reflection of the changes underway is found in the two diagrams below, which present two composite indicators of the economic performance of enterprises:

—The business outlook indicator, which is the arithmetical mean of the indicators for the current quarter and the indicators of the forecast for the next quarter, constructed on the basis of specially selected elements defining the diagnosis and prognosis of the economy (first diagram).

—The indicator of the general assessment of the economic situation, which is the arithmetical mean of indicators for the current quarter and indicators of the forecast for the next quarter, constructed on the basis of just one specific indicator of the so-called first impression of the enterprise about the general outlook for its performance (second diagram).

The Law of the Pendulum

The business outlook indicator rose from - 16.0 in the fourth quarter of 1991 to - 11.9 in the first quarter of 1992, while over the same period the indicator of the general assessment of the economic situation rose from - 45.8 to - 37.3. When the levels of these indicators are considered over a longer period of time, it will be seen that, following the first quarter of the current year, they have been approaching the values characterizing the 1989-90 turnabout [collapse of communism] period. If that period in its turn is considered as a watershed, it will



Key:

1. Business outlook indicators in the Polish manufacturing industry from the second quarter of 1988 through the first quarter of 1992.
2. The manufacturing industry in general.
3. General economic situation indicators in the Polish manufacturing industry from the second quarter of 1988 through the first quarter of 1992.
4. The manufacturing industry in general.
5. Source: Research of the Microeconomics Chair, Academy of Economics in Poznan.

be seen that, following the first reaction of revival, which was not, however, supported by state intervention, a second and deeper surge of recession set in.

It reached its bottom in the second quarter of 1991, and since then the changes in economic activity have been in the nature of rather feeble oscillations, alternately positive and negative. Is the most recent positive swing a reflection of the law of the pendulum on this arduous road being climbed by the market economy?

This seems to be so, according to the recent forecast prepared for the second quarter of 1992 by the same

enterprises. The principal conclusions that can be drawn on the basis of a more detailed analysis of discrete economic factors concerning the situation in the first quarter of 1992 and the forecast for the second quarter seem to answer this question more conclusively.

No Major Changes

—The assessment of the general economic situation for the first quarter of 1992 is negative and several points lower than in the previous study. It is characteristic that the differences within the subsector groups are

becoming blurred. The food industry alone assessed its general prospects less pessimistically.

- As in the two preceding quarters analyzed, the proportion of the enterprises contracting to sell their entire current output, or even more, has remained at the level of 35 percent. It now appears that light industry is emerging from the abyss.
- On the whole the changes in output compared with the preceding quarter have been downward, and this indicates a broadening of the groups of enterprises at which output is diminishing. During the first quarter of 1992 output declined at as many as 44 percent of the enterprises polled (compared with 33 percent of the enterprises in the last quarter of 1991), and it increased at only 19 percent of enterprises. On the whole, thus, output volume has diminished. The differences among the subsector groups became largely evened out.
- More than 40 percent of the enterprises still have problems marketing their products.
- Only somewhat more than 50 percent of the enterprises assess the size of their workforces as consonant with the needs, while 42 percent consider it too high, with only a small percentage of enterprises having less than full employment. Payrolls are most padded at the electrical machinery and light industries.
- Despite the elimination of supply barriers, the group of enterprises declaring their inventories to be too low is steadily growing. In the first quarter of 1992 this group accounted for as much as 28 percent of all respondents.
- Generally, 75 percent of the enterprises still are short of the funds needed to finance their current operating costs. On the whole, this situation has not improved, though some slight improvement has been recorded for light industry.

Summing up, the economic performance of the enterprises in the first quarter of 1992 has on the whole been stagnant, with some revival emerging in the light industry. The forecasts presented by the enterprises for the first quarter of 1992 proved entirely right.

Awaiting Improvement

- The forecast for the second quarter of 1992 is, broadly speaking, positive. Compared with the forecast for the

preceding quarter, twice as many enterprises—12 percent, versus 6 percent previously—expect an improvement in their economic situation; 33 percent—versus 46 percent previously—expecting a deterioration. Thus, although the overall balance remains negative, it still is better than previously.

- The expectations of enterprises as to demand are rising, especially in the consumer goods subsectors. On the average, 23 percent of the enterprises expect an increase in demand, and only 18 percent expect its decline. This is the most favorable demand forecast encountered over the last 12 months.
- There exists a close relationship between the demand forecasts and the expectations as to output. Thus, similarly, for the first time in a long time, a generally larger number of enterprises (24 percent) expects an increase in output than its decline (18 percent). This indicator is negative for the electrical machinery industry alone. In the previous forecast, the indicators for all the industries were negative.
- The financial situation of the enterprises in the second quarter of 1992 will remain poor, but it will tend to improve. This is linked to the expected increase in demand and output. For enterprises of the light and food industry this situation will improve the most.
- On the average, 40 percent of the enterprises expect increases in the prices of their products. Compared with the preceding quarterly forecast the proportion of enterprises expecting product price increases grew larger by about five points.

Price increases will occur on a strikingly larger than average scale for products of the chemical industry.

This forecast seems to augur a breach in the law of the pendulum, although it is difficult to tell whether it also signifies the commencement of a major turnabout. The demand forecast, in particular, elicits the most apprehensions, because, as experience shows, it has to be treated cautiously: The enterprises still estimate demand too optimistically.

The opinions presented above concern the whole of the state enterprises of the processing industry.

Footnote

1. Changes in the performance of enterprises are recorded by means of the the business-outlook test by the Economics Academy in Poznan as sponsored by the Main Statistical Administration.

'Caution' Urged in Applying UN Sanctions

92P20310A Bucharest AZI in Romanian 5 Jun 92 p 7

[Article by P. Flaviu: "The Need for Caution"]

[Text] To be honest, the 3 June statement of the Romanian Government on the sanctions that the United Nations Security Council decided to implement against the new Yugoslavia, that is, Serbia and Montenegro, did not fully convince me. Are we conforming immediately to the letter and spirit of the Security Council resolution, or does the examination of the "direct and indirect impact of these measures on Romania," as the document states, take priority?

Personally, I would like to believe that the government has opted for caution, that is, for the second option. The arguments in favor of this option are clearly formulated in the statement. The lesson of the Persian Gulf seems to me to be the most convincing.

But there are other arguments, just as solid. For example, have the reactions of the Serbs, who are our partners in the construction and operation of two important hydroelectric power plants on the Danube, been taken into account?

And what will Romania do if Belgrade blocks the Danube as it has indicated that it could do?

FRANCE PRESSE talked about "a billion dollars" that would be lost by our country if it joined in the sanctions. Can we allow another such "luxury" after the farce in the Gulf? And, in the final analysis, whose interests are promoted by a miserable Yugoslavia?

I think that we must ask such a question. This is all the more important since they are saying at the United Nations that, prior to the adoption by the Security Council of the sanctions against Serbia and Montenegro, Secretary General Boutros Ghali received a report showing the involvement of Croatia in military operations in Bosnia and Hercegovina, a document that the members of the council did not find out about until afterwards.

This "detail," which casts a completely new light on the issue, shows the need for great caution. And so does the existence of those dark forces in Europe which, in the name of interests that are still in the shadows, nurture interethnic conflicts and exacerbate the problem of the national minorities, seeking to put it at the top of the list of the concerns of the CSCE and the entire international community.

This is why Romania, which is also the target of these political manipulations, should be as cautious as possible.

Roman Speech to North Atlantic Assembly

92BA0988A Bucharest CURIERUL NATIONAL
in Romanian 26 May 92 pp 1-2

[Article by Cristina Trepcea on Petre Roman's speech to the North Atlantic Assembly held in Canada on 12-18 May 1992]

[Text] As is known, the spring session of the North Atlantic Assembly (the interparliamentary body of NATO) was held in Banff, Canada, on 14-18 May 1992. Among the guests invited to attend the event was Mr. Petre Roman, chairman of the National Salvation Front [FSN], at the suggestion of Mr. Javier [?Ramirez] (Spain), chairman of the North Atlantic Assembly Subcommittee for CSCE.

In view of the fact that much discussion was stirred in Banff around Mr. Roman's address, we consider it appropriate to carry the text presented by the FSN leader.

Banff, Alberta, Canada, Saturday 16 May 1992

Anyone who read the report might get a "confused" idea of Romania's present political situation. But could we at least extend this image to a "confused" area? That may be an important attempt for our endeavors to overcome the Byzantine nature of our politics and a preliminary condition for our efforts and program to modernize the country.

The Byzantine universe is made up of several recent characteristic traits, as well as the rules of the totalitarian communist regime, which demonstrated that no personal or group achievement is possible outside of a relationship of obedience to those in power.

The crisis of September 1991, which stemmed from real complaints, was also generated by the prospects of reform. This general sentiment was fully exploited by hidden forces from central institutions linked to the former regime by vital interests, and by apparently significant opposition groups, who applauded and encouraged those forces during the violent riots in the streets of Bucharest.

The toppling of the executive power was of advantage to all the conservative forces of each party or political group, whether left-wing, right-wing, or center. This conservatism did not cover those nostalgic for communism. But logic points to the fact that the network implanted in the Jiu Valley was responsible for inciting and egging on the miners. In fact, that was the securitate network secretly restored in our times by the director of SRI [Romanian Intelligence Service].

There are still very many people who hope to hold on to the privileges granted by an authoritarian leadership. Such a leadership, while pretending to defend the national wellbeing, could try to block the development of the democratic process. The political structures are under a continual process of crystalization, because the

people who represent them must learn the operational principles of a democratic mechanism. Ascertaining each one's limitations in the handling of power should become a reflexive element in practical activities. For the time being this is not the case either at the presidential or parliamentary level. On the other hand, the efforts to curtail state control, not only over a hypercentralized life but also over a hypercentralized economy, are making room for anarchy, economic breakdowns, and crime. Among all the elected or appointed authorities in Romania, the government was and still is the only one that acted consistently for structural changes capable of providing a real foundation for Romania's democratic development.

Like any other manmade thing, the Constitution is not perfect, but it should certainly not be viewed as "slightly" democratic, because it was irreproachably inspired by several democratic constitutions.

The only thing that could speed up the rate of democratization at the practical level is to keep the democratic society running, thereby giving everyone a chance.

Freedom of information was probably the first right that the Romanian people secured after December 1989. Television as an institution was professionally completely trivialized under Ceausescu and has to date failed to demonstrate competence and independence. Before being a matter of politics, television is a matter of money and talent, as has been proven by the opposite example of the programs offered by the SOTI independent channel, which is producing propaganda for the opposition by the same primitive, indigent means.

Throughout our time in government, after the reform program was announced on 28 June 1990 by the prime minister designated in the wake of the first postcommunist free elections, television served as a tool against reform. Its shows on economics and economic policy and its public polls almost invariably promoted a destabilizing image of reform efforts.

Reform deregulation and legislation—the only anticommunist fact in terms of dismantling state property in the economy and establishing the mechanisms of a market economy—were presented only in their negative effects on the public. On the other hand, whether meaning well or not, journalists, economists, and politicians insisted on presenting on television, and thus to the entire nation, the great dangers threatening the industry and commerce and thus the employees and simple people. A slogan was born as an accusation against the government: "They're pulling their hands off the enterprises," while at the same time the question arose: "If the state is no longer the owner, who is the owner?"

