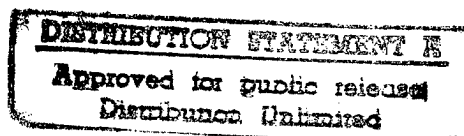




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# ***JPRS Report***



# **East Europe**

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# East Europe

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**Speculation With Humanitarian Aid Deplored**  
*AU2506180092 Tirana in Albanian 7 Jun 92 pp 1-2*

[Article by Andrea Stefani: "Pioneer of the Albanian Mafia"]

[Text] Speculation! No, it is no longer a secret, a shame, or peanuts. It rules economic life in Albania today, taking place proudly in broad daylight. Many people no longer feel ashamed to be called speculators in currency or goods. On the contrary, this title fills them with pride just as much as it fills their pockets with money. According to them, to speculate means to keep pace with the times and to adjust to them. Unfortunately, they are not alone in thinking in this way. The customers are the same. They eat the macaroni, sugar, butter, and oil of speculation every day. They also buy black-market clothes and shoes. What else can they do when only a few goods manage to escape the "filter" of speculation? Consequently, if they are not grateful for it, they have started at least to see speculation as a necessity of life. Furthermore, some kick themselves for not being as devious as the speculators and rush to "join in somewhere," trying to make up for the time they have wasted.

The present stage is a shameful blot that can no longer be hidden: The freedom of speculation! The prices of goods, passing through many links of the chain, are "padded" at the expense of the poor wages of the workers, which shrink and shrink proportionately as the speculators' wallets swell. Speculation already dominates the Albanian economy. Its scope and activity is growing every day. Here are some figures that will inevitably remain partial: In the 1 January-15 May 1992 period, the Financial Police fined and confiscated goods from speculators and smugglers to the value of 250 million leks. In the first three months of 1992 alone, the amount earned from fines and confiscation has increased 31 percent in comparison with 1991, and is 1,813,000 leks more. In 32 percent of these misdemeanors alone, 1,547 people were implicated.

The speculative imagination is very fertile. It dreams up anything just to draw more money out of workers' pockets. Its claws have stretched to the humanitarian aid, which means they have reached the people's daily bread. While a driver was driving some aid for people through Peshkopi, someone "stole" it. What amazes us is that he was ready to pay for the "stolen" goods. The Financial Police in Peshkopi confiscated a considerable quantity of butter, oil, and laundry powder that was destined to be smuggled into Yugoslavia. Only a short time ago, 625,200,000 leks were banked from the sale of state food aid, which generally corresponds to the articles in the basket [basic articles with frozen prices], instead of the 839,500,000 that was supposed to be earned in 1992. Meanwhile, only 466,400,000 new leks were banked out of 785,500,000 leks expected in 1991. Nobody in the Finance Ministry can tell us whether these cash shortfalls, which are being carried over from one month to the next and one year to the next, relate to pardonable delays

in financial operations or the theft of a part of the aid and its conversion into goods for speculation.

It does not require much imagination to understand that, while domestic production remains paralyzed, the river of speculation springs from abroad. It surges toward the borders of our state, "soaks" the customs, floods the markets, and drowns the customers. According to reports of the Financial Police in different districts, customs is in a miserable state, incapable and irresponsible in its duties. As a result of the fact that the customs duties are not levied properly on the goods that enter our country, the revenue obtained for the state budget has been halved. The traders are avoiding taxes by not showing genuine papers to customs; they show false ones with lower prices. However, it is not easy to deceive the customs officials. How else do you explain the discovery in the Agroexport storehouse in Durres of cartons of Cooper cigarettes at \$10 (one carton includes 500 packs, which means 2 cents or 2-3 leks per pack). In the customs house of Korce, there were refrigerators "bought" at \$40 each!

In the meantime our customs officials are not even thinking of putting their work in order, closing any of the cracks where speculation penetrates, or even learning from other countries' experience, such as from the Greek customs, where you do not pay duties based on the purchase price but according to standard prices determined for certain items. Apparently, our customs officials (alas for them) are used to being deceived.

The same thing happens with the aid. There is a great lack of documentation at the Korce customs house. The documents do not state the person authorized to receive the aid nor its destination. This situation feeds speculation with aid for the people. Directors and other trade officials, instead of becoming obstacles to speculation, help it. Inspections in the Durres market show that there is great disorder in the delivery of goods and that many private people receive goods without authorization from the enterprises. It is understood that they sell a great many of these goods at high prices on the black market. Furthermore, the bank helps these traders. They do not have receipts for the entry of the goods into the enterprises' storehouses, but they settle the invoices directly at the State Bank, although they have no accounts. This happened in the Bank of Peshkopi. All this is at the expense of the customers. Although supplies from the wholesalers have increased this year in comparison with last year, there are many villages in Peshkopi and Shupenze that were not supplied even with the minimum of food. Why do the wholesalers of Durres supply private people who do not have papers bearing the seal of the trade section? Why does the State Bank or its branches accept invoices for goods in the basket from people who have no accounts? Why do they allow supplies without the authorization of the village councils? Why? There are many whys. One thing is sure. Speculation is making it difficult to carry out the economic reforms. It is stripping the people of both money and patience. Many people are ready to accept the sacrifice required by the reform, but

no one is willing to sacrifice himself to help someone else grow fat. It is not only an economic matter. Today's speculators are the forerunners of tomorrow's mafia. No doubt many crimes that are happening today are being committed on the mafia's behalf. Meanwhile, political forces are busy with rivalries and have abandoned the struggle against speculators to the government and the recently formed Financial Police. Defending the interests of the people, they cry "Wolf, wolf," while the jackal slaughters.

### 'Devastation' Follows Collapse of Cooperative

AU2506075392 Tirana PROGRESI in Albanian  
30 May 92 pp 1-2

[Article by Llazi Prillo: "Village Recalling the Middle Ages"]

[Text] Bubes is one of the mountain villages of Dishnice in Permet District. It lies among the mountains on the right-hand slope of the pass of Kicok, 700 meters above sea level. When you set off on foot on the road from Ballaban, an untouched slogan catches your eye: "Wheat can be harvested even from stones, if the imperialist-revisionist siege is properly understood—Enver Hoxha." One wonders whether the local peasants still believe this failed philosophy. One can only see mountains, hills, and a very little flat land. Flocks graze on the fresh greenery. I know these parts and the local people, because I first started work here as a veterinarian at the beginning of 1985, the year of the "revolutionary" mass action to create small herds. This was to be the final psychological and material blow for the peasants. I still cannot forget the wails of a mother of Bubes as her sole cow was taken away, as if she were mourning her five small children.

I recall this as a time that was as painful as it was disgraceful. I try to discern the former buildings, the bakery, the dairy, and their surrounding walls, but in vain. Even the willow that provided summer shade is gone. The school, the hospital, and everything have been destroyed. What can the good people of Bubes say about this devastation? What war brought these upheavals, and against whom can the old man who grieves the loss of every inch of land aim his gun? It is difficult to give the old man an answer.

"I have lived through several wars," he says, "but I have never seen or heard of one like this. We are killing ourselves, son. What is our king doing to save our lives?" He meant our great president. One wonders whether the president knows, or rather whether he remembers that in mountainous Bubes a new tragedy is being played out. I hear that a nine-year-old girl has died of starvation in the family of the peasant P.B., and that a mule's saddle-blanket serves as a mattress and quilt for the children of this family. The doctor has diagnosed these children as having severe vitamin and mineral deficiencies. Z.B., with a family of 11 children, has no means of financial support....

What is Asllan Doka, chairman of the Village Executive Committee, doing? What can the wretched chairman do, when he is perhaps looking back with nostalgia for his handiwork in the former cooperative that he so skillfully fleeced, turning geese into swans and not entering the hatched chicks in the accounts! One day ago, humanitarian aid arrived here. However, it was not distributed on the basis of a logical plan that gave priority to people in need. It was the nimblest and quickest who profited. Agron Duro, the great chairman of the Executive Committee of the United Villages, likewise turned out to be a ruffian, trying to steal this aid in public. He used these goods as if they were his birthright, distributing them according to his own whim in Malas and sending the cartons of clothing to his own home. The village driver displayed more cunning, blocking the road to the vehicle and, together with other "dark forces," leaving the chairman standing. However, there is worse. Vandals, under the chairman's nose, looted the teachers' living quarters of everything that was inside. There is no way I can excuse the revanchist spirit of people of this kind, who have gone to the point of cutting down each other's pergolas. Good people, do not do this! Use your common sense, think of your children and think of your lives, which will become meaningless without these vines!

Nevertheless, people still live here. They are organizing their lives with what is left to them after the destruction of the cooperatives. Bubes may be one of the few villages in the republic that suffered the full tragedy of the former cooperatives. A day's work here was worth 3 leks, and at the end of the year the peasants of Bubes sold their children's clothes to clear their debts with the cooperative. However, one cannot in any way say that they have left their past behind. Today, after the elections, in which the peasants of Bubes voted for the opposition almost to a man, you see these peasants with caravans of mules as in times long past, taking the road for Suke, three hours away, to fetch grain. A heavy burden lies on their hearts: Why has the grain ration been reduced to seven kilograms per person each month, precisely now after the elections? However, once again there is worse. If you take the road from Bubes to Berat on business, you do so on foot, because there is no bus service. This is a terrible thing. Ramiz Alia, the former president and first secretary of the Party of Labor, promised the peasants when he met them on 3 May 1990 that this road would be asphalted. Now these peasants are utterly destitute. Yet they have a kind of hope of better days, and rely on their traditions in orchard-growing and stock raising. They pray that the new regime will finish as soon as possible the Berznanaj reservoir, begun more than 10 years ago.

Then, they will know how to manage their lives themselves.

### Unemployment Forecasts Seen 'Alarming'

AU2406133192 Tirana PASQYRA in Albanian 2 Jun 92  
pp 1-2

[Article by Ilirjan Visari and Dode Lleshi: "How Many Unemployed Will We Have?—Question Addressed to Mr. Sali Berisha, President of the Republic, and All Cabinet Members"]

[Text] The press and the public have expressed many views about whether the recently issued decree on abolishing the 80-percent law, followed by the Council of Ministers' decision to apply it on 1 July 1992, is just or not. These opinions merge into one: This measure should be taken as soon as possible to encourage people to resume work and production, without which everything will be further strangled in the noose of the crisis. Moreover, the road to be followed in resuming work and reviving the economy has many ambiguities, thus creating an unfavorable and doubtful environment for every worker, employee, or intellectual. "Should we work or be reduced to social assistance and what security does the future offer to us?" they ask.

With what we see and hear about the lists of the unemployed who are being prepared for social assistance in enterprises and institutions, the subjectivity of these lists, which violate every established criterion and are limited to superficial knowledge and favoritism, not to say party prejudice, gives us the right to ask: How many people will be reduced to welfare, where and who? Is there any deep study anticipating this process or we will continue as before with experiments, saying that good intentions are enough, and waiting to see what happens. If this is so, we are of the opinion that failure is guaranteed at the very beginning. Although we are still hoping that the government has buttoned everything up, some data recently published by the mass media and cabinet members have shaken our hopes, as when the minister of labor and social assistance states in an interview that there are at present 128,000 working people who are paid 80 percent. This reveals an unawareness of reality and the problem. It is known that you cannot pretend to find a rational solution without this awareness. The figure of those being paid 80 percent is much higher and may amount to 500,000, because the course of the reform may affect other spheres, such as the Army; the local and central administration; scientific, research, and cultural institutions; etc. The contingent of jobless people who will seek social assistance will rise by 200,000, including employees who will gain land in the countryside; agricultural machinery will very soon come

into use; and it is still unknown what we will do with younger age groups, who are now doing their best to gain employment in private or state enterprises, but are achieving almost nothing. Agricultural enterprises and those related to agriculture, tractor stations, soil improvement, irrigation, and forestry enterprises, and scientific and research institutions have employed about 200,000 people. As a result of the unjustified growth of the work force and the destruction of livestock, greenhouses, and nearly 90 percent of the agricultural machinery, the destruction or dilapidation of cowsheds, damage to the electricity and water supply, etc., not less than 50 percent of them, i.e. 100,000 people, are paid at 80 percent. If we add to this figure the number of workers in the majority of mines that are not operating because of the shortage of dynamite and those of the petroleum enterprises that are not operating because their wells are blocked, or those of the mechanical, light, and food industry, despite the efforts to bring them back to work, the figure of unemployment is alarming. Lac alone has 4,000 jobless workers in the combines, 1,000 jobless workers in the truck fleet, more than 1,000 workers in embroidery, the state and communal retail trade, etc., adding also 1,000 agricultural workers. What about this number in other industrialized centers?

Besides other things, the solution to the problems of unemployment and social assistance are complicated by the shortage of legal staff. We require prompt answers to such questions as how long will the term of assistance be, how much salaries will be in comparison with the movement of prices, and, what is more important, will the state allow the enterprises to be closed or even half closed and throw hundreds of thousands of workers into a life of insecurity. Will they take the opinion of the trade unions about this and will the laws on trade unions and the collective contract be applied in the right way? Or will they be avoided artfully as is happening now, despite the loud propaganda about this. We do not think that there are trade unions that will willingly agree to the closure of the enterprises and will relegate the mass of workers to welfare. The trade unions favor work. What is important is to find it and organize it to the good of our economy and lives.

**Government Urged To Seek National Consensus***AU2906095292 Sofia KONTINENT in Bulgarian  
20-21 Jun p 6*

[Commentary by Simeon Karov: "National Consensus Returns to Union of Democratic Forces' Vocabulary"]

[Text] The "national consensus" concept has again appeared in the vocabulary of the Union of Democratic Forces [SDS]. If this is not merely a political maneuver but an expression of serious intentions, it would testify to new and timely tendencies in the ruling coalition.

The first months of the SDS rule led to the government's self-isolation vis-a-vis important political and social factors, and especially the trade unions. The SDS's social basis decreased. The governmental crisis and the development of events afterward, especially in anything related to electing the Supervisory Council on Privatization, demonstrated the strengthening of internal differences and conflicts within the coalition. Publishing the private files will probably strengthen those differences and conflicts.

All of those processes diverted the attention of the rulers from the basic task with which they were entrusted by the voters—namely, to effect a real transition toward a market economy. Unfortunately, in this realm, matters are still in their preliminary phase. To further delay the economic changes, especially privatization and other measures aimed at stimulating the economy, could have a lasting negative effect. People are losing confidence in the reforms parallel with their deteriorating economic situation. The situation in which our society finds itself today, characterized by increasing hostility between significant social groups, threatens to undermine the democratic order and fragile stability. The situation in the countries surrounding Bulgaria also gives cause for much concern.

To prevent a development that could lead to unforeseeable and uncontrollable situations, the present coalition should think about correcting its course. This correction should not be directed toward abandoning the radical change but, rather, to reanalyzing the approaches to and the means of implementing this change.

With the approach of the critical stage of the economic crisis, our country needs a new political course aimed at seeking consensus among the political forces, prepared primarily to support the economic reform. It will continue to slip or will be ruined if the ruling circles do not do everything possible to guarantee broad political and social support, which will facilitate its further progress and help to overcome the inevitable difficulties.

Restoring the dialogue with the trade unions is a positive factor. In addition to the immediate partner—the Movement for Rights and Freedoms—it would perhaps be desirable to seek contact with the extraparlimentary parties and even with a section of the opposition, first of all with the Alliance for Social Democracy. It would be

prudent to find formulas for signing a global agreement or for adopting the idea of expanding the government's social basis vis-a-vis the forces prepared to accept the "national consensus" ideas in the name of changing the system.

If the "national consensus" approach asserts itself in the SDS's policy, it would have an important role in calming and stabilizing the political climate. It is not only the country that would benefit from this, but the SDS itself.

**SDS Leadership's Dissatisfaction With Zhelev***AU3006100792 Sofia OTECHESTVEN VESTNIK  
in Bulgarian 25 Jun 92 p 2*

[Article by Tsvetan Radoev: "Severe Reprimands for the President"]

[Text] The president was once more summoned to explain his stand on domestic policy. He was not spared the punishment, although he tried to soften the anger of those who summoned him: "I do not think that my stand is in contradiction with the program of the Union of Democratic Forces [SDS]," he stated. The "blue" [color of the SDS] president once more showed that he is a fierce opponent of coercive methods and foul tricks in political life. Such qualities are certainly appropriate for a democratic statesman. In our country, however, they are likely to be interpreted as weakness or even a lack of courage, under certain circumstances. This is a fact that some of President Zhelev's straightforward and resolute supporters and opponents seem to have realized.

According to the SDS leaders, Zhelev's latest sin is his appeal for national reconciliation and consensus. This is a phraseology that he may use in talking to foreign politicians when trying to obtain assistance and financial aid for our country, but, in Bulgaria, he should translate such statements into the Bulgarian political language, some people think. According to the same people, the president should mind the current realities in our country when making such statements. The SDS leadership is convinced that Zhelev is overlooking the existing peace and quiet and the total absence of social tension in our country, while pluralism and democracy allegedly exclude consensus. The head of state admitted that he was too hasty or that he had misunderstood the facts and corrected himself by stating that national consensus can be sought only after the fundamental problems of the transition have been resolved, only after restitution and privatization have been implemented. While, in the meantime...

A leader of the ruling coalition stated the following: "As far as I am concerned, I cannot understand the president's thesis about national consensus. Such a statement is likely to convince the Europeans that there is unrest in Bulgaria."

The leader in question seems to have forgotten that we were only recently admitted to the Council of Europe and that people at the Council were genuinely concerned

about the existing confrontation in Bulgaria. It was exactly the lack of national reconciliation and consensus that disturbed them, as a matter of fact.

According to the SDS, the president's theses were speculative, and they vigorously deny that the passing of bills is excessively and even deliberately delayed in parliament, so as to deprive the president from taking a stand on them. According to the same source, Zhelev allegedly did not measure his words and should speak with more of a sense of responsibility. The SDS leaders are convinced that it would be better for the president and some other political figures to share their political travelogues with their close relatives and friends before talking about them in public and so forth.

The consistent discrediting of the presidential institution is not an honorable action, and no one earns credit for doing so. His recent statement on National Television was postponed for several hours. He was apparently told to send his parliamentary secretary to the National Assembly for further briefing. The president's advisers are constantly being lectured on general and political culture.

The president proved on several occasions that he is a soberly thinking politician with realistic views. The evaluations that he expressed in the aforementioned television interview were justified and to the point. His actions concerning the Pension Act are dictated by common sense. His conviction that the National Intelligence Service should be subordinate to the President's Office reveal his wisdom because whoever denies the truth of the people's saying that you should measure twice and cut once is unreasonable.

This is confirmed by the statement of SDS spokesman Aleksandur Yordanov, who recently said: "The Bulgarian history of the past 45 years is not a page but an entire book, and, before we close it, we should read all of it. We hope that we will do so together with Mr. Zhelev." This is fundamentally correct, although it may also be a reprimand against the president.

Another significant fact should be mentioned. All public opinion polls on the image of our politicians show that Zhelyu Zhelev is undeniably the most popular of them and enjoys the people's confidence. This suggests that he was elected by not only the blue ballot.

His hesitations in the years of upheaval are understandable. It is also evident that he is constantly trying to coordinate the spirit and letter of his acts with the objectives of the government. However, in his desire to conduct an authoritative state policy, by taking into consideration the possible reaction of the "SDS lions," Dr. Zhelev risks being accused of indecisiveness also in the future. On the other hand, the SDS politicians also risk "overdoing things" and alienating their supporters. The pragmatic stand of the Socialists and of Ahmed Dogan's Movement for Rights and Freedoms to the the

presidential ideas and their implementation hardly contributes to the consolidation of the presidential institution as a basis of collectivism.

As a matter of fact, in imitating the French, we should say: "The state—this is the president," which applies to our president, precisely, regardless of how controversial this statement may appear.

#### **AKEL Leader on Relations With BSP**

*AU2606105692 Sofia DUMA in Bulgarian 19 Jun 92*  
p 4

[Interview with Dhimitrios Khristofias, secretary-general of the Restorative Party of the Working People, by Ivanka Khlebarova in Sofia; date not given: "Ankara and Washington Hold Key to Cypriot Issue"]

[Text] [Khlebarova] You have signed bilateral documents with the Bulgarian Socialist Party [BSP]. How do you assess the development of cooperation under the new conditions in the Balkans, Europe, and the world?

[Khristofias] We were moved by the meetings with your party's leadership. The protocol we signed on cooperation is a result of those meetings. We think that friendship and solidarity between the two parties and the progressive forces are more important than ever before. Our parties are strong and influential, and I think that our cooperation could have a positive role in the struggle of the progressive forces in the region and throughout the world. We shall do everything possible to put our solidarity in the struggle of the leftist forces in Cyprus and Bulgaria into effect.

[Khlebarova] Do you think traditional relations between the two parties are continuing?

[Khristofias] We were very happy to come to Bulgaria at the invitation of the Bulgarian Socialist Party [BSP]. The Restorative Party of the Working People [AKEL] and the BSP are bound by longstanding relations of friendship and cooperation. I think that those relations had a great role in constructing relations of friendship and mutual respect between the two states and, naturally, between the Bulgarian and the Cypriot peoples. During the most difficult years after the intervention of the Turkish troops, the Cypriot people sensed the Bulgarian people's aid and solidarity. At that time, the Bulgarian Government allowed Cypriot construction workers to work in Bulgaria. We will not forget this.

We know that the Bulgarian people are encountering great difficulties that are related to the changes. We understand that the Bulgarian Socialists are conducting a very difficult struggle defending the simple Bulgarian workers and peasants. The Cypriot progressive forces are following the development of the processes in your country with great attention, and, naturally, the AKEL members express their solidarity with the BSP, the socialists, and all leftist forces. We wish the leftist forces



in your country success in their difficult struggle. The developments in Bulgaria influence the situation in the Balkans as a whole.

[Khlebarova] In your opinion, what role do the United States and Turkey play in solving the Cypriot issue?

[Khristofias] The Cypriot issue is not being solved because the ruling circles in Turkey are defending their expansionist policy. They refuse to withdraw the occupation forces from Cyprus and recognize our state's independence, sovereignty, and territorial integrity. Under those conditions, I think the key to solving the Cypriot issue is in Ankara, but the mechanism of using the key is in Washington and London. Unfortunately, now the U.S. and English factors have a role of primary importance in the United Nations and the UN Security Council. They refuse to influence and pressure Turkey and force it to respect international law and the UN principles. This refusal is not accidental. Turkey now has a special role in the struggle for spheres of influence in the former USSR republics in Central Asia and the Middle East, serves as a counterbalance to Iran, and has a role in the Balkan Peninsula. The U.S. policy in the region is led by Turkey. Therefore, despite the declaration about the new world order, the Americans refuse to apply influence and pressure over Turkey. Because of this we cannot be optimists about the chances of the new initiative of the UN secretary-general. The Cypriot issue could be resolved on the basis of the principles of international law and by respecting human rights on the island.

#### **Police Intervene After Alleged Gypsy Attack**

*AU2906144592 Sofia Khorizont Radio Network  
in Bulgarian 1300 GMT 29 Jun 92*

[Text] Last night, a crowd from the Gypsy ghetto in Pazardzhik attacked the auxiliary farm of the regional Police Directorate, destroying the fruit trees on the farm's territory and beating up the (?unarmed) guards and two policemen who came to the rescue. Three shots were fired.

Early this morning, with the authorization of the Regional Prosecutor and Deputy Interior Minister General Bonev, an investigation was conducted in the Gypsy quarter in Pazardzhik.

Ammunition for the most up-to-date Kalashnikov rifles and an empty cartridge box, as well as a few passenger automobiles without registration plates, which were presumably stolen, and approximately 200 meters of an aluminum fence, which recently disappeared from the highway, were discovered during the raid. As many as 14 persons were arrested.

A prompt reaction followed. A noisy, unauthorized, Gypsy demonstration took place in front of the Mayor's Office. The interference of the police once more became necessary. Orlin Antonov, the local police director, declared to journalists on the occasion that he is strictly

observing the law on the police and is resolved to prevent any further unrest in the town.

This is what our correspondent Radka Mineva just reported from Pazardzhik.

#### **General Staff Chief on Progress of Army Reform**

*AU2906095992 Sofia BULGARSKA ARMIYA  
in Bulgarian 19 Jun 92 pp 1, 3*

[Interview with Colonel General Lyuben Petrov, head of the General Staff of the Bulgarian Army, by Major Krasen Buchkov; place and date not given: "Army Reform Continues"]

[Text] [Buchkov] Mr. Colonel General, people say that the military reform is locked in your safe. Has it come to a halt?

[Petrov] Indeed, copies of the concept and all other documents are in my safe. However, the concept was completed already on 15 April and submitted to the National Assembly, the Presidency, and the Council of Ministers. The General Staff completed its work. A plan on implementing the reform has been prepared. The schedule of implementing the reform by the various branches also has been prepared. In other words, all documents necessary for implementing it exist. The payroll will be constructed on the basis of those documents. The reform has not stopped. The new structures will be introduced as soon as the Council of Ministers and the National Assembly adopt the concept. When the Defense Law is adopted, we will have a green light for initiating the new payroll.

The Army reform requires many means. In addition to restructuring, we will construct new garrisons. If the financial basis is not guaranteed, we stand the risk of failing to fully implement the reform, and we will face problems.

[Buchkov] So, the reform is progressing?

[Petrov] Yes, precisely. It has not stopped. We completed one of the reform's stages in February, when we restructured the Ministry of Defense and the General Staff. When the law and the concept are adopted, all legal obstacles will be eliminated, and the reform will pick up speed in the troops.

[Buchkov] Our neighbors are in boiling water up to their necks, and we decrease our Army?

[Petrov] We are concerned about the situation in our western neighbor country, and this prompts us to be careful in implementing the reform. We will not decrease the Army. We are conducting structural changes in an attempt to increase the efficiency of the organs that manage the units. The goal is to increase their capacity to implement their tasks. We envisage redeploying certain units to guarantee the country's security in various directions.

[Buchkov] People say that you quarreled with former Defense Minister Ludzhev on certain issues of the Army reform.

[Petrov] We had disputes in discussing the basic tenets of the concept. However, this is normal under the new conditions. Our basic difference was in relation to the terms of implementing the reform. I wanted to implement it in stages, gradually, at the lowest possible social cost. In the final analysis, prudence prevailed.

[Buchkov] Will you soon discharge a certain number of officers?

[Petrov] The Army renews and rejuvenates itself every year. The places of officers who have fulfilled their duty are taken by well-trained cadres. The same will happen during the current year. Instructions have been given to the minister of defense and the head of the General Staff in anything related to discharging officers. We are guided by the Law on General Military Service and the methods on assessing the activity of the officers.

[Buchkov] You signed the payroll of the Army newspaper. Only four officers figure there!

[Petrov] I signed it precisely in the form in which it was proposed by the "Information and Cultural Relations" Administration. Furthermore, I want the newspaper to have more journalists-officers who are familiar with the Army reality and can correctly, precisely, and competently reflect it in BULGARSKA ARMIYA. What kind of military newspaper is this in which only civilians are employed?!

[Buchkov] Do you believe in the successful completion of the Army reform?

I am an optimist and believe that the reform will be completed within the planned term. This will be a long and painful process, which we intend to guide firmly to prevent social tension. At certain stages, we will analyze the progress of the reform and adopt additional measures for its implementation. We will by no means allow the reform to be ruined.

I take this opportunity to thank the military units' officers and sergeants from the pages of our newspaper on their great efforts to maintain combat readiness and strengthen discipline. I wish them from the bottom of my heart good health, sound spirit, and success. We prepared with joint efforts the concept on developing the Army. We will jointly implement the reform.

#### **Staliyski Discusses Progress of Army Reform**

AU2706195892 Sofia DEMOKRATSIYA in Bulgarian  
20 Jun 92 pp 1, 3

[Interview with Defense Minister Aleksandur Staliyski by Nedko Petrov; place and date not given: "Armies Are Not Only Guarantee of National Security"]

[Text] Defense Minister Aleksandur Staliyski is an experienced jurist. Before 10 November 1989, he was detained 17 times by the State Security organs. He is a "graduate" of the Kutsiyan, Bogdanovdol, and Belene concentration camps. He was exiled from Sofia three times, for a total of 16 years. For one year, he was a "blue" [Union of Democratic Forces] mayor of Ovcha Kupel Township. He is a National Assembly member from the 25th multimandate constituency and a member of the Commission on National Security.

[Petrov] Mr. Staliyski, how do you see the role of the Armed Forces in the modern world?

[Staliyski] In a certain sense, the Army is a mirror of social relations. After the disintegration of the Eastern bloc and its military organization, it must assess its place, tasks, and priorities. I immediately must say that the "bloc security" concept (if indeed one could speak about such security) is a matter of the past, in exactly the way huge armadas belong to the past.

[Petrov] What sort of army does Bulgaria need today?