It is just and necessary to explain the fact that the government's efforts to demonstrate the need for reform steps were fairly intensive. The reform nucleus of the government acted primarily as technocrats rather than politicians, and rarely through the mass media. It is very probable that a campaign similar to F.D. Roosevelt's

"fireside chats" of the 1920's and 1930's during the American crisis would have been more appropriate.

Anyway, we can say that the "kamikaze" actions of the prime minister and the influential members of the government reached a peak during live talks on very popular TV shows between the prime minister and five leaders of the major trade union confederations. Those took place during the first shock wave of the reform caused by the price liberalization in October 1990.

As for ethnic minorities, the report stressed that the solution to that problem may lie in continued protection against discrimination. The political solution is to remove political organizations from the ethnic arena, where their disputes are sometimes mostly demagogical, and to involve them in democratic politics. Thus, the Romanians' fear of Hungarian revisionism and the Hungarians' fear of the destruction of their national identity would no longer be an item in the political campaign.

There is no doubt that one important solution would be to improve relations between Romania and Hungary (a few elements do exist, such as the "Open Skies" military accord and treaties in the areas of education, economy, and trade) and to abandon all anti-Romanian propaganda projects on the Transylvanian problem. External tensions around the country are perceived by all inhabitants on Romanian territory as very threatening.

Common sense makes everyone see the Yugoslav crisis as proof of the inability and weakness of international structures to stop the massacre, thus creating a sense of a vague and engulfing threat. A more real threat is the conflict in the Dniester region, in Moldova, on which the mass media has reported far less than on the other European conflicts. That is an armed conflict in which Romanians are being killed by Russian bullets. The conflict may be viewed as an extension of imperial ambitions now transferred to Russia. Thus, Russia's western border is being pushed 700 km toward the west and Ukraine is thus caught in the vise. External conflicts cannot be examined separately from the process of domestic democratization. Now that Romania can finally end the isolation imposed by the communist leadership and establish its own democratic values, what it finds out there is a world thrown into turmoil by the spasms of territorial redivision and sovereignty delimitations, and, on the other hand, by recession and violence. The reinforcement of the extreme right confronts it with a reality that it cannot integrate in either its historical experience or its psychological makeup. A certain discriminatory and paternalistic attitude on the part of the Western countries has elicited many reservations. It would seem that the existence of nuclear weapons in personal arsenals is placing certain leaders of former communist countries above and beyond any suspicion of neocommunism or cryptocommunism.

The extremely sensitive issue of the SRI director must be resolved. There are undeniable proofs that the SRI is directly involved in political life. The SRI has resumed

the old connections and has reactivated several networks of the former securitate with the help of the service director (Some examples: The political files of the former securitate, the neocommunist and fascist propaganda of the newspaper EUROPA, or the pressures exercised on journalists, newspaper directors, or TV departments). The head of the SRI must be someone who can be respected even when under suspicion.

Instead of Conclusions and Recommendations

Let us consider the hypothesis, which I think is true, that the reform team that hammered out the reform program presented on 28 June 1990 was, and still is, in a strong position vis-a-vis the political influence and political centers of forces linked to the communist past in terms of the real forces in conflict. The team was the core of the first legitimate government. It managed to produce essential laws for economic and political reforms and to create a public image in favor of the demand for a rapid transition. The FSN vigorously and democratically separated itself from the neocommunist wing that had strongly confused Romania's political life, while the entire reform wing stayed with the FSN or close to it. Consequently, the FSN has the experience and capability to promote reform. At the same time, the separation that occurred at the national convention demonstrates the democratic credo of this party and thus its desire to work for democracy in cooperation with other political forces dedicated to this basic path in Romania.

What is now the major line of our political thinking? First, introducing several principles against demagoguery and populism. Aside from that, we are considering and recommending a complete chart for political stability based on the fact that the inevitable "trek through the wilderness" of the transition must be widely understood and accepted by all Romanians. That is the meaning of national consensus.

A market economy does not have political connotations in a democracy; it is a natural component of human relations and is part of democracy. The key to success depends on the results of urgent elections and on having a substantial democratic majority in Parliament. In such a case, even a conservative neocommunist president could not easily change the path of reform. We hope not to find ourselves in the latter situation.

The party to which I belong is closely linked to the social facet of the economic policy. We hope to maintain a social balance while introducing and using all the tools of a free market and economy. From this viewpoint, the FSN has already worked out a program for the future government, and we strongly state that a political will dedicated to reform must be at the origin of any party program.

My last words to the greatly respected NATO Assembly Committee will be to state that our presence at this meeting is not merely the outcome of the unprecedented opening of the NATO institutions. It is certainly also an act of decision on our part. We are strongly encouraged

along this direction by the fresh and balanced global political environment generated by the institutions of Euro-Atlantic security owed primarily to NATO. Human beings have given up threatening the existence of the planet with nuclear destruction. The human condition has been enormously improved by the global disintegration of communism. The present is not being spared great difficulties because all of a sudden, and for the first time in history, we are in a position to fully develop and utilize the vast potential of the human condition. Allow me to recall one of the lessons of the great Seneca: "It is not because this work is difficult that we lack courage, rather the work is difficult because we lack courage." What we say is, we cannot choose anything but courage.

Cluj Mayor on Ethnic Issues, Soros Foundation

92BA0959A Bucharest LIBERTATEA in Romanian
16-17 May 92 pp 1, 8

[Unattributed interview with Gheorghe Funar, mayor of Cluj, previously published in RENASTEREA BANATEANA; place and date of interview not given: "You Don't Need To Be a Transylvanian To Be a Romanian"]

[Text] RENASTEREA BANATEANA recently published a very interesting interview with the controversial mayor of Cluj, Gheorghe Funar, the man who has already been declared "Public Enemy No. 1" in Budapest and in areas close to it in political interests. He is the enemy of irredentists, extremists, and generally of all those who do not realize or do not want to realize that they live in a sovereign country governed by its own laws.

Mr. Funar gave this interview for Timisoara also because he himself hails from the Banat, born in Sinnicolaul Mare and tossed by fate onto the shores of the Somes where, with a considerable majority of votes, his fellow citizens thought him worthy of managing their city. From what follows we will find out how Mr. Funar plans to do that and what principles underlie his everyday actions.

[RENASTEREA BANATEANA] Mr. Gheorghe Funar, we won't in the least try to hide our desire to talk to you immediately in the first few days after the local elections, by which you were invested with the position of mayor of a large and important city in Transylvania as the PUNR [Romanian National Unity Party] candidate. To many in Timisoara, your victory, the victory of the party you represented, was a revelation. How did you manage it?

[Funar] Although we organized our branch after Mures County, we believe that our Cluj County branch is the best organized PUNR branch, with the best results in the local elections. Practically speaking, in Cluj County we are the "government party." We won 56 percent of the votes and we have PUNR mayors in all the county municipalities and towns. Also, the chairman of the county council is a PUNR member and so is one of the two vice chairmen of the council.

[RENASTEREA BANATEANA] I wonder from where came the sun whose warmth leavened the dough that went into the making of the people of that part of the country, that you have managed to gather together so many Romanians in one place, so many intellectuals, physicians, and university cadres who wish for democracy under perfect national unity?

[Funar] That may also have been the "advantage" of the tragedies experienced in the 1940-44 period. If you wanted to close your eyes and look at the local elections results, you will find that in the northwest, the region ceded under the Vienna Diktat, the PUNR won easily. At the general elections we hope to obtain far better results throughout the country. I say that because during local elections we did not manage to enter candidates in many counties and in a large number of localities, though we have many sympathizers throughout the country. In my view, we will place among the first parties in the general elections.

[RENASTEREA BANATEANA] I think you must be familiar with the situation in Timis County. Here it seems that the sun rises west of us. Some people view Bucharest as a useless appendage to the Banat, while the ruler is measuring the convenient distance to Vienna, Budapest, and other enlightened capitals, while we, born and bred sons of the Banat, are being told that we are not fitting ourselves in the "spirit of Timisoara."

[Funar] I am familiar with many details concerning the situation in Timisoara and Timis. In fact, one does not need to be a Transylvanian to be a good Romanian. I am also from the Banat, I was born in Sinnicolaul Mare, I did a good part of my schooling in Sinnicolau, then two years in Timisoara, after which I came to the university in Cluj-Napoca and stayed here....

[RENASTEREA BANATEANA] Mr. Funar, after your election as mayor, both Mr. Ion Ratiu and the UDMR [Democratic Union of Hungarians in Romania], as well as other parties in the Democratic Convention protested against the Ministry of Foreign Affairs which allegedly helped you manipulate the electorate by releasing that communique—I will not go into details, which are very well known—and implicitly helped you win the elections, whereas otherwise the victory would have been theirs, or so they say. Would you express your viewpoint on this matter?

[Funar] The fact that the Foreign Ministry issued that communique was a mere coincidence. If we consider the situation coldly, we can say that it was a blunder by the Budapest politicians who, in their pride, are making mistakes that at times cost them dearly. Regardless of whether it was one of their political parties in the Convention they use as a disguise.

[RENASTEREA BANATEANA] A few weeks ago, three or four perhaps, I heard on Radio Free Europe [RFE] a roundtable face to face discussion between marking PUNR representatives from Cluj-Napoca and UDMR representatives from the same city. I am sorry, but I have

to confess that I do not remember whether you were one of the personalities invited to that verbal duel aimed at highlighting, as could be easily noted, the Romanians' intolerance toward the Hungarians in Cluj.

[Funar] I will tell you a few details about that. That was an RFE plot, more precisely a plot by Emil Hurezeanu to "catch" me out in that discussion. It failed, because in our turn we had a surprise in stock for him which I think he will remember all his life. Namely, we invited to City Hall the local mass media, representatives of several political parties, of Vatra Romaneasca, UDMR, and FSN [National Salvation Front] and we offered Mr. Hurezeanu a "face to face" dialogue. I will not conceal from you that we told him there that even the title he suggested, as well as a PUNR-UDMR "face to face" dialogue, were wrong from the start, because since they are both opposition parties, they cannot be placed face to face. I did not understand why he wanted to place them face to face and to create the false impression that we were indeed antagonistic, when that is not the case. Mr. Hurezeanu put on a pitiful show, which surprised me for an RFE employee-editor, the fact that the radio allowed itself to hire such a poor professional who does not even know what an official language is—especially when he was told that the official language in Romania is the Romanian language—or who can claim that City Hall makes the laws. We thought that the people who work for RFE were smarter than that.

[RENASTEREA BANATEANA] Since you mentioned Romanian as the official language, we have heard about the controversies regarding signs in languages other than Romanian. We heard that you ordered all names of schools, squares, stores, etc., to appear only in Romania's official language in Cluj-Napoca.

[Funar] Of course, and not only Hungarian signs, as the UDMR asserted in its protests. All sign owners who violate the provisions of Law No. 50 of 1991 are fined. Initially they were warned to get them down, but those who did not bother to follow our order—and those were only the Hungarian owners, whose signs were only in Hungarian, because others, of other nationalities, got them down immediately—are being fined every 48 hours and will soon be surprised to see us taking them down. I don't understand why they don't want to realize that they live in Romania!

[RENASTEREA BANATEANA] Mayor, I read in ADEVARUL DE CLUJ of 28 April the one-article order signed by you under which you suspended the conference on "Locality Self-Government" which was to be attended by a number of foundations from Budapest and the Netherlands, along with several Hungarian organizations. Frankly, we were amazed by your order, or rather by your courage, all the more since here, in Timisoara, such imported "classes" are frequently held in the name of democracy and in the presence of the same tutors, and no one, absolutely no one, ever stood up to oppose this invasion of democratizers.

[Funar] I sent an appeal through ROMPRES to all the mayors in the country to oppose such anti-Romanian manifestations. Naturally, foreign radio and television stations have already begun their reaction to that. In view of this surprise that those organizations from Hungary and the Netherlands and several Romanian organizations meant to pull on us regarding self-government, and so as not to have to run into such surprises in the future, I issued the order of which I see you have heard regarding such conferences. I stated in it that all those who wish to hold such public events are obligated to file a written statement about it with City Hall at least three days prior, including how it will be held, for how long, the topic, and the participants.

[RENASTEREA BANATEANA] In the communique released the same day you added that the meetings in questions could still be held if the organizers also invited representatives of City Hall, the mass media, university, Vatra Romaneasca Union, the Avram Iancu Society, and others.

[Funar] Of course, because last week, representatives of the Soros Foundation wanted to present us with a fait accompli. I invited them to City Hall and much to my surprise, the Soros Foundation of Romania was represented by Horvath Andor, who serves as secretary of state at the Ministry of Culture and who stated during our talk that he did not recognize either Romania's Constitution or the Romanian language as the official language in this country. And this person is appointed deputy minister of culture! I offered the delegation that came to City hall two alternatives: I requested them to file written documents with City Hall, otherwise their conference was to be suspended because of the secrecy in which they wanted to organize it and the purpose that Mr. Soros pursues in Romania, on the one hand; on the other hand, the conference could be held with the participation of the representatives I listed, for the Romanian side. So the conference was held on our terms and in the afternoon I received a delegation of the Soros Foundation at City Hall, led by the deputy speaker of the Hungarian parliament, accompanied by the head of the New York foundation and others.

[RENASTEREA BANATEANA] What did you discuss?

[Funar] We had a very civilized talk in which I learned a number of very interesting things, including the fact that over 50 newspapers and magazines in Romania are financed by the Soros Foundation: ROMANIA LIBERA, GAZETA DE VEST of Timisoara, ADEVARUL, TRIBUNA ARDEALULUI of Cluj, ROMANIA LITERARA, and others. During that discussion, I also learned that many of the experts who worked on the draft of the privatization law were financed by the Soros Foundation, and that one year ago, as chairman of the ANP [National Privatization Agency], Mr. Stolojan, our present prime minister, attended in Prague classes paid for by the Soros Foundation.

[RENASTEREA BANATEANA] Do you want me to publish these assertions?

[Funar] Please do! These are assertions that were made at the Cluj-Napoca City Hall, were taped, and we can always produce proof for what they themselves stated.

[RENASTEREA BANATEANA] Mr. Funar, I think you must already know of the protest of the UDMR National Council of Delegations against your orders on having to have prior City Hall authorization for every event, by which you made yourself guilty of noncompliance, the protest stated, with the basic rights and liberties featured in Art. 29, 30, and 36 of the Romanian Constitution.

[Funar] I did not know about that protest-communique, but I did know that in the Senate two UDMR senators took a stand against my orders and offered me two chances: Either that the current prime minister relieve me from my post, or, a more elegant one that the two suggested themselves, that I resign.

[RENASTEREA BANATEANA] And what will you do?

[Funar] We don't scare so easily. In a few days I will circulate the orders I issued here to all the mayors in the major cities of the country, including Timisoara, asking them to adopt them and apply them in what they consider to be their positive elements. I already sent them to Oradea, where the UDMR is trying to terrorize the citizens with some made-up holidays between 10-17 May. I also want to approach the foreign minister and ask him to intervene to put an end to these imported holidays.

[RENASTEREA BANATEANA] Mayor, you know full well that anyone who wrote things like "put an end to imported holidays," let's be Romanians, let's be firm, dignified, or whatever will be called a xenophobe, nationalist-extremist, chauvinist, a dinosaur in matters of democracy, etc., etc....

[Funar] Such epithets do, of course, appear in the newspapers financed by the Soros Foundation or from Budapest, but we, here, if we know what we want, are not bothered by them in the least. We are in Romania, in our home, and we are applying the country's Constitution and its other laws to all the citizens.

[RENASTEREA BANATEANA] Mayor, in the first few days after being elected you stated that you will be a mayor for all the citizens of the Cluj-Napoca Municipality.

[Funar] Everything I do and undertake in our city is for the benefit of all the inhabitants, regardless of nationality. I am not and was never against the loyal citizens of this country, and I wish for economic wellbeing for all the people of Cluj, not only for the economic growth of one ethnic community at the expense of another. Everyone is equal before the law and there is no privileged equality. In our city we are not implementing the privatization law, that is, we are not selling assets. The government embroiled us in this action totally lacking in

any natural logic, namely, in offering the citizens worthless securities, offering illusions to 17.5 million Romanians, although the private property funds have not even been formed. So I should issue securities printed at great cost in France. More illusions for the unfortunate Romanian! We would like most of the stores in the city to belong directly to the manufacturing plants and thus to be able to maintain low prices for most products. As it is, our city is known for having the lowest prices in the country. We hope to maintain and perhaps even lower them a bit.

[RENASTEREA BANATEANA] Mr. Funar, if you were the mayor of Timisoara, would you do exactly the same things as in Cluj-Napoca?

[Funar] But there is no question of thinking or doing anything else! As a matter of fact, I know that the mayor

of Timisoara, a former military man in the Romanian Army, has become rather estranged from the country. It is sad that the people of Timisoara stayed home and ended up having such a mayor.

[RENASTEREA BANATEANA] I suggest we do not continue on this topic, especially since, regardless of personal political choices, the situation seems to be returning to normal and the local council can be taken as a model of activity in this delicate socioeconomic area.

[Funar] I hope that the people of Banat are and will act as Romanians, because they are in their home in Timisoara, in Timis County, and in the western area of the country. Those who were elected to executive positions must do their duty and request the public to do its duty, regardless of nationality, because endless tolerance will cost us enormously in the future.

Questions Tudjman Needs To Answer

92BA1041A Zagreb DANAS in Serbo-Croatian
26 May 92 p 23

[Article by Ivan Zvonimir Cicak: "A Moment of Bitter Truth"]

[Text] On Friday, 22 May, in the building of the United Nations the General Assembly will most probably adopt a decision on full membership of three new members, namely: Bosnia-Herzegovina, Croatia, and Slovenia.

This rounds out the cycle of the historical struggle of peoples in this region to achieve their independence. Precisely because the moment is a solemn one and signifies one of the milestones in the history of peoples in this region, it should also be realized that this is a bitter moment of truth to recapitulate the road we have traveled and asked what is good and what is bad in the actions that led to the crown of recognition. Better put, was this done in the best possible way, and was the recognition of Croatian statehood, taking all in all, done so as to be to the benefit of the entire Croatian people, or on the other hand have individuals abused the century-old dream of the Croats of having their own state so as to install themselves as the only historical figures who brought that about?

That is why the television shots of Tudjman's departure for New York for the Zagreb Airport made a grotesque impression.

Tudjman lined up his ballet company at the airport. In front of that, a long red carpet was laid on the runway. At the beginning of the carpet, where Tudjman received the report, so it seemed, from General Kikerec, new at the job, there was a tiny rug about one by two meters on which Tudjman stood. It must be noted that Kikerec was dressed in some dark blue uniform unfamiliar to us, because the Croatian Army still does not have its official dress uniforms. Kikerec stood on the concrete, and the entire time that Tudjman was reviewing his ballet company, the honor guard, he ran about behind him on the concrete in confusion, surely afraid of soiling Tudjman's immortal carpet with his mortal steps.

Why do we mention this case? Precisely because it catches the atmosphere created in Croatia, which is related to the proclamation of independence, and in which everything has been subordinated just to one person, who in the style of the personality cult, attributes achievements of the common struggle of generations of Croats, including this one, solely to himself.

I do not know whether it is necessary to read the list to the Croatian public of all the people who we see today on the social scene, from Gotovac, the writer who served time in prison, to Supek, the member of the academy and former dissident, who had been on the list to be shot as traitors only because they were on the Croatian scene even before, just as they exist even today as Croats, important and meritorious Croats.

At the same time that the special aircraft, costing 18 million [currency not specified], which did not have the insignia of the Republic of Croatia, but only the president's seal, was carrying the president of eternal Croatia into eternity, Milan Kucan, who conducted a policy much less painful and much more intelligent than this Croatian president of the moment, without pomp and ceremony, without show, was also flying to New York and was seen off by a modest group of his associates from Ljubljana.

Be that as it may, we are entering that phase of politics when it will no longer be possible to wave in the air the idea that recognition is being prevented in order to silence other voices. The time that is coming will be a time for investigating the past of all future candidates in elections, when a great deal that has been hidden and covered up must come to the surface. A great deal of dirt has been cleverly concealed up to now, and all criticism of those faults has been proclaimed an attack on the Croatian state, and in the end Vladimir Seks even made it a crime with charges of verbal offenses.

During the election campaign, Tudjman will have to answer many questions.

Tudjman will have to answer questions about his role in World War II, including why he was penalized by the party, did that actually occur, as some say, because of his treatment of prisoners of war?

Tudjman will have to answer what he did and how he operated as the personnel officer of the JNA [Yugoslav People's Army]?!

Tudjman will have to answer the question of why as president of the Partizan soccer club did he try to get players from the Dinamo club to move over to Partizan?

Tudjman will have to furnish the truth about his career promotions and answer the question of why he was promoted to the rank of general in peacetime?

Tudjman will also have to furnish the truth about his work in the Institute for the History of the Working Class Movement, which he established in agreement with Bakaric.

Tudjman will have to answer whether it is true that in the sixties Bakaric personally nominated him to the academy?

Tudjman will have to answer why a commission headed by Prof. Yaroslav Sidak refused when he attempted to present his doctoral dissertation at Zagreb University and how he later defended the same dissertation in Zadar?

Tudjman will have to answer these and other questions because Croatia as a state can stride and sail into its future only on the basis of precisely established ethical and human criteria such as are relevant throughout the democratic world.

Otherwise we will one day see Croatia as a Potemkin village, and that could be disastrous for all those in these parts who have staked their lives on their own Croatia and paid for it with constant persecution.