[Staliyski] Throughout the world there is a tendency to turn national armies into professional bodies. This is a natural result of the level of military equipment, technologies, and communication, but mainly it is due to the new political situation. Bulgaria also intends to reduce the size of its Army. After restructuring, a force of 95,000 people is projected, sufficient for guaranteeing the country's territorial integrity.

[Petrov] Is there not a greater threat to a small country with a small army?

[Staliyski] There could be different views on this matter, but I would like to point out that today the military machine is not the only factor that guarantees our national security. The following are the basic directions of guaranteeing national security: actively participating in the all-European process (in all of its structures); constantly strengthening cooperation with the NATO member countries; conducting a balanced and prudent policy of good-neighborly relations with the Balkan states; and creating and maintaining the necessary troops, which have such potential to deter the attempts of an eventual aggressor to resolve disputes through force.

Consequently, the political approach is much more important. Otherwise, the Bolshevik system, which created a "great" military force, would still exist.

[Petrov] It is not a military secret that the redeployment of our Army is being considered. What is your opinion on this issue?

[Staliyski] The Bulgarian Army's territorial deployment and structure are a result of the lack of military sovereignty—a matter of the past, when our General Staff was only an appendix to the Soviet General Staff. The divisions and armies were deployed with priority toward the south. This was a result of the bloc doctrine of the former Warsaw Pact, with a view to blocking aggression

from the south. Defense, combat, and mobilization training were related to many obsolete models, structures, and procedures. Simultaneously, the deployment of the units and groups of units in many garrisons impairs their training and everyday life, lowers their combat readiness, and wastes significant material and financial resources. This must be changed, not because this is my personal opinion but on the basis of the aforementioned realities. The redeployment will allow the implementation of perimeter defense. By this, I do not mean the simple relocation of separate units but the creation of new structures and forms and the forward advance of equipment, reserves, and so forth. All of this is connected with great financial expenditure and cannot be implemented rapidly.

Furthermore, let me add something for which I will surely be criticized by the traditionalists. The modern wars, especially the Gulf war, showed that the future belongs to smaller but more mobile units with great firepower. The analysis of the factors that determine the construction and development of the Bulgarian Army shows that new requirements emerge under the changing conditions, and they must be taken into consideration in reorganizing the Army. They determine the main direction in accordance with the agreements that have been reached—namely, to construct a smaller force of high quality and increased combat readiness. Such an Army could defend our territorial integrity in a reliable manner.

[Petrov] How do you assess the progress of military reform?

[Staliyski] I think we have not yet reached the most difficult stage. We still are at the first stage of the reform. We are now beginning to implement the basic structural changes in the branches of the Armed Forces—namely, the transition from army and division to corps-brigade organization. We will improve the structures already introduced and modernize the Army. At the same time, we will decrease military service to 12 months and move toward formation of a professional Army. We expect that this process will be generally completed by 1995.

It is clear: There is no alternative to the military reform. Much has been done so far. The Ministry of Defense underwent a renewal of structure and cadres, and the Army was given a nonpolitical and nonparty character.

#### **DUMA Views Weapons Industry Conversion**

*AU2906071892 Sofia DUMA in Bulgarian 22 Jun 92*  
p 6

[Article by Vasil Popov: "Defense Industry Is Deliberately Destroyed, With Total Disregard for National Security"]

[Excerpts] Certain facts indicate that it is the intention rather than the present rulers' lack of competence in administration that is responsible for the persisting stagnation of the military-industrial complex. This

intention can be detected from certain hints dropped by Alex Aleksiev, the prime minister's American adviser, a few minutes before his appearance on a television program. [passage omitted]

The present state of the military-industrial complex is well known, but everyone is afraid to comment on it because he might be affected by the hopelessly outdated items on the list of state secrets. However, there is one example we could cite.

If the production of a certain commodity is discontinued for a certain time because of a shortage of raw materials or a loss of markets or for any other reason, test series are produced twice a year. This is necessary in order to keep up the working habits, to train new workers and specialists who have replaced those who have left, to defreeze the stagnating conveyor belts, and to update the equipment. In the majority of Bulgarian defense-industry plants, however, no such test series have been produced for the past two years and neither are the machines maintained or the equipment updated.

Arms production has always been a state affair. All orders for the arms industry in Bulgaria were implemented at the instruction, or at least with the knowledge, of the relevant state organs. If a government intends to discontinue military production, it should have a clear concept of how to replace the financial profits from the military-industrial complex. There are no such resources in our country. The hope that someone may bring them in from abroad just because he likes us is a delusion for gullible people.

The promises of numerous high-ranking gentlemen (including President Zhelev in addressing some of the collectives in question) that we are likely to cooperate with NATO arms production and that we are going to import high (or low—this is something our statesmen are not specific about) technologies from the West are in strange contradiction to the recent categorical statement of an authoritative NATO spokesman (who addressed journalists at the Boyana Residence) that we should by no means rely on such hopes.

The sweet talk about the privatization of the military-industrial complex is also part of an intention. [passage omitted]

At a recent seminar with scientific workers and top arms experts, Lieutenant General Stoyan Andreev, the president's military adviser, read a paper whose main subject was Bulgaria's defenselessness. According to Mr. Andreev, in view of the present conditions, under which there is no bloc alliance or treaty to support our national sovereignty and territorial integrity, in view of the fragile and only incipient political guarantees, considering the fact that Bulgaria is a country that is changing its priorities, under the conditions of a controversial and practically incomplete new national security, under the conditions of a reduced and financially unstable Army, which is in the process of reorganization, the national

military-industrial complex is the only factor guaranteeing Bulgaria's defense capacity. This can only be true if industrial production is always maintained at the necessary level. [passage omitted]

According to experts, it is unthinkable to achieve a conversion from military industry to civilian industry without the Middle East markets. However, Filip Dimitrov's notorious promise [regarding arms exports to Arab countries] is likely to totally block Bulgarian exports. The same applies to the loss of East European markets and cooperation. I wonder if someone still hopes that Bulgaria's losses suffered in connection with the Gulf war will be compensated for one day. As a result of "Desert Storm," there are debts of Arab countries toward our country that will never be collected.

The Bulgarian arms producers must rescue themselves with their own efforts, this is evident. They must do so without the support of their government. Asked by a DUMA reporter why the credit obligations for the construction of the military-industrial complex (which is purely a state affair) were not nationalized, Ivan Kostov answered point blank: "Because I do not want this obligation to be a burden to me or to my successor." [passage omitted]

Another fact shows that our defense industry will be further ruined until our weapons become valueless. The Cabinet amended its decision on holding competitions for managers, but this does not apply to the military-industrial complex. Such competitions were held in a dozen private limited shareholders' companies from the military-production sector, at the suggestion of the trade unions. Later on, however, the appointment of the new managers was delayed. The managements and collectives of military plants are deliberately kept in the dark about their future.

Tension was also artificially fanned in the Kazunluk Arsenal plant and in other similar enterprises, with the purpose of dismissing the former managers. Several highly qualified specialists left with them. New managers, like those of Arsenal, are currently submitting their resignations.

The government's economic isolation prevents it from drafting a realistic concept for the military-industrial sector. This is the opinion of experts in the arms business. According to them, specific conditions should first be created for the solution of the problems in question, after which a competent team should be set up, and only after that could the role of an individual coordinator be considered. According to those affected by the problems, we are deceived by a government that is doomed to failure. Experts are convinced that the military-industrial complex requires objective relations that have nothing to do with the change of ideological commitments.

### Finance Minister Kostov Reviews Economic Reform

AU2806173892 Sofia TRUD in Bulgarian 19 Jun 92  
pp 1-2

[Interview with Finance Minister Ivan Kostov by Aleksandur Angelov; place and date not given: "Let Us Once and for All Depend on Our Own Efforts"]

[Excerpt] [Angelov] Mr. Kostov, you are the only remaining active member of the Union of Democratic Forces [SDS] team that launched the economic reform over a year ago. Do you feel lonely?

[Kostov] I am not the type of person who reflects much about such things and gets emotionally involved. Loneliness has different meanings for different people. As far as I am concerned, I am not particularly affected by such feelings.

[Angelov] Some people claim that, although your name is not mentioned frequently, you are the strongman in the Cabinet and the one who continues to oppose the trade unions.

[Kostov] After the introduction of an appropriate mechanism for a dialogue with the trade unions and after the appointment of a strong deputy prime minister such as Nikola Vasilev in charge of negotiations with the trade unions, I would not like to be considered a militant opponent of the unions. As the representative of the government's financial interests, I always defend the interests in question, whenever it is required, and I always try to do so with the necessary firmness. My slogan is that the law should be protected under all circumstances and on all occasions, which applies to everyone without exception—namely, to the government, the enterprises, and the unions as well. In this respect, I do not think that we should wage wars but should try to protect interests.

[Angelov] What is your opinion on the structural reforms in the economy, and to what extent has the absence of such reforms influenced the government's financial plans?

[Kostov] I am hardly the man to evaluate structural reforms in the economy. I think the country has made certain progress in this respect, and I share the view of the World Bank mission, which believes that the demonopolization of companies and their reorganization according to the principles of market economy is a very substantial step forward. Our activities in this respect are even more remarkable and more daring than similar measures applied by other East and Central European states. On the other hand, there is no doubt that, if we consider the structural reforms from the point of view of adjusting the production factors to the new market and price situation or to new forms of ownership, our successes are rather insignificant. I would even say that they are nonexistent. I am convinced that this is one of the main reasons for the increasing economic difficulties in

all economic spheres. Such a lack of progress in this particular field naturally influenced the government's financial plans, which also forced us to adopt an updated budget in 1991. Nevertheless, I am convinced that no revision of our financial plans should be planned for 1992. Only a further escalation in the sanctions against Serbia and Montenegro is likely to disrupt our financial plans. This would be an additional and very severe setback for our country.

[Angelov] After so many months of economic depression, the bottom is not yet visible. The new decline, which exceeded 20 percent during the first five months of 1992, was a surprise—and not a very pleasant one, as a matter of fact.

[Kostov] There was no 20-percent decline, in the first place. This is what the National Statistical Institute claims, but, according to the system applied by the institute in compiling its statistics, it seems to have added part of the 1991 data to that for 1992. In the second place, the institute is using different price indexes, which are not comparable with the 1991 price system. In the third place, the institute deducted a considerable amount of goods sold within the country on a retail basis from the total of the commodities under observation. All of these factors produced a rather distorted picture of our economic situation.

[Angelov] What is the truth according to you, in that case?

[Kostov] We accept the figures on the consumption of electric power as the most accurate guidelines. According to these figures, the drop was approximately 9 percent over the first five months of 1992. Nevertheless, this is more than we expected. The drop should have amounted to 3.8 percent, according to our projections.

[Angelov] Nevertheless, how long before we reach the "bottom"?

[Kostov] According to us, the Bulgarian economy is already moving along the bottom line of economic depression, with certain fluctuations over the months. The most unpleasant aspect of the situation is that we are unable to collect the necessary resources for escaping the bottom. It is impossible to acquire the investment resources likely to stimulate the system. Every economic system, as a matter of fact, is subject to simple rules regarding economic growth, and we cannot expect any miracles. If there are no investments, we cannot escape the bottom in one leap but only try to creep upward slowly. To put it most bluntly, people should take part of their income and save it, while their savings should be transformed into investments by a well-functioning banking system, which would make it possible to expect positive results from such transactions.

[Angelov] What do you think about the so-called care for production?

[Kostov] This is the dilemma between the rescue of enterprises that are becoming financially insolvent and the decision to do away with them. On the other hand, we are facing the opposite decision—namely, the efforts of stimulating the growth of those companies whose future development is promising. This means that, on the one hand, we should give up the "dead" part, which is likely to die sooner or later anyway, and, on the other, we should encourage the development of other enterprises. The private companies' development potential is evident, considering that they are not burdened by the debts of the past. Moreover, their labor organization is much more efficient; they are by far more effective, more flexible, and more dynamic; and their chances of success are much greater than those of the state-owned companies. This is why they belong to the group of enterprises that should be supported and further developed. We should not devote to them the excessive attention that was dedicated in the past to the development of electronics, machine building, the chemical industry, and so forth. It became evident that we should not apply the so-called greenhouse breeding methods used in the past because such methods are not applicable to private enterprises. At the moment when the greenhouse glass breaks, everything begins to rot. Therefore, I am against raising the private business enterprises in a greenhouse atmosphere by redistributing all income to their advantage. It is also from this point of view that I regard the question of "perishing" enterprises. I consider it neither amazing nor alarming that some enterprises are doomed to perish. Isn't this the rule in a market economy? However, it should be accompanied with care for those who are facing a promising future. We may perhaps specify a period of time, while the economy is being restructured, within which to maintain the balance between dying enterprises and those that are coping with the situation, so that there should be an equilibrium or slightly negative growth. If these transformations take place within the economy, we may attain the structural adjustment of the production system itself, which is what we all want. It would be a disaster if this does not happen. Whether our society is prepared to abandon part of the doomed economic system to its own fate is another question.

[Angelov] After being stubbornly applied for over a year, the dilemma between inflation and high interest rate remains insoluble. What happened to the measures aimed at reducing the interest rate that were promised by the government?

[Kostov] This is a very complicated problem. It is currently a subject of lively discussion between the economic ministries and the banks. The final positions will be announced after the end of the negotiations in which the World Bank and the International Monetary Fund are also participating. I would like us to work out a uniform position that we should all follow. Evidently, we should not overdo the policy of high interest rates. Economists realize that high interest rates is a short-term means of halting inflation, but, if it is applied for a long

time, it has the opposite effect—of stimulating inflation. Therefore, I am convinced that the opportunities to possibly halt inflation with high interest rates are almost exhausted.

[Angelov] There is hope that, with the introduction of small-scale privatization, large financial resources will be quickly spent, and the pressure of this amassed money is likely to collapse.

[Kostov] This is exactly true. Small-scale privatization and the establishment of small farms in the villages will produce such an effect. The owners of small agricultural plots are likely to invest in highly intensive agriculture such as vegetable production and the cultivation of permanent crops that require large financial investment.

[Angelov] The other solution would be to use the State Fund for Reconstruction and Development, with its billion-strong resources.

[Kostov] The billions of this fund exist only on paper. Their actual purchasing power is considerably, perhaps five or six times, less than in the past. The State Fund for Reconstruction and Development is ready to work, but there are several unresolved questions of essential importance connected with it. On the one hand, there are the companies' debts with the banks. On the other, we should take care of the country's foreign debts, and we should also consider a solution in connection with repaying the debt with the trade banks. Despite all of these problems, we should begin to use the state fund. As early as this week, we are planning to approve the final documents that are the basis for its operation. [passage omitted]

#### **Bikov on Industry Ministry Restructuring**

AU2906071592 Sofia DEMOKRATSIYA in Bulgarian  
22 Jun 92 pp 1, 5

[Interview with Rumen Bikov, minister of industry, by Boryana Robertova; place and date not given: "Our Industry Is Entering a New Age"]

[Text] [Robertova] Mr. Bikov, three weeks have passed since the day you took one of the hottest chairs in the new Cabinet. Which mistakes of the former team in the Ministry of Defense will you try to avoid, and what will you change in its work?

[Bikov] The fire brigade style of work is lethal. It renders our activity senseless. The ministry's efforts and resources should not be directed at production, financial, labor, and social conflicts, which emerge here and there. This was one of the basic mistakes of the previous team. In the two to three weeks we have been in office as a matter of inheritance, we have dealt with similar problems. We hope that, by our efficient action, such cases will diminish, and thus we will have more time for creating industrial policy. In addition, only 30 percent of the former ministerial team's employees will remain. Our motto is to look for brains, not for clerks.

When we invoke the Ministry of Industry, we must remember the tasks and functions that spring from its legislative basis—the Law on Privatization, the Trade Law, and the Law on Foreign Investments. Our most important task is to revive production. We plan to achieve this with a clear concept of the ministry's future structural policy. The first thing we will do is analyze the situation of almost every enterprise according to branch and function and thus decide which enterprises should be privatized, dissolved, or restored. We do not have to maintain enterprises that have no future. Such enterprises will be dissolved. Enterprises that are vital and could be withdrawn from the technological scheme will be privatized. There is a third group of enterprises that are not attractive for privatization but that the state needs. Wherever we assess that certain production must be sustained, we will prepare special programs to help and revive them. This process will not be subject to administrative decisions but to specific actions with a clear financial goal—searching for markets and marketing the production. This leads us to the second major issue—foreign investments. Managing, obtaining information about what the investors can offer us, and determining the needs of our enterprises—this is the second fundamental goal of the ministry.

We formed a special department in charge of privatization at the ministry. Its activity is related to the issue of financing and resolving the problems of credits and old debts.

[Robertova] The IMF and the World Bank criticize us most of all for delaying the structural reform. What actions in this direction will the ministry undertake?

[Bikov] If we look at the problems, they exist mostly in managing the restructuring. Therefore, we have created at the ministry a special department called "Restructuring Management." Its activity involves selecting the cadres, assessing their professional qualities, and coordinating regional interests. It will purge the old *nomenklatura*, monitor and assess enterprises, and evaluate their financial, market, and other characteristics. Many enterprises will be dissolved, but we will take into consideration a fact that aggravates our economic situation: In recent years, we have lost about 90 percent of our markets. It is extremely necessary to quickly reorient ourselves in this situation and rapidly search out new markets and production. If we want to conduct rapid privatization, we must quickly increase the efficiency of the state companies. I would like to stress—rapid privatization does not mean a quick sale of enterprises but, rather, a striving to do everything possible to make the enterprises more valuable.

[Robertova] What is the position of private business in the scheme of the ministry management?

[Bikov] We have turned the unit in charge of stimulating private business into a separate department. It is called "State Influence Over Private Business." We will pay special attention to the private industrialists on whom

the state will depend in the next 10 years. At the moment, they are in a very difficult position. The ministry's financial policy will have special importance in this respect. Soon a "Small Enterprises" fund will start working in a new manner.

[Robertova] One of the greatest mistakes of the former ministry team was the fact that it seldom published information about its activities. There was a rather thick curtain over existing information. This rendered a disservice to the team.

[Bikov] We plan to be completely open about all our decisions, which will not be taken by a single person but by the entire leadership, and not by it alone. We are constructing problem consultation groups to which we strive to attract the most noted representatives of our scientific-technical intelligentsia. Together with those who are familiar with the problems and personally experience them, we will jointly discuss the issues of restructuring management, privatization, and foreign investments in an attempt to break the bureaucratic vicious circle. We are striving to construct a ministry of a new type that will deal with macroproblems and make decisions, rather than struggle with the consequences. We have thus conceived a program for the first 100 days. We shall firmly defend all specific decisions.

### Crisis in Electronics Industry Analyzed

92BA0969A Sofia DUMA in Bulgarian 5 May 92 p 6

[Article by Krasimir Tsigularov: "Bulgarian Electronics—Beyond the Grandeur and Before the Final Fall"]

[Text] *There is no other branch of industry in the Bulgarian economy in which the crisis has left its imprint so cruelly and all-powerfully as in electronics. The drop in industrial production in the past year has been from 40 percent to 60 percent, and the hired personnel have decreased by approximately 20 percent. The relative share of the industry has dropped to 5.9 percent of the gross national product, as opposed to 14 percent in 1989, obtained with basic funds for approximately 3 billion leva, according to the old prices.*

The demonopolization of the industry in practice doomed the institutes to destruction. According to statistical data, now there is not one scientific worker in electronics (outside of the Bulgarian Academy of Sciences [BAN]); all are employees in the new companies. The companies themselves again are on the way to exhausting their reserves. Without markets and without competitive products, they will soon be left with their nameplates and their empty offices. On the other hand, the number of scientific workers who are selling jeans and cosmetics in the markets is growing constantly.

There is no nation that can allow such a thing, maintains Georgi Mladenov, senior scientific worker 1st class of the Electronics Institute of BAN. At least the nucleus of the specialists must be maintained—that is, 6000-7,000 people who are hard to create. He says that, if this is not

done, in several years the scientific potential, which is hard to restore, may be destroyed, and the country will be doomed to be counted among the most backward, in spite of the democratic changes.

Everything connected with Bulgarian electronics in the past two decades is unbelievably complex. It has been accused of being no less than one of the principle parties responsible for the severe economic crisis, cursed and ridiculed. A team from BAN, under the leadership of Georgi Mladenov, is looking for the real results of the past greatness and the possibilities for converting to a market economy. There is one basic conclusion about the previous years—a sober analysis cannot cast the blame for the debts on only electronics. The negative currency balance of the industry for the past decade amounts to approximately \$500 million, the expenditures are approximately 700 million, and the exports approximately 200 million. However, during these years, 25 billion leva worth of production was achieved, with exports worth approximately 20 billion convertible rubles. The net profit is 12 billion leva, and the contributions to the state budget amount to approximately 8.5 billion. The billions of convertible rubles mean industrial and consumer goods, licenses, raw materials, and equipment for the military industry, energy carriers for internal use or for reexport, then introduced into the country.

It proves to be the case that, from the macroeconomic point of view, we have operated fairly well, Georgi Mladenov asserts. The tragedy is elsewhere, that the positive economic results are achieved in the looking-glass world of the closed economy. Electronics also is guilty of this—the creation of a false sense of market success, the total orientation toward one unambitious market in which efficiency is persecuted. At the same time, nothing was planned for the future. The future and development remain incomprehensible, idealistic sentiments of solitary dreamers.

The results of such an antimarket approach are ineffective organization of production and development activity, high material consumption, a lot of manual labor, and an open component cycle. An evil genius forced the requirement that products not be permitted to have more than 3-5 percent of a Western element base, so the final products have been doomed ahead of time to unreliability and a lag of years behind the developed world.

At times, it has been necessary to buy licenses from institutes that have more personnel than the companies from which the licenses come. And, until the licenses are acquired, with their flexibility, the Western companies are going far ahead. However, often the gigantic "scientific potential" serves only for translating the documentation of the licenses that arrive or that of the copied items. In the final analysis, the industry does not have at its disposal competitive companies for producing electronic products; there is no formed, internal Bulgarian market; and the possibilities of foreign markets do not



exist, or it is not known what they are. The paradox of the looking-glass economy has ended. In the light of real economics, the industry simply dies without any sign that it can be saved.

The old grandeur of electronics cannot be restored in any case, the scientists assert in their report. The problem is how to prevent the final fall because there is no branch of industry in the modern world, there is no sphere of economics or daily life where electronics is not present. Because of the lack of bananas, we are on the road to turning ourselves into a tomato republic, but that would only isolate us from the civilized world, the report states.

And the tendency is deepening because of the shrinking of the scientific teams, because of the insurmountable division of scientific research into fundamental and applied, and because of the discouragingly low productivity in scientific areas. Up to now, the correlations for numbers of scientific workers, for percent of the national product set aside for scientific purposes, have corresponded to the world standard. However, there are no practical market measurements. The division inherited from the Soviet scientific school has not yet been overcome. The state has no goals in its scientific and technical policy that could help the disorganized industry with new products or increase the economic potential of the nation.

The BAN scientists assert that it is an illusion to assert that the former traditional connections with the old markets, based on personal contacts, on knowing the situation, on the systems used and their compatibility, will protect us for a long time. This potential has already been exhausted; a complete delimitation of our traditional markets is in store for us. There are two alternatives—either liquidation of the industry or adoption of a flexible and pragmatic approach on the part of the government.

Privatization is a key feature in putting a new face on electronics. However, it is a long and unclear process. Some of the large and well-equipped enterprises may even be purchased. It is naive to think that the stage of serving apprenticeship to the large companies or of entering into the role of their subcontractors or engineering units will be bypassed in the privatized enterprises. Managers from East Asia are interested in some enterprises but more as facilities for assembly, with a view toward reducing transportation costs. And, from here, little by little, we will move toward including individual elements and making complete sets. This will hardly be a large share of the entire electronics industry.

However, there is no one to buy an institute, Georgi Mladenov says. On the other hand, the model of setting up technological centers and parks would be more applicable and practical. This would make it possible to begin privatization of the disintegrating companies (enterprises and institutes). The form has been known for a number of years in the developed countries, with the

creation of a number of small companies, new workplaces, and competitive products. Usually, for two or three years, these companies stay in "greenhouse" conditions, after which they enter the normal market mechanism.

It may be particularly easy to move to internal business incubators in the emptying institutes. The German experience in recent years indicates that miracles do not come from this approach but that workplaces are created and, even more, that scientific personnel are protected. This means minimum rents, tax concessions, and the possibility for investment on the part of the workers themselves. However, even today in BAN, the concept of private business is given a hostile reception because of apprehensions about pouring funds from the budget into private pockets.

In Bulgarian science, in principle one is paid for publication and not for a real product, Georgi Mladenov states. If something has a practical value, let it be financed by the companies. By which companies? The 4 percent of private companies that are engaged in resale or the dying state companies? We cannot allow ourselves to lose that which has been built up for years, he says. We must give the people a chance to work for themselves and, from there, for the country. In this country, no one was ever appreciated for producing a market product. It was considered to be a laughing matter. And this is a sure way to the final fall.

It would take place inevitably if the state also were not rethinking its policy. For example, investments in telecommunications are expected. However, a law that will guarantee the participation of the Bulgarian producers is necessary. In Hungary, it is set at 40 percent, in Greece at 45 percent. Thus, those who win the competitions will be forced either to invest in our factories or be subject to the increased demands to pull out individual products.

The report also advises greater attention to the small companies. Hurricanes are blowing in the country; the large trees will be smashed, but the small variety can bend and survive. According to the conclusion in the report, the companies still have to be broken up. After the time comes, those that survive will merge according to normal market laws. However, the intellectual potential will be preserved and will work for the country and will not be occupied with computer viruses because of a lack of real business.

Beyond the former grandeur of Bulgarian electronics, there is ruin. The scientists maintain that it may be prevented. We must not again set ourselves a goal of being first or fall into extreme nihilism. Let us look at things with perspective and with the mandatory and so-long-buried pragmatism.



**KNSB-Podkrepa Joint Memorandum on Incomes**  
92BA0970A Sofia TRUD in Bulgarian 24 Apr 92 p 5

["Text" of "Memorandum of the Federation of Independent Labor Unions From Light Industry to the Conference of Independent Syndicalists in Bulgaria and the Federation of Light Industry to the Podkrepa Labor Confederation for the Social Protection and the Incomes of the Workers in This Branch of Industry," issued on 23 April 1992]

[Text] We express our support for all the points presented in the memorandum signed by our two head offices.

The proposed liberalization of prices by the government and the freezing of the real wages of the workers, as well as the disrupted mechanism for social partnership in the branches of light industry both on an industrywide level and on the branch level, created the prerequisites for increased social tension between our collectives.

On the other hand, the ill-considered and uncontrolled replacement of leaders, a large part of them named four to five months ago without proven economic, financial, and social credentials, led to spontaneous strike actions on the part of the members of the two unions.

We note with alarm that, in recent months, not taking the stand of the unions and appointing incompetent regional officials to the leaderships of the companies is leading to collapse and bankruptcy of companies that had begun to stabilize their production and activities in the market conditions.

In our previous meetings and conversations with, and requests of the leadership of MIT [Ministry of Industry and Trade] and the other officials, we did not encounter the understanding necessary for normal social dialogue and achievement of consensus for solving the urgent problems of the industry to the benefit of the national economy.

Delaying the reorganization of the companies in this branch of industry forces us to think that light industry is preparing for secret and easy privatization favoring former and present managers.

The Cabinet led by Mr. Filip Dimitrov and the ministry governing this sphere of activity up to now have not proposed one program for the future of the branches of industry and the social welfare of the workers in them, as well as with respect to the problems connected with restitution encompassing more than 1,100 enterprises.

There are no analyses of the enormous indebtedness of the companies, which exceeds billions of leva. Nothing was done to reduce the tax burden on the enterprises or to stimulate those that showed activity in export policy. No attempt has been made to bring charges against a single removed or acting director who brought the economy of a company to bankruptcy.

This policy of the government and the MIT and the constantly increasing inflation are leading to devaluation of the real value of the companies with the forthcoming privatization to another 50-percent reduction in the labor force in the industry, and to having the greater part of our members fall significantly below the minimum standard of living.

As trade union federations, we do not contest the fact that the government may carry out an independent policy with respect to structural and price reforms, but our right is clear and we categorically assert the defense of the income of our workers, the working conditions, and the social achievements of our members, as we believe that wages cannot be frozen, there is no social partnership, and the economy of the country will develop in market conditions.