Split Agreement on Confederation Analyzed

*92BA1041C Zagreb DANAS in Serbo-Croatian
26 May 92 pp 12-13*

[Article by Jelena Lovric: "Europe's New Perimeter"]

[Text] Sensational news has reached the cathedral of the spirit directly from the president's office. Even the orthodox HINA [Croatian News Agency] did not publish it immediately, because the media bombshell about confederation between Croatia and Bosnia-Herzegovina [B-H] sounded improbable, especially because the echo of an international scandal was still resounding: The international public was comparing the great creators of the Croato-Serbian meeting in Graz to the conclusion of the prewar Stalin-Hitler agreement. Only the next day, after the persistent insistence that his voice also be heard, did Alija Izetbegovic, allegedly angry, consent to put his imprimatur on the secret Split pact between the two ethnic parties of his state, which had agreed on Croatian territory, and obviously, under its benevolent protection. If the reactions are to be compared, there is no doubt that the Bosnian or Muslim side was more restrained in its rush to publish the content of the secret agreement. It is certain that the Croatian president was in a hurry to make known a secret which the other side did not want to make public as yet. Why? Does it consider this a great success of its policy, or does the secret of the haste lie in something else? Without entering into assessments of the morality of this kind of divulgence of secret negotiations without the approval of the other side, it can be said that it all is a bit reminiscent of a revival of the publication of Raskovic's conversations with Tudjman.

The Enigma Has Remained

Even the interpretation of the published document is quite different on this side and the other side of the Una. Although formally it is an agreement between two B-H parties, the HDZ [Croatian Democratic Community] and the SDA [Democratic Action Party], so that it can be said that Croatia only offered its services in this matter, that is, it hired the place, through its spokesmen in the media Croatian politics immediately began to blow its horn about new Croatian borders on the Drina. A public that is first of all and most of all confused has been guessing what is actually involved here. In the mixture of interpretation and sentiment there was also joy that Croatian policy had finally succeeded, as Drazen Budisa put it, in correcting the maladjusted mechanism of the pendulum in the direction of Bosnia, but imagination was also set to work, there was also nonsensical talk about the unnatural shape of the Croatian croissant and the natural roundness that would come from an embrace with Herceg-Bosnia. The map of that new confederation

shows a pleasing picture in which the rebellious Serbian areas would be like islands in a sea of Croatian and Muslim inhabitants that could probably neutralize them. It never occurred to anyone on the Croatian side to perhaps think that if it is a question of a confederation of two independent and sovereign countries, one might also speak with equal right about the borders of Bosnia, of Muslimania on the Sutla, which indicates how equality is interpreted. It is worth noting that somehow the closest views of this agreement in Croatia belong to those who are otherwise said to be angry enemies—the spokesmen of the government and of Paraga's party, who saw this act as the first step toward establishing the Croatian state in its historical and ethnic borders.

Although in the meantime there has been a great deal of talk about the document, the enigma has nevertheless remained. What is actually involved: one of a series of documents whose life is very limited, or a historically important document which changes the balance of power and the political constellation on the Balkan peninsula? Did the two parties in Split talk about their party relations, or did two states clear the way to their future together? It might be said that the way has been prepared for the news, because a few days before, again from the same source, there was an announcement that President Tudjman had contacted Alija Izetbegovic on several occasions and that a meeting was to follow.

As far as we can figure out at present, the entire action was undertaken for several reasons. It is a campaign move with which the incumbent party could make up for some of those defects it has had up to now—a nice rounding out of Croatia, Knin, which is like a bone in its throat at present, would no longer be choking it, it would no longer be cut off, but its Slavonian and Dalmatian sections would be harmoniously linked through Bosnia.... Aside from that, trumps are stripped from the hands of those fighting with arms for borders on the Drina. Regardless of how seriously Tudjman is thinking about that confederation, it sounds good in preparation for the elections, because more is gained thereby than has even been publicly promised. It could also be very useful in that it entertains the public with guessing about the real nature of the president's move and about the meaning of the confederation, and therefore it would not get around to thinking about other things. To be sure, even in this case borders on the Drina sound much like Djodan's boasting when he recently said that flags had nevertheless been planted on Romanija; that is, some groups of scouts on an excursion on that Bosnian mountain had unfurled a Croatian flag for several hours. We are talking, that is, about manipulation in an election campaign.

Knin as a Bone in the Throat

The other reason lies in establishing a defensive alliance between Croatia and Bosnia-Herzegovina, which, as far as we recall, was first proposed by the Croatian liberals. Izetbegovic will say that it is above all a question of a military alliance to conquer the aggressor and drive him

out of sovereign lands according to the logic: Together we are stronger. This has legalized before the war that brotherhood of arms which in practice, on the battlefield, is already operative. After all, Croatia has been accused by the international public at almost the same level and in the same manner as the JNA [Yugoslav People's Army] of participating in the B-H war. Now even the units of the Croatian Army on battlefields in Bosnia-Herzegovina gain some kind of legality, they need not wage war illegally any longer. Even those who are reserved toward the idea of a confederation support the agreement on a joint struggle against the common enemy.

And the third and perhaps the most important reason why this was done in such a spectacularly intriguing way is to cover the tracks which Croatian policy left following the agreement in Graz. Split is supposed to nullify Graz and the agreement there between the B-H—Croatian and B-H—Serbian leaders, which the Croatian Government blessed, thereby falling lower in the estimation of the international public than it has been for a long time now. The comparison with the pact between Hitler and Stalin is clear enough evidence of that. The agreement in Graz manifested the common desires of the negotiators. The Serbs would get 70 percent of the territory of B-H, the Croats were seeking 40 percent, which means that the Muslims would be left without a place to live, and the central republic of the former Yugoslavia has a shortage of territory when it comes to Croatian and Serbian appetites. Now the Croats want to show that that was not really their thinking, and they can negotiate with the Muslims. But the way in which this was done suggests deception, that once again is a case of the same move of talking and carving behind the third party's back. Now the Serbs have been eliminated, which, to be sure, they did themselves, but all of this seems to indicate that there is a lack of scrupulousness in Croatian policy, regardless of with whom they conclude deals, the main thing is to turn a profit.

But however it might have seemed at first that Split corrects the mistakes of Graz, it is actually just a logical extension of it. The attempt to create a confederation between Croatia and Bosnia-Herzegovina would definitively divide the neighboring state whose Serbian section would insist still more fiercely that it is being separated from its parent state. It is naive to think that a governmental alliance between Croatia and B-H could be brought about within their present borders. Judging by everything that has been said and done up to this point, Croatian policy would have nothing against a division of its confederal partner, although probably it would really not want to get its hands dirty that way.

Even a bit euphoric, as though confederation were a done deal and if it should be taken as a presentation of the lands of B-H, the Croatian public, together with the political parties, have let their imagination run away with them. There are ideas running around about how that new community should look, one hears that a new Berlin wall should be raised on the Drina. Even now,

there are ideas, to be sure not altogether public and not altogether clear, that that confederation would include all those states which are not in truncated Yugoslavia. Even Milan Kucan was speaking recently about an economic alliance among Slovenia, Croatia, Bosnia-Herzegovina, and Macedonia.

A New Berlin Wall

Thus, instead of nothing remaining of Yugoslavia, as official Croatian political rhetoric demanded, all of a sudden the former Yugoslavia has multiplied by some kind of simple division. It might be said that one Yugoslavia has given rise to two, that it is manifested in its Serbian and what provisionally might be called its Croatian variants. Nevertheless, the Croatian public is firm in its position that that new Croatian-Bosnian community must not become a Trojan horse for any kind of new Yugoslav association.

There is also insistence that it must absolutely not enter into any relations with those who are now the aggressors. The idea at one time of creating an anti-Milosevic coalition, that is, of some kind of isolation of Serbia by creating a Yugoslav alliance, by creating a Yugoslavia minus Serbia, is thus seeing a tardy realization. Had there been more attention paid to it at one time, it probably would have made it easier to wage this war if it occurred and if it had to occur. However, it took a long time to realize that it is easiest for Serbia to break its opponents one by one and that it is impossible to resist its military force individually. The Bosnian, that is, Muslim side, which is now refusing to negotiate with Karadzic's Serbs as long as they behave like bulldozers for the destruction of Bosnia-Herzegovina, will probably one day when the war is over change their position. Alija Izetbegovic was heard to say the other day that the Split agreement does not do anything behind the back of the Serbian people. If he is thinking of keeping Bosnia-Herzegovina intact, Izetbegovic must necessarily reach an agreement with the Serbs as well. We can also anticipate that after the war is over Bosnia must return to its natural position as a bridge or buffer zone, it makes almost no difference, between the two states on which it relies and which frame it. Incidentally, in a Croatia—B-H confederation, according to certain assessments, there would be more Serbs than Muslims. However fantastic that might sound, after the war is over and equilibrium is reestablished, Bosnia will have to extend its hand to both sides, whatever that might mean. Will that once again be only a step from what has already been? Is the Croatian president leading toward a renewal of the Yugoslav past from which Croatia rushed so painfully?

In spite of everything, it is difficult to believe that. That is why the pompously announced agreement on confederation could only mean, we might suppose, that Franjo Tudjman "is seeking a pardon" for his past policy toward Bosnia-Herzegovina in the sense in which Drazen Budisa recently said that those accounts should finally be rendered. Tudjman's moves toward Bosnia up

to now have been such that one could only conclude from them that he is a disastrously bad politician, because he has constantly been working to the advantage of Croatia's detriment in his agreements with Milosevic about its division and by drawing maps. If this is not the result of bad political assessments, then one might conclude that he is doing this intentionally. There remains only the question of why. Until the Croatian public gets an answer to that question, it will not know what is the real meaning of the agreement on confederation, which has been greatly popularized in past days and of which it has been said that it becomes operative immediately. But if for no other reason we can be glad that Croatia has begun to build alliances, of which there has been an evident shortage up to now.

Croatian Opposition Sets Conditions

92BA1041B Zagreb DANAS in Serbo-Croatian
26 May 92 pp 24-25

[Article by Marinko Culic: "The Opposition Is Setting Conditions"]

[Text] It was not planned, but last week's coordinating meeting of the opposition parties of Croatia began with an item which had not been on the agenda that was announced. Antun Vujic, coordinator for the month, proposed that the opposition take a position on confederation of Croatia and B-H [Bosnia-Herzegovina], while the items agreed on earlier, the elections and the "Independent Croatian Television" project, were moved down one level. Vujic's proposal was accepted, and representatives of the opposition first said what they thought about the Split agreement, which itself speaks volumes, and only afterward did they take up other topics.

In the briefest retelling, positions were taken to the effect that the Split agreement between the HDZ [Croatian Democratic Community] and SDA [Democratic Action Party] is to be supported because it creates a defensive alliance between the two states, but the opposition is in principle against allowing it to prejudice forms of inter-governmental relations now that the war is still going on, because that might only provoke it still more. They particularly reproached the two ethnic parties for having acted as states in Split and doing a job which belongs to the legal bodies of government. The HDZ, then, is suspected once again of occupying the Croatian state, because it has put the opposition in a position of being asked about strategic issues after the fact, if it is asked anything at all.

No one, however, noticed that they consented to that dictate even in this meeting, so that it appears that the issuing of commands from above has gotten so under the opposition's skin that it no longer sees it or is reconciling itself to it unawares.