The two federations insist:

- On immediate restoration of the system for social partnership on the industrywide and branch level.
- That MIT and the MTSG [Ministry of Labor and Social Welfare] present a developed set of measures and programs encompassing their policy in the area of incomes and social security of the workers in the industry.
- That the government will ensure:

1. Conditions for stimulating competitive enterprises, for which to create a differentiated structure of the tax burden.
2. Active government participation in implementing the expert policy and ensuring foreign markets and payments for exports.
3. Ensuring the priorities in the case of foreign crediting and investment activity.
4. Developing a system of customs restrictions and quotas in order to normalize imports of light industrial products, as well as imports by agricultural and animal husbandry, for which we have the necessary facilities for manufacturing high-quality goods in our country.
5. To take measures and to bring charges against the guilty officials who led to the economic ruin of the industry.

Our just desires and the measures we have proposed are aimed at stimulating and stabilizing the industry, reducing the economic slump, and maintaining the necessary standard of living of the workers in the industry.

We insist on a quick answer from the government and that it make effective decisions in order to avoid uncontrollable protest actions in the collectives of the industry.

**Editor's Note:** Yesterday, the journal TRUD published a summary of the memorandum of the two federations. In addition to the particular interest of the union members of the KNSB [Confederation of Independent Trade Unions in Bulgaria] in the document and at the request

of the president of the Federation of Light Industry to the KNSB, today Yordan Vasilev is publishing the complete text of the memorandum in exchange for the remuneration received for such cases.

#### **Small Trade Unions Advised To Form Coalition**

*AU2906094792 Sofia DUMA in Bulgarian 23 Jun 92  
p 4*

[Commentary by Ekaterina Popova: "Trade Union Coalition Could Save Small Trade Unions From Isolation"]

[Text] The eagerness of small trade unions to join the newly formed National Council on Social Partnership constantly grows. The Podkrepa National Trade Union strived to participate in the council even before it was established. Recently, the Business National Trade Union also raised its voice against trade union discrimination. Several days ago, our public learned that there are six additional trade unions in Bulgaria, and they all have claims for participation in the National Council on Social Partnership. The eight trade union formations even signed a joint protest declaration addressed to the government, on whose position—according to them—everything depends. The dissatisfied trade unions obviously ignore the fact that the other founders of the National Council on Social Partnership—the employers and, most of all, the Confederation of Independent Trade Unions in Bulgaria and the Podkrepa Labor Confederation—also have a say in resolving this issue.

To be more convincing, the Podkrepa National Trade Union and, soon afterward, the Business National Trade Union threatened the Cabinet with a strike. A business

leader said that the trade unions are waiting for the peak of the tourist season, so that a strike would be more painful.

The new candidates for membership in the National Council on Social Partnership do not intend to observe the so-called criteria of trade union representation, which mainly determine membership in the council. The draft of the new Labor Code requires that the trade unions must have organizations in at least two-thirds of the branches and at least 200,000 members. It appears that the Podkrepa National Trade Union tends to accept this, if the minimum membership is lowered to 100,000. The Business National Trade Union has not expressed its position yet. The other trade union formations categorically reject any system of representation at the present stage.

However, despite the protests, it appears that those criteria will soon become law. In other words, the door of the National Council on Social Partnership will close even more tightly to "outsiders." There is no doubt that, regardless of how few the members of the eight trade unions are, they have the right to trade union protection, including at the national level. Thus, in the situation that was created, it will obviously be necessary to change the tactics of the candidates for participation in the social partnership. The only way out of the isolation could be their unity within the framework of a trade union coalition. As a whole, it will meet the criteria of representation and will have a legal claim on participation in the National Council on Social Partnership. This idea is fully feasible, especially against the background of the first attempts of consolidation on the part of the "ignored" trade unions.

### Clout of Former Communists in Postelection Deals

92CH0619A Prague RESPEKT in Czech 24 May 92  
pp 2-3

[Article by Vladimír Mlynar: "Three Weeks Until the Elections: The Federalists Expect Political Dealings With the Party of Democratic Left"]

[Text] Without regard for the election campaigns, in the seclusion of the higher political side corridors the spinning of the webs of the postelection strategies has already begun. If the elections come out at least approximately as the sociological data indicate, and this was the case two years ago, then it will be extremely difficult to put together the agencies of executive power. Of course, without them no state can exist.

### A Constitutional Crisis

So far, it seems that there will be no great problems with the republic governments. In the Czech lands we can expect a right-wing coalition (the ODS-KDS [Civic Democratic Party-Christian Democratic Party], the ODA [Civic Democratic Alliance], the populists, and perhaps the Civic Movement) and in Slovakia there will obviously be a nationalist-oriented cabinet of the left wing (the HZDS [Movement for a Democratic Slovakia], the SNS [Slovak National Party], the SDL [Party of the Democratic Left], Klepac's SKDH [Slovak Christian Democratic Movement], and the Slovak Social Democrats). It will be much worse with the federal government. Everything points to the fact that the right and left wings will be strong enough to be able to block each other effectively in the Federal Assembly. This means that both groups will be too weak to form a federal cabinet independently, but strong enough that in the opposition they can paralyze negotiations in the parliament. In such a case it will come either to the breakup of Czechoslovakia or an attempt at forming a rightist-leftist coalition.

The deputies of both houses of congress will convene for the first time on 25 June. The following day the plenary session will begin where the chairman and vice chairmen of the FS [Federal Assembly] will be elected and the current federal government will submit its resignation (of course, it will continue to hold office until the approval of a new cabinet). According to one theoretical scenario prepared by the current leadership of the parliament, the president is supposed to present the new federal government to the representatives that same day and its prime minister should submit the program announcement. According to the requirements, after the approval of the government a new president should be elected; the scenario uses the date of 3 July. Not even the optimists expect that this will really happen.

### A Gridlocked Parliament

From the applicable portion of the communist constitution, it follows that the head of state must be elected within three months of the date of the elections. In our

case, the final time limit is thus 5 August 1992. If the president is not elected by that time and the new government formed, the old cabinet will indeed hold office, but no one will have the power to name a new one. The constitution does not state what is to be done in such a case. But it is not hard to guess.

The Federal Assembly will be in gridlock; that is, it will cease to be capable of any action. Among other things, this means that it cannot call a referendum, the only constitutional method for dissolving the state. Thus only unconstitutional steps will remain; for example, the Slovak National Council declares its sovereignty, approves a Slovak constitution, and elects a president in Bratislava. In such a case it will depend on whether the national councils find a sensible method of gradually separating the two republics or whether we will go the "Yugoslav route."

Of course, the federal forces will try to prevent this worst-case scenario. The only thing that will be left to them is to try to put together a leftist-rightist coalition.

### Coalition Negotiations

It is only with difficulty possible to imagine that Vaclav Havel would entrust the formation of a new cabinet to, for instance, Valtr Komarek or Vladimír Meciar. The first one that will try to put together a federal government will thus obviously be a right-winger.

The political negotiations of course begin right after sobering up from the results of the election. The parliamentary parties which are close in their viewpoints will first of all group themselves into political camps and decide on a further strategy. It will not involve any more or less than putting together enough votes for the creation of a parliamentary majority which would form a government and elect a president.

The subject of the main negotiations will be the votes in the Slovak part of the Congress of Nations where the party of the designated prime minister must find a coalition partner who is strong enough. The votes of the KDH or the ODU [Civic Democratic Union] will obviously not be enough to gain a majority. If we exclude the openly separatist parties (the SNS and the SKDH) from the game, then only two sufficiently strong political formations remain: Meciar's HZDS and Peter Weiss's Party of the Democratic Left.

### Definitely the SDL

Even though one cannot completely exclude the possibility of an agreement with V. Meciar, it is not very likely. The right-wing parties cannot accept the economic and state legal portions of the HZDS platform (see RESPEKT No. 19), but the movement cannot give up its extreme program without consequences. Paradoxically, that leaves just the SDL. For a long time it has been trying to get rid of the "communist labels." Its election platform has also been modified to accomplish this. In questions of the state legal arrangement, it is close to the

view of the KDH (a sovereign Slovakia within the framework of a joint state), including the concept of a treaty between the two republics. In contrast to the HZDS platform, the economic part of the SDL platform does not contain any sharp attacks on reform; Weiss's party only demands slight corrections within the framework of the "Slovak specifics."

Thus as far as any negotiations on a rightist-leftist coalition might occur, the SDL will probably be the one to tip the scales. And its chairman knows this very well.

This was also demonstrated by the recent vote on sovereignty in the Slovak parliament. The deputies of Weiss's party first moved that the declaration must receive a two-thirds majority (which de facto ensured that it would not pass) and then immediately quietly voted for its approval. The conclusion is simple: the SDL for the time being does not want to close off the path to any political camp, but it can play such a game only until 25 June.

#### **A High Price for Compromise**

Meciar's HZDS will obviously also go looking for the SDL votes, which it needs not only for a truly effective stalemate in the Federal Assembly, but also for the approval of the Slovak constitution and the declaration of sovereignty. Peter Weiss thus will be able to choose and to dictate conditions.

The question which today bothers more than one politician therefore is as follows: What will the SDL want for its support of federation if it is given? Will it be a lot or a little? Will it be satisfied with one or two ministries and some parliamentary offices or will it demand decisive positions of power? Which of its goals can the right still sacrifice in the name of preserving the joint state?

If the right wing finally decides on a rightist-leftist coalition and actually puts together a federal cabinet, it will pay a high price for it in the disgust and disillusionment of its voters. Moreover, a cabinet put together this way will be in fact subject to the favor or disfavor of the SDL. If such a coalition were to break up, it would mean the immediate fall of the government. We also cannot forget about the fact that the Slovak government will with almost 100 percent certainty be in the hands of nationalist leftists. It is an illusion to suppose that such a distribution of forces—a right-wing government in the Czech lands, a left-wing one in Slovakia, and a federal coalition of the left and the right—can solve the question of the state legal arrangement or continue with radical economic reform.

#### **Coexistence Movement's Goals, Views Presented**

##### **Self-Government, Local Rights**

92CH0613A Bratislava SZABAD UJSAG in Hungarian  
8 May 92 p 10

[Statement issued by the Coexistence Political Movement]

[Text] Thus far the Coexistence Political Movement's political and social organizing activities have helped

establish conditions for autonomous local administrative and governmental bodies elected in municipalities (settlements) after the system change. Municipalities have become independent, self-administered local units as a result, unifying citizens within their respective local jurisdictions. Municipalities manage their assets and financial resources independently, and promulgate decrees of general applicability; they may associate with other municipalities based on the common interest, and interference with their authorities must be based on laws. Municipalities have established regional associations to perform common tasks and to represent common interests.

Insofar as the future is concerned, the Coexistence Political Movement supports the creation a democratic constitutional state with an environment friendly to autonomous governance, one that enables the evolution of financially strong, truly independent autonomous local governmental bodies established and operating on the basis of democratic principles, capable of catalyzing local self-development processes. To accomplish this, the state structure must have an organizational and local jurisdictional framework which protects both the autonomous local governmental bodies and individual liberty, as well as minorities.

All this presumes an arrangement in which central institutions manage only those functions which cannot be efficiently performed at lower levels of government administration. In addition, general rules for autonomous local government jurisdiction must be established; this means that functions of local significance fall under the authority of local organs, and that such functions be performed by local organs.

The movement uses all available means to encourage the establishment of, and giving effect to the rights of autonomous local governmental bodies. We regard these as extremely important; they include primarily the right to be autonomous, the right to exercise local powers on a democratic basis, and the right of autonomous local governmental authorities to judicial protection.

This means the following:

- An autonomous local government may freely pursue any matter not delegated by law under the exclusive authority of another organ, and that the autonomous local government may do anything regarding such matters as long as its actions do not violate laws;
- An autonomous local government administers local affairs in the plain view of the broader public; to accomplish this it is necessary to ensure the proportionate representation of ethnic groups in locally elected legislative bodies;
- The legitimate exercise of autonomous local governmental authority must be protected by the constitutional court.

Autonomous local governance must acquire a genuine content; for this reason it is necessary to broaden the scope of administrative functions to be performed by autonomous local governmental bodies (education, health care, building construction, settlement development, social welfare, environmental protection, etc.) up to a point where the implementation of state administrative functions delegated to municipalities begins to infringe upon the independence of such municipalities due to provisions of various lower level laws, decrees promulgated by authorities, guidelines and internal directions.

In certain fields of government administration, and in conjunction with the competence (legitimate authority) of state administrative organs at the local level, efforts must be made to develop a system of relationships most responsive to minority interests.

From the standpoint of national and ethnic minorities the present district system of local division is most acceptable because the organization for government administration (state and autonomous local administration) is consistent with natural regional units that have evolved around real economic, social, transportation, and cultural centers.

Districts must be organized not only from the standpoint of state administration, but also on the basis of autonomous local governance, because autonomous local governmental bodies accomplish their tasks within natural geographical units in which settlements and their residents are linked by a true commonality of interests, real solidarity, and an awareness of a common culture and common values.

Counties or regions must be established in order to permit flexible administration of districts and to decentralize the central state administration; the lines of counties or regions must be drawn so that they represent natural geographic units in due observance of the principle of ethnicity. From the standpoint of the Hungarian national minorities three counties empowered to exercise autonomous authority must be established, based on existing communities of interest in the Csallokoz, Paloc, and Bodrogkoz regions. Self-administered regional units operating on the basis of this principle must also be established for the rest of the national minorities and ethnic groups. In the event that a county of this kind cannot be established, a district or subregion within the county must be empowered with special authorities.

The new constitution must define the role to be played by local (municipal, settlement, higher level—district) governmental bodies in society and their right to establish regional associations based on the common interests; this definition must be regarded as the natural and just foundation in any reorganization of local or governmental administration, and in any interim local arrangement.

### Local Education Rights

92CH0613B Bratislava SZABAD UJSAG in Hungarian  
8 May 92 p 10

[Statement issued by the Coexistence Political Movement]

[Text] The most important goal of Coexistence is "to protect the cultural, national, and intellectual treasures of national minorities, as well as their economic and regional development, and social and ecological interests, so as to enable them to establish the spiritual, intellectual, financial, and moral conditions needed to retain their respective national identities."

In light of the above we will encourage the observance of individual rights on a collective basis—as those apply to nationalities—in the field of nationalities education, in the spirit of documents also subscribed to by Czechoslovakia, such as:

The Universal Declaration of Human Rights, the International Agreement on Civil and Political Rights, the Closing Documents of the Conference on European Security and Cooperation, the Closing Document of the Post-Meeting Conference of Vienna, and the declaration of national minority rights adopted in 1990 by the Copenhagen Conference on Human Dimensions. Special attention is being paid to the document entitled "Agreement on the Rights of Children," adopted by the UN. Instead of manifesting a paternalistic attitude, it is the duty of the state to introduce policies and practices based on, and encouraging self-organizing efforts by national minorities, which actively protect minorities.

The survival of national minorities depends on the perfect knowledge of their respective native languages and the use of such languages in every field of life. This, in turn, is based on education received in the native tongue. As a result of this, it is the individual right of every child to study in his native tongue from nursery school all the way to universities, under conditions that are identical to those established for persons studying in the majority language. It is the goal of Coexistence to establish an independent educational network for the Hungarian, Polish, German, and Ruthenian (Ukrainian) minorities, and it also supports the establishment of Roma [Gypsy] schools. It is the duty of the state to provide nationalities schools with corresponding, effective, modern textbooks, supplemental readings, and auxiliary educational implements, to provide for the salaries of educators and other school officials involved in the upbringing of children, and to establish operating conditions for educational, cultural and mass communications institutions.

The language of teaching must be clearly defined with respect to each institution, no educator unfamiliar with the language of teaching should be allowed to teach in minority educational institutions.

An effort must be made to optimize the location of minority educational institutions, with particular attention to nursery schools, the restoration of schools in small settlements that have been abolished as a result of districting, the revitalizing of the network of gymnasiums, specialized intermediate schools and auxiliary schools, and the development of schools for handicapped children and schools operating in health care institutions.

We find the drafting of a Minority Code, and within that, of a Nationalities Education Statute as necessary, to provide legal and practical criteria for educational autonomy.

We are convinced, that the present situation—in which Hungarian (nationalities) culture in Czechoslovakia stagnates and in which the network of schools is becoming smaller—can only be changed as a result of educational and cultural autonomy. We profess that the basic principle of a free choice of identity by national minorities residing beyond the mother country's borders is an awareness of belonging to the mother country; for this reason it is the duty of the state to also provide for an undisturbed, peaceful and mutually supportive cooperation in the field of education between Czechoslovakia, on the one hand, and the mother countries of the national minorities, on the other.

We encourage interstate negotiations and agreements which enable the mother countries to support nationality education in Czechoslovakia on an institutional basis, by providing textbooks, student and teacher exchange, etc.

The level of nationalities education is the function of a full, structural and substantive reform of the Czechoslovak school system. Schools should be independent regarding:

- Issues pertaining to their finances, structure and curricula,
- The choice of alternative types of schools, the direction of schools, and the form in which schools cooperate with parents,
- The establishment and the fostering of moral standards, rules of conduct, peculiar means, customs, traditions and the evolution of an individual profile to be required by any given school,
- The freedom to initiate educational experiments in cooperation with scientific institutions.

We believe that it is important to establish a closer relationship between schools and local autonomous governmental bodies; local governmental bodies should take part in preparing decisions to be made by the state. The management of school property should be transferred to the autonomous local governmental bodies of cities (municipalities). School principals should be held accountable for the educational work performed and for

the upbringing of the students, the financial affairs of schools should be dealt with by a financial director (deputy).

Schools should be open, they should keep in step with social development, and should not become subservient to any political party or ideology. At the same time, it should be the fundamental right of educators and students to join any party, movement or organization. Consistent with these principles we support the operations of youth organizations, (MISZ, MIESZ [expansions unknown], the Scouts, etc.).

The development of an objective historical and national consciousness is the function of schools which cannot be performed elsewhere. To perform this task, we recommend that the basic curricula of both nationalities and majority schools include the teaching of the histories and the cultures of peoples in the Carpathian Basin. Since schools establish foundations for peaceful, friendly coexistence between the majority nation and the national minorities, we recommend the introduction of the teaching of tolerance in schools.

We find a situation in which state financial organs decide issues related to the educational affairs of national minorities without providing national minorities an opportunity to be heard, and in the absence of their agreement, as unacceptable. The appointment or recall of any person to, or from a decision-making position relative to minority affairs must take place only upon the approval of the educators' associations of national minorities.

In our view, the fundamental condition for the practical realization of autonomy in education is the establishment of a nationalities division in the Ministry of Education and the appointment of a deputy minister of education in charge of nationalities education. Further, we demand that jointly administered schools and nursery schools be divided, and that the decree that prohibits such division be repealed.

We recommend that limitations concerning class sizes in nursery schools be relaxed to respond to local needs, and that nursery schools and schools discontinued as a result of districting be reopened, even if the number of children falls below the established standard.

Skilled worker apprentice training is the weakest link in the nationalities school network. We find it necessary to expand the network of specialized educational institutions, specialized intermediate schools, and therapeutic educational institutions primarily along the pattern of the already successful private skilled worker apprentice training schools.

We regard the establishment of private, foundation-based or parochial schools as one opportunity to resolve the problems of nationalities education, and we support these types of schools.

In order to raise the educational level and to permit our children to succeed we find it necessary to improve the teaching of world languages and of the Slovak language primarily by introducing more effective methods, and as a result of study trips abroad, to be funded by state, foundations and other scholarships as necessary.

Providing native tongue education to dispersed Hungarians presents a special problem; this could be resolved primarily by establishing resident institutions.

A high-level educational system cannot be perceived without well-paid, talented, well-balanced educators having a sovereign personality, who work under appropriate conditions and are also fit to teach and to provide an upbringing by virtue of their personalities. The prestige of educators must be increased; financial conditions must be established to enable educators to pursue an intellectual life, self-education and scientific work. It is the function of teacher-training institutions of higher education to develop a higher quality admissions system and to establish fitness criteria for teaching careers based on scientific findings.

We believe that the problem of nationalities teacher training could securely be resolved only as a result of establishing an institution of higher education (university) which trains nothing but teachers and the classical intelligentsia, at a place where practice schools, institutions, a cultural background (theater, library), residences and workplaces are available for both teachers and students (Komarom [Komarno]). Until such time that an institution of higher education is established, we support the efforts of the Hungarian Branch of the Nyitra Educators' Faculty to the effect that an independent Hungarian faculty function in the framework of the Cyril-Method University.

To remedy the increasingly acute teacher shortage we recommend the operation of a correspondence branch of the Teacher Faculty as a temporary solution.

We regard as important, and support the development of a central Hungarian teachers' library in Komarom, and provisions to enable regular educational research and continuing professional training. We support every function and competition which represents an assessment and an experience of success in Czechoslovakia and on an international scale for students enrolled in nationalities schools.

Pursuant to our general program, we also espouse in the field of education every ideal whose purpose it is to prevent the dependence of national minorities on the will of the majority, consistent with the principles of democracy.

#### State Bank's Foreign Investment, Trade Data

AU2406201692 Prague HOSPODARSKE NOVINY  
in Czech 17 Jun 92 pp 1-2

[Report by "aw": "Foreign Currency Reserves Increased"]

[Text] Yesterday the Czechoslovak State Bank provided us with information on the development this year of the CSFR balance of payments and results of extensive statistical research on the flow of foreign investments into the CSFR:

The balance of payments of the convertible-currency current account for the period from January to April 1992 reached a surplus of \$570 million. The trade balance of payments is responsible for \$260 million of this surplus. The inflow of foreign investments was \$280 million in that period. The Czechoslovak State Bank foreign currency reserves increased by \$570 million, and the commercial banks' foreign currency reserves also rose. According to preliminary data, the favorable developments in the balance of payments continued also in May. On 31 May 1992, the balance of the Czechoslovak State Bank foreign currency reserves was almost \$2 billion, and the commercial banks' foreign currency reserves amounted to approximately \$2.4 billion.

An extensive statistical research conducted by the Czechoslovak State Bank resulted in statistics on the flow of foreign investments into the CSFR in 1991.

A total of 207 enterprises provided the required information—128 of them were from the Czech Republic. The overall inflow of direct foreign investments reached the sum of 19 billion korunas [Kcs], which is approximately \$640 million. Territorially analyzed, 87 percent was invested in the Czech Republic and 13 percent in the Slovak Republic. The largest foreign investments came from the FRG, the United States, Austria, Belgium, France, and Switzerland. They are followed by investments from Italy, Hungary, CIS, Denmark, Netherlands, and Sweden.

Analyzed by sectors, the largest investments went into the automobile industry (Skoda-Volkswagen, and Bratislava Automobile Enterprises), banking, chemical industry (e.g. Procter & Gamble, and Henkel), other manufacture (ceramics and glass industry), other services (telecommunication, counseling), and trade, including tourism.

#### Sociological Study of Slovak Anti-Semitism Roots

92CH0643A Prague PRITOMNOST in Slovak No 4,  
1992 pp 10-11

[Article by Zora Butorova and Martin Butora: "Wary of Jews"—from a public opinion survey in CSFR]

[Text]

#### One-Half Century After the Holocaust—The Past No Longer Is What It Was

Desecrated Jewish cemeteries; anti-Semitic graffiti; recidivist assertions about the so-called Oswiecim [Auschwitz] Lie; new editions of *Protokoly Sionskych Mudrcov* (*Protocols of the Zion Sages*) and similar mystifying publications; striking election successes of the

extreme right in some European countries; computer games depicting concentration camps; interpretations of political events as a Jewish-Free Mason conspiracy—all that attests to the fact that the inoculation with the Holocaust serum as prevention against anti-Semitism was not enough. Eyewitnesses are dying out; historical memory is fading; the trauma of Oswiecim, following which "poems could no longer be written" (Th. W. Adorno), is today overlaid by dozens of other concerns.

In the postcommunist countries of Central Europe the displays of anti-Semitism are all the more serious because they are part of the so-called freezer phenomenon, that is, of the condition when many serious social problems were "frozen" and now have to be resolved all at the same time.

Milan Simecka self-critically observed in January 1989 that Czechoslovak intellectuals paradoxically shared in the tabooing of the Jewish problem: "The intellectual atmosphere of a decent country between two wars... commanded an educated man to simply ignore the origin of assimilated Jews and to respect Jewish orthodoxy. I took this tradition to be the best way to react to the Jewish people even later, when the Holocaust and the totally changed circumstances put everything into a different moral light. The experience of other Central Europeans shows that openness, constant discussions, and historical research are probably more useful for a nation's health."

In the Czech lands an obscure interpretation by Dolejsi of the 1989 revolution as a conspiracy of the dissenters with the former communist elite, shielded by the worldwide Jewish-Free Mason Mafia, spread soon after November 1989; anti-Jewish articles also appeared in the journal *POLITIKA* and elsewhere. In Slovakia manifestations of anti-Semitism surfaced more frequently than in the Czech lands. There the problem of coming to terms with anti-Semitism is interwoven with the problem of national emancipation. Part of the nationalistically oriented publicity and politics is harking back with hope to the only period of Slovak independence, the Slovak state of 1939-45, which, however, is inseparably linked with the deportations of Slovak Jews. There are attempts to publicly rehabilitate Josef Tiso and minimize his coresponsibility for the fate of Slovak Jews.

An attitude somewhat different from this tendency to exonerate is taken by those politicians and intellectuals who, although they do not deny anti-Semitism in the past, tend to play down today's manifestations of it as excesses of marginal groups among the population. They insist that these manifestations do not speak to a wider circle of people and will fade away on their own—there just is no need to dramatize them unnecessarily.

Finally, the third interpretation sees these manifestations of anti-Semitism as the tip of the iceberg of accumulated historical prejudices against Jews, a consequence of stereotypes rooted in culture. And what is even

more important, in this interpretation the manifestations of anti-Semitism are placed in the broader context of jeopardy to the development of democracy generally.

#### The Slovak Case: Heightened Wariness of Jews

The Slovak public is reacting very sensitively to the way anti-Semitism in Slovakia is being called "endemic," to the sweeping statements about the Slovak nation having—similarly as the Polish nation—innate tendencies toward anti-Semitism. Data from a number of surveys confirm that the sweeping condemnation of Slovaks as anti-Semitic is unfounded. But at the same time they document the fact that manifestations of overt anti-Semitism are growing out of a substratum which we could characterize as a heightened wariness of Jews.

This heightened wariness of Jews in the Slovak Republic (SR) is confirmed by findings of several international and domestic surveys. According to the international survey by the Times Mirror Center of September 1991, every third adult in Slovakia, same as in Poland, has a negative attitude toward Jews.

Although according to the findings of the Prague-based Group for Independent Social Analysis (AISA), the social distancing from Jews in Slovakia is less than in Poland, it is greater than in the Czech Republic (CR) or Hungary: 32 percent of the population of the Slovak Republic, 40 percent of Poles, 17 percent of Hungarians, and 20 percent of Czechs would prefer not to have Jews as neighbors. Jews as neighbors would not bother 51 percent of Slovakia's population as compared to 66 percent of the population of the Czech Republic, 65 percent of the population in Hungary, and 51 percent of the population of Poland.

The results of studies conducted by the Center for Social Analysis (CSA) in Bratislava in January 1992 do not basically differ from the above: According to them, one-third (33 percent) of the SR population would definitely not want to have Jews for neighbors, as compared to 17 percent of the CR population. That the population in Slovakia is increasingly wary of Jews is also confirmed by a number of other studies. For example, although according to the Prague-based Institute for Public Opinion Research (IVVM) of November 1991 the overwhelming majority of people in the SR (85 percent) as well as in the CR (88 percent) endorse the opinion that Jews are the same as other citizens, only 45 percent of SR population agree with it unconditionally, compared to 64 percent in the CR.

The differences between Slovakia and the Czech lands are reflected also in the less frequently occurring condemnations of the Holocaust as a matter of principle (IVVM). Brutalities committed against Jews during the time of World War II were denounced as criminal by 86 respondents in the CR and by 81 percent in the SR; however, among the Czech respondents unequivocal condemnation is much more frequent (70 percent in the CR compared to 43 percent in the SR).



### Anti-Semitism as "Cultural Code"

In the background of this phenomenon as an unintended consequence of revolutionary changes stands what the philosopher Vaclav Behlohradsky calls "postcommunist panic." Society struggling with the first stage of social transformation became confusing for many people. Rapid economic, legislative, and political changes collided with value orientations and accustomed norms brought over from the society of real socialism as well as from the more distant past. Adaptation to the new "rules of the game" is accompanied by feelings of insecurity, endangerment, loss of self-confidence, fear of failure.

Data from studies by the Institute for Social Analysis of the Komensky University (USA-UK) and the CSA point out an almost generally present feeling that the "new power" is alienated from the everyday needs of the people. The syndrome of the fear of impoverishment is disturbingly widespread. This includes the fear of the coming of rapacious capitalism and pitiless competitiveness which will lead to social inequality. Another typical phenomenon is the so-called fear of the open door. It is manifested in the fear of dependency on foreign capital and endangerment of national culture. The general feeling of uncertainty is also intensified by the fear of escalating national and racial animosity. Confidence in parliamentary democracy is thus far low: People see politicians arguing in front of the television cameras; they do not understand the complicated mechanisms of proposing and passing laws, they are disenchanted by the fact that everything takes so long. The disillusionment with the present weak democratic regime leads to the well-known "authoritarian nostalgia."