Approximately two months ago, let us recall, the opposition refused to use its TV time to discuss the Bosnian situation as Vrdoljak had envisaged, because it wanted

to raise the topic of television itself and of its stepmotherly relation toward the opposition. Now the oppositionists themselves decided to talk first about Bosnia, and then about television. To be sure, this is a realistic order of importance, but the order of importance which once again was determined by the incumbent party, although it certainly seems to Vujic that he heard this from his own mouth. The HDZ, that is, has managed to impose yet another linked debate on the opposition, one which in its references—voluntarism in choice of occasion and superficiality in execution—is a typical campaign topic: lightweight and usually right on the verge of being a bluff. The opposition nevertheless spoke seriously about this chaff, with only one reservation (Ljubomir Antic of the Croatian Social Liberal Party [HSLP])—that the HDZ put it on the agenda primarily because of its interests in the election, and it only remained there because of Bosnia.

This is not the first time this has happened, and one can even speak of an entire system of false or loaded topics on which the government is building its rating in the elections. Nevertheless, the opposition has jumped on that train more frequently than it has asked where it is going and whether it is going anywhere at all. Back last winter, for example, when Tudjman's campaign committee played its first card by saying that the HDZ deserves the credit for Croatia's recognition and that all the rest were sterile incompetents and traitors, the most the opposition could think of was to emphasize the paramount credit due to the Croatian people.

That was still relatively inventive, because afterward some of Tudjman's spokesmen, given the responsibility of dividing the pie so that nothing is left for the others (Manolic), became so entangled in condemnatory constructs that they all but said in broken language that the people deserve no credit for anything. One more step and the question would have been asked of whose fault it is that the Croatian people, one of some 20 that have been newly recognized, had to shed so much blood, and why were so many casualties necessary if the leadership is so competent? And that question actually was put once (Kresimir Dzeka in ST).

Something similar is happening with Bosnia. When the HDZ speaks with such self-confidence about a confederation, obviously casting toward our eastern neighbor that same lasso that it was twirling before the first elections, then the real question is not what this could bring to Croatia, but what has it already brought during these two years to the government of the HDZ, one of which has been a war year? Has the HDZ's policy toward Bosnia up to this point contributed to the "natural" merger of Croatia and B-H, about which Tudjman spoke in the more mature phases of his Bosnian policy? Or, on the other hand, has it helped that natural dependence to turn into a battlefield for ethnic boundaries, about which the Croatian president spoke in his previous phase?

The opposition's indecision in holding back on these issues follows from the way in which it assesses the

policy of the incumbent party, and that has basically remained the same since the beginning and did not change even when the opposition raised its voice the most. Put most succinctly, that assessment is that the HDZ has set the correct political goals, but has been using an unproductive or harmful method of pursuing them. This assessment may in fact be the truth, but it is so stiff and wooden that if the reflexes fail just a bit, you suddenly find yourself in a situation where people are being tried, beaten, even killed, but all of this is covered over with the happy sentiment that although there have been minor mistakes, we are coming closer to the sacred objective of a free and independent Croatia.

The Secret Agreement in the "Stari Puntijar"

The reflexes of the public nevertheless rarely fail to that extent, so that the parties that were first to raise their voice against that (HSP [Croatian Rights Party]) had an immediate response, although in many respects they themselves have been generating uncertainty and fear. But the most indicative and instructive is the vigorous rise of Budisa's Liberals. According to the most recent survey of the "Glava" Agency, Tudjman's actions have fallen to 26 percent with future voters, while Budisa is already breathing down his neck with a surprising 22 percent. This is a surprise, because that party has almost no tradition at all in this region, probably because liberal ideas have always been perceived as soft. But now this appears to be an advantage over the incumbent party, whose methods are such that it is no longer certain whether they have become so hard because of the war or the war became so hard because of them?

But all of this seems to have entered more into the minds of future voters than those of the opposition parties. They are still self-hypnotized by this vision of goals and methods, which gives the incumbent party a place set apart from the outset where it cannot be harmed with ordinary complaining, nor even by the uproar that is raised here and there. It is under that self-hypnosis that the myth of the invincibility of the HDZ has almost been created already, and this is stronger in the opposition, which has taken for granted the victory of the incumbent party (to be sure, they refer to it as "rigged"), than in the party in power itself, which would have scheduled elections on the spot if it came even close to believing that. It is probably only in terms of that timidity of the opposition that one can explain why the flower of the opposition met a few days ago almost secretly in the "Stari Puntijar." In the Kupinec atmosphere of that out-of-the-way Zagreb restaurant, they examined the new situation that has come about in which there is still no evidence that the HDZ can be beaten, but there are signs that nevertheless it is not necessary to lose to it.

At that unusual meeting, whose conclusions were distributed to journalists only after the vote was taken in the coordinating committee, on whom it has somehow dawned that an election campaign nevertheless cannot be conducted secretly—several joint positions were agreed on. They called for the opposition to participate

in election committees, there was a demand that closed ballot boxes be provided at polling places, the parties feel that they should be reimbursed a portion of the election costs in the form of an advance. There is also insistence on monitoring expenditures for the election, which ought to see that no more is spent than envisaged by the budget (the amount of the advance to total expenditure ought not to be greater than 3:1). They also called for adopting a behavior code that would include equal access to the media, the same treatment in use of public space to hold campaign meetings, and equal treatment in the display of posters. In the end, they again expressed dissatisfaction with the election law and demanded adoption of the opposition's amendments, which represent the minimum, which if rejected would invoke "reassessment of the whole point of holding elections."

Close Association or a Joint Effort

For the first time, then, a joint position has been taken concerning a possible boycott of the elections, on which the parties up to now have had mixed views, although the prevailing opinion is that the elections have been imposed, but that they will nevertheless take part in them (seeking international arbitration unless certain conditions are met).

There should be no doubt at all that this diversity will persist and that the agreements in the "Stari Puntijar" will not be taken so strictly by anyone that they will hold it against a party that decided, for example, to boycott the elections because it did not have a representative on the election committees. Probably alluding to that, Ljubo Antic spoke ironically of the "Puntijar" meeting at the expense of the participants, referring to it as a "historic agreement," and judging by the laughter of those present, the others have the same association. But even the chatter in a working meeting at the "Puntijar" represents some kind of turning point. Probably not to that extent that one can speak of a joint effort by the opposition, not even now just in advance of the elections, but nevertheless important enough so that one can say that the opposition parties in the future will certainly work more closely with one another than just establishing unilateral and multilateral ties with the incumbent party. Incidentally, just the other day the basic reason for that reached its culmination, because the term of the Democratic Unity government expired. The opposition parties entered into it with differing, sometimes even quite opposed, reasons, but they had in common that they made "some grudging contribution" to that government.

Now they are being driven from it on dingy grounds—that the war is over—which is more of an insult than an expression of alleged gratitude to the parties which took a constructive stance in defense of the country.

It is quite clear, that is, that the change of government has nothing whatsoever to do either with the war or its end, but with the desire of the hard-line segments of the HDZ to finally "take away" the government from the

opposition, pass it into their own hands, and in that way fulfill the "will of the voters." There is, to be sure, some logic in that, because it is understandable that this kind of government is ceasing to have a reason for its existence on the eve of the elections, in which terms are to be distributed differently than those it received. At the same time, the impatience of the hard-liners in the HDZ to get rid of the government right now also opens up many questions. Is the purpose of this to take that little bit of credit which has been acknowledged to the government in order to capitalize on it in the election campaign? Or does the purpose go much further than that—to conquer one of the most salient points of

authority so as to use it as a point from which to influence more effectively the course of the elections and to do those things which in advance have made the opposition suspicious of its regularity?

If it is a case of the latter, and there are those who think that the elections will certainly be rigged, it is only a question of to what extent—the opposition really has no reason to hide in taverns on Sljeme. After all, if it sleeps through these elections, it is very likely that in future there will be nothing left for it to do except to claim loudly in taverns.

Peterle on Future of Christian Democrats

92BA0994A Ljubljana DELO in Slovene 18 May 92 p 2

[Interview with former Prime Minister Lojze Peterle by Miran Lesjak; place and date not given: "We Will Get a Relative Majority in the Elections"]

[Text] *Lojze Peterle is satisfied with the influence and organization of his party, to which he will now devote more time.*

Ljubljana, 17 May—Lojze Peterle, the old and new president of the Christian Democrats, after his election, spoke about the future activity of Christian Democracy in a special interview for DELO.

[Lesjak] How is it that you said virtually nothing at the congress about the current political situation in Slovenia and your party's position, since you recently lost power?

[Peterle] We discussed it even earlier in the party's council and executive committee, so the party's position is clear. The congress, however, has more long-term purposes, and consequently we deliberately did not enter into discussions of that subject.

[Lesjak] Does that mean that you will now start preparing intensively for the elections, and you have left what happened in parliament to history?

[Peterle] Yes, it is already history, and there is no point in discussing it. I think that only a few delegates raised that issue. We are certainly preparing for the elections. I myself will be deeply involved in the party, which I have missed for two years. The party is developing wonderfully.

[Lesjak] What will your party offer in the elections?

[Peterle] We will now accelerate considerably the substantive part of the preparations for the elections. We will seriously prepare our vision of entering Europe. We are thinking seriously about developing economic concepts, and in that framework, the cooperative movement in particular as one of the key organizational forms. Basically, we will offer the same fundamental point of departure as in the previous elections, namely a combination of a market economy and social safeguards, and support the introduction of control mechanisms in the state. It appears that privatization will still remain a topic in the future elections. I am afraid that with this government and parliament, we will not go forward.

[Lesjak] Why?

[Peterle] I think that the proposal that Dr. Bucar has submitted for Assembly proceedings has moved away from what a certain consensus was already achieved on. There is still so much that is obscure in this new draft that considerable discussion will be necessary if we want to make any progress.

[Lesjak] One of the delegates proposed today that all the right-wing and right-central parties be merged into a

single one. He even proposed the name of such a party. Do you think that it is advisable?

[Peterle] It is not necessary for us to embark upon such a project, although one could still discuss the advisability of it. It depends considerably upon the electoral system. If it is proportional or markedly proportional, then there is no need for a preelection coalition. We can agree among these parties, however, that we will not get in each other's way. If the system has a majority adjustment, however, then of course the system itself will encourage seeking joint candidates and preelection coalitions. I have the impression, however, that the electoral system will lean more toward a proportional system than a mixed one, and I would almost venture to predict that this right-central bloc will not be formed.

[Lesjak] What is it that prevents or makes impossible some sort of merger for the parties in the right-central bloc, as your new vice president, Ivan Oman, has also proposed?

[Peterle] None of these parties has yet expressed any desire to unite, but only to cooperate. A joint willingness has to exist in order for something like that to be done.

[Lesjak] Do you feel strong enough yourselves?

[Peterle] I think that we will get a relative majority in the elections; we are still too weak for an absolute one, although wonderful things are happening for us now. Since the Social Democrats started to go adrift like that, a considerable number of them have been coming to us. The same is true of the Greens. I think that we do not have bad prospects.