These feelings are more widespread in the Slovak society than the Czech, to which also undoubtedly contributes the harsher impact of the economic reform on the Slovak population. They can become all the more serious because a considerable part of the Slovak population finds one common denominator for explaining the present difficulties: that is, that the social transformation puts Slovakia's national interests in jeopardy.

In every situation of profound social changes there appears the need for the simplest possible explanations of complicated problems. One of these explanations is the search for enemies, for sacrificial lambs, which traditionally tends to become a breeding ground for reviving prejudices against Jews.

The birth of modern anti-Semitism in Europe was historically connected with a similar situation of revolutionary change—the disintegration of the feudal society and the coming of liberalism and an industrial urbanized society. The liquidation of Jewish ghettos and the emancipation of Jews represented one aspect of the creation of modern civil society. The process of Jewish emancipation collided not only with the prejudices rooted in national and religious culture, but also with economic interests: it met with an especially strong resistance from the middle classes who felt the economic competition.

Modern anti-Semitism, as English historian Michael Riff noted, was therefore "something more than a racially, culturally, and religiously motivated hatred of Jews. It became a cultural code for rejecting bourgeois liberalism and industrial society."

As far as the countries of Central and East Europe are concerned, anti-Semitism there had some additional specific features. It was integrated into the emerging process of national consciousness and emancipation. In the oppressed nations Jews were often identified with the ruling elite of the dominant nation. In the eyes of others they thus figured at the same time as exploiters and oppressors of the nation.

Slovak literature from the last century and the beginning of the present one is full of genre depictions of Jewish tavern keepers who spread alcoholism in the Slovak villages and destroyed them economically. During the time of rapid and forced Magyarization, the Jewish tavern keepers became dependable supporters of the ruling power. The birth of the specific "anti-tavern-keeper anti-Semitism" can be traced to that time.

Eduard Goldstucker writes on this subject: "The nations of East Europe had to create during the course of their national emancipation a class which would lead the economy and which had to begin to accumulate capital. This middle class had to occupy certain positions in the economic life, and the first one it came up against was trade in the villages which was in Jewish hands."

Under the liberal conditions of the economic development of Hungary, Jews achieved unquestionable successes in banking and trade, in industrial and agricultural production, as well as in independent occupations—as lawyers, physicians, pharmacists, veterinarians, journalists, and artists. They became practically ever-present as competitors. The inhabitants of this area were sensitive to this competition more than to the objective contribution of their Jewish fellow citizens to the advancement of the country. As the Slovak historian Ivan Kamenec summarizes it, anti-Semitism in the conscious or subconscious form thus gradually developed among practically all the strata of society in Slovakia; it had above all an economic-defensive character, with, moreover, a strong national and anti-Hungarian accent. It was precisely this anti-Semitism that was behind the political successes of Hlinka's Slovak People's Party, which knew how to "play the anti-Jewish card most systematically and adroitly... and which captured the economically and socially unfulfilled petit bourgeois and middle classes, as well as the intelligentsia waiting in vain to become fully engaged. This is also the source of the criticism of the 'liberal capitalism' that enabled Jews to gain strong positions in economic and public life. The People's Party knew how to make good use of the surviving elements of religious anti-Semitism, presenting itself as the protector of the Slovak nation not only against economic and national ill-wishers, but also against religious enemies."

Later the official policy of the Slovak state during World War II mostly erased from memory any Jewish economic and cultural contributions to the development of Slovakia, until finally it escalated into Aryanization laws, labor camps, and deportations that brought death.

#### **Anatomy of Today's Anti-Semitism in Slovakia and the Czech Lands: Similarities and Differences**

Jews today figure in the subconscious of most people as those who "always manage to ensure decent living conditions for themselves." In Slovakia such a view of Jews is held by close to 83 percent of respondents (in CR, 75 percent; IVVM). In Slovakia especially, the respondents perceive the Jewish question as the question of their undue share of power. According to the AISA findings, the conviction that Jews have an undue influence on society's economic life was held at the beginning of 1991 by 42 percent of the SR population (12 percent in the CR); Jewish influence on political life was considered excessive by 38 percent of the SR population (9 percent in the CR). The share of people convinced that Jews have undue influence on culture was substantially lower (20 percent in the SR, 10 percent in the CR).

Similarly, the conviction that Jews exert undue influence is behind anti-Semitism even in other countries. For example, in the United States during the great economic crisis when anti-Semitism thrived, every third American thought that Jews had too much power. In today's Poland, according to the findings of their Center for the Study of Public Opinion, 20 percent of the people are convinced that the greatest influence on the government is exerted precisely by Jews, and one-third consider Jewish influence to be excessive.

Looking into the future, people in Slovakia often concede the possibility of excessive economic and political influence by Jews and express their concern about it: 60 percent of respondents admitted they had such concerns, while 36 percent expressed this opinion with total conviction (USA-UK). Although in January 1992 the number of people feeling apprehensive about Jews declined somewhat (53 percent), in Slovakia it remains three times higher than in the CR (16 percent—CSA data).

The anti-Semitic point of view has been applied in a not insignificant measure in the interpretation of the 1989 revolution: Of the Slovak citizens, 24 percent believe that Jews were behind the events of November 1989 (USA-UK).

The stereotype of Jews as excessively economically and politically viable contributes to the wariness toward Jews much more significantly than the perception of their racial difference.

Unfortunately, Czechoslovak studies devoted to a deeper analysis of the racial aspect of this phenomenon are not known to us. Findings of this kind are available in Poland. Although the perception of Jews as racially different is considerably widespread there (half of the

Polish people consider Jews racially different), the consciousness of superiority of the Aryan race is linked with it only to a slight degree (4 percent of Poles place Jews among the "lesser races").

Which segments of the population hold the anti-Jewish views? Repeated studies by USA-UK and CSA confirm that prejudices find the most fertile soil among older people; also among less educated people who perform unskilled manual labor; and finally among inhabitants of small country communities in central Slovakia. It would appear therefore that anti-Semitism is connected with inertia, cultural backwardness, and isolation. In contrast, higher education, skilled work, younger age, city environment are not conducive to anti-Semitism. All these linkages proved to be statistically significant also in the analysis of the social substratum of anti-Semitism in the Czech Republic.

A higher incidence of anti-Jewish attitudes is also noted among citizens of Slovak nationality in contrast to members of the Hungarian minority. The more tolerant attitude of the Hungarians obviously reflects the experiences with Jewish participation in the development of Hungarian economy and culture.

People of Catholic religious affiliation succumb more often to anti-Jewish prejudice, while Protestants and atheists, or people with a vague relationship to religion, are more immune to it. This finding indicates that the Catholic Church and political circles do not do enough to overcome anti-Semitic prejudices and create a positive image of the Jews. They are also less than resolute in coming to terms with the character of the Slovak State and its inhuman solution to the Jewish question.

Similar conclusions were arrived at by the Polish sociologist Krystyna Danielova, who analyzed the forming of attitudes toward Jews during primary and secondary socialization. A deep probe led her to the conclusion that the Polish school and the Catholic Church do not contribute to the mitigation of nationalistic and anti-Semitic attitudes of young people. While teachers tend to avoid the Jewish question as too complicated and risky, the Catholic Church usually promotes the simplified and outdated view—priests concentrate only on biblical themes and the crucifixion of Jesus. The spirit of the declaration of the bishop's council *Nostra Aetate* of 1965 is, according to Danielova, still alien to the Polish Church.

#### **Who Needs a "Picture of the Enemy" More? (Value Background of Anti-Jewish Attitudes)**

People with anti-Semitic prejudices are defined and united more by their values than by their sociodemographic characteristics. People with anti-Semitic prejudices (USA-UK, CSA):

- Are more frustrated by the way society has been developing since November 1989, they are more pessimistic in their view of the future, and have a more positive relationship to the former communist regime.

- Feel economically and socially insecure, and evaluate the possibilities of their self-assertion under the conditions of the radical economic reform pessimistically. They stress all its potential negative effects, especially the deepening of social inequality resulting in the enrichment of a few individuals at the cost of impoverishing the majority, as well as the selling of the national wealth to foreign capital. They reject privatization more vehemently than others. They prefer state ownership of enterprises, and they maintain their illusions about the capabilities of a centrally controlled economy. They do not believe that it is possible for people to succeed in the labor market through individual effort and skill. They embrace the leftist orientation.
- Are experiencing the open door syndrome, a fear of opening up to the world, which manifests itself in a heightened fear of the influence of the United States and Germany, and fear of losing their national identity in a unified Europe. The degree of their mistrust of EC and NATO is also high. The linkage between anti-Semitism and being closed to the Western world is obviously also the result of long decades of brainwashing against Zionism.
- Feel politically threatened and insecure, they fear the inability of the political representatives to represent the interests of ordinary citizens, they greatly distrust all the top political institutions of the executive as well as representative power. They are inclined toward authoritarianism: They long for a strong personality that would guarantee order in society and prevent chaos, even at the cost of abridging civil rights. The call for order is in them paradoxically connected with a greater political radicalism: They are more prepared to take part in economic and political strikes.
- Anti-Jewish attitudes go hand in hand with stronger nationalistic tendencies. Data from Slovakia indicate that these people evince a downright narcissistically minimized criticism of their own (wronged and ill-treated) nation and a heightened intolerance toward others—toward Czechs, members of the Hungarian minority, Gypsies, and foreigners. As far as the Czech lands are concerned, here people's anti-Semitic attitudes are confrontationally directed against the Germans: They stress geopolitical and economic threats, German superiority, the impossibility of forging mutual wrongs and coexistence in partnership.
- In Slovakia people with anti-Semitic prejudices differ from others also by the way they interpret history. They discuss Czecho-Slovak coexistence much more in the sense of Slovaks being permanently at a disadvantage. They reject more often the first Czechoslovak Republic and Masaryk. They blame the Czechs for introducing communism and distorting the federation established in 1968. They support the loosening of ties between the Czech and Slovak republics.
- It also applies to Slovakia only that these people have a more favorable opinion of the Slovak state and its president. That is probably also the reason why they

more often play down the Jews' fate during World War II, or possibly also because they are uninformed about it.

It is becoming evident, therefore, that in spite of the passage of several decades there have been no fundamental changes in the anatomy of anti-Semitism. It is as though even today, in the attitudes of people with anti-Semitic prejudices, antiliberal orientation assumed a metaphorical form, under which lie social and political insecurity, tendency toward authoritarianism, frustration, cultural isolation as well as an overall national intolerance reinforced by all these factors.

We emphasize again that this is nothing unique: A very closely related constellation of attitudes was noted by American analyst Robert Brym among Moscow citizens. In them, anti-Semitism is blended with authoritarianism, anti-Western attitudes, and extreme Russian nationalism.

#### Critical Historical Consciousness as Prevention Against Prejudice

When we talk about the need to come to terms with anti-Semitism, we do so in spite of the fact that, similarly as in many other countries, the size of the Jewish community in Slovakia has rapidly decreased as a result of the Holocaust and many waves of emigration. Of the 100,000 Jews who lived here before World War II, there are 3,000 left according to the minimum estimate, according to the maximum estimate between 7,000 to 10,000. We are therefore witnessing—similarly as elsewhere—"anti-Semitism without Jews": The real Jew, as publicist Juraj Spitzer says, has been replaced by an imaginary Jew. And that is why militant anti-Semites become all the more irate when specific public personalities embrace their Jewishness.

Reaching consensus on rejecting anti-Semitism in Slovakia is not possible without a critical reevaluation of the Slovak state from the viewpoint of the fate of Slovak Jewry. Such historical self-scrutiny meets resistance from part of the citizenry and even some politicians.

At the same time it is worth noting that the period after November 1989 brought into the open many testimonies about self-sacrifices of non-Jewish Slovak citizens on behalf of their fellowmen with the yellow star, even about the help from some members of the Church as well as some politicians. It cannot be said, therefore, that Slovaks as a nation proved during those tragic moments to be people without compassion. But that is all the more a reason to look truth in the eye and speak about crimes where there were crimes, about keeping silent or giving support to evil when such took place.

Until recently, the communist regime made critical national self-reflection impossible. For entire decades, representatives of Tiso's regime were condemned mostly for their clericalism and anticommunism, while the communist interpreters ignored, for obvious reasons, the

totalitarian character of the regime. The fall of censorship made it possible to start removing this taboo. But at the same time nationalistically oriented attempts to glorify the Slovak state were being given considerable publicity. The dispute about the interpretation of the Slovak state became one of the focal points of discussions about the national character of the Slovaks, about national identity, about the spiritual streams that form the foundations of Slovak history.

The historical consciousness of the general public itself remained as if untouched by these discussions. Repeated studies by USA-UK and CSA (October 1990, May 1991) show that the breakdown of attitudes toward the Slovak state shows remarkable stability: only 39 percent of SR citizens repudiate this period, or have a predominantly critical views of it; according to 33 percent of the people, the merits of the Slovak state outweighed its shortcomings; and 28 percent of the citizens do not know how to evaluate this period. The breakdown of views on the historical role of J. Tiso is similar. He is viewed negatively by only 42 percent, 29 percent view him positively, and for 29 percent he is only an obscure figure (data are from January 1992).

That the character of the Slovak state is not fully understood is shown also by the breakdown of views on the fate of Slovak Jews during World War II: Sixty-three percent realize that they were more severely afflicted than other citizens. Another 37 percent either deny this fact (18 percent) or they have no knowledge of it (19 percent).

#### **Conclusion: Keeping Silent Would Be the Worst**

To play down the expressions of anti-Semitism in Slovakia would be unwarranted folly. Prosecuting those who openly promote anti-Semitism is not enough to suppress it. Legal sanctions without a widely shared moral condemnation would merely push anti-Semitism onto a more covert, latent level where it survived in our society for entire decades.

Especially serious is the reality that 40 years of tabooing did not teach Czechoslovak society how to "handle" anti-Semitism, how to come to terms with it. This applies to the general public as well as to representatives of the media; but it also applies to courts and politicians. Very often there is a lack of decisiveness and resolve to react immediately to manifestations of anti-Semitism—as is the custom in democratic countries. The

office of the prosecutor general in Slovakia at long last made a move and banned the sales of anti-Semitic literature, at the same time ordering the confiscation of copies in stock. However, a recent probe by the weekly *RESPEKT* showed that copies of the *Protocols of Zion's Sages* are being freely sold in Prague.

The heightened wariness of Jews in Slovakia must be read as a cultural code, as a symptom that speaks about the crisis in a society that still has not won by far the struggle for effective functioning and moral health by any means.

Precisely for the sake of the health of this society it is vitally important to preserve the memories. There is a well-known saying that those who close their eyes to the past will remain blind in the present as well. Those who do not want to remember inhumanity will again be susceptible to a new dangerous infection (Richard Weizsaecker). And so all the more important are the first swallows, such as the documentary film of Slovak Television on the slaughter of Slovak Jews, or the international conference on the Holocaust held on the occasion of the 50th anniversary of the first transports, at which time memorial plaques were unveiled all over Slovakia.

How we shall manage to confront overt and covert anti-Semitism will undoubtedly influence also the ability and resolve of society to come to terms with other manifestations of racial and national discrimination. The worst thing of all would be to keep silent about it all.

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Zora Butorova (1949), sociologist and translator. Her work included forecasting in the labor area, later sociology and ethics in science. Today she follows with the collective of the Center for Social Studies at the Komensky University the development of the CSFR during the process of political and economic transformation. She concerns herself with national, ethnic and racial stereotypes.

Martin Butora (1944), writer and sociologist. An editor in the 1960's (*ECHO*, *KULTURNY ZIVOT*, among others). Later worked as a sociologist and therapist in an antialcohol guidance center. He was a cofounder of the Public Against Violence movement in Bratislava. Since 1990 he has been working as an adviser, or assistant, to the CSFR president. He publishes articles about political transformation, national and ethnic relations, and about the Czech-Slovak problems.

**First 2 Years of Economic Ministries Assessed****Industry, Commerce Ministry**

92CH0597A Budapest MAGYAR HIRLAP  
in Hungarian 13 May 92 p 9

[Interview with Ministry of Industry and Commerce Deputy State Secretaries Balazs Botos and Tamas Schagrin by Andras Kovacs; place and date not given: "Crisis Management in the Industry—Successes in Business Areas"]

[Text] *The administration has arrived at the midpoint of its four-year term. The question is, who will be elected to power two years from now. That will be greatly influenced by the economic situation and by our good or bad living standards at that time. In our compilation we evaluated the two years of the industrial, agricultural, and financial portfolios.*

*The turnover in the upper management of the Ministry of Industry and Commerce (IKM) has been rather rapid. Along with minister Akos Bod Peter, two state secretaries—Istvan Pohankovics and Henrik Auth—were members of the "first team"; now only Pohankovics is still working in the office building on Martirok Avenue. Jeno Laszlo, Auth's successor and second state secretary of public administration, has also left in the meantime, and his position has been vacant since last December. Ivan Szabo, the present minister, took over the portfolios's management at the beginning of this year. Balazs Botos and Tamas Schagrin, the two deputy state secretaries, evaluate the work done in the areas of industry and commerce and the situation of the [various] branches.*

**Botos: Our Crisis Management Program Is Completed**

[Kovacs] A "real" concept of industrial policy has continually been expected from the industrial and commercial portfolios, but they have not come forth with one to date. How long do we have to wait yet?

[Botos] I think that anyone who has read our materials of the last two years would have to agree that our concepts had no basic flaws. On the other hand, it is an indisputable fact that we were not always able to implement these. Incidentally, last February we began, on the basis of Minister Szabo's concepts, working out a long-range strategy, with a September deadline.

[Kovacs] Being aware of the gravity of industry's crisis, this may seem a bit slow....

[Botos] Our crisis management program is completed, but we have also requested the cooperation of several research institutes in working out a well-founded strategy. The situation is made much more difficult by the fact that both a short-term crisis management program and a long-term strategy are needed simultaneously. In addition, related interests do not always coincide.

[Kovacs] What is your evaluation of the past period?

[Botos] I can say this as a positive aspect: a structural change has been initiated, and a new and modern industrial branch—that of passenger car manufacture—has been established. [Our] corporate agreement with the Common Market was an important step even from the aspect of industry, although the resulting competition may present great dangers to some industrial branches. At the same time, falling industrial production must also be mentioned: its pace has sharply increased, exceeding 19 percent last year. The decrease of production was greatest in the machine industry. I also think that the fact that the pace of investments has also slowed down considerably, is very dangerous: in the long run it may cause severe problems.

[Kovacs] The lack of development may be at least as great a concern....

[Botos] Corporate orders in the area of research and development have become very limited; this is connected to the deterioration of the research institutes' situation and the cutback in their brain power. In 1991 R&D expenditures fell to 1.7 percent of GDP.

[Kovacs] What kinds of failures and successes can the industrial and commercial portfolio register?

[Botos] I am not competent to make a statement in the name of the entire ministry, but it is possible to state in retrospect that, during the course of the international bidding in connection with the development of telecommunications, we should have tried to argue even more aggressively on behalf of Hungary's already existing production capacity. Also, we did not always succeed in implementing industrial policies in the privatization processes, for which Ikarus and Caola can be mentioned as examples. I think that the industrial crisis management plan—which is at present still in a preliminary stage—is extremely important; it is expected that it will provide the state with the possibility of applying corrective mechanisms for 14-16 large enterprises. This would mean not some kind of individual treatment or subsidy but rather, for instance, reschedulings of long-term state loans, lower interest rates, and conversions—in whole or in part—into capital stock companies. Of course, such measures can only be taken with regard to enterprises which have realistic present or future market potentials.

**Schagrin: We Were Able To Create a Supply Market**

[Schagrin] In my opinion, a successful period is behind us from the aspect of commerce, stated Tamas Schagrin, the state secretary responsible for the area. I think it is extremely significant that within a very short time—as opposed to the practice of the earlier decades—we were able to create in Hungary a supply market, i.e., a situation in which it is not buying but selling that becomes an art. Many people think that these things, if let alone, just happen by themselves, but a few measures played a key role in creating the supply market, e.g., the complete price liberalization and almost complete import liberalization, and the liberation of venture opportunities could be mentioned among them.

[Kovacs] Do the protectors of domestic industry not blame liberalization's "negative" effects?

[Schagrin] On the one hand, liberalization was slowest precisely in the case of consumer products, for quotas determined by the state remained in effect in numerous areas. On the other hand, I am of the opinion that protection of the industry is necessary, of course, but under no circumstances may this mean a blockage of foreign goods. If we really want to get closer to Europe—which presupposes an integration into the continental economy, does it not?—then it is indispensable that the domestic market offer almost identical conditions to the Hungarian producer in meeting his competitors with whom he has to deal in his efforts to enter the foreign market.

In my opinion, the key question is not only what the Hungarian industry's share of the domestic market is but also that of creating the possibility of trying to acquire a market for products of the domestic industry in western firms' retail chains abroad while we allow them through appropriate agreements to enter our market. Examples for this do exist, therefore, such stipulations can be included in privatization agreements.

[Kovacs] What is your evaluation of your work on preparing bills?

[Schagrin] The proposal of the first serious bill related to the economy was submitted by none other than the minister of industry and commerce; this is now the so-called preprivatization law. Based on it, the gross amount paid for businesses sold to date is in excess of 7 billion forints. The law affected more than 10,000 businesses, about 5,000 of which have already been privatized through various means.

One can consider it a success that no severe problems emerged during the past two years in the area of commerce and that, at the same time, privatization has been progressing at an acceptable pace. And, after the transaction of the \$100-million loan from the World Bank is finally closed, the entire branch—including its quality—can be significantly revived.

#### Agriculture Ministry

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[Interview with Minister of Agriculture Elemer Gergatz by Ildiko Nagy; place and date not given: "Gergatz: This Year, Too, Agriculture Will Produce Exports Worth \$2.2 Billion"]

[Text] *Hungarian agriculture assumed great burdens in slowing down inflation. In the meantime, privatization and the changes in ownership and structure are in progress. Minister Elemer Gergatz made statements to MAGYAR HIRLAP, evaluating the situation in his branch.*

[Gergatz] I knew even when I assumed office that it would be difficult, but I did not know how few decent people there are. Many people want restructuring, not in the interest of the nation but in their own interest.

[Nagy] But one must not ignore personal interest: It should be brought into harmony with public interest.

[Gergatz] It is only a matter of perspective that determines to which I would assign a higher priority. I have never had any doubts as to what to put in the foreground. Restructuring is a great burden indeed, but I have perseverance. However, I will not object if someone else will continue as soon as we are beyond the crucial part of legislative regulation. This portfolio is one of the best ones among the ministries today. Even before the issue was raised at a cabinet meeting, we had already set up a main department that handles our integration into the European Community. It is very successful indeed. Our neighbors achieved only a fraction of what the Hungarian delegates negotiated for agriculture. The structure we have created will operate efficiently in two or three years. Of course, it does not allow much room for direct control.

[Nagy] And yet, many claim that it works.

[Gergatz] Some people raise the objection that—as they claim—we do not allow the market to work. Others miss central control. They complain that they do not get adequate support when they request direct help. The latter are the untalented ones. And those who expect concepts—this is fashionable today—never find the concepts lacking. But these always ask for direct assistance and money. On the other hand, those who urge for the operation of the market mechanism, will find what they expect. We must allow the regulators to develop.

[Nagy] You have mentioned that you have taken great strides in management. In reference to what?

[Gergatz] We have worked out a plan for a modern, Western-style management of agriculture, and we talk about it as if the conditions for it exist. This is the time when one must use the rear-view mirror: Caution, we are working now, use your common sense! We have taken a look at the world out there, we have looked at both West European and Australian management. We know what we want, but at present we must help the restructuring.

[Nagy] The ministry is often criticized that although it submits many professionally well-founded proposals to the administration, it always loses at cabinet meetings.

[Gergatz] I do not know of a single topic which we failed to have passed at cabinet meetings. Possibly, we had to change a few details that did not affect the essential issues. I found good partners, especially the economic ministers.

[Nagy] And yet, it is often heard that this or that has been killed by the Ministry of Finance.

[Gergatz] The [Ministry of] Finance is the one that every portfolio can readily curse, for it is the one which handles the budget. There were indeed things they killed, but then we tried another approach and we had success. It does happen that they take away a few million [forints] from us. However, we must understand that the administration is not a unit, and one cannot merely lobby. By the time we will be full members of the EC, we will know not only their means but much more. We would like to take the lead now, and the guarantee for that is our poverty. It is not agricultural protectionism toward which we are progressing; the economic environment does not allow us to become torpid.

[Nagy] Nice, nice, but what happens to the branch until we reach a market economy?

[Gergatz] [Our branch] is burdened by problems of liquidity and credit, and it is agriculture that is affected by the consequences of price distortions. I am certain of one thing, namely, that in the coming three years agriculture will produce enough food for the country. Although many people tried to scare me, I failed to find the millions of hectares of uncultivated land, for instance.

[Nagy] Are you referring to the organizations of interest protection [i.e., trade unions]?

[Gergatz] It would be better if they protected the interests of those on whose behalf they speak instead of their own. Incidentally, I myself will fight to gain support for the branch.

[Nagy] It would be catastrophic to restructure agriculture all at once, for private farmers could not be provided with the subsidies necessary for the development of the modern farm. Thus, the delay in compensation is good although no one will admit it.

[Gergatz] Me either, for I do not agree.

[Nagy] But then, we are talking about empty promises.

[Gergatz] No. I would not want restructuring to drag on too long. The old structure must not be maintained.

[Nagy] This falls under the transition law.

[Gergatz] Yes, the cooperative structure does, but not the old, only the new one. Enterprises of optimum size must be maintained. And the problem with compensation is not that too many, but rather that too few private farms are being formed. Everyone can calculate what is beneficial for him, what kind of business will better his life. But if his choice is not one we think is good, then we should not force it.

[Nagy] What will be the results of this year's business activity?

[Gergatz] You are the first one I am telling this to: Again this year, in addition to giving the country enough food, our branch will produce 2.2 to 2.3 billion dollars worth of exports.

[Nagy] Really, this is an astronomical figure.

[Gergatz] Look, the results of the first quarter exceed those of last year by far.

[Nagy] Many people say that the agricultural branch gets the credit for the fact that last year's inflation did not increase by leaps and bounds. Receivables are much higher than debits, the purchasing prices have not increased, and I could go on. On the other hand, the number of livestock has sharply declined, seeds of lower quality were sown, and the extent of living off assets was significant. How long can the branch carry these burdens? You claim that it can produce this year what it produced last year.

[Gergatz] Yes, I do claim that, although there is no doubt about the decline of livestock. The upswing has started everywhere but, unfortunately, we have been unable to improve quality.

[Nagy] Trade in agriculture does not work in the old way anymore, the new way has not developed yet, and producers are being cheated at an unprecedented degree.

[Gergatz] Hyenas emerged instead of merchants. There are many uninhibited people who get rich on other people's misery. They can be caught by the tax and bidding agencies.

[Nagy] We just recently obtained a \$200-million loan. How much of that will go to your branch?

[Gergatz] Although the returns are slow, one can invest in agriculture with assurance. The credit system should be geared to agriculture. But the only way we can operate now is with state guarantees and preferential interest rates. Please understand that the point is the interest not only of agriculture but of the country.

[Nagy] Last year your branch produced exports with a net worth of 2 billion dollars and made significant net payments into the budget. Does the administration not understand this? Not only agriculture but the entire country would be the beneficiary of any assistance.

[Gergatz] This is what I, too, use for an argument. It is not understanding that we lack. The country is poor. Competitive production is lacking in other areas of the national economy. If agriculture comes to a halt, then that is the end. [Finance Minister Mihaly] Kupa also agrees. I do not like the slowdown of production either. Let us allow the laws of the market to do their work.

[Nagy] Agriculture's privatization is in progress. How much of its revenues flow back into the branch?



[Gergatz] Two-thirds of the revenues originated from the food industry in the first quarter. Do we not have the right to ask for some of this?

[Nagy] This is what I, too, am asking.

[Gergatz] We do not get anything back.

[Nagy] What can you say that is encouraging to those who work in your branch?

[Gergatz] I recall the son of the earth goddess who lost his strength whenever he lifted his foot off the ground. Thus, they should protect the farmland and have faith in their own strength, resourcefulness, and diligence. A farmer told me once that half of Europe will have already starved before we go hungry.

#### Finance Ministry

92CH0597C Budapest MAGYAR HIRLAP  
in Hungarian 13 May 92 p 9

[Article by Melinda Kamasz: "The Ministry of Finance: The Most Active Portfolio"]

[Text] *In its totality, the work of the Ministry of Finance [PM] during the last two years cannot be called bad. By and large, the portfolio established its operations, and its staff perhaps never worked as hard as during the two years that followed the change of regime.*

The finance ministers have always been key personalities of the administration, and this applies even today. It is basically to their credit that the country's financial indexes are good, that the balance of payments is active, that the pace of rising inflation is slowing down, that the economy continues to be on the move despite all the difficulties, and that the country is the most attractive one in the region for foreign investors. True, the budget situation may be a cause for concern. Nevertheless, the economy continues to be moving in accordance with the Kupa program. In general terms, this is the situation. But, beyond this, what has happened at the financial portfolio during the last two years?

#### Rabar—The First Concept of Economic Policy

Both the profession and his own staff had some doubts on the appointment of Ferenc Rabar, the first post-change-of-regime finance minister. Based on his work preceding his appointment, onetime finance minister [Rabar] was known more as an agricultural researcher and economic model maker. At any rate, hardly more than half a year later, he voluntarily resigned from his post, although this does not unequivocally mean that he was unsuccessful. It was not his professional qualities that most people doubted at the time of his departure; rather, they merely said that he was not suited for state administration and that he was consumed by the constant and hard struggles.

Ferenc Rabar's first task was to restructure the Ministry of Finance, and to integrate the PM and the National

Planning Office [OTH]. His work was made more difficult by the fact that the staff of both organizations were against integration. The PM camp and the OTH camp are still somewhat separated within the premises, although to not as great an extent as before.

The ex-minister is also credited with working out the first concept of an economic policy which, according to almost everyone, is the cornerstone of the Kupa program; the latter deviates from Rabar's program only in a few instances. In the beginning, Ferenc Rabar wanted rapid restructuring. His concept called for rapid restructuring of the economy's distribution and tax systems, after which the country could have embarked upon the path of growth. However, in the end, his concept failed to elicit the administration's support, for it was judged to carry excessive social risks, and the latter's subsequent National Revival Program contained comparatively watered-down strategic concepts.

This was when Rabar first thought of quitting, but in August 1991 he was still enduring. His arguments became constant and increasingly heated within the administration. He had a difficult struggle with both the industrial and foreign affairs ministers who thought that the right path was to allow the state a bigger role and to increase export subsidies. Precisely because of the untenability of these disagreements, Rabar submitted his resignation already in October. However, the direct cause of his departure was his disagreement with Gyorgy Matolcsy, head of the Secretariat of Economic Policy of the Office of the Prime Minister. It will be recalled that, after the administration's approval of the 1991 budget, Gyorgy Matolcsy made a public statement that we should step much more rapidly on the road to market economy and, at the same time, the tax system should be immediately and completely restructured. In the end, the budget was submitted to Parliament in its original version, but by this time the prime minister had accepted Rabar's earlier resignation.

However, we should not forget that it was during his tenure that work began on most of the basic economic laws, the fruits of which have been reaped by Mihaly Kupa, his successor. Ferenc Rabar is also credited with managing the debts of that time. At the time he assumed office, the administration had problems with our foreign exchange reserves and with maintaining the country's solvency, and Rabar also played a key role in that the international evaluation of Hungary's finances did not weaken. Moreover, we should not forget that it was Rabar who during the cab strike arrived at the compromise solution which has been honored by all parties ever since.

The change of finance ministers took place without any commotion. Both the profession and the ministry welcomed Kupa as a kind of "messiah." His popularity greatly exceeded that of his cabinet colleagues which is very surprising since he is a minister of finance. He was considered as the first professional to join the administration and, consequently, his start was very smooth.



With his optimistic statements, he was able to restore the confidence of many in the administration and at the time was able to make people believe that the economy would recover.

### The Kupa Program

In assuming office, Mihaly Kupa found himself in the middle of the 1991 budget debate and made the oft-quoted statement that no such budget would ever be submitted to Parliament again. Thanks to him and his extraordinary popularity at that time, no serious problems arose in the approval of the budget.

He accepted his appointment as minister with the condition that he would be the sole person responsible for the economy, i.e., the key minister. As a result, the Secretariat of Economic Policy was soon abolished. Thus, Kupa was in a relatively strong position by the end of April 1991 as he worked out the program named after him, in which he determined the time schedule of the most important tasks and prepared—in a matrix system not applied to any former economic policy in Hungary—the bills for their scheduled approval. His strategy was a huge success and was supported by both the opposition and the press. Mass legislation was started. The fundamental bills that the ministry submitted to and had passed by the Honorable House last year included the laws on bankruptcy, the central bank, financial institutions, investment funds, and accounting. The tax reform has been accomplished, the budget law has been passed and, finally, the bill on public finances has also been submitted to Parliament where it is still under discussion. Moreover, although—according to the Kupa program—the laws on tariffs, foreign exchange, insurance, capital risk ventures, and the regulation of the treasury's assets are still lacking, the preparation of these is in progress in the ministry, and most of them are expected to be submitted to Parliament by the end of this year.

Even though numerous and significant economic laws have indeed been legislated under his direction, Mihaly Kupa has lost some of his earlier popularity, thanks in large part to the tax laws and this year's budget. Nowhere in the world is it a popular thing to come forth with tax laws that increase taxes. Although it is indisputable that the tax rates for personal income taxes have been lowered, the abolishment of benefits adversely affected many people, and the situation is the same in the enterprise sphere. We must also remind ourselves that in the meantime Mihaly Kupa has also become a [parliamentary] representative. He denied in one of his election speeches that the draft contained some elements of the concept of taxation that he himself approved. Although he has been elected representative of Szerencs, Kupa has not benefited from this small incident.

Kupa really lost a great deal of his credibility during the discussion on the 1992 budget. For, contrary to his earlier promises, he did not submit it on time although the representatives did see a detailed policy in late September. From the first moment on, the opposition

criticized the belated budget and almost everyone thought that its basic economic concept was overly optimistic. As a reminder: the material reckoned with a smaller increase in GDP, with stagnating consumption, and with a slower paced increase in inflation. In 1991 the administration still considered the finalization of the budget an issue of prestige and, as a result, Parliament—working around the clock—sat in a session that was “colored” by cabaret-like scenes. In the end, the administration and the finance minister won the battle: at 1400 on 31 December, the official Hungarian budget was born.

Speedy work bore fruits within a short time. It turned out that the text published in the *MAGYAR KOZLONY* was flawed and, consequently, the budget had to be modified. The storm that this elicited hardly subsided when it was revealed in an interpellation that the budget's deficit reached 37 billion forints by late February. At that time, Mihaly Kupa did not take any measures but then, following the 47 billion forints March [deficit], he relieved the chief of customs and demanded from both the tax and the customs bureaus that they employ stricter methods of collection. This was, of course, mere fire extinguishing, for he himself was of the opinion that one-third of the receivables—in excess of 100 billion—could be realistically reckoned with. The deficit increased to 67 billion by late April, 2 billion less than the deficit planned for the entire year, but it has still not been officially announced whether this will necessitate the modification of the budget.

Recently, the economy's artificial stimulation—already announced last year—became a key issue, and Mihaly Kupa may also fall victim to this. According to some opinions, this will be carried out—with or without him—for, let us remember, election time is approaching. And, in the event that more favorable measures are taken, it would make a better impression if they were taken by a true “founding” member of the MDF [Hungarian Democratic Forum]. “The Moor has done his duty” is being said of Mihaly Kupa. At any rate, this will not take place in the near future, for the prime minister corroborated just the other day through the administration's spokesman that Kupa enjoys his confidence.

### Finance Minister Details His Views on Economy

92CH0628A Budapest TOZSDE KURIR in Hungarian  
23 Apr 92 pp 1, 3

[Article by Zs.R.: “Who Sees What; Prominent Speakers at National Management Seminar”]

[Excerpts] For the second time, the National Management Seminar was organized in early April by the BKE [Budapest Economic University] Manager Training Institute. This time the title of the conference was “The Kupa Program on the Road to Implementation.” Speakers included prominent government representatives such as Mihaly Kupa, Laszlo Bogar, Peter Akos Bod, Elemer Gergatz, Ivan Szabo, and Tamas Szabo. Participating

*management representatives—about 800 of them—also had a chance to speak during the lunch break.*

[passage omitted]

Finance Minister Mihaly Kupa—recalling the previous year's conference—emphasized in his introduction that the program bearing his name specified two groups of objectives. One of them has the provision that the conditions for a viable market economy must be developed in two years. The other one, which has a four-year timetable, specifies the requirements for achieving economic stability and for putting the economy on the path of growth.

Creating the necessary conditions would have required the legislation of numerous necessary statutes, but legislation is behind schedule. The budget bill is on the top of the priority list of statutes most lacking. It should have been legislated last year but its legislation is uncertain even this year. It would also be important to prepare the statutes regulating the allocation system (housing policy, social policy, education) as soon as possible. Laws on the treasury assets, risk investors, foreign exchange, and tariffs are also still lacking.

It is very difficult to evaluate last year's economic changes, for the statistical system is unable to provide appropriate data. This way, it is only possible to provide a general picture. In foreign trade, the collapse of eastern markets was a decisive factor. The balance of payments indicated a \$300-million surplus instead of the planned \$1.2-billion deficit. This is actually not too good because the numbers indicate exports of resources even though the plan called for imports of resources. The country's net debt decreased by 1.5 billion dollars. Consumption fell by 10 percent, and domestic investments also declined. Some emergency economic measures of the fiscal-monetary policy were taken: The money supply increased by 26-27 percent, interest rates are high, and credit requirements are stricter. Private savings increased, but this is good only in part; the real solution would be to invest these monies. The monetary sphere is characterized by an abundance of liquidity, but interest rates have not begun to come down. Everyone is waiting for the state to take a step. Presumably—since there are no indications to the contrary—inflation peaked out in 1991.

The number of small ventures increased by 120,000. The number of registered firms with foreign capital is 90,000 at present (twice as many would be needed). Eight percent of the [state] assets to be privatized were privatized, and privatization is in process in 25-30 percent of [the assets].

Certain conclusions can already be drawn on the basis of this year's indications, continued Mihaly Kupa. Inflation's trend is in line with previous estimates. The number of unemployed persons may reach 700,000 in 1992. Unfortunately, unemployment is unavoidable. This is why unemployment benefits must be guaranteed.

The state has already provided 2 billion forints in excess of the entire year's budget allocation for this purpose.

Companies are paying into the solidarity fund only half of the payable amount, therefore, the budget will continue to carry this excess burden (although it was requested from the APEH [Internal Revenue Directorate] to check on firms from this aspect also). A deterioration of economic discipline is also indicated by missing tax and tariff payments.

GDP will no doubt increase this year, since it fell in previous years to such a low level that it can only go upward.

The monetary sphere will face great challenges in 1992. One is connected to the bankruptcy law going into effect. However, contrary to all rumors, all involved parties could have prepared for it. (It was last year that the bankruptcy law was passed by parliament!) The fact that there is so much talk about it is due only to the date on which it will go into effect (the deadline for filing for bankruptcies was 8 April). But Mihaly Kupa stressed that the process can be kept under control. Banks have been prepared for the expected wave of bankruptcies. The state provided 100 billion forints to strengthen the banks' position. (In 1991, for instance, the MNB [Hungarian National Bank] paid 23 billion forints into the central bank reserves. This sum decreased the budget revenues. The state provided a 10.5-billion-forint guarantee for the uncertain receivables inherited by the three largest commercial banks.) The law on financial institutions made it possible for the banks to use some of their pretax profits for building specific risk reserves. But their present action is extreme for, according to the provisions of the law, three years are available for building reserves against uncertain receivables. However, the building of reserves already reached 60 percent during the first year. This should be changed. (The changes can be best effected at general meetings.) But the state is still a majority owner of most banks. (Is it possible that this remark was a reference to tempestuous general meetings?—Editor)

Bank privatization will also begin this year. The basic principles are clear, the plans have been prepared, and the administration will deal with this issue in May. Concrete measures are expected in the middle of this year. Evidently, the process will be different for each bank, but the management will be responsible for its implementation—but not through buy-out by the management, of course.

In speaking about privatization, Finance Minister Mihaly Kupa said that, in his opinion, the process should be decentralized, and many forms of process should be employed through the procedures. The use of foreign capital also lags behind the desirable level and, at the same time, the guarding of national interest makes it necessary to determine which enterprises should permanently remain under state ownership. No significant changes are expected in the area of taxation although the

system of double-rate sales tax should be implemented because that is the one used in Europe. The lack of it can be felt the most in the food industry. (Most products of which fall under the zero rate.—Editor)

Regarding the budget situation, no significant changes are expected in the coming years, for the newly privatized firms—as they will have no profits—will have a three-year exemption from paying taxes. (Incidentally, profits in the first year are extremely suspicious.) This will then be a loss of revenue for the state, and unemployment will entail further increases in expenditures. Thus, the budget situation as a whole will only become worse.

Despite the difficulties, however, the reforms must be carried out, for no market economy cannot be created without them, said Mihaly Kupa, concluding his speech.

#### **Flaws of New Compensation Law Described**

92CH0604A Budapest HETI VILAGGAZDASAG  
in Hungarian 12 May 92 p 96

[Article by attorney Tibor Szeszler under the rubric "Opinions": "Compensation or Reparations?"]

[Text] There are great expectations regarding the justness of the law—still a draft bill at press time—on compensating those whose lives and freedom were taken for political reasons, because this will be the first law in Hungary since the war that will deal with the practical reparations for political persecution. It is stated in the general preamble that equality of civil rights is considered a fundamental principle and, for this reason, the law should redress damages without any discrimination. However, the draft combines two significantly different periods, i.e., the Nazi and communist persecutions, into a single legal statement of fact, and this inherent contradiction affects the wording of the individual normative sections.

There are many misconceptions in Hungary about the compensation given abroad directly by the German state to victims of fascist persecution, primarily Jews. Therefore, a brief account of this is justified, using in no small part the documents and data of Stephen Roth, an expert on international law living in London.

The German view on compensation was as follows: without debating the fact that they caused damages in other countries, Germany is willing to deal with the issue of reparations only within the framework of the separate peace treaties signed with the individual countries; only citizens of Germany, with the exclusion of citizens of a foreign state, may request compensation directly from the German Government. Referring to a lack of a peace treaty, 12 Western states persuaded West Germany in the mid-1960's to pay a total of 12 billion German marks [DM] (as advance reparations). This sum was divided among the 12 states according to the number of persecuted Jews and other victims living in each country. This reparation included imprisonment, injury as a whole,

and loss of life, but German citizens also received additional compensation for disrupted careers and damages caused by many other things. As nondemocratic countries, East European states were expressly excluded by German law from these advance reparations. Those having left East Europe were able to receive compensation from the German state by being classified as refugees who obviously would not receive any compensation in their own country within the framework of the peace treaty. With the exception of German citizens, refugees, and those whose native language was German, no one else received anything directly from the German state.

It is well known that Hungary and West Germany nonetheless signed an agreement on compensation in the 1960's; it is less well known that this agreement involved two concrete issues on which German law did not exclude East Europe. One of them was on compensation given to deported Jews who had been victims of medical experiments. The number of survivors still living in Hungary at that time was perhaps a few hundred. The other agreement was on compensation given to deportees for their clothing that was confiscated in Auschwitz! Under this claim, every victim received DM400 in Germany. Thus, all that Hungary received from the Germans was exclusively for those clothes, and nothing else. For this reason, the issue of compensation of Hungarian victims, which has not been dealt with to date, can still be brought before Germany.

Not a single international law is known in which injuries of racial and religious persecution are separated from injuries of political persecution. In this respect, the best standard is the aforementioned German law (if for the only reason that it served as a model for the legislation of compensation in other states) in which victims of persecutions are defined as follows: "Everyone who became a victim of national socialist coercive measures because of political opposition to national socialism or because of race, religion, or belief is considered a victim of national socialist persecution...."

The concept of the Hungarian bill that compensation for racial or religious persecution is limited to confinement during deportation is unacceptable. It is an extremely discriminating regulation that those persons (their heirs) who lost their lives not because of "an unlawful sentence of a Hungarian court... or the willful participation of a Hungarian authority" but because, say, they were shot into the Danube River, are excluded from compensation for loss of life. The solution that the bill recognizes confinement as a result of deportation as persecution but not the loss of life during deportation as justification for compensation, is contradictory to justice and perhaps even to the government's intentions.

It is unjust that the "willful participation of the involved Hungarian authority" is a requirement for compensation for loss of life, since it is well known that proving such an intention may elicit much debate. In this respect, the aforementioned German law uses the terms "willfully or negligently," adding that "it is sufficient to prove the

probability of a causal relationship between death and persecution." The requirement of a sentence by a Hungarian court or of a resolution by the public administration for compensation for detainment in closed, camp-like compounds is just as discriminating a regulation, for it leads again to the exclusion of those who were detained in a ghetto, since it is well known that individual resolutions to that effect did not exist.

Because of the above, the bill also violates the international commitments that the Republic of Hungary has accepted. According to the document of the International Agreement on Civil and Political Rights, "Those persons who were victims of unlawful arrest or detainment have the enforceable right to compensation,"

moreover, "No discrimination based on race, religion or any other circumstance may occur against any person." On the basis of the first of the clauses quoted above, compensation should also be given for detainment in a ghetto and, according to the second, the denial of the right to compensation for the death of deported persons is de jure considered discrimination. The European Civil Rights Agreement also includes clauses similar to the above. In accordance with the—still unratified—voluntary protocol of the International Agreement on Civil and Political Rights, also signed by the Republic of Hungary, any injured individual may directly submit a grievance against Hungary for the violation of his rights provided by the agreement.

**Walesa Visit, Treaty With Russia Discussed**

92EP0478C Krakow TYGODNIK POWSZECHNY  
in Polish No 22, 31 May 92 pp 1, 6

[Article by Andrzej Romanowski: "Polish President at the Kremlin"]

[Text] "A few years ago, I would not have believed that I would come here freely and not by force," said Lech Walesa to Moscow television. In none of his other trips abroad did the burden of the past weigh so heavily. In the Russian imperialist plans drawn from the beginning of the 18th century until the end of the 20th century, Poland was, after all, destined to disappear as an independent political entity; at best Poland was to be recreated as a kind of vassal state along the lines of the Congress Kingdom or the PRL [Polish People's Republic]. And yet here was the president of the Polish Republic surrounded by red and white flags and the strains of "Poland is not yet dead," receiving the military honors rendered by the Russian honor guard.

The first visit in history of the head of an independent Polish state was also the third visit of a personage from the highest governmental level; Prime Minister Wladyslaw Sikorski had visited in 1941 and Tadeusz Mazowiecki in 1989. The "Treaty of Friendship and Neighborly Cooperation," signed 22 May, was also unprecedented in its nature; formerly, similar treaties served Moscow's interests alone; those treaties were merely instruments for Moscow's enslavement of Poland. The present treaty might rather be compared with the Treaty of Riga ending the Polish-Bolshevik War in 1921; but now, in 1992, we came to an agreement without any bloodshed; we arrived at a compromise of a kind that is profound and mature and, it would appear, truly permanent. The end of an era. Russo-Polish struggles had filled about half of our history. They endured exactly 500 years, beginning in 1492 when, for the first time, the armies of Ivan the Terrible crossed the border of Lithuania....

And yet the signing of the present treaty did not result in the singing of a Te Deum hymn of thanks in Poland. Instead there were noisy polemics (in which neither side was very fussy about its choice of arguments), unofficial reports of resignations of several ministers in protest, attempts to replace Minister Skubiszewski, a campaign on the part of apparently serious politicians to condemn the "pro-Russian lobby," public declarations of representatives of the government camp who (like Zdzislaw Najder, for example), on the day before the visit, deemed it appropriate to critique the Eastern policy of the Ministry of Foreign Affairs—all these things poisoned the atmosphere of the past week; there occurred not only one more embarrassment of the government but also a proof of the progressive deterioration of the whole system of government in Poland. The argument was a barren one, for the addition to the treaty of a preamble condemning Stalinism and the Molotov-Ribbentrop Pact would only have dragged out negotiations, would

have provided grist for the mill of Russian nationalists and would have created a new field of conflict between Warsaw and Moscow. We had not, after all, proposed score-settling demands with respect either to Germany or Ukraine (the latter, after all, being, in a sense, an heir of the Soviet Union), nor, at the time of its signing, did we condition our agreement with Lithuania upon the fulfillment of certain desiderata. The recognition of the invalidity of the Molotov-Ribbentrop Pact would not have threatened Russia, but rather Ukraine, whose Western borders, recognized by the Warsaw Treaty of 18 May, would again have been called into question in an indirect manner. If the suspicions of Leon Bojko, Moscow correspondent of GAZETA WYBORCZA, were correct that opposition to the 22 May treaty was part of a wider, anti-Russian and pro-Ukrainian political plan, then it must be admitted that the attempts to carry out that plan were clumsy indeed....

Opponents of the 22 May treaty were also skeptical about the plan for an agreement about the withdrawal from Poland of the Russian military, especially about the plan (which, it would seem, is not longer current) to turn over to Polish-Russian companies the real estate available at former Soviet garrisons after Russian withdrawal and, further, to assign a part of the profits from these companies to a fund for the construction of housing in Russia for the Russian officers evacuated from Poland. Finally, there was criticism of the fact that assessment of the ecological damages which arose during the period that Russian forces were stationed in Poland was postponed indefinitely. But all these arguments seem spurious. Given the facts that the Russian Army has been stationed in our territory (except for a few, rather brief periods) since 1702-04; that, in our negotiations with Moscow we had no trump cards at our disposal and that, in the final analysis, we were depending on the good will of the other side—the document relating to the withdrawal of Russian forces can be seen as a significant success. After all, the compromise obtained by the Polish side approaches the so-called zero option laid down from the beginning by Warsaw; besides, the withdrawal process will in no way cost our budget anything. Finally, one way or another, the exit of Russian forces from Poland has been assigned the highest priority—and that is, after all, the final requirement for the restoration of full Polish independence. Let us remember: Russian combat units will withdraw from our country by 15 November, and the remaining forces will withdraw by the end of next year.

Lech Walesa won more in Moscow than had seemed possible prior to his departure for the talks. As Boris Yeltsin stated, it came to "the tough talks of two tough men." As a result of the "courage and determination of the two presidents," Minister Krzysztof Skubiszewski and Deputy Prime Minister Alexander Shokhin signed a package of agreements. Among these agreements, besides the agreement about the withdrawal of forces, one agreement deserves particular attention: the agreement for cooperation with respect to one segment of the

Polish-Russian border in the Kaliningrad district and in the neighboring Polish voivodships. That agreement, one recalls, had earlier been blocked by Prime Minister Olszewski. Also set in motion were economic matters and a meeting of the two countries' ministers of economy is scheduled for the latter part of June. The Walesa-Yeltsin agreement likewise obliged the governments of both countries to cooperate in all areas and on all questions. Thus, following on the heels of the Polish-German treaty of last year and the Polish-Ukrainian treaty of a few days ago, here we have today a Polish-Russian treaty that is fundamental to our safety.

The course of the visit made us aware, once more, how indispensable it is for us to have a climate of social trust. Lech Walesa, as he implemented the policy of Krzysztof Skubiszewski, came out against the opposition—not surrendering to it with respect to matters that cannot be carried out—he could now feel free to compel Poles to move to higher ground with respect to their demands and expectations. We must build Polish-Russian relations, he said, on a foundation of truth, we cannot put the “seal of silence” on the past; we can be reconciled with each other only if we continue to remember the victims and seek to make restitution for wrongs. It is hard to overestimate the symbolic value of the presence of the president of the RP [Polish Republic] in the Katyn woods or the moral significance of the Polish-Russian meeting at this most tragic grave of the Second Republic.

From the political point of view, equally important was the two presidents' joint declaration, which in part resembled the proposed preamble, that condemns Stalinism and totalitarianism. It may be that this declaration opened the door to Russian restitution for Poles victimized by the overthrown system. Further, Lech Walesa's reception of Mikhail Gorbachev proves the independence of our policy: Their first personal meeting was a model of political culture and evidence of truly new times. Finally, the days of 22 and 23 May 1992 proved to be, as Krzysztof Skubiszewski stated upon his return to Poland, “the opening of a decidedly new chapter in relations with Russia.” It is worth noting that everything was made possible thanks to the Polish minister's consistent policy: the maintenance of an equal distance toward all the various Eastern governmental factions in conflict with each other; that ensured the Polish side a strong position in its negotiations in Moscow.

Clearly, much still remains to be done with respect to Polish-Russian relations; various dangers are lurking, among them especially the problem of ratification of the treaty by the two parliaments. And yet, before our very eyes, we are witnessing the end of one of the greatest conflicts of modern Europe, just as, quite some time ago, the traditional enmity between England and France or France and Germany ceased. “We have succeeded in taking care of everything relating to the past and to opening up the future, and we have done this under very good conditions,” stated Lech Walesa. This trip abroad

was, beyond any doubt, the most important one undertaken by the Polish president.

**Kravchuk Visit, Treaty With Ukraine Summed Up**  
*92EP0478B Krakow TYGODNIK POWSZECHNY*  
*in Polish No 22, 31 May 92 pp 1, 5*

[Article by Wojciech Pieciak: “Poland and Ukraine Share a Common Fate: The President of Ukraine in Poland”]

[Text] The blue-and-yellow flags were flying over the streets of Warsaw. They greeted the president of Ukraine, Leonid Kravchuk. They signaled a new reality. For the first time in 72 years, when the alliance between Pilsudski and Petlura attempted to thwart the advance of bolshevism (it is then that the song about Poland and Ukraine sharing a common fate arose), friendly contacts at the state level once again joined an independent Poland and an autonomous Ukraine.

That is the sort of historical reflection that imposes itself today, even though the current Polish-Ukrainian treaty is not directed against anyone and does not threaten anyone. But the 18-19 May visit of President Kravchuk to Warsaw, planned since January, ushered in a new beginning in our relations.

Just a few years ago, the blue-and-yellow flags flying over Warsaw's streets either would have been regarded with enmity or they would have been treated as a provocation, an outrage or a manifestation of nationalism. Such colors displayed on the streets of Kiev might have been taken as a proof of the revival of the “hydra of Ukrainian nationalism” and might have led to KGB repression.

It was different today. No one doubted that the visit served Polish and Ukrainian reasons of state. For the first time in over 30 years, the prospects are emerging for establishing relations with Ukraine according to the principles of equality. The 1920 alliance between Pilsudski and Petlura, which left all of eastern Galicia in Polish hands, was unacceptable for Galician Ukrainians. Later there were attempts to set up contact between the Red Army and the Ukrainian Insurrection Army, but the attempts drowned in a sea of bloodshed.

All of Poland's political parties united in sympathy for a free Ukraine (although the representatives of the parties stressed various things—some emphasizing the Polish minority and others, a possible Polish-Ukrainian alliance).

On the Ukrainian side, we have seen both representatives and officials, as well as opposition: Alongside President Kravchuk sat Dmitro Pavlichko, currently one of his closest advisers and, at the same time, one of the leaders of RUKH [Ukrainian People's Movement], a man whose efforts toward Ukrainian-Polish rapprochement cannot be overestimated.

President Kravchuk began his visit with a meeting with President Walesa in the Belweder courtyard (according to the new protocol). Said Walesa: "We must create a new order in this part of the world." Kravchuk added: "Only peace, harmony and mutual respect between us are the guarantees of our freedom and independence."

The president signed a very important document: a good neighbor treaty, providing for friendly relations and cooperation. The treaty guarantees the inviolability and definitive nature of the Polish-Ukrainian border. In that way it realizes the vision once created in the columns of the *Paris KULTURA*, especially by Juliusz Mieroszewski: friendship with our largest neighbor to the east was bought at the price of Poland's ultimately yielding up the "Polish Lvov."

Poland and Ukraine renounce the use of force in the treaty, and they will not allow their land to be attacked by someone from the other side. From the viewpoint of the issue of Ukraine's abandonment of nuclear arms, the section in which both sides pledge not to "possess, purchase, and produce weapons of mass annihilation" is important.

The lengthiest article is devoted to the rights of national minorities: The sides are to protect minorities, to make it possible for them to disseminate their culture and their religion and to teach in their native language, to establish their own educational, cultural, and religious institutions and to use surnames that retain the sounds and spelling of the native language. Minorities are also obliged to be loyal to the country in which they reside.

Kravchuk stressed that Poland has a preferential place in Ukrainian foreign policy. Let us add that not only Poland holds a preferential place for Kiev, for Kiev is also looking toward Germany and toward the West in general. Kravchuk himself has visited Bonn several times in the last year (including two visits as president). The Ukrainians place much hope in German aid and wish to learn the banking system, for example, from Germany. For the present, it seems that it is wishful thinking: The Germans have their own problems; moreover, the very unstable legal and economic situation makes significant German investments impossible.