Comments on Drnovsek's Cabinet Members

92BA0991A Ljubljana DELO in Slovene 28 May 92 p 2

[Article by Vinko Vasle: "We Say: The Day Is Known by the Morning, and the Prime Minister by His Advisers"]

[Text] *Dr. Drnovsek has surrounded himself with people whom he trusts completely; an analogy with Peterle's staff is not even possible; the adviser on the economic system is already in the prime minister's staff for the third time; and then there are also others...*

Ljubljana, 27 May—With the election of Drnovsek's new government, changes in the prime minister's staff were also to be expected. Yesterday the government, at its meeting, confirmed almost the entire government office, since only one adviser to the prime minister is still missing from it.

Government staffs, although they are usually far from the eyes of the public, are much more important than they appear at first glance. That is why prime ministers surround themselves with people who are not only experts on individual areas, but are also reliable "partners" for the prime minister, and consequently people

whom the prime minister has to trust completely, professionally, and also politically and privately. This general principle was also followed by Dr. Janez Drnovsek in forming and appointing his staff, since the people in it are ones whom the prime minister knew even before, and he has also already collaborated very closely with some of them.

His chief of staff, Marjan Kramer, is like that. For example, along with the present minister of tourism, Janez Sirse, he was an important adviser in Drnovsek's federal staff. Until now Kramer was employed at the headquarters of the Pharos fund, but now he will conduct the coordination of the government staff, "which wants to be different from the previous one," which means that "a simple analogy with Peterle's staff is not possible," as he says. This is supposed to mean in particular that Drnovsek's staff will be smaller than Peterle's and that his principal task will be coordination between the prime minister and the deputy prime ministers and some of the most important government ministries, especially the economic ones, and especially with the Foreign Ministry.

Barbara Kranjc has become Janez Drnovsek's personal secretary. She is an economist by profession, who was likewise employed by Pharos, but performed important and demanding work at the time when the mandate was voted for Drnovsek. Jakhel Dergan has remained in the team of advisers from the previous staff; he will be Drnovsek's adviser on the economic system and development. He already performed the same professional work in Dusan Sinigoj's government. Drnovsek decided that he would also keep on the staff Hilda Dolenc Mihevc, who is the adviser on regional development and cooperation with the obcinas. Dr. Andrej Kumar has become the adviser on international economic issues. Until now, as the director, he successfully headed the Foreign Trade Center at the Slovene Chamber of Commerce, which has its headquarters in Radenci. Now he is to handle in particular Slovenia's trade agreements, its inclusion in EFTA [European Free Trade Association], the EC, etc.

Neven Borak has become Drnovsek's adviser on economic-financial issues, i.e., the economic system and economic policy. He comes from the staff of President of the Presidency Milan Kucan, where he dealt with economic problems. He was also one of the closest economic advisers in Janez Stanovnik's staff. Neven Borak became "popular" in particular as a writer of provocative and polemical brief commentaries, which he published in Ljubljana's DNEVNIK under the pseudonym Venó Carbone. Along with Milan Meden, who was then DNEVNIK's chief editor, he particularly stirred up the public at the end of last June, when he published a "famous" commentary entitled "Military Prediction" under his pseudonym, as a result of which Meden later had to resign. In it (this was the first day of the war for Slovenia), in fact, he wrote several extremely controversial assertions, saying that Slovenia had not been subjected to provocation by the special units, but rather by

both the ruling ministers (Janez Jansa and Igor Bavcar). In his opinion, the best proof of this claim was supposed to be the poorly prepared blockades, which hampered the civilian population more than the armored units.... This commentary and Meden's aroused great public anger. DNEVNIK was forced to disassociate itself from that kind of writing in those difficult times.

In Prime Minister Drnovsek's new staff, one of the important functions will certainly be performed by the president of the Liberal Democratic Party's council, Mile Setinc. He has become the adviser on political issues, and among other things he is also supposed to be responsible for government relations and contacts with the media, which is certainly an extremely sensitive area and one that is important to the government. This, of course, does not mean that the government will not have a press representative; that job will continue to be done by Janez Pezelj. The staff will be complete in the middle of next week, when it is also to be joined by an adviser on international financial issues, who is to deal in particular with the issues of the debt crisis and inheritance of the property of the former federation, and will be in communication with Brussels, the World Bank, and the IMF.

In any case, the government's secretary general is still Ales Cerin, who already did that job in Sinigoj's government and later Peterle's. This confirms the fact that secretaries general are important "government people" and usually remain, regardless of how governments are changed and how often.

Drnovsek's new chief of staff, Marjan Kramer, told us among other things that the staff advisers would "focus their work on international economic relations and economic issues in general." The government staff is to achieve the most productive possible cooperation among the prime minister, the deputy prime ministers, and the individual ministries, although there have been more than a few speculations about whether Drnovsek's staff, because of the party key in putting together the government, might not become a sort of government within the government, as Peterle's staff demonstrated a number of times.

Some of Peterle's advisers are consequently leaving (Tomaz Kunstelj and Boris Pleskovic, who were considered Peterle's most important people), but that does not mean that they will be on the street immediately, since in accordance with the law they are entitled to certain privileges, as was also true of the former ministers in Peterle's government.

Slovenia's Foreign Debt Decreasing

92BA0993A Ljubljana DELO in Slovene 16 May 92 p 3

[Article by Miha Jenko: "Slovene Foreign Debt Is Decreasing"]

[Text] At the end of February it amounted to \$1.778 billion; the unidentified federal debt should also be added.

Ljubljana, 15 May—The Slovene foreign debt (Slovene entities' debts abroad) has been slowly declining in recent years. According to the data presented according to the World Bank's system and published in the Bank of Slovenia's bulletin, at the end of February 1992 it amounted to \$1.778 billion, of which \$1.699 billion was long-term debt and \$79 million was short-term debt.

This, of course, is not the total Slovene debt abroad. One should also add to it Slovenia's share of the so-called unidentified federal debt, which totals about \$3.4 billion. According to some estimates, Slovenia's share should be about 20 percent of that amount (in accordance with our share of the second Yugoslavia's social product), i.e., a full \$600 million. Of course, the share of Slovenia's payment of the total unidentified Yugoslav debt will depend upon a great many things, and primarily upon the outcome of the negotiations on dividing up the property of the state that no longer exists. On the other hand, Slovenia is bound by clauses concerning the mutual responsibility of the debtors, i.e., the republics in the former Yugoslavia. For the time being it is hard to say what that specifically means for Slovenia, but in any case negotiations on this within the Yugoslav area, and especially with foreign creditors, are still necessary.

Of the total long-term debt, valued at \$1.699 billion, Slovenia owed \$497 million to international financial organizations at the end of February. This included \$112 million to the World Bank (IBRD), \$173 million to the European Investment Bank, \$162 million to the International Finance Corporation, and \$50 million to the EUROFIMA organization. At that time Slovenia owed \$298 million to the foreign government creditors united in the Paris Club; it owed the most, \$116 million, to the United States, \$49 million to Germany, and \$45 million to France. Within the framework of refinancing by foreign commercial banks, Slovenia's long-term debt was about \$468 million, and at that time Slovenia also had another \$436 million in other long-term loans (in addition to loans from international financial institutions and refinanced and rescheduled loans).

On the other hand, according to the situation at the end of February, Slovenia had also approved \$339 million in long-term loans to foreign countries. The largest Slovene debtors in this category at that time were Iraq (\$43 million), the former Soviet Union and Cuba (\$32 million each), and Liberia [as published] (\$31 million).

According to the plan for repayment of Slovenia's foreign debt, which was published in the Bank of Slovenia's bulletin, this year our state is to repay \$447 million of the long-term debt, \$328 million in principal and \$119 million in interest. This also includes the overdue unpaid principal for the Paris Club in the total amount of \$90 million. Furthermore, for comparison, according to that plan next year we are to pay \$307 million of the long-term debt (\$204 million in principal and \$103 million in interest), and those repayments are to decline gradually until 1996, when, according to the present

plan, \$1,189 million in long-term debt will still be left, consisting of \$883 million in principal and \$306 million in interest.

Economists Attack Increased Social Funding

92BA0992A Ljubljana DELO in Slovene 29 May 92 p 3

[Article by Bozena Kriznik: "A Mistake Has Been Made That Could Have Unpleasant Consequences"]

[Text] *Economists on the pay increase in social services: will the government go into debt and thus cause an increase in taxes and inflation? Rasto Ovin: The collective contracts have really been inherited, but they will have to be changed.*

Ljubljana, 28 May—With the pay increase of about 38 percent in public services, and a month later in the state administration as well, the new Slovene Government has not reaped any approval from the Slovene economic profession. We asked economists from three prominent institutions, namely the Maribor Institute for Economic Diagnosis and Prediction, the Economic Institute of the Law School, and the Ljubljana [Economic] School, to comment on the government measure. They think that it is a mistake that could have unpleasant consequences.

The economic experts whom we asked for an opinion, to be sure, had not yet undertaken specific calculations of what this high increase means from the standpoint of the national economy and how much it could stimulate inflation. That is why some of them also were not prepared to provide their position publicly. At the Maribor Institute, Dr. Rasto Ovin is thinking about the increase in pay in social services—which also includes his pay, of course: "We have to take into account two extremes. One is the unfulfilled collective contract, regarding which the question arises of whether it was ever realistically formulated at all. The other is the question that particularly disturbs me as an economist, namely, where the government will get the money for this raise. It will go into debt, and thereby, during one of the succeeding periods, cause an increase in taxes and thus inflation, through which the state reduces the real value of its public debt." Since the present government is composed of people who are familiar with these matters, as can be seen from their previous work, Dr. Ovin expects that it will provide a reasonable explanation for this measure. Yesterday's statement by Viktor Zakelj left the same questions unresolved for Dr. Ovin as for journalists. The government did actually inherit the collective contracts from the previous one, but that is not how the old mistakes should be corrected. The collective contracts will have to be changed, following the established procedures. Dr. Ovin claims that the noneconomic sector is inefficiently organized, oversized, and still conducted according to socialist norms. This means that according to the present mechanisms, the wages of employees in the old noneconomic structure are tied to wages in the economy, which is seriously burdened, which has to be restructured, which has to carry out

privatization.... Finally, one does not even know exactly whether enterprises' economic results are even realistic. Consequently, that government policy does not seem intelligent to Dr. Ovin.

Dr. Marjan Senjur of the Economic School: "The previous government signed a collective contract, but everything only remained on paper. A serious government, however, has to keep a promise. It is also true that wages in the economy increased considerably during the previous month, and thus become even further away from wages in the noneconomic sector—and something had to be done in this regard. On the other hand, it is also true that such a large increase can stimulate the growth of inflation. There will be an increase in aggregate demand, that can bring inflationary expectations, and it can even actually increase the growth of the general level of prices." According to Dr. Senjur, it is consequently a question of weighing positive and negative effects. The government obviously had to decide what was more beneficial. The economist, however, thinks that the measure was adopted awkwardly and inappropriately, and it is also questionable whether the percentage was appropriate. If the government had done any projections or calculations, it obviously could have published them. "It should be acknowledged that the old government left

the whole business messed up, and that is why the new government found itself in an awkward position. Nevertheless, through such steps it can diminish its reputation, and lose the confidence of the broader public and the professional public, as well as the economy. It will be hard to win that confidence back."

Dr. Marjan Senjur is not an advocate of any strict income policy, and in his opinion the state should not set wages in the economy on a large scale. It has to keep the wages of public services and the public administration under control, however. Nevertheless, it also has to conduct an appropriate OD [personal income] policy. Undoubtedly wages in the public sector have to be linked to the economy somehow, but the question is how.

Dr. Joze Mencinger of the Law School's Economic Institute was brief: "It is a mistake. Regardless of how the wages were lagging behind, this measure has a large demonstrative effect. In the present situation it is approximately the kind of mistake that Markovic made when he increased wages for federal employees. It is hard to predict what kind of effect the measure will have on inflation. More than financial effects, it has to do with the demonstration of a certain policy that will acquire imitators."

Background, Role of VMRO-DPMNE Official

92BA0947A Skopje NOVA MAKEDONIJA
in Macedonian 13 May 92 p 6

[Article by D. Kjurkchiev, with a box by A.D.: "Was Crnomarov Sacrificed!?"]

[Text] *The question of what is happening within the ranks of the Bitola organization remains unanswered. The several "closed" meetings and the three controversial communications for public consumption are merely complicating the situation.*

Bitola, 12 May—The past weekend, in May, during which a few "closed" meetings were held and three public controversial announcements were made, triggered a tempestuous reaction not only within the ranks of the Bitola VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] but also among broader circles. The more so because, in this case, in addition to the two "communications" issued in Bitola, there came a communication from the executive committee of that party, and all three reports were related to the official fate of one of the leaders of that party—Dimitar Crnomarov.

According to some people here in Bitola, this tangle is the result of a breakdown in communications. According to others, it is a planned conspiracy by the party's leadership. However, neither the former nor the latter, it seems, can answer the following question: What is truly currently happening in the ranks of that party?

Announcement Without Stamp and Seal

The "bomb" that was set on 9 May in the Korzo coffeeshop in Bitola exploded as scheduled among the Bitola public through the program broadcast by Radio Bitola. Eleven of the 26 members of the Bitola opshtina committee of the VMRO-DPMNE, including its deputy chairman, Zlatko Nechkovski, announced via the radio that "Dimitar Crnomarov is dismissed from his position as chairman of the Bitola branch, and his membership in that party is canceled." The explanation is that "he conspired to use extremist methods that violate the statute and the programmatic objectives of the party." The communication of the group of 11, in addition to its unanimity in broadcasting the announcement, also reported to the broad public that a "provisional leading body" of five members had been set up, consisting of the following: Dragi Konjanovski, Dimche Kuzmanovski, Dragan Dimovski, Blagoj Toshev (Republic representative), and Nikola Domazetovski. That communication was delivered in person to Radio Bitola for announcement to the public. It was neither stamped nor sealed.

On 10 May, following this announcement, the alarm was sounded throughout the entire VMRO-DPMNE branch in Bitola; the "closed" meeting, which was chaired personally by Dimitar Crnomarov, was described by the other members of the group as "putschist," and its

resolution was declared invalid. Immediately, Radio Bitola and the other information media in the opshtina received an official communication (stamped and sealed), cautioning the media not to broadcast to the public and the members unofficial "communications," mentioning that the Bitola organization of that party will hold its extraordinary meeting of the opshtina party committee.

Condemning the "Putsch"

Last night, a meeting was held by 15 of the 26 opshtina committee members. They unanimously condemned the "putsch" of the day before yesterday of the five members who requested the replacement of Crnomarov, and voted their confidence in him to continue to lead the party in Bitola. An official announcement was then made to the public, stating that party sanctions would be levied on these five "putschists."

Meanwhile, the broader public in the Republic was acquainted with the latest resolution of the Bitola organization and with the view of the VMRO-DPMNE Executive Committee issued in Skopje, which, among others, is identical to the content of the "illegitimate resolution" of the five-member "putschist leadership." It is precisely this fact that raised the new dilemmas in Bitola concerning the "old" question: What is actually taking place nowadays within the ranks of this "most Macedonian" party?

We posed this question to Dimitar Crnomarov, the "nominal" chairman of the Bitola opshtina VMRO-DPMNE committee, who is also deputy chairman of the Central Committee. Among other things, he told us the following:

"This struck me as 'lightning from a clear sky'! I joined the VMRO for the sake of those four letters, which, to both me and my people meant something sacred over the years, something that may be found in the soul of all freedom-loving Macedonians. The time of revolutionary exploits is past. Today we have our own independent and sovereign state. That is why to me those four letters today can symbolize only the concepts of resurrection, peace, reason, and life!"

[Box, p 6]

No Explanation From Skopje

The attempt to provide a broader interpretation to the replacement of Dimitar Crnomarov, deputy chairman of the VMRO-DPMNE, by the members of the Republic party staff failed. According to their interpretation, at the very next press conference, which will be held shortly, the journalists will be able to obtain additional information about the Crnomarov case.

[Box, p 6]

Who Is Dimitar Crnomarov?

From the very founding of the party, Dimitar Crnomarov, the deputy chairman of the VMRO-DPMNE and chief coordinator of that party in charge of opshtina organizations in the eastern part of the Republic, drew the attention of the public. Unfortunately, this also revealed his essentially extremist features.

Crnomarov gained greater publicity by removing Tito's photograph from the building of the Skopje Assembly. It was since then that this member of the highest VMRO-DPMNE leadership became known in Bitola as someone who thinks he is the reincarnation of Goce Delcev (actually, people who know him say that he loves to be called Goce) in the party, although his closest associates always try to conceal this because it has brought them nothing but problems. He is known as a person with a passion for weapons, which clearly greatly influenced his overall views. The period of his stay as deputy chairman was marked in the party by scandals—the manhandling of some party members, financial malversation, profound secrecy as an organizer of paramilitary bands in the eastern part of the Republic, forcible entry into the premises of Radio Bitola, and participating in armed street actions in Bitola streets...

He is a dropout medical student who attended Sofia University, and it seems he has now come to the end of his political career. What will be his next one?

—by A.D.

Ethnic, Political Situation in Kumanovo

92BA0967A Skopje NOVA MAKEDONIJA
in Macedonian 18 May 92 p 2

[Article by Aleksandar Sholjakovski and Boris Burnazovski: "Between Emotions and Reality"]

[Text] *The entire reality of interethnic and political relations in Kumanovo opshtina can be seen in the tangled trends, questions, possible solutions, and manipulations. The establishment of a border with neighboring Serbia introduces a new complicating element.*

Everything in Kumanovo is peaceful and normal! This slogan is constantly heard when talking to the people, both politicians and ordinary citizens. Why should it be otherwise? Such would be the rejoinder, if we ignore the delicate situation that prevails in that opshtina, where a variety of political interests and intentions are intertwined, particularly now, when the processes related to Macedonian independence are being defined and a border has been set between Serbia and Macedonia.

Actually, this is the major problem that concerns the citizens of Kumanovo and the city's economy. The marking of the border, which, in some areas, is creating high emotions, is also a major hindrance to the normal development of life in that area. The very close ties that

have been established to the Serbian economy, and the orientation toward that market and the significant number of people who earn their livelihood in the neighboring republic are now seriously in question and may threaten changes in other areas of life.

That is why the people of Kumanovo are looking hopefully to the forthcoming meeting of the Serbian and Macedonian government delegations and thinking of possibilities for the development of cooperation. This includes the possibility of cooperating by establishing joint-trade companies in Serbia and Macedonia. Recently, the establishment of a joint company between Kozarata in Kumanovo and Centrotexil in Belgrade, a company that has long been active on our market, created a great deal of interest. Joint interest is encouraging other economic organizations to open such companies. However, to what extent could this satisfy and restore broken relations? That is probably the reason the people of Kumanovo are considering other methods, one of which, it appears, will be the establishment of a custom-free zone.

Sensitive Emotions

"We are not aware of some particular feelings and reactions to border crossings," said Kiril Sarevski, deputy chairman of the opshtina assembly. Problems exist in the villages of Lojane and Mijatovce, manifested by indignation at the impossibility for the peasants to use machinery to cultivate their fields, which are on Serbian territory. However, this reaction may be an emotional one.

However, emotions are also found in the sensitive area of interethnic relations, which have their specific significance on the political map of Kumanovo. This is also manifested by the ethnic structure: In addition to the Macedonian majority, the area is inhabited by 38 percent Albanians and approximately 9 percent Serbs. All of this, to which we must add some external influences, makes the situation quite sensitive, although there are no problems. Such complexity of relations may also be seen in the local assembly, which includes 27 supporters of the PDP [Party for Democratic Prosperity], four members of the NDP [National Democratic Party], some 20 members of the RS-Liberal Party [Reformist Forces-Liberal Party], 15 members of the Socialist Party, seven who belong to the SDSM [Social Democratic Union of Macedonia], four members of the Party of Yugoslavs, and one member of the League for Democracy. The Serbian population is not specifically represented because the Democratic Party of Serbs [DPS] in Macedonia was established after the elections. However, virtually all of the parties represented in the assembly have Serbian members. To make this variety even greater, two representatives from Kumanovo to the Macedonian parliament are members of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], although they are not members of the opshtina structures, and their activities in Kumanovo have not been noticeable of late.

Although peace and cooperation and interethnic understanding are strengthened, and there are no excesses inspired by nationalistic motivation, there is an awareness that the situation is fragile. That is probably why there have been calls for peace and political cooperation. Such an appeal was launched recently by the Party of Yugoslavs in Macedonia, the DPS in Macedonia, and the Union of Communists in Macedonia-Movement for Yugoslavia [SKM-DJ]. The other parties were also invited to join in this appeal.

Respective Reactions

One of Kumanovo's specific features is the existence of the SKM-DJ, which has a very strong base in Kumanovo. However, that party as well is changing, with a view to adapting to the objectives and tasks of a party whose intentions are closely questioned. The SKM-DJ includes in its priority objectives the struggle for an independent and internationally recognized state of Macedonia, without abandoning the initial objectives of the movement that calls for the restoration of Yugoslavia.

"The fact that there have been changes is accurate," said Marjan Mitevski, the leader of the Kumanovo branch of the SKM-DJ. "We are communists oriented toward Yugoslavia, and we shall never abandon the Yugoslav idea, which we view as an idea developed by the brightest minds that created it, and we believe it is only as a union of Yugoslav people that we can exist, but only if we stand together."

One of the problems in Kumanovo, according to Mitevski, is the situation of the Serbs in that opshтина. He believes that problems will exist as long as no right reaction is generated by this problem.

This is precisely another of the sensitive areas here. It is claimed that the already existing natural rights will be lost. This is reinforced by the establishment of a border. No one claims that Serbs in Kumanovo are threatened in any possible way.

Nonetheless, the appearance of possible inequality makes people nervous. This is an indication of nervousness.

"So far, I have not seen anything that would make me believe that I am threatened," says Branko Pesic, an employee of the Nash Vesnik publishing organization. A threat may be felt more strongly by those who, after the establishment of a border between Serbia and Macedonia, have been unable to exercise some of their rights regarding their way of life, employment, and so on.

Postponed Decisions

"The Serbian people in Macedonia are not threatened," asserted Milan Stamenkovic, chairman of the DPS in Macedonia, energetically. "We believe that it is only institutionally that the Serbs are unequal to the other nations and ethnic groups. This is stipulated also in the

Macedonian Constitution. The Serbian people do not expect to get anything more than any other people in Macedonia."