According to the experts, Ukraine's economic situation today is worse than Russia's. The chernozem [black earth] has been devastated and raw materials have been exploited. At the same time, Ukraine is linked to Russia with thousands of economic ties. For whom are the weapons factories, which employ four million people here (if not more), to produce? Ukraine imports 80 percent of its natural gas and crude oil from Russia. And what about coproduction between Russian and Ukrainian factories, as every Ukrainian factory is based upon parts and semifinished products from other republics?

Economic aid from the West goes primarily to Moscow. Ukraine has not seen even a dollar of it, complained Kravchuk during a recent visit to Washington. The truth hurts: The West only tends to take Ukraine seriously

when discussing the withdrawal of nuclear arms from Ukrainian soil. Thus, the withdrawal of nuclear arms is Kravchuk's bargaining chip, but it is one he cannot abuse. Although he does not have many such trump cards, he handles himself well, for he is an astute politician.

#### Who Is Leonid Kravchuk?

From our standpoint, Leonid Kravchuk is something of a political phenomenon in a country in which there is a continuing discussion of decommunization, but also a country in the European part of the former USSR.

He is a former "pure blooded" party apparatchik with over 30 years of experience as such. He was born a Polish citizen in the village of Zytyn Wielki near Rowny in Wolyn in 1935. After the war, the young Kravchuk studied political economy and Marxism-Leninism at the University of Kiev (until recently his wife Antonina worked as a Marxist scholar at that university). He joined the Soviet Communist Party in 1958 and was sent to Moscow to the party school.

Then his arduous career in the apparatus began. He first spent 10 years in Cherniovtsy, starting out in the simple position of party lecturer. During the next 10 years he worked at the party headquarters in Kiev. Finally, in 1980, the conservative party chief in Ukraine Vladimir Shcherbicky, a friend of Brezhnev, who had the reputation of being the leader of the local party hard-liners, named Kravchuk chief of the Ukrainian Communist Party [UCP] propaganda department. Thence he traveled a straight path to the position of chief of the ideology department. This brings us to the time of Gorbachev and some relief. During that period Kravchuk's primary task was to battle the growing RUKH nationalist movement. In 1989, he became secretary of the UCP Central Committee, in reality deputy to the party chief.

In the summer of 1990, the Ukrainian Supreme Council, which was composed primarily of communists, announced the sovereignty of the republic and elected Kravchuk its chairman. Just last year, students demonstrating at the Lenin monument in the center of Kiev, wrote "Kravchuk—ideologist and Judas."

Leonid Kravchuk then began a subtle game: He introduced Ukrainian as the language of debates in the Supreme Council and he steered a middle course between the party factions and RUKH and the other opposition groups. At least formally, he made the UCP independent from Moscow. He brought people from RUKH into parliamentary committees. At that time, the chief of the foreign affairs committee was the previously mentioned Dmitro Pavlichko.

Then came 19 August. As he effected his coup, Kravchuk was restrained: He reported to General Varennikov, who acted on behalf of those bringing about the coup, that he was faithful to the Constitution. So much so, that he left all paths open for himself and did not say who broke the

Constitution, Gorbachev or the coup d'etatists. Varenikov abandoned the proposition of sending the military into Kiev.

The coup failed. By 24 August, Kravchuk had resigned from all party positions, forbade CP activity and then delegatized the Communist Party. As though it were a minor matter, he announced publicly that he himself had left the party on the first day of the coup. Then the Supreme Council, retaining its old make-up, announced a declaration of independence.

And so, step by step, this ex-apparatchik adopted the program and slogans of the national opposition, aimed at Ukraine's gaining of independence. His possible motives, i.e., the desire to stay in power, are less important here; his actions are important. And today even his most bitter enemy, the radical Vyacheslav Chornovyl, who is demanding free elections (which could thrust Ukraine into a Polish scenario rather than helping it), recognizes that Kravchuk is de facto creating Ukrainian independence.

Kravchuk today is a president who holds his undisputed position thanks to the support of voters. In the free, democratic elections of 1 December 1991, he gained more than 60 percent of the vote. And he did have worthy opponents: Chornovyl, mentioned previously, who spent 15 years in a concentration camp, and Levka Lukyanenko, who spent 26 years in a camp. The next presidential election will be held in 1996.

#### About Triangles, Quadrangles and Pentagons

What impressions may be drawn from the two days—18 and 19 May? They bore a certain success and stamp: valid, but "unbloody" statements and the strange lack of permission to the press to be in on many points of the program. The signing of the treaty took place outside the setting appropriate to such an event, as was the case, for example, in the signing of the border treaty with Germany. Both sides said that the visit and the understanding had a historic dimension, but there were no great gestures, there was nothing to hold in the memory as a symbol.

Perhaps the reasons for it may be sought in the limited political field of maneuvering of both Poland and Ukraine and Leonid Kravchuk personally: in the fact that not too much may be said about the character of our future relations, except the reiteration that they should be good.

Thus, we must not only listen to what President Kravchuk said during his visit, but how he said it, for that is characteristic and symbolic of the entire situation. It is still better to look at what he is doing, at facts accomplished. And the language of Kravchuk is a language completely devoid of emotion and formulas which may be interpreted in many ways and which leave many openings.

Kravchuk knows very well which cards he holds in his hand. Indeed, he has few strong cards. Perhaps that is

why he could not afford overly unequivocal answers to the searching questions of reports and Sejm deputies. On the first day of his visit he said that Ukraine and Poland are joined by closer ties than the ties that join Ukraine to any of the countries of the CIS [Commonwealth of Independent States], including Russia, that "Ukraine's dependence on Russia weakens the strong ties of Ukraine and Poland." The press took it literally. But the next day, when Kravchuk was asked to comment on the statement, of course, by a Russian reporter from the MOSCOW NEWS, he recanted his previous day's statement and said: "We treat all European countries on an equal basis."

Asked repeatedly about the possibility of creating some sort of ally bloc "west of Moscow" ("without Russia," as deputy Moczulski said, or, in reality, against Russia), or with the prospect of Ukraine's entry into the Visegrad "triangle," Kravchuk, his eyes as if half-closed to the enthusiasts of a Polish-Ukrainian alliance, responded that "the quadrangle is a more perfect figure than a triangle and affords more possibilities," and moreover "it is easier to overthrow a triangle." Immediately after that, however, he added that the pentagon was a still more perfect figure and that "the more supports a figure has, the stronger it is." What was he thinking about? About Russia? You may interpret it as you like.

Both from unofficial sources and from official statements, the representatives of the National Defense Ministry [MON] are aware that the leadership of that ministry would gladly see the cementing of Polish-Ukrainian military cooperation. It would be good if it were accompanied by similar steps taken toward Russia. For the present, no reaction has been noted in the Russian press toward such statements and tendencies. It seems that the most important thing here is to preserve equally good relations with Russia and with Ukraine. Giving priority treatment to one of them will not help that country very much and will hurt us.

And now a small anecdote. We overheard someone from the Ukrainian press accompanying the president joking with his Ukrainian colleagues that he himself could have come in Kravchuk's place, since the matter is so uncomplicated: Ukraine should be democratic and neutral and it should withdraw from nuclear weaponry.

On the second day of the visit, the news came that the chairman of the Supreme Council of Russia, Khasbulatov, announced that Russia was not announcing any territorial claims. Was that its final position? No, it was rather another move in the game. Kravchuk also spoke of it in Warsaw at a press conference: that Russia does not want to recognize the fact of the statehood of Ukraine, that "it was acting from imperial positions," that the world was silent when Yeltsin took over the Black Sea Fleet, and that it certainly would cry out in indignation if he, Kravchuk, attempted to take over some other post Soviet Fleet (for example, the Caspian Fleet or the Pacific Fleet). Bitterly he said that Ukraine



has no space for an embassy in Warsaw, while Russia has about 30 Soviet buildings in Warsaw for itself.

Despite some, not infrequent, commentaries in the Polish press, Ukraine is not a world power today. It is not a military power or a nuclear power (its officials are not in possession of an atomic button), nor is it a conventional power (it must maintain an army, and specialists claim that under the present financial situation, Ukraine is not in a position to maintain a strong army). Nor is it an economic power. Those who speak enthusiastically of Ukraine's potential wealth, land and raw materials (this—*nostra culpa*—was reinforced last year by TYGODNIK POWSZECHNY) are mistaken. After the funeral of the USSR and its peoples, the cold shower of a new realpolitik is coming.

And today we must again begin anew in this century.

### Sejm Examines Lists of Police Collaborators

AU2406182092 Warsaw SZTANDAR MLODYCH  
in Polish 16 Jun 92 p 2

[Report by A.M.: "List of Agents Incomplete"]

[Text] "We are sure that Macierewicz played a dishonest game when he presented the lists of former Security Service [SB] collaborators," said one of the members of the extraordinary Sejm committee appointed to examine the implementation of the Sejm resolution to disclose the files of the collaborators. "Several names were deleted from the lists a few hours before they were delivered to the Sejm. We also know that several other people were not included in the lists, even though the Interior Ministry has files on them."

On Monday, the committee waited in vain for the former prime minister, Jan Olszewski, to appear. The chairman, Jerzy Ciemniewski, said that the committee would henceforth no longer invite Olszewski to appear before it, but would summon him. However, it was later discovered that 19 June had mistakenly been written on Olszewski's invitation.

"I have found a document indicating that information on Agent 'Bolek' was once given to the KGB resident in Warsaw," said Deputy Lech Pruchno-Wroblewski. "Bolek" is supposed to have been active in Gdansk in the 1970's and provided the SB with extremely valuable information, which is reflected in the size of the pay he received. "I have read a statement by an officer, currently a high-ranking official in the Office for the Protection of the State, who conveyed that data to the KGB," said Pruchno-Wroblewski.

"If Deputy Pruchno-Wroblewski knows that Interior Ministry documents were given to foreign intelligence services, he should tell the Prosecutor's Office about it, because it is a crime," said former Interior Minister Krzysztof Kozlowski, who denied at the same time any knowledge of the disclosure of "Bolek's" file to the KGB.

It turns out that Colonel Jerzy Kucharenko, who is supposed to have conveyed documents on Lech Walesa to the Belweder, really exists. The Interior Ministry spokesman said earlier that there is no one in the Interior Ministry with such a name. Colonel Kucharenko denies having conveyed any files.

One of the members of the committee in question has said that working drafts of the Sejm resolution on disclosing SB agents were found in the safe of the former chief of the Studies Department, who was preparing the list of agents. Janusz Korwin-Mikke, the author of the resolution, is to appear before the committee and explain. Pruchno-Wroblewski claims that the drafts of the resolutions were never discussed with Minister Macierewicz.

Andrzej Milczanowski, the acting interior minister, met yesterday with Mieczyslaw Wachowski, minister of state in the Presidential Chancellery. Wachowski has sent Milczanowski a letter about the president's Sunday statement on the subject of a high-ranking state official who was an SB collaborator with the pseudonym "Zapalniczka" ["cigarette lighter," allegedly Zdzislaw Najder, former chief of the Polish Section of Radio Free Europe and recently chief adviser to Prime Minister Jan Olszewski]. "Zapalniczka" is believed to have been active in the scandal concerning the disclosure of the files of SB collaborators. Wachowski is to supply the commission with all the material there is on the subject of "Zapalniczka." Prime Minister Waldemar Pawlak said at a news conference that he knows who the agent is, but he did not reveal his name.

The agent is believed to have left the country.

### Article on Democracy, Jews in Smallest Town

92EP0478A Warsaw GAZETA WYBORCZA in Polish  
27 May 92 p 15

[Article by Mariusz Szczygiel: "Give Radomysl a Try"]

[Text] Radomysl Wielki is the smallest town in Poland. The stores in Radomysl are open until 1600, with one exception: The produce cooperative is open until 1545.

The 1,800 residents are proud of several things: It is the birthplace of Arthur Miller, the American playwright and husband of Marilyn Monroe; in Radomysl Wielki, the father of Jan and Tadeusz Lomnicki founded the postal service; in the Radomysl market, on 7 September 1939, the Jewish proprietress of the pharmacy, Klara Appel-Brand, served a dinner in honor of the staff of the 10th Motorized Cavalry Brigade and its commander, Colonel Stanislaw Maczek.

Careful research shows that it was not Arthur Miller, but his father, Izydor Miller, who came from Radomysl and emigrated to America in the 1880's. But that does not prevent the residents from boasting of Arthur Miller.

As for current matters, most people believe that democracy does not exist. Most people travel from Radom to their jobs at the Mielec WSK [Transportation Equipment Plant] and feel discriminated against. For example, the following signs hang in the banks: "Mielec WSK employees are not granted any loans!" "Mielec WSK employees cannot be cosigners" and the like. How can working people be segregated in this way they ask, embittered. After all, in a democracy everyone is supposed to be treated alike.

#### **The Council Members Have Gotten Much Better**

Mechanics, a bricklayer, a PKS [State Motor Transport] driver, store owners and teachers sit on the city and gmina council of Radomysl. However, most of the council members are farmers (the gmina includes 14 villages).

The council chairman is Wieslaw Augustyn, a sociologist and the director of a school from the village of Janowiec.

"Over the last two years, the councilmen have improved very much," summarizes the chairman. "For three months we have noticed that the council embarks upon discussion of a subject of importance right as the meeting opens. In the past, everyone wanted to have his say, to relate what he knew about Poland and the modern world. The first budget debate lasted more than 12 hours, while the last one lasted just three hours."

The council members realize that accusing someone of being "an old party supporter" adds nothing and does not advance the discussion.

When the council presidium decided that every absence of a councilman at meetings would be announced publicly, attendance rose significantly.

#### **Portrait of an Outspoken Person**

The municipal council secretaries consider Roman Czuchra to be the most outspoken council member. He is a practicing Catholic, a pig farmer from Debie, which is 5 km from Radomysl. He is 39, is the chief authority in Debie, and has the largest house. All the walls of his home are covered with larch and there are five peacock feathers standing in a vase on the floor.

Czuchra says: "In order for a man to be respected in the village, he must be a little higher class. I have an upright piano. Ten hogs cost 10 million zlotys. But now that invested money is paying off."

"Rafaaalek!" "In the evening after work Krystyna and I like to hear our son play.... Rafalek, what does dad like the best of all when he comes in from the pigsty?"

"In the Viennese Line," whispers the boy.

The council member continues: "Krystyna wanted our balcony railings to be made from metal, like everyone else's. But I do not like to be like everyone else. If I lived like everyone else, I would have never gotten into the

council. And so we have an interesting railing of wood. Look, we brought a potted palm out onto the balcony for the photograph. With the railing and the palm it looks like we are in America."

People in the village say that on Sunday, instead of drinking vodka with his buddies, Roman Czuchra visits the elderly who are alone, and Krystyna Czuchra makes them presents of baked goods. Everyone in the village approves.

The Czuchras are not very fond of television. "It is so difficult to make heads or tails of television." Czuchra complains, "You know, television turns you into an idiot. And then I have to bring complex matters down to the level of the peasants."

Roman Czuchra is happy about one thing: Almost the entire gmina council is nonparty.

That being so, how do the council members govern?

He replies: "We try to make wise decisions."

#### **Successes and Butchers**

In two years, the self-government authorities in Radomysl have done much: Twice as many telephones have been installed as were put in during the entire period of socialism; three rural schools have been renovated; in every village, within the framework of counteracting alcoholism, a kiosk with beer has been set up; in education, half of the lessons suspended by the ministry have been restored and the gmina office is paying for the lessons; in September, the construction of a waste treatment plant will be completed; meanwhile, at present people are being persuaded to go over to gassification—in Janowiec, the priest even tried to convince people at mass. Despite the successes, the council members are unhappy.

Council member Zdzislaw Ryba, owner of a retail store, confides: "It worries me when the council passes a resolution and the resolution turns out to be inconsistent with the law."

The self-government's biggest worry, an overwhelming concern for them, is the 14 butcher shops, slaughter houses and pork butcher's shops. The offal and waste from the slaughtered animals are taken to neighboring fields and contaminate the underground waters. Butchers have fictitious statements that they transport the waste daily to treatment plants 20 km from Radomysl, but clearly, only an idiot would transport waste that far.

Recently a pit not yet covered over, filled with wastes, was discovered in the vicinity of the Jewish cemetery. Clearly no rational person would cover over such a pit until it was full. (The chairman of the council says that the procedure took place in the cemetery itself while another council members says that it took place 30 meters from the cemetery fence, for "if the Jews from America found out about it...").

It is impossible to catch the butchers red-handed, for there are so few policemen in Radomysl that the police station has to close in the afternoon.

When council member Marek Chmiel, an engineer, was elected mayor of Radomysl Wielki, people began to think a lot of him even though he was only 28 years old.

Marek Chmiel discovered a certain regulation that says that if a plant hires an invalid, the Voivodship Center for the Employment Affairs of the Handicapped pays an invalid's salary for six months and it is obliged to fund his position. Meanwhile, the plant must employ him at least three years.

The mayor figured that some handicapped person could service computers in Radomysl.

And now three handicapped persons work in the computer office.

#### **A Historic Publication and a Mayoral Publication**

In Radomysl Wielki, two prodemocracy publications have been issued.

One, edited by retired teacher Jan Ziobron, who has contact with foreign Jews, is historical. He prints reminiscences and old photographs. Recently he included a photograph from a performance in which 7-year-old Tadeusz Lomnicki made his debut. He is standing with a sword in his hand in the Radomysl Falcon's auditorium. The title of the piece is "A Comsomol Attack on Tsarist Imprisonment" from 1934.

The mayor publishes something else, filled with his own articles. In that publication, he provides information on timely topics: Illegal liquor production is up, the council purchased a CB-radio for the police. In the last issue, the mayor presented the village Dulcza Wielka in figures: among other things, he calculated that 152 of its residents have the surname Siembab, 48 have the surname Stopa and 32 have the surname Drag. The mayor's publication promises that he will make such computations for every village in the gmina. On the first page he reports that after two years, the court trial of a young man who slew a baby girl and then hid the body in a cellar on Kosciuszko Street has ended.

#### **Good Behavior and Hope for Finishing Construction of the School**

Sixty percent of the residents of prewar Radomysl Wielki were Jews. Now there is not even one.

In July 1942, the Gestapo shot 500 Jews in the cemetery. In 1987, the monument to their memory was unveiled. The last Jew born in Radomysl, Edward Rosenblatt, a doctor from Paris and eight others came to the town.

The gmina representative for Jewish contact affairs, Jan Ziobron (editor of the historical publication), describes the festivities at the cemetery. "All of Radomysl came out and so I was afraid that some sort of anti-Semitism

would arise. How can I explain it here....the Jewish wailing during prayers made me shudder to think whether the teenagers would behave themselves. But nothing happened; they were very polite—can you believe it—there was no anti-Semitism."

Council members quietly count on Arthur Miller.

Jan Ziobron secured the address of Arthur Miller's nephew Max, and on behalf of the council, he asked that the nephew persuade the playwright to come in July to this year's celebration at the cemetery monument. Said Ziobron: "He is a rich Jew; perhaps he will finish the school for us."

#### **New Small Claims Courts Operations Described**

92EP0456A Warsaw GAZETA PRZEMYSLOWA I HANDLOWA in Polish No 19, 10-17 May 92 pp 1-2

[Article by Magdalena Lenartowicz: "How Small Claims Courts Work"]

[Text] When the agreement was signed in December 1991 creating small claims courts, no one expected that they would perform such an important role.

These courts operate according to a simplified, summary arbitration procedure that is based upon the regulations of the code of civil procedure covering the court of conciliation and the rules and regulations of operation of small claims courts. Small claims courts investigate cases which arise from civil-legal relations between consumers and economic units banded together into organizations which come within the compass of the small claims court. The ruling court is made up of three persons. The chairman is a person with legal training and the others represent the two sides of the dispute. If a case requires the opinion of an expert, then the court consults current expert analyses or specific specialists.

A proceeding before the small claims court is initiated at the request of a consumer who brings a claim against an economic organizational unit, or at the request of the PIH [State Trade Inspectorate], the Consumers Federation or the Ministry of Industry and Trade [MPiH], obviously with the approval of the wronged consumer and on his behalf. The request must include: a definition of the parties; a description of the subject of the dispute; an expression of approval for the small claims court to settle the matter; the necessary and essential documents for resolving the dispute. Next a preliminary investigation of the request is made in order to determine whether it fulfills the indispensable requirements making possible initial preparations for the work of the small claims court. If a request is unwarranted, the chairman of the court may dismiss it. When preparatory work is completed (this includes clarification of the positions of the sides and of attempts made to effect a reconciliation and bring the sides to an agreement), the date of the hearing is set. This must be arranged so that not more than two weeks elapse between the date the request is filed and the small claims court meets. In speaking of procedural

matters, we must emphasize that the chairman may call in the parties, witnesses, experts or other indispensable persons in the manner which he recognizes to be the most advisable, even bypassing the regulations stipulated in the general regulations of the KPC [Code of Civil Procedure] if he considers such bypassing indispensable for better examining the case. The meetings of the small claims court are open. Later, a report of the meeting is prepared. The meeting takes place regardless of whether the parties are present, and the proceeding is not suspended because of absence. The court may examine a case after hearing only one side, if the other side does not make any comments. The ruling is by majority vote and is signed by all those making up the court. The ruling must contain the name and make-up of the small claims court, the date on which the ruling is handed down, a definition of the parties and of the entry made with the court of conciliation, a description of the subject of the dispute, the decision and its justification and the signatures of the members of the court of arbitration. It must be remembered that no appeal may be made regarding a ruling of the small claims court. If a party is dissatisfied with the ruling, he may, on the other hand, file a complaint demanding that the ruling be revoked by the state court. This is based upon Article 712 of the KPC. A complaint requesting the revocation of a small claims court ruling must be filed with the state court within 14 days of the date that the ruling is handed down. A person who brings a case before the state court should be aware that a ruling by the Small Claims Court or a settlement effected by this court carries the legal validity equal to a ruling made by the state court or a settlement which is concluded before such a court, if the state court determines the viability of these rulings.

If a consumer files the pertinent request, the small claims court submits a dossier to the state verifying the viability of the ruling of the Small Claims Court.

#### Who Pays?

The party which loses the quarrel assumes the costs of the proceeding, which include the chairman's salary and reimbursement of his expenses, the salary of experts and specialists and the administrative costs associated with conducting the case. The cost for the consumer to participate is merely a 20,000-zloty [Z] entry fee, which is subject to return in the event that the consumer wins the case. Of course, these terms apply currently, which does not guarantee that the sum will be this small in the future. The costs of arbitrators' fees and expenses are borne by the Federation of Consumers and the appropriate organizations of businessmen and industrialists. If we tried to recapitulate the operation of the Small Claims Courts to date, we would have to say that until April 1992, 16 small claims courts have operated within the framework of the organizational structures of the PIH until April 1992, including 14 within district PIH inspectorates under PIH branches. To date, approximately 150 economic organizations banding together approximately 25,000 economic organizational units have signed agreements on cooperation with small

claims courts. By the end of March 1992, 224 requests to examine quarrels between consumers and economic organizational units reached small claims courts. To date, 182 requests have been examined. Of these, 171 were settled through mediation and the remainder are being interpreted. Ten hearings have taken place before the small claims court, including eight with positive results for consumers. Most frequently, the quality of purchased items has been questioned; often consumers have grounds for denying that manufacturers' guarantees and pledges are valid. Very often the products of questionable quality are: imported footwear, television equipment, computers, tires, health aids, and the like. However, the brief period of time has demonstrated the need for the existence of small claims courts which constitute not only the purchaser's defense, but also a barrier to unscrupulous merchants who think they are exempt from punishment when confronted by a customer.

#### Disagreement on Military's Status Presented

92EP0446A Krakow TYGODNIK POWSZECHNY  
in Polish No 21, 24 May 92 pp 1, 4-5

[Article by Krzysztof Burnetko and Michal Okonski:  
"Turnabout! The Military After Two Years of Reforms"]

[Text] Janusz Onyszkiewicz, the former deputy minister of defense in the Mazowiecki and Bielecki administrations, contends that in the last five months all reforms were halted in the military. Nothing is happening aside from personnel shifts and propaganda humbug. Public opinion polls also point to a decline in confidence in the military. Even though the army remains the most popular of state institutions, in the last half-year its popularity declined by 13 percent. Yet Prime Minister Olszewski views as his greatest accomplishment personnel shifts and restructuring of the Armed Forces, which enabled the government to recover "full control" over the military. What is more, the dispute between Minister Parys and the Belweder [the Polish White House] has sown confusion among the military themselves, not just among the lower ranks, but also among the General Staff personnel at the Ministry of National Defense. During conversations with them the first impression gained is the fear they feel. What next?

#### Who Orders Whom?

On the answer to this question hinges the resolution of the dispute between the Ministry of National Defense and the Belweder. It is a big problem because, in addition to the president and the defense minister, a major place in the structure of control over the military is occupied by the National Defense Committee (called the National Security Council) and its subordinate National Security Bureau.

The problem is that the Constitution deliberately defines in a vague and laconic manner the powers of the president regarding the Armed Forces. The corresponding

provision was written at a time when the candidate for the presidency was General Jaruzelski and there was no reason to grant him too much power. Moreover, some of the existing presidential powers conflict with the powers of the other authorities; that concerns the constitutional provisions specifying that the president guards national sovereignty and security and is the commander in chief of the Armed Forces. According to the Senate's Law Office, these powers are "more titular and representative than substantive." What is worse, other laws also are unspecific, merely stating that the president is to define the main directions of development of the Armed Forces and prepare the military for national defense. But he is to do that "upon the recommendation of the defense minister." Similarly, "upon the recommendation," he can dismiss the chief of the General Staff and commanders of military districts and arms of services. Thus, in that respect the president's powers are not autonomous. It thus also is inadmissible for anyone other than the defense minister, not even for the director of the National Security Bureau, which is subordinate to the president, to offer to an officer the post of chief of the General Staff.

The president's status within the National Defense Committee is similar. Although he chairs its deliberations, its decisions are adopted as a body, and a majority of its members are also members of the Council of Ministers.

That unclear division of powers has now lasted for more than two years. It is strange considering that several matters had seemed obvious at the very outset of the work to reform the military. It was thought indisputable, for example, that national defense policy should not be in the hands of the military alone, and no one had questioned the president's command of the Armed Forces. The Defense Ministry was to be divided into two sections, one civilian-military and the other purely military. The former section would exercise political-administrative duties and serve as an instrument for the parliament's control over the Armed Forces, with the Office of the Defense Minister serving that purpose, and with the minister himself to be either a military or a civilian person. As for the purely military section, that would comprise the General Staff, the Training Directorate, the Logistics Staff, and the discrete armed services. Thus, administration would be separated from command.

Everyone agreed that the decisions on the ministry's structure are political decisions. The dispute concerned only the person to whom direct command of the army was to be entrusted. Should that duty be left to the chief of the General Staff, or should the Office of the General Inspector of the Armed Forces, directly subordinate to the defense minister and overseeing the work of the General Staff, be established? Such an office would be an additional link between the two sections.

On 9 July 1991 the Council of Ministers finally adopted the decision to "civilianize" the Defense Ministry. Although the reforms had been accepted in the fall by the

National Defense Committee, they were subsequently, according to members of the previous administration, halted during the Olszewski administration.

In the army there is a simple rule: Every soldier has an immediate superior and must report to him any order received from a higher-ranking person or from one holding a higher office. But the president is outraged. "After all, as the commander in chief of the Armed Forces, I am not going to ask the defense minister for permission to meet with a soldier," he said.

One thing is clear: The division of powers between the president and the defense minister cannot be defined more closely until we choose which model of government we want. If we decide in favor of the presidential model, then it is the president who will exert a great influence on the armed forces. If we decide in favor of the parliamentary-cabinet model, it is the government that will basically control the military.

Yet, acting in anticipation, the National Security Bureau transmitted in late April to the Sejm a draft law "On Agencies Proper for National Security Matters," which envisages a marked expansion of the president's powers and a change in the relationship between the government and the National Security Council in favor of the latter. Under that draft law, the council would be "the agency proper for national defense and security matters" and the government would merely exercise "general oversight on national security and defense matters."

Jerzy Milewski, the director of the National Security Bureau, even said that the president should be made "the supreme commander of the Armed Forces," that his powers as regards military personnel, organization, and training should be expanded and the chief of the General Staff also should be subordinated to the president.

On the other hand, the minister of defense—subordinated to the prime minister—should direct "military life, plan the development of the military, attend to its material and human resources, and pursue a broadly conceived defense policy in peacetime." But he should coordinate important decisions with both the prime minister and the president.

Sejm commentators doubt whether the deputies would accept such broad new powers of the president.

### Without Enemies?

The conflict between the president and the defense ministry has resulted in a suspension of the work on the defense doctrine. For this concerns not only a division of powers but also marked differences in the ways national defense is viewed. There is also the question of which should come first, a new constitution or a new defense doctrine, considering that the latter affects the operations of the government. A no less important factor is that the doctrine should be consonant with the laws in force.

The Belweder's National Security Bureau started working on a defense doctrine in the summer of 1991, as instructed by the National Security Council. That work took nearly a year, until March of this year, when the draft was presented to the Sejm's National Defense Committee.

In PRL times the Polish military doctrine had presupposed that the Polish army would, in an alliance with the Warsaw Pact, attack West Europe. That doctrine was revised by the Belweder on the assumption that Poland has no enemies and is not setting up a military force against anyone. The army should resolve military conflict in its favor and be ready to fight on home grounds. Poland will strive to become a participant in the European defense system. Given the gradual demilitarization taking place in Europe, the size of the Polish military should be reduced to 180,000.

One of the new elements in the National Security Bureau's draft is the greater influence of the president on military affairs. The entire military command would be subordinated to the head of state. The role of the minister of national defense would be restricted solely to planning and administrative duties.

That is apparently one of the main bones of contention between the Defense Ministry and the Belweder. The minister is reluctant to have his powers reduced. Moreover, the heads of the ministry do not share the view that Poland is not menaced by serious military dangers from any direction. The "asymmetry" of dangers is mentioned: Minister Parys champions the view that our greatest threat looms in the East, from the new post-Soviet countries. As a result the ministry is resisting the plan to reduce the Armed Forces.

The draft of the National Security Bureau is, in the opinion of Minister Parys, too vaguely worded. "The General Staff must have more precise documents on hand." In their turn, critics object that Parys is blind to the differences between doctrine, meaning a corpus of official views, known to public opinion, about preparing the country for waging war, on the one hand, and strategic concepts, which by their very nature are secret, on the other. In strategic concepts the Eastern danger, e.g., can be taken into consideration, but that does not mean that the danger has to be stressed in the doctrine.

Deputy Minister Szeremetiew believes that "the concept of defense policy being worked out in the last two years does not correspond to Poland's present conditions. That concept presupposes that Poland is autonomous so far as defense issues are concerned, that we cannot count on closer cooperation with the West." The new ministers speak a lot about Poland's joining NATO, but actually our attempts in that direction are meeting with quite painful rebuffs from NATO.

Besides, the heads of the Ministry of National Defense claim that defense doctrine is being demonized too

much. General Stelmazuk, the chief of the General Staff, declared that to the soldier the sole doctrine should be: always forward.

In addition to the dispute about doctrine and powers, the conflict between the Ministry of National Defense and Belweder is also reflected in personal matters.

"There will be no personnel shakeup," declared Minister Parys on taking office. It was not enough that he himself took over the ministry in an atmosphere of scandal (his predecessor, Admiral Kolodziejczyk, was rapidly retired, contrary to military custom); nearly every personnel decision at that ministry proved controversial.

First there was the problem with the deputy ministers. The first civilian deputy ministers at the defense ministry, Onyszkiewicz and Komorowski, who had held the posts under the Mazowiecki and Bielecki administrations, departed. They were replaced by a young reporter with a British passport, Radek Sikorski, and an activist from a tiny but radical party, the Polish Independence Party, Romuald Szeremetiew.

What happened next was still worse: Deputy Minister Szeremetiew dismissed the author of a successful reform at the military newspaper POLSKA ZBROJNA, Jerzy Slaski. He was replaced by a columnist from NOWY SWIAT, a daily close to the government. Some newspapers recalled that the new deputy minister was known in the 1970's and 1980's for censoring publications by his colleagues and participating in martial law purges. Szeremetiew likewise fired General Krzysztof Owczarek, the chief of the Education Department (established in the spring of 1990, following the disbanding of the Main Political Directorate) at the Ministry of National Defense, on the grounds that his background was "throughout that of a political officer" and moreover because he was graduated from the Military Political Academy in Moscow. But the new head of the department also is a graduate of a Soviet military school. Moreover, when asked about Owczarek, former Deputy Minister Komorowski recalled that he was one of the first high-ranking officers to accept changes in the military. "There was not a single instance of disloyalty to his party," he added.

Minister Parys himself recalled the head of the Military Information Service, Rear Admiral Wawrzyniak. It is a public secret that the reason for the recall was Wawrzyniak's good relations with the Belweder. (The recall operation was carried out while the president was visiting Germany.) General Sobolewski, the new director of intelligence and counterintelligence, was previously the head of civil defense, and even earlier, in Jaruzelski's times, the head of the secretariat of the National Defense Committee. Similarly strange was the replacement of the minister's chief of staff: Commodore Toczek, a man linked to the Solidarity of Gdansk-Gdynia-Sopot Tri-City, was let go and replaced with an officer who had taken part in pacifying the strike at the Wujek Mine in 1981.

It is not a complete list anyway. A more detailed dossier on the changes at the Ministry of National Defense was recently published by *ZYCIE WARSZAWY*, and in that connection it is noteworthy that many of the newly appointed defense ministry officials are members of the same political party as that of Deputy Minister Szeremietiew.

Besides, the present leadership of the Ministry of National Defense is in conflict not only with the president. Its relations with the Ministry of Foreign Affairs are also tense. That concerns the clearly anti-Russian language contained in the communique on the meeting between Minister Parys and his Ukrainian counterpart, Minister Morozov. Radek Sikorski even mentioned a Polish-Ukrainian alliance. It is easy to guess against whom such an alliance could be directed and how much that has complicated the cautious policy of the Ministry of Foreign Affairs, which is trying not to add to Poland's enemies.

### Money or Life

But even the best tactical ideas and laws will not help if the military runs short of funds. Yet the budget of the Ministry of National Defense is shrinking with each year. To be sure, the decline has already lasted six years (since 1986, defense spending declined by 55 percent!) but this year the situation may become genuinely tragic.

The draft budget being considered by the Sejm sets aside 24.1 trillion zlotys [Z] for defense. But even if the deputies were to approve that amount, few military believe that the Defense Ministry will actually receive it. They recall last year, when the ministry received only 18 of the promised more than Z23 trillion. Then too there is the inflation.

It is characteristic that public opinion polls show that 59 percent of the public believe that we are spending too little on the military, and only 11 percent believe that we are spending too much. The military like moreover to cite statistics on military spending in other countries. Thus, in Germany per capita spending on the military is \$645, in Czechoslovakia, \$224, and in Poland only \$40.

Worst of all, the lack of funds affects adversely the structure of spending. In 1986 only 36 percent of the military's budget sufficed for spending on personnel (meals, uniforms, barracks, salaries, and pensions) and the remainder could be spent on training, equipment purchases, and investments. Last year, personnel spending accounted for more than 60 percent of the military's budget, and this year things will be even worse—it is estimated that as much as 80 percent of the military's budget will be spent on personnel. That means that spending on other things—on training and equipment purchases—will have to be cut to the bone. As for investments, perish the thought.

### Centralization Proving Harmful to Privatization

92EP0486B Warsaw *RZECZPOSPOLITA* in Polish  
1 Jun 92 p 6

[Article by Lech Mazewski and Longin Mazewski: "Regional Privatization and Reprivatization"]

[Text] The model of privatization being pursued so far in Poland has many defects. In 1991 it not only proved impossible to accelerate the process of creating new nonstate enterprises but also mass privatization per se was not made attractive to the public. To eliminate those shortcomings, President Lech Walesa has been advocating the concept of privatization on credit and the KLD [Liberal-Democratic Congress] has been advocating the conservative-liberal option.

Another shortcoming of Polish privatization is its excessive centralization. Despite the establishment in 1991 of 13 branch offices of the Ministry of Ownership Transformation, all the basic powers have been retained at the central level. For the time being at least it should remain so in the case of privatization-by-capital, but is it also necessary in the case of privatization-by-liquidation?

### Privatization

Privatization-by-liquidation in the case of small and medium enterprises has so far been the most often used approach to privatization. Last year more than 400 state enterprises were transferred in return for reimbursement to enterprise employees or to companies, or sold outright, under the procedure defined in Article 37 of the Privatization Law. In addition, under Article 19 of the Law on State Enterprises, more than 500 enterprises were put in receivership. This year privatization is to be initiated for 400 to 600 enterprises under Article 37 of the Privatization Law, in addition to some 600-800 state farms privatized under the Law on the Management of Treasury Farmland.

As a result, given the present recession, the supply of assets (land, buildings, structures, machinery, equipment) offered for sale by the receivership commissions will markedly exceed the demand. That applies especially to the facilities owned by enterprises for the purpose of providing social services to their employees, and also to means of production. Thus the category of "unwanted property" will arise. This means that unsold assets of the enterprises put in receivership will still have to be administered for a long time.

It is highly doubtful whether at the central level we can cope with the problem of "unwanted" assets. Hence the KLD's proposal to regionalize the entire receivership proceedings.

At the regional level (regions of several cooperating voivodships each) there should be established institutions to which the powers of Article 19 of the Law on State Enterprises and Article 37 of the Privatization Law could be delegated. Such institutions could be of the administrative kind, that is, they would embody a



method for government decentralization that has been tried and tested in France since the 1960's.

A regional administrative institution, being a legal entity under civil law and public law, exercises public duties defined in its statute. Its director should be one of the cooperating voivodes, who would chair a board of governors overseen by a supervising council. Its membership should include representatives of local government and autonomous enterprises. Technical support would be provided by employees of the local branch offices of the Ministry of Ownership Transformation. The establishment of such regional administrative institutions requires amending the Law on Local Offices of the General Government Administration as well as partial revisions of particular other laws.

Some of the income derived from privatization-by-liquidation (e.g., 20 percent) should be allocated for the economic revival of the region. Here the guiding principle should be that all centralized public funds (including foreign aid) earmarked for the restructuring and revival of the regional economy should be placed exclusively at the disposal of the institutions handling privatization-by-liquidation. The role of the central level would then be limited to establishing the right climate for the operation of the regional administrative institutions by issuing suitable regulations, providing some infusion of funds, and monitoring the spending of public funds.

### Reprivatization

Reprivatization has so far been viewed as an annoying and burdensome tribute that has to be paid owing to political and moral considerations, but which essentially complicates privatization. A different point of view is advocated by the new leadership of the Ministry of Ownership Transformation, who want to turn reprivatization into a massed operation serving to reinforce and expand the private property sector within a short period of time.

Here the primary problem is the scope of the claims that should be satisfied. A middle ground should be found between total reprivatization, involving violations of the rights of present owners, and the rejection of all the rights and claims of former owners. That issue should be resolved as soon as possible by the reprivatization law.

When passed, the reprivatization law should provide for a short deadline (e.g., one year) for filing all reprivatization claims. Their value would be calculated in points to be credited, whereupon eligible claimants could use a specific number of points to purchase a property component that has been suitably appraised (in points).

Given the present critical situation of the state budget, it is out of the question to satisfy claims with funds from the budget. Conservative estimates show that the sum total of reprivatization claims exceeds 100 trillion zlotys (as of mid-1991). The sole apparent practical solution is to isolate the mass of (nonfinancial) property assets.

Under the proposal of the Ministry of Ownership Transformation, the National Reprivatization Fund should be established as a legal entity operating for a specified period of time in order to administer these assets.

The fund should administer the bulk of assets of enterprises put into receivership, both under Article 37 of the Privatization Law and Article 19 of the Law on State Enterprises.

In addition a part of the farmland administered in trust by the State Farmland Agency should be set aside to satisfy the reprivatization claims. Furthermore, some of the stock in privatized enterprises should be made available to the original owners.

The administration of property under the fund should be handled by the government plenipotentiary for reprivatization. At the central level, reprivatization claims would be satisfied solely by making available stock in privatized enterprises to their original owners. At the regional level, on the other hand, assets could be purchased by eligible applicants in return for the number of reprivatization points credited to them. In the event of competing bids, auctions would take place.

The above proposal should cause reprivatization to become a relatively inexpensive and productive form of privatization. The resulting ordering of property relations would facilitate subsequent rapid privatization. In addition, reprivatization would augment domestic capital and at least partially expand the group of domestic investors in the private sector.

### Regional Interests

The KLD has repeatedly declared itself in favor of an evolutionary regionalization of Poland, courting social support and the political green light for it. Such logic should be binding all the more nowadays when the Sejm, for political reasons, is highly unfavorable to the idea.

The need of the moment is not to engage in disputes about the ultimate shape of regionalized Poland, but to begin the country's actual regionalization. We shall not accomplish it merely by references to history or cultural premises alone. Instead, we should foster regional interests and, where no such interests exist, stimulate them. That is precisely what the proposed model of privatization and reprivatization is intended to accomplish.

The regional administrative institutions established at the supravoivodship level should subsequently be capable of assuming more powers from the central and national agencies of state administration as well as some of the powers of the present voivodship offices. This may concern powers regarding, e.g., land use management, land management, construction, urban planning, etc.

Intravoivodship cooperation based on regional interests should be promoted by fostering the growth of associations of local governments and intermunicipal accords.



Cooperation among the offices of the general government administration, local governments, and autonomous enterprises, and especially joint financial sponsorship of projects on the supra-voivodship scale, will be a major factor in integrating the future regional community.

### **Business Group Deplores Political Fragmentation**

92EP0492A Warsaw RYNKI ZAGRANICZNE in Polish  
No 64, 28 May 92 p 2

[Article by Anna Rzechowska: "Businessmen Are Fed Up...."]

[Text] In the present situation the prospects for the growth of Polish business are hardly optimistic. All measures dealing with the economy are of a restrictive nature, so that foreign capital is fleeing and watching the Polish market with growing caution.

Polish businessmen constituting an opinionmaking group would like the government to act as a partner in talks on the economy in implementing reforms to promote a market economy. Yet, in the opinion of our businessmen, the government is preoccupied with trifling matters that are hardly related to implementing the reforms. They refuse to sit with their hands folded and await the further unfolding of the situation.

Recently various kinds of lobbies associating indigenous businessmen have been arising in this country to try and counter the indolence and incompetence of government agencies. Below we publish a declaration from the Business Center Club [BCC], which is gravely concerned about the future of not just its members but also the fate and future of domestic companies. The position of the BCC was supported by the Conference of Polish Entrepreneurs.

### **Declaration of the Council of the Business Center Club**

Polish businessmen declare that they are not anxious to air their opinions on political matters.

Yet, the critical happenings observed in the government's domestic policy threaten the further existence of the Polish economy and by the same token they threaten national existence.

Partisan and personal disputes, incomprehensible to a majority of the public, are becoming sharper. The fragmentation of the parliament impedes an efficient conduct of the needed legislative work and the emergence of a government with a sufficiently strong support in both the Sejm and the society.

Politicians are preoccupied with petty problems while at the same time postponing fundamental decisions. Public institutions are being exploited for personal and partisan skirmishes. This further exacerbates the inefficiency rooted in the government.

This has caused Poland to forfeit its credibility and thereby also its welcome among the world financial and opinionmaking circles, and it has led to a freeze of international cooperation and of the influx of new capital and technologies. This also is forcing Polish businessmen to start new initiatives abroad, to transfer their capital abroad, and... to work for foreign prosperity!

Polish businessmen believe that even so, Poland still has a chance to grow properly and benefit from international cooperation.

Nationalisms, chauvinisms, and intolerance still exist solely in residual forms, and hence are not a clear and present danger. Our material and intellectual resources still are imposing, although they require strong foreign support. There can be no further delay. That is why we believe that:

I. The activities of the Polish Parliament should be focused on rapidly drafting and passing:

1. A new constitution and a coherent body of laws which would finally assure the (genuine rather than verbal) existence of parliamentary democracy and market economy in Poland.
2. A new electoral law that would serve to strengthen the social and political will of our nation and thereby also an efficient adoption of decisions at the forum of the parliament.

II. Executive power should be strengthened, also by enlisting the active participation of economic practitioners in the adoption of economic, governmental, ministerial, and parliamentary decisions.

Bearing in mind the economic good, and hence also the national existence, of our entire community of Polish businessmen, we propose:

1. The urgent convening of the Forum of the Movement for Economic Recovery, which associates representatives of the most important organizations of businessmen, managers, and employers.
2. The drafting of the planks of a program for economic action for this country.
3. Direct talks with trade unions and other employee organizations in order to negotiate the New Social Contract.
4. The elaboration of proposals for discussion by the "Economic Roundtable" with the participation of the government.

### **Solidarity Members Seek Unemployment Insurance**

92EP0485A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 5 Jun 92 p 1

[Article by A.H.B.: "What Are the Chances of Losing a Job in Poland?"]

[Text] "In insuring unemployment in Poland, what is most difficult is calculating the chances of losing a job in our country," said Cezary Mizejewski from the Organizational Committee of the "Praca" [Labor] Mutual Insurance Society, at a press conference held on 4 June in the headquarters of the Mazowsze Region NSZZ Solidarity.

The members of the committee want to form an insurance organization that, on a mutual basis, will insure members of NSZZ Solidarity against unemployment. The details of the agreements are not yet known. One of the reasons is the lack of data needed to simulate the risk of unemployment in our country, although, as the committee members say, the problem can be overcome. The next difficulty is that the Ministry of Finance requires a minimum guarantee capital of 3 billion zlotys [Z] before it will issue a permit to conduct insurance activity.

The committee is attempting to get the money from various sources. An application was made to the Labor Fund in the Ministry of Labor and Social Policy for a Z3 billion subsidy. The fund's commission is to investigate the application in the next few days. In addition, in 39 Solidarity regions, sales of 30,000 certificates at Z100,000 each, were begun. Only a member of the union can purchase such a "bond." In exchange, he will be able to:

- Participate in the society's first general meeting;
- Resell the certificate to the society a year after it is registered.

The society will be required to buy back the "bricks" and pay the accumulated interest (deposited on a term account in a bank). The membership period of the owner of the certificate will be counted from the day the society was registered, provided that its owner decides to buy a policy. As the owner of a certificate, he will have the right to obtain benefits after paying dues for a shorter time period.

Cezary Mizejewski estimates that thus far about 12,000 of the "bonds" have been sold.

We do not yet know exactly how the unemployment insurance policy will read. From the information presented at the press conference, it appears that the dues are to be a percentage of wages. Under a pessimistic variant of maximum unemployment, calculated at 4.5 to 5 million people, the dues are to amount to 4 to 5 percent of the average income. In exchange, the insured, if he loses his job, can expect that his unemployment benefits will be supplemented sufficiently and that his total income will be 70 to 100 percent of his last wages. But he must still pay insurance dues for a certain not-yet-specified period of time. Only the first general assembly of the society can fix the exact amounts, and that assembly will not be held until the permission of the Ministry of Finance is received. The organizational committee has hopes that it will receive the document within the next three months.

### Arms Exporter Looking for Eastern Niche

92EP0492B Warsaw RYNKI ZAGRANICZNE in Polish No 64, 28 May 92 p 8

[Article by (baj): "Cenzin Is Exploring New Roads: The East European Cooperation and Trade Association Will Help"]

[Text] The Cenzin Foreign Trade Enterprise used to be part of a budget unit of the Central Board of Engineering in the 1940's and attended to supplying Warsaw Pact armies with all defense industry equipment. Its exports were not confined to the former countries of people's democracies but also reached Asia, Argentina, and Canada. Until the 1960's this firm had a monopoly on its products, but subsequently it began to have competition in specialized fields.

In connection with the changes occurring in the economy, in 1990 the enterprise separated itself from the Central Board of Engineering and, under the name of Cenzin Foreign Trade Enterprise, began to operate on its own. The changes then occurring in our economy and in other countries and above all the attendant loss of markets, necessitated exploring new ways of cooperating. Here the rise of WEST [East European Cooperation and Trade Association] was utilized.

That institution, established last year in Moscow, has already been described to our readers. It is worth noting that its purpose is to revive trade in the Eastern territories through the exchange of goods and services on barter-clearing principles, this being for the present the only sensible way of trading for those who are interested.

WEST at present operates the BIT WEST Stock Market, the WEST International Clearing Bank, and Planeta WEST Department Stores, a joint-stock company. The members of this association are, in addition to Russia, among others, China, Czechoslovakia, Hungary, Bulgaria, Holland, India, Denmark, Italy, Nicaragua, Finland, and Poland. This affords the possibility of returning to former markets.

The stock market and the department stores afforded a chance for active trade. It turned out that military hardware can be readily used for farming purposes—at least certain types of aircraft or tank engines, which moreover fit in excellently with the tractor-tread vehicles used in geological prospecting, etc.

In addition, Cenzin has had access to spare parts for the equipment which it had already earlier exported to the Eastern market. They could and had to be utilized. In this way, Cenzin not only declared its willingness to join WEST but also from the outset took part in organizational and preparatory activities. Nowadays it is a shareholder in WEST.

Less than half a year following the formation of WEST, Cenzin operates its own brokerage office, headed by a broker, Andrzej Cierniak, the director of Cenzin's General Trade Office.

"Our idea is to establish a joint stock company or a joint venture with WEST," Ciernik said. "Such a company would be intended to bring together those interested in cooperating, to provide information, etc. We have already taken certain steps, and talks on the shape of this project, on the division of powers, etc., are in progress. We mediate barter deals from the beginning to the end. In our opinion, this affords a real opportunity for small and medium firms which can hardly negotiate sensible barter deals on their own. We have already closed quite a few barter deals, because interest in them is considerable. Besides, Cenizin continues to provide the cooperating plants with raw materials imported from the East."

As a cofounder of the WEST Association, Cenizin has invested certain funds in it. The first transactions have already been prepared, and the effects should appear shortly.

"For the time being this is a preliminary stage," stated Deputy Director General of Cenizin Kazimierz Golinowski. "The WEST Association, with which we are now cooperating, has actually filled the gap left on the market by the disappearance of CEMA, and it also affords an opportunity for reviving trade. I can perceive no other alternative. This association is a way of adapting to the new conditions. To be sure, we still are in the investing stage, but of a certainty this means we are investing in our future."

Despite the cautious assessment by Cenizin's management, those of its employees who are directly engaged in cooperation with WEST are optimists. They view this as not only a new direction for their company but also as an opportunity for others who have problems on the domestic market.

**POLITYKA Weekly News Roundup: 10-16 May**  
92EP0447A Warsaw POLITYKA in Polish No 20,  
16 May 92 p 2

[Excerpts]

#### National News

[passage omitted] "My absence from the Sejm during the president's speech," declared Jan Olszewski, "was not a political demonstration. I did not know the time earlier. I was doing pressing work. I could not get there on time." At the same press conference, the prime minister was asked whether voices from the parliament that he should resign from his position had reached him: "Just talking is not sufficient; someone in this country must direct, do essential work. We will do it until an alternative with real support in the Sejm develops."

How to save Poland? A survey done by the Public Opinion Research Center for GAZETA WYBORCZA showed the follow attitudes toward the seven proposed remedial steps: "Permit the government to govern using decrees," 45 percent yes and 31 percent no. "Dissolve parliament and call new elections," 41 percent yes and

39 percent no. "Significantly limit the right to strike," 41 percent yes and 39 percent no. "A new government" led by the president, 32 percent yes and 43 percent no. "Permit the present government to govern using decrees," 34 percent yes and 47 percent no. "Govern with a strong hand and resign from democracy," 30 percent yes and 56 percent no. The survey also asked about the attitude toward a general strike: more than 60 percent were against, and a little more than 25 percent for. [passage omitted]

The Sejm has accepted the decision of the Constitutional Tribunal on the valorization of wages in the budget sphere (165 votes for rejection, 216 against rejection, 7 abstentions). Deputies for the acceptance of the decision were from the Alliance of the Democratic Left (SLD), the Confederation for an Independent Poland (KPN), the Union for Real Politics (UPR), the Democratic Union (UD), and the Polish Peasant Party (PSL); those against were from the Liberal-Democratic Congress (KL-D), the Christian National Union (ZChN) and the Labor Party (PL), along with some of the deputies from the UD and the PSL. The results of the vote mean that the workers in the budget sphere are due back revalorization payments for the last six months of 1991. The Sejm also adopted part of the Tribunal's decision concerning the revalorization of retirements and pensions. It is estimated that the total amounts due will reach 28 trillion zlotys [Z], although the government has six months to develop the form of payment. [passage omitted]

The National Commission of Solidarity has decided it is necessary "immediately" to undertake talks on revising the decisions on the turnover tax and recompensation for the increased cost of living associated with the transformation of the economy. The Commission has presented a proposed law on decommunization with additional requirements for individuals holding positions by appointment, nomination, or election in the state. Many positions for a period of at least five years could not be held by former members of the PZPR [Polish United Workers Party], functionaries of the Security Service, members of the official structure, at any level, of the Democratic Party, the United Peasant Party (ZSL), and the Union of Socialist Polish Youth (ZSMP). "This is not a search for revenge," Tomasz Wojcik, head of the Lower Silesian region and the proposals creator, told a journalist for ZYCIE WARSZAWY, "because the proposal does not call for bringing anyone to criminal justice for membership." The National Commission has moved the date for Solidarity's congress to 11-13 June 1992. The following intend to be candidates for the chairmanship: Marian Krzaklewski, the current chairman; Maciej Jankowski, head of the Mazowsze region; and Andrzej Steczynski from Elblag.

A lengthy discussion of a survey done by the Center For Research on Public Opinion in RZECZPOSPOLITA (7 May 1992) on the subject of patriotism and a sense of national identity. Can one be a Polish patriot, if one is not a Catholic? yes 86 percent, no 10 percent; if one

holds the view that all borders in Europe should be eliminated? yes 49 percent, no 32 percent; avoids paying taxes to the state? yes 27 percent, no 62 percent; avoids military service? yes 23 percent, no 68 percent; if one does not respect the anthem and symbol of Poland? yes 3 percent, no 94 percent. More than half of the respondents thinks that it is also possible to be a Polish patriot when one is critical of Solidarity or the Catholic Church, has done no service for the fatherland, and has a positive attitude to the former PZPR. [passage omitted]

Every fifth family receives welfare benefits. Maria Lubera, deputy minister of labor, reports that 2.4 million families used welfare benefits in 1991. In January and February 1992, the social minimum was Z940,000 per capita for a working family of four and Z1.09 million for a retiree. The average family earmarks about 50 percent of its income for food and 20 to 25 percent for housing.

The Gdansk Patriotic Club has sent the deputies of Gdansk voivodship a proposed law on decommunization. NOWY SWIAT has published a summary of the document. "The PZPR and until 1948 the PPR [Polish Workers Party] are recognized as organizations operating under the control of, and in the interest of, a foreign power. Considering the uneven distribution of the harm, its activity in 1944-56 is judged a high crime and in 1956-70 a misdemeanor, and in 1971-90 terrorism." The proposed law assumes that by the end of 1992 all the members of the former PZPR must sign a declaration of loyalty to the III Republic if they are still employed in state offices and institutions or local governments. They would also have to submit a promissory note of Z20 million payable in two years, "as a bond for debts taken by the communist party." Further, individuals who through their parents' membership in the PZPR "participated in the party pool of goods which provided the children with obvious benefits" shall pay a fee 60 percent higher. The president "by pardon" could relieve the former members of the PZPR who contributed to the creation of the III Republic of the duty of signing the pledge-declaration of loyalty. [passage omitted]

The majority (58 percent) of the respondents in a survey done by the Center for Research on Public Opinion knew the speech delivered by the president on Friday in the Sejm; 29 percent of the respondents did not know its contents but has heard about it. To the question "Who in your opinion has shown the greatest concern for the condition of the state?," 44 percent pointed to L. Walesa. Behind the president was the government (15 percent) and the Sejm (13 percent).

The prices for cars from the Bielska compact car factory have increased by 8 percent (Fiat 126p and the Cinquecento). The Fiat 126p in the basic version now costs Z41 million (previously Z37.9 million); the Cinquecento with a 704-cc engine Z68 million (previously Z62.9 million) and with a 903-cc engine Z83 million. [passage omitted]

## Opinions

**Prof. Jan Widacki, deputy minister of internal affairs in Mazowiecki and Bielecki governments:**

*(From comments for GAZETA KRAKOWSKA 7 May 1992)*

"In Macierewicz's opinion, verification of the members of the legislative, executive, and judicial authorities regarding their possible cooperation with the Security Service is to remove from important state positions individuals who because of their past could be blackmailed.... I do not think that the greatest danger for the state is the possibility of finding former secret collaborators of the Security Service among its officials. It is much more dangerous for an individual with psychiatric problems or a deviant personality to reach a high government position. Thus, I would also propose expanding the possible verification to include psychological and psychiatric examinations!"

**Father Gen. Bde. Leszek Slawoj Glodz, field bishop of the Polish Army:**

*(Interviewed by Maria Tocka, KONTAKTY 3 May 1992)*

[Tocka] What, in the bishop's opinion, is the point of the conflict between the minister of national defense and the president. Reports are contradictory and varied.