Stamenkovic reminded us that Serbs in Macedonia will not be the first to take even a single step that might trigger an interethnic dispute because they are unwilling to assume the burden of the consequences of such a step.

No one is able to determine what kind of quarrel or what kind of step this would be. They are based on assumptions. The new territorial division is also being questioned. For example, asking the population of the Litkovo area about their reaction to the previously existing Litkovo opshтина, settled mainly by Albanians, the DPS answers that it is relying on the indivisibility of the Kumanovo opshтина. However, if new opshтинas are to be set up, the people would demand the establishment of eight new opshтинas! The Orthodox population of several villages that would become part of the Litkovo opshтина point out that such an initiative is a gross provocation on the part of the PDP and the NDP.

Also dissatisfied are the representatives of the Albanian parties:

"We are waiting for something better," said Bejzad Ismaili, chairman of the Kumanovo branch of the NDP. "There is a wish to postpone the making of decisions, or perhaps an attempt is being made to preserve the status quo."

He cites as an example the postponement of a regulation issued by the Ministry of Education on setting up classes in Albanian in the Kumanovo high school. There was a competition for teachers, but, for a number of months, the results have not been announced. We have unofficially learned that the resistance comes from the high-school faculty.

The entire complexity of internal relations within Kumanovo opshтина can be seen in the tangled trends, questions, possible outcome, and manipulations with ethnic and other feelings.

Macedonian Foreign Minister Maleski on Sanctions

92BA1052A Skopje NOVA MAKEDONIJA
in *Macedonian* 3 Jun 92 p 3

[Address by Macedonian Foreign Minister Denko Maleski to parliament on UN Security Council Resolution 757: "Macedonia Will Also Be Affected by Sanctions"]

[Text] *The measures are aimed at Yugoslav foreign trade and all related transactions. The resolution must unquestionably be supported, but the question of whether the economic blockade could settle or worsen ethnic conflicts remains unresolved.*

Resolution 757, supported by the United States, Great Britain, France, Belgium, Hungary, and Morocco, was approved without dissent. This resolution makes the

Serbian Republic of Yugoslavia (Serbia and Montenegro) virtually isolated from the international community, although so far there has been no formal objection to its UN membership, Denko Maleski, minister of foreign affairs, reported to the Assembly on the implementation of the Security Council resolution and the steps taken by the government. The resolution names Serbia and Montenegro as the main culprits of the war in Bosnia-Herzegovina and sharply condemns the other countries involved in the conflicts.

The sanctions affect Yugoslav (Serbian and Montenegrin) foreign trade, all financial relations, and any other trade-related transaction.

It is recommended that the member countries immediately reduce the size of Yugoslav DKP [diplomatic and consular personnel] abroad. This will affect our interests as well because the constitutional law on the implementation of the Constitution of the Republic of Macedonia stipulates that, until Macedonia has developed its own DKP, Macedonian interests will be represented by Yugoslavia. This means that the latter will operate under more difficult circumstances, and, although the declaration on the creation of the Serbian Republic of Yugoslavia stipulates that Yugoslav DKP abroad will represent the interests of all members of the former Yugoslav SFR, it would be difficult for it to protect the citizens of the Republic of Macedonia with reduced personnel.

Taking into consideration that the Republic of Macedonia is a sovereign and independent state and the stipulations of the 17 September 1991 Assembly declaration, according to which the Republic of Macedonia will respect the universally accepted standards and principles of the UN, the Republic of Macedonia must accept UN Security Council Resolution 757 of 30 May, which calls for measures against the SR Yugoslavia (Serbia and Montenegro).

At the same time, we must take into consideration the major difficulties and material damages to the Macedonian economy and republic, which will happen as the proper authorities take the necessary steps stipulated in the resolution.

Because of this, in accordance with Article 50 of the UN Charter, the government of the Republic of Macedonia must establish contacts and cooperate with the UN Security Council in order to obtain economic aid and compensation for the damages that will be caused to the republic as a result of Resolution 757.

The purpose of the blockade imposed on the European Continent is to end the killing in Bosnia. The killing must be stopped. Whether this will happen and, if so, how quickly remains to be seen. The hatred that exists among the ethnic groups cannot vanish instantly. Still, to the extent to which the blockade could lead the warring factions—Serbia, Montenegro, and the Yugoslav People's Army—to lay down their arms, sit at the conference table, and seek a solution to the crisis, it is to be welcomed. Naturally, the question of whether economic

sanctions could help to resolve ethnic disputes or, conversely, aggravate them remains open, Denko Maleski noted. In any case, this is the final "peaceful" measure; should it fail, it could bring about military intervention. This would be a misfortune for Serbia, Montenegro, and Bosnia-Herzegovina, as well as for countries in their immediate vicinity, such as Macedonia. Therefore, the economic and political sanctions should result in bringing about the so greatly desired peace.

Nor should there be a quandary as to whether to support the UN resolution. Naturally, its purpose is to put an end to the war. The sooner this happens, the sooner the sanctions will be lifted. However, this is not to say that the steps we shall take together with the world community must lead to a collapse of the Macedonian economy. Hence, we must make an overall assessment of the consequences of the sanctions as part of the government's program. Naturally, we shall have to pay the price for peace without, however, creating difficulties or a war among us, which would not contribute to peace and stability in the area. This must be made known to the world community before 22 June. Let us hope that by that time the war will have cooled off. However, we must be prepared for the possibility that it may last a long time. I am confident that I am expressing your own feelings by saying that no one is happy with what is happening. However, the killing must stop immediately, said Denko Maleski in conclusion.

Overwhelming Temptation

Our state institutions and people as a whole are faced with a great temptation. The impossibility of applying the sanctions stipulated in the resolution may drag us into the area covered by them.

The imposition of the sanctions will hurt us badly, at first perhaps even more than they will hurt Serbia, because this is a case of an organically linked economy. The Serbian and Macedonian economies so strongly complement each other that any breakup of reciprocal relations may lead to a stagnation of our own economy because this is an economy that has operated as one for the past 70 years.

Was the Macedonian Reaction Too Hasty?

Did we have to respond so quickly to the appeal from the Security Council? If we read the resolution carefully, we can see that the Republic of Macedonia was asked indirectly to observe its stipulations. Specifically, the appeal to participate in the sanctions was not directed exclusively at the members of the United Nations but also at nonmember countries. Obviously, this refers, above all, to the Republic of Macedonia.

The events that took place on Sunday, the first day the sanctions were applied, confirmed the need to quickly communicate the view of the republic. I received a strange telephone request from the British authorities. Forbidden by the London authorities to fly from

Gatwick to Belgrade, the JAT pilot said that his destination was Skopje. Our response was that we intend to fully implement the UN resolution, which was subsequently included in the government's announcement. Any other answer might have led us into a conflict with the world organization and threatened to include the Republic of Macedonia in the sanctions. Obviously, this would have weakened our efforts to achieve international recognition and UN membership.

Bulgarian Daily Interviews Okhrid Commander

92BA1023A Sofia DEMOKRATSIYA in Bulgarian
21 May 92 p 4

[Interview with Josif Hajva, commander of the Macedonian Garrison in Okhrid; place and date not given: "We Are All People"]

[Text] [DEMOKRATSIYA] Mr. Commander, who inhabits Macedonia?

[Hajva] All are welcome here. If one is a Slovene, an Albanian, or a Serb, it is one's own business. Macedonia is for all who want to live in it. The rights are the same and always will be the same. I myself am a Slovene, which did not prevent me from being a commander. My wife is a Macedonian. We are people, and we have to remain people.

[DEMOKRATSIYA] In Bulgaria, the attitude toward these countries is very painful. Right or wrong, this has its historical roots. Are we Bulgarians welcome in Macedonia?

[Hajva] The most beautiful thing of all is that Bulgaria was the first to recognize Macedonia. You cannot even imagine how much and how well you did for a suffering country. Democracy is an understanding of the suffering of another person. It is for civilized people. In the specific case, the Bulgarians proved to be understanding and civilized. Praise be to you!

[DEMOKRATSIYA] You are a Slovene. Slovenia just received its independence in spite of the interference of the Yugoslav Army, which we may easily call both communist and nationalistically inclined. However, you are also a colonel from the same Army. How did things blow over quickly for you in Slovenia but here, a few kilometers from us, they are shooting real cartridges and no one has any intention to stop?

[Hajva] I am an officer of the Macedonian army. Soon we will also change the uniforms. As for the other matter, Sir, I will tell you the following: Democracy is a great thing, but it never comes with bullets. You in Bulgaria did it; now it is our turn. But the war in Bosnia-Herzegovina is another matter. It is a religious war—on one side the Moslems, on the other the Christians. More than 40 percent of the population are Serbs, another 10 percent Bulgarians, Albanians, then various others, and, finally, the local people. The

civil war is completely illegal. The civil war has no purpose because it has no enemy. I will never understand how you can fire on children! Never!

[DEMOKRATSIYA] You know the people who are in command there. Don't you have friends among them?

[Hajva] How can I not know them? I know a lot of commanders. But you must know that the Army is behaving very properly. The rebels are scoundrels. It is not an army; it is swill.

[DEMOKRATSIYA] Are the Macedonian politicians good?

[Hajva] In my opinion, Kiro Gligorov is one of the most decent political leaders Macedonia has had in recent years. The circumstances under which you have to work is another matter. I am sure there will be no war in Macedonia, especially because we do not have any territorial pretensions. We want only to be good neighbors, and I, as a Macedonian son-in-law, want the same. I repeat to you, we will never forget that you recognized us first. Slovenia was part of Austro-Hungary, just as Macedonia was part of Bulgaria. However, that is history, and let it remain there, until the people want something different without war.

[DEMOKRATSIYA] Nevertheless, how do you see the future of the Balkans?

[Hajva] Communism is great stupidity, son. The people are not to blame. Likewise, nationalism is foolishness of the foolish. Many of us suffered from ideologized fools in our countries. All want democracy, even we who live in Macedonia. I look around every day and I see healthy-looking people. Now they can do for themselves without the government. Now they can make money without the government and are not interested in me, the commander of the city, with a directly military position. Now I am talking with you. We drink our drinks, and we understand each other as people. That is something like democracy. Where you pulled ahead is another matter. Before we were, now you are, then we will be, and so forth. Everyone himself has to choose what he is—Macedonian or Bulgarian, Serb or Croat. The important thing is not to have a war. War is a bad thing, son. I have studied how to make war my whole life. I wear a colonel's epaulets, but I never wanted it. I hate war. Europe should be without borders, with an equal standard of living and with policies that know no names. That's it.

[DEMOKRATSIYA] Are you still an optimist, Mr. Commander, or a jaded pessimist?

[Hajva] I would not say pessimist—rather, a jaded optimist. I would very much like to sit and chat with you and those like you, to talk about women, drinking, the rains and the wheat, what they can give us, and the two things about which you are talking. Only not about national hatred. We are relatives, son, we are brothers.

[DEMOKRATSIYA] Out women are more beautiful than yours.

[Hajva] All foreign women are more beautiful. Only to have them.

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