[Glodz] One should ask the president and the minister about that.... As regards my position; I have included it in the Easter homily of the field bishop for the military.... The commander of the military forces is the president. The moment of ceremonial acceptance of command, 23 December 1990, at Plac Zamkowy in Warsaw, was not only an external ceremonial gesture. It has its weight in 1992, too. [passage omitted]

## POLITYKA Weekly News Roundup: 17-23 May

92EP0459A Warsaw POLITYKA in Polish No 21, 23 May 92 p 2

[Excerpts]

## National News

[passage omitted] A new party has been formed. At its congress on 16-17 May 1992, it adopted the name Christian Peasant Party (SL Ch). Jozef Slisz, previously the leader of the Polish Peasant Party "Solidarity" (PSL "S"), was chosen as the president. In one of the resolutions, the party asked the president and parliament to accelerate the process of decommunization. Together with J. Kaczynski's Center Accord (PC), the Christian Peasant Party (SL Ch) will ask to form a new coalition; however, J. Olszewski should not lead talks on this subject.

The prices of domestically produced drugs with official prices have increased by an average of 35 percent. The

flat fee for basic drugs remains 3,200 zlotys [Z]. The price of gasoline has increased by Z100 per liter. [passage omitted]

Prof. Tadeusz Zielinski, the ombudsman for citizens' rights, has asked the prosecutor to initiate proceedings against the director of a hospital who has refused to accept women who had valid medical orders for an abortion. The ombudsman has accused them of violating Article 247 of the criminal code which says that a public functionary who exceeds his authority or does not perform his duties harms an individual or society.

Senator Eugeniusz Dziekan of the Christian National Union (ZChN) protested the ombudsman's action regarding the Codex of Medical Ethics in the name of four senators who are medical doctors. Senator Jan Jesionek of the Labor Party (PL) demanded the recall of T. Zielinski from the position of ombudsman. [passage omitted]

The Ministry of Finance has proposed bonds of the state treasury—one- and three-year—which will bear an interest rate higher than long-term bank deposits. [passage omitted]

Counterintelligence functionaries have arrested an agent of German intelligence who for several years has given important information about the defense of Poland to the intelligence agency of the FRG. The person arrested is a colonel at the Higher Officers' School in Koszalin.

GLOB 24 has reported that for three weeks flyers signed by an otherwise unknown Association of Junior Officers for Change in the Military have been appearing. The anonymous authors demand "the removal from the army of all those compromised by service to communism and to the USSR and by harming the officers with patriotic views." "It is not an exaggeration to say that this is a call for vigilante courts and a revolution in the army," says GLOB 24. Wojciech Krawczyk, the author of the lengthy article, concludes: "Reports about what is happening in the ministry have the taste of a political scandal. It turns out that one of the places in which the flyers were distributed was in the secretariat of Deputy Minister Radoslaw Sikorski, where the flyers—to the consternation of ministry employees—are being handled by several unknown civilians."

The paper NOWY SWIAT writes: "On Tuesday, one of the Warsaw dailies accused the leadership of the Ministry of National Defense of organizing a 'rebellion' in the military. Flyers are to be distributed in the units calling for a purge among the officer corps." The editors in conjunction with this event posed several question to Deputy Minister R. Sikorski. "I can confirm that I received a denunciation, an unsigned flyer, an anonymous report. What does one do with such anonymous reports? One ignores anonymous reports. The ministry has nothing to do with this type of denunciation. The changes—where they are essential—have already begun to happen. On the other hand, there is no question

regarding what the authors of the flyer are calling for—a purge, or even a broad verification," assured R. Sikorski.

Society's mood is getting worse. According to a survey done by the Center for Research on Public Opinion, 79 percent of the respondents think that "in general the situation in Poland is going in the wrong direction." In February, 68 percent expressed such an opinion, and in March 67 percent. The ratings of the prime minister are falling: 45 percent of the respondents think that J. Olszewski is not a good prime minister (in February 22 percent, in March 34 percent). "Who should be the new prime minister after the dismissal of the government?," asked NOWA EUROPA (Promedia): Olechowski (11 percent), Mazowiecki (10.7 percent), Moczulski (8.8 percent).

According to a survey done by the Public Opinion Research Center in May, the most popular politicians were J. Kuron, K. Skubiszewski, T. Mazowiecki, J. Olszewski, L. Walesa. The list concluded with Z. Najder, A. Macierewicz, and M. Wachowski. The greatest increases in trust were noted for A. Olechowski (16 percent) and for T. Mazowiecki and E. Spychalska (head of the OPZZ [All-Polish Trade Unions Agreement]); ratings for both increased by 5 percent. The greatest declines in trust were for G. Janowski (minister of agriculture, 10 percent) and for Minister Jan Olszewski, B. Geremek, and W. Cimoszewicz (all by 8 percent). (The survey was done for ZYCIE WARSZAWY.) [passage omitted]

On 10 May 1992, there were 136 political parties registered with the voivodship court in Warsaw. The following are waiting for registration: Confederation for the Rebirth of Society (KOS) and the Party of the Opponents of the Destruction of the Fatherland (PPNO).

On the press market. Publication of the daily OBSERWATOR CODZIENNY has been suspended; financial problems were decisive. (The publisher was W. Kubiak, the same person who financed the trip by the theatrical production "Metro" to the United States. The daily NOWY SWIAT has appealed to its readers for financial support since "the first national Polish paper of the right is in danger," commentary on page five. The Lodz daily GLOS PORANNY has been sold by the Liquidation Commission for the Workers' Publishing Cooperative to the Peasant Economic Society headed by the Polish Peasant Party (PSL).

Who's News. Prof. Roman Hauser has been elected the new president of the Supreme Administrative Court. (There were 54 judges for, 22 against, and 19 abstained.) Robert Terentiew has been removed from the position of head of the Television Information Agency which he had held since 1 April 1992. Jaroslaw Gugala, previously director of First Polish Television, has taken over his duties. A. Glapinski, minister of foreign economic cooperation, who has gone to the United States, Hong Kong, Singapore, and Malaysia, chiefly intends to improve opinion about Poland there. [passage omitted]

**Opinions**

**Prof. Wieslaw Chrzanowski, Sejm marshal, president of the ZChN:**

*(Interviewed by Anna Raczyńska and Marek Koczwara, GAZETA POMORSKA 24 April 1992)*

[GAZETA POMORSKA] The Christian National Union to the surprise of all gained significant support in the elections and then filled a number of positions in the government and parliament. Even the head of the Office of State Protection and the government spokesman are from your party. When will the offensive below begin?

[Chrzanowski] It will surely be associated with the next elections to the self-governments. They should by nature have been earlier. For example, last year. And it will be a kind of test for it will be possible to introduce our activists from the gminas into the state bodies. In this way, one can organize roots. It is necessary, however, to know the local problems and the problems of the apparatus in the gminas.

**Maciej Srebro, deputy of the ZChN:**

*(From comments during a meeting with secondary school graduates in Kalisz, ZIEMIA KALISKA 1 May 1992)*

[Question] Bender, one of the leading activists of the ZChN, was once a Pax activist and a deputy to the seventh and ninth Sejms.

[Srebro] I think promotion of this individual for the parliament is regrettable. I regard the stained biography of Mr. Bender negatively, and I am of the opinion that he should not hold any public positions.

**Jan Maria Rokita, deputy member of the Presidium of the Democratic Union (UD):**

*(From comments for NOWA EUROPA 5 May 1992)*

"New elections are the final option. For various reasons, it is the worst. It would undoubtedly be taken in the wrong way by a significant part of society. If, however, there are new elections, then the reform camp built around the UD, the Liberal-Democratic Congress (KLD), and the Polish Economic Party (PPG) does not have to lose them. The hysterical opinions concerning new elections are at present being spread chiefly by the activists of the ZChN who fear that this time they will not gain such strong support from the church and as a result their election results will be weaker."

**Declaration of the staff of the private radio station RMF in Krakow:**

"In the face of growing waves of political pressure on all sides aiming to limit the freedom of expression, in the face of tendencies to promote 'the only correct' opinions, we declare that we have been and remain faithful to the principle of freedom of expression and to reliable and objective information.

"For many of the representatives of the authorities and of the political forces, our activity is a pain—because it is honest, reliable, open, and objective.

"Our free antenna does not please many individuals. Today, those whose mouths, three or four years ago, were full of freedom of expression are thinking of new forms of censorship.

"We declare that we will continue to be a pain, a pain for those who want to hide the truth. Whether that pleases anyone or not."

**Summary of PDAR Platform, Governing Blueprint**  
*92BA0923A Bucharest ADEVARUL in Romanian*  
 8 May 92 p 2

[Unattributed article: "The Third Consolidated Party in the Country Presents Its Doctrine"]

[Text]

**Summary of Draft Democratic Agrarian Party of Romania [PDAR] Platform**

The PDAR is identifying itself in the political arena of Romanian society primarily with the clear picture it is presenting of what we should do at the end of the transitional process. Even today, more than two years after the revolution of December 1989, we find abstract terms and slogans still in frequent use that are very unclear and cause serious confusion as to what the transitional process does or should represent.

Much is said and the facts are distorted, especially concerning the deplorable state we are in, and there is not any clear option as to what we intend to accomplish and to what end we are calling upon people to make efforts and accept sacrifices.

The transition cannot be accomplished by "improving" what we have inherited and exists. It requires a radical, in-depth transformation of our economy and society. By virtue of that basic credo, the PDAR is on the side of the democratic anticommunist forces and has no connection whatsoever with the political groups and factions that are trying, openly or hypocritically, to block the transition and to maintain the old socialist structures.

In accordance with this distinction within the forces promoting a real transition, the PDAR believes the operational strategies should aim at least at the following features characteristic of the course we intend to pursue:

- a) Reform and consolidation of civil society on the general basis of a really and completely democratic regime.
- b) Transition in our time to a market economy of the democratic and modern kind, with a high economic and social effectiveness.
- c) Formation of a social security system conforming to the basic principles of human rights.
- d) Technical-economic modernization and provision for competitiveness on the world level.
- e) Integration in international affairs and participation in the world exchange of values.

The PDAR is a party with a national inclination emanating from the revolution in 1989. It arose for a cause born of Romania's profound necessities and realities. It reflects the aspirations of the peasants and of those who depend on them, those aspirations that were inspired by that revolution. That view is not peculiar to us. As we

have also pointed out, it represents the will of the electorate expressed in the democratic elections of 9 February, the electorate that made us the second or third party on the national political chessboard.

As the agrarians' party, the PDAR considers itself the successor to the great ideals of some distinguished agrarian pioneers, as the renowned scientist Gheorghe Ionescu-Sisesti in his turn also wanted such a party to be.

While taking up and carrying on those ideals, the PDAR does not remain stalled in the past. In reflecting the brisk vitality of the socioeconomic and political processes in Romania as well as those in the world economy, the PDAR wants to be a party looking toward the future, a future beginning today that must be integrated in the structure of the present, or, in other words, the PDAR intends to build the present as part of the future. The PDAR has its own doctrine of neoliberal inspiration, and it is based upon the forces of a market economy.

The PDAR attaches due importance to the Romanian trade-union and employers' movements as representatives of the interests of those who, in working for them, also work for Romania. Meanwhile the PDAR will also militate in support of the various organizational forms of professional representation of the individual and associated agricultural producers before the public authority and other economic organs in which their interests are involved.

The new economic system based upon market principles is not being created upon bare, abstract ground but under circumstances in which we have inherited an economy that has a certain productive potential but is afflicted by a serious economic, social and political crisis.

Privatizing is inconceivable without a correct evaluation of the productive potential of each individual economic unit. That potential concentrates within it the laborious efforts of our entire people over four decades, and privatizing it must not lead to impairment of the interests, individual and general, that are involved in that process. Unfortunately, past experience tells us that there is a tendency to underrate assets, which has led to an economic drain on public property, with no compensation, into the hands of new owners. That is not only illegal but is called stealing in the real Romanian language.

Besides those points closely connected with the privatizing action, the PDAR categorically rejects all those nihilist views, some of which are even the subjects of public declarations, to the effect that Romania's productive potential is worthless and that it is all an accumulation of old fetters. The PDAR is not afraid of imports. The problem is to use imported resources as well as our own ones with maximum efficiency in order to enable Romania not only to pay for imports with exports but also to participate more favorably in the international

division of exchanges of values and especially in the future processes of interconnection on the European and world levels.

We are living in a world where two main trends are contrasted. On the one hand there is the tendency for more and more peoples to assert their national entities by becoming new sovereign and independent states, a phenomenon made notable in our newspapers through the dissolution of the Soviet empire. On the other hand, the tendency to intensify economic, scientific, cultural and political interdependence among states is becoming increasingly strong.

While militating consistently for the principle of observance of national sovereignty, the PDAR believes that the new force that is generating sovereignty must be used not in isolation from the international environment but in integration in that environment.

In connection with the necessity of turning the national economy toward agriculture, the PDAR is devising that useful strategy in order to invigorate activity not only in agricultural production but also in the whole rural system, including measures of economic policy to improve and develop services in connection with energy, water, telephones, roads, health care, social aid and education as well as productive activity in processing some raw materials necessary both on the local level and for marketing abroad.

A major problem arising in agriculture today is formation and consolidation of farms of the family type, which are expected to form, in a first stage, the basis of agricultural production. This primarily requires total application of the provisions of the Law on the Land Reserve so that all authorized persons will receive land and titles of ownership as soon as possible.

In order to be viable, a family farm needs, in addition to land, important production means that require a certain amount of capital. The PDAR intends to support restoration of the former rural savings and loan banks in every locality and also to encourage the various forms of association in both the supply field and in that of production and sales.

Agrarians think the market economic mechanism must include state intervention in its structures, in addition to economic liberalism. This intervention is designed within certain limits and implemented through the levers of the market economy.

One of the much discussed and disputed questions is that of agricultural subsidies. The PDAR is clearly in favor of using those subsidies as levers to stimulate agriculture and to support the agricultural producers' incomes. Moreover the whole developed capitalist world is using the subsidies system, and still on a very large scale, and those subsidies are especially necessary in our agriculture.

In its activity, in addition to the objectives of securing individual rights and freedoms, the PDAR will also try to create an environment in which social justice and human solidarity will be systemic, by:

- a) Fighting resolutely against poverty and want, eliminating discrimination of all kinds, and encouraging exceptional achievements and successes;
- b) Opposing any kinds of abuses, corruption, red tape, evasion and attempts at illegal competition and monopoly;
- c) Reviewing the social and moral status of women;
- d) Ensuring all the social freedoms, rights and guarantees of the elderly population, along with some particular facilities for using their professional and life experience.

The PDAR will militate for solution of all the national minorities' problems in strict conformity with the national norms and standards and with the distinctive historical, national, economic and social-cultural features characteristic of Romania. As a profoundly democratic party with a national inclination, the PDAR is open to all Romanian citizens regardless of nationality, sex, or religious belief with no discrimination of any kind.

Our party feels that Romania must implement a more active foreign policy in general and make a greater contribution to the evolution of international affairs in the direction of detente, stability, peace and cooperation.

The PDAR also feels that the most certain and correct way to consolidate our international presence is mainly to establish internal democracy and to win confidence and prestige through the progress it will make on the path of transition.

Romania's relations with other countries must acquire the nature of partnerships in collaboration, in the international division of labor and trade, and in the exchange of material and intellectual values.

The PDAR favors and consistently militates for close, friendly, and cooperative relations with all neighboring countries, with the other European states, with the United States, and with all states of the world. Together with the other democratic forces in Romania, we will further increase Romania's contribution to international activities so that Romania will take its fully merited place in the great family of peoples of the world, to the honor of our people and for the benefit of all mankind.

#### Summary of PDAR's Draft Governing Program

In the agrarians' opinion Romania's economic development must begin with agriculture and the food industry, which must be provided with a material base like those of the countries with which we want to be compared, and it is estimated in our program that at their levels we can catch up with them in a period of four to five years.



Returning land, on the basis of the provisions of the Law on the Land Reserve, to those who were arbitrarily dispossessed or to their legal heirs, in fact the agricultural decollectivization esteemed by our people, has consequences just as difficult to estimate as collectivizing had. They are due not so much to the legal provisions as to the latter's faulty application, to delays in transferring land, and to the errors and abuses of many communal committees in liquidating the former cooperatives' property. The phenomena following the Revolution in December 1989 concerning the ownership structure were unfortunately accompanied by a rapid and acute deterioration of the technical-material base of agriculture. The PDAR believes that the situation in Romania's agriculture must be radically changed. In a period of four to five years this vital sector of the national economy must achieve efficient production that will fully meet the domestic requirements for agricultural food products and contribute at the end of that stage to exports of agricultural food products amounting to about \$2-3 million a year.

The program stipulates:

- Development of the ownership structure and the farms so as to permit application of modern technologies;
- Organization and management of the farms on a scientific basis, with agricultural specialists and research and education in general playing a decisive part, as well as provision for the technical-material base that agriculture needs in the proportions and structure required for organizing new farms;
- A system for exploiting production and supplying agriculture that will be suited to the mechanism of the market economy;
- A financial policy of supporting agricultural production and protecting it by exempting peasant farms from taxes until they are consolidated, granting credits at low interest for production and investments, setting prices in freedom on the market on the basis of supply and demand, and granting subsidies.

From the very first version of its platform the PDAR has maintained that the land, the main production means, must have its owner and that owner has to be the one who was dispossessed by collectivizing, namely the peasant and, of course, his legal heirs.

Agriculture can be restored and rehabilitated, and the Romanian state can be renovated. We have constantly asserted that since the time of the Revolution. The collective-farmer system, whereby "the land belongs to everyone and no one," has caused the peasants great suffering and has led to the lag of Romania's agriculture behind that of the developed capitalist countries in Western Europe and to the poverty from which, unfortunately, this country blessed by God is suffering.

Larger farms permitting application of up-to-date technologies can also be formed gradually through associations of owners, purchase and leasing. Application of the Law on Leasing, drafted on the PDAR's initiative and with the participation of its specialists, will make it possible in the first place to apply the competitive system characteristic of a market economy because the shareholders will accept the lessees offering the most advantageous terms. Since the Romanian tractor industry has a great productive potential, producing about 70,000 tractors in some years of the respective periods, the program expects the tractor industry to reach an annual output of about 60,000 tractors in a period of two to three years, through modernizing, retooling and especially cooperation with foreign partners. Since it is a fundamental principle of their economic views that Romania is and will continue to be an industrial-agrarian country, the agrarians consider the theories profoundly wrong that are advanced by certain circles or by certain political groups about the so-called bankruptcy of Romanian industry.

The principle substantiated in the PDAR platform is basic in this field, to the effect that most of Romanian industry is on a solid basis created by the entire people's superhuman efforts and limitless hardships. Nearly all of Romanian industry is amenable to rehabilitation and rationalizing and can become competitive, especially in some fields, on both the domestic and foreign markets.

The governing and reform program proceeds from the consideration that the textiles, clothing and footwear industries will be the most dynamic ones in Romania in the next few years, and they are expected to meet the requirements of the domestic market and to lead in contributions to the balance of foreign payments through their own exports.

This sector is expected to make better use of the raw materials produced in agriculture and in the food industry and the chemical industries, such as flax, hemp, wool, hides, chemical threads and fibers, dyes, and some imports of cotton and other raw materials. Light industry is to become one of the most important sectors contributing foreign exchange. The wool obtained by our peasants' labor and sweat is to reappear in fabrics, clothes, knitwear and rugs in all quarters of the world, there also to make known the Romanians' tradition, experience, creativeness, and inventiveness.

In the 1970-75 period Romania was among the first 10-12 countries that were great exporters of articles on clothing, ahead of some countries that attained exports of 1-2 billion dollars' worth of such products. On the basis of the existing productive capacities and modernizing and retooling them, the program makes a major objective of regaining the position we held in the hierarchy of great exporters of footwear and articles of clothing.

While supporting the wood-processing industry for a better use of timber, agrarians are still staunch defenders

of the forests, the exploitation of which is to be below the limit of normal growth in order to gradually compensate for the irrational cuttings in the last decade.

While the PDAR advocates transition to a market economy, in view of the present state of the economy, and supports private ownership and private initiative in all fields, it also believes that the state has an important part to play in this comprehensive process. Through its policy and resources the state must provide for national defense and development of education, science, culture, and health care and also favorably affect national socio-economic development throughout its financial and fiscal policy and provide adequate social security.

Implementation of a market economy requires a strong and efficient private sector, with a great many economic agents in all sectors of national economic activity, namely industry, agriculture, transportation, construction, trade, and tourism.

The Law on Privatizing, due to its complicated system of funds that are actually in the nature of bureaucratic institutions, and its very many exceptions, leading to retention of whole sectors in state ownership and allotment to the public of a very small quota of the value of the assets subject to privatizing, have resulted in practically no appreciable progress in almost a year since the respective law was ratified.

In the agrarians' view, privatizing must be implemented in a first stage of two to three years, by allocating a quota of 30 percent of the value of the assets of the unit that is privatized, free of charge, mainly to the employees in the respective unit so that they will accordingly benefit by the advantages of efficient work but will bear the consequences of any harmful activity.

The remainder of about 70 percent of the value of the assets subject to privatizing are to be sold by issuing shares to the Romanian and foreign citizens, and the sums collected are to be allocated to modernizing and retooling the respective enterprises, developing them, and forming resources and circulating capital that will reduce the bank loans at exorbitant interest rates. The foreign citizens are to contribute foreign exchange for the shares they buy, with which we can import the equipment and devices needed for retooling and, as the case may be, raw materials within the limits of the resources.

In order to accomplish the foreign exchange balance, the convertibility of the leu is to be applied on the basis of the fluctuating exchange determined by the market. For agriculture, the current rate of 15 percent is to be applied.

On the basis of the principles established by the international agreements, the governing program is intended to develop a foreign policy that will help Romanians in other countries so that they will enjoy the same rights as the national minorities do in Romania. In relations with the Republic of Moldova, the program is intended to establish a well-considered integration structure that will

treat legislation, culture, education, art and of course economic relations, including the financial and monetary system.

Circulation of goods between Romania and Basarabia is to be handled in the same way as in the case of the alternative whereby Basarabia would be united with Romania. Customs between the two countries are to disappear or become formal in nature. In fact, a single market is to be arranged from which both Moldova and Romania and of course all Romanians will benefit whether they live on the left or right side of the Prut.

### First Foreign-Built Clothing Factory

92BA1027B Bucharest *TINERETUL LIBER*  
in Romanian 21 May 92 pp 1-2

[Report by Rodica Dirzu: "First Garment Factory Built by a Foreign Partner"]

[Text] Bacau has traditionally been the city of ready-made clothing, so it is no coincidence that the first major garment factory built by a foreign firm will open there next year. In order to better grasp the stages that preceded this important achievement we will go back in time to the year 1988, when Romania began cooperating with the foreign partner in question. At that time the cooperation was an Ion-type cooperation between the Bacau Clothing Factory and Napa Holding S.A., a financial company with interests in various countries. Jack Better is an Italian company in which Napa Holding holds stock and is a customer of the Italian firm Sonoma Trading of Bucharest. The latter is a commercial company, the first opened in Romania by Mr. J.A. Zaninoni. It is a mixed company in which the majority is held by Napa Holding and a small share by a Romanian partner. Later, Sonoma Sportswear of Bacau branched out from it. Immediately after the revolution the company owner Mr. Zaninoni attempted a cooperation venture with the Bacau Clothing Enterprise, but the absence of legislation and other obstacles existing at the time made it impossible to finalize that project. That period was very difficult; the losses were many, the production fell, and the situation was confuse, although there was always hope and faith in the future. As Mr. Zaninoni told us, that stage was overcome and on 13 May 1991 Sonoma Sportswear of Bacau was born: A small plant installed at great effort in a 4,200 square meter prefabricated bay was leased and provided with equipment, lighting installations, heating, compressed air, etc., in the record time of one month. The present company started with a capital of \$200,000, 97.5 percent of which belongs to the foreign company and 2.5 percent to the Romanian partner, represented by the plant manager, Engineer Cornelia Popovici. Before the revolution Mrs. Popovici was head of the department that cooperated with the foreign firm. It was not by chance that she was chosen as business partner; as Mr. Zaninoni told us: "Mrs. Cornelia Popovici had the training, she showed that she understood our plans, she had already interned in Italy,

and at that time her skills were underutilized in the plant." The reality shows that the choice had been good: In one year the plant made 39 million lei in profits; the number of jobs increased from 500 to 1,130, productivity rose almost 100 percent, and the workers' wages tripled within one year. People are very content and they work very seriously and enthusiastically. The quality of the products is very high and they are sought after both by foreign customers on four continents and in the domestic market. This prompted the foreign partners to make a new investment, namely to build a much larger plant. The project was finalized by a group of young architects from Bacau led by Constantin Amaei within one and a half months. This will be one of the largest

garment factories equipped with state-of-the-art installations and machinery. The plant will be built in the city on an area of 14,000 square meters (three hectares). The investment involves several millions dollars and will be a great economic and social achievement for us. Some 1,500 jobs will be created and a nursery, a kindergarten, and a vocational school will also be built.

Of course, difficulties existed, exist, and will continue to exist. Some of them were created and are being perpetuated by the legislation, which still is not what it should be for foreign investors. But as the foreign partner Mr. Zaninoni said, when difficulties and obstacles appear, "we close our eyes and carry on."

**Mesic Calls for Foreign Military Intervention**

AU2506183892 Zagreb NOVJ VJESNIK  
in Serbo-Croatian 10 Jun 92 p 5

[Statement by Stipe Mesic, chief of the Executive Committee of the Croatian Diplomatic Community: "Sarajevo—Crime Against Humanity"]

[Text] After the horrific destruction of Sarajevo, the capital of sovereign Bosnia-Herzegovina, a recently recognized member of the UN, everything has become crystal clear. Even the most hardened supporters of the Belgrade regime have become speechless with horror at the greater Serbian savagery, as the things that are happening there freeze the blood in one's veins and fully reveal the character of the policies that have inspired them.

It is a sad fact that the events in Croatia have not been enough for the world to come to that realization—the enormous human sacrifices, and the material damage inflicted on the Republic of Croatia: the destruction of priceless architecture, libraries, churches, monasteries, towns, and villages. Vukovar and Dubrovnik have not proved to be enough, nor have many other places, and countless innocent victims been enough for the world to do the one thing that could prevent the rabid spirit of Gavrilo Princip in his crusade against Western civilization, and the mythical insanity of the Kosovo defeat, which solves its historical frustration through a ghastly form of naked Nazism.

Serbia is at the moment behaving like a lunatic on a bad day—destroying, killing, threatening the whole world. However, the illness could have been detected much earlier, and the dangerous Balkan lunatic could have been tied down and prevented from committing all these crimes. Be that as it may, now it is perfectly clear that only military intervention—and military defeat of this monster, which has set upon all non-Serbian nations—can guarantee an end to this war, and peace in Europe.

In connection with that, it is interesting to turn to one of the most frequent criticisms by the Croatian opposition, to the noisy complaints that Croatian authorities should have struck the so-called Yugoslav People's Army while the so-called Yugoslav People's Army was engaged in the

attack on Slovenia, that Croatia's defense had been too cautious, that there should not have been negotiations on one or another occasion, and so on.

Now as we watch the Sarajevo catastrophe with horror, we can say without a trace of doubt that such or a similar fate had been planned as one of the options for Zagreb itself. Let us remember the barracks "Marsalka" ["Marshall Tito" barracks in Zagreb] and "Borongaj"; let us remember the barracks in Dugo Selo, Jastrebarski, Karlovac, Kerestinac, Samobor...; let us remember the destructive military ring around the capital of all Croats. One incautious step could have released that power and turned Zagreb into what we now watch as the tragic fate of Sarajevo. Only now does it become clear what wisdom, patience, thoughtfulness, and responsibility was needed to make the right political and practical decisions, which have resulted in the understanding in the world of the Croatian problem, and the international recognition of Croatia's statehood.

The greater Serbian lie has now been revealed. Now it is clear that those who have been accusing others of genocide and fascism are, in fact, the protagonists of a genocidal and fascistic ideology and practice. The Chetnik knife in the hands of retarded executors of the "Kosovo revenge," and the bloody "Nacertanija" is no longer concealing its true character and purpose: to grab other countries' territories, and cleanse them of non-Serbs.

But these criminal policies which, in their sick megalomania, imagine that they can fool the whole world with their Byzantine trickery and shams, will soon, let us hope, receive a convincing response from the international community in the only language they understand. The burning stakes of Sarajevo skyscrapers have definitely cast a revealing light on the agony of Belgrade policies, and it is high time this crime against humanity was stopped, the innocent protected by the world, and the criminals and their masters put on trial.

The world is now obliged to react promptly and effectively, because of the slowness it has shown in Croatia, which has had to defend its freedom, sovereignty, and democracy with its own forces, and the heroism of its defenders, at a very high cost. Let us hope we will not have to wait for long.

**Karadzic's Son Allegedly Bosnian Defense Member**

92P20318A Ljubljana DNEVNIK in Slovene 9 Jun 92  
p 20

[Unattributed article: "Radovan Karadzic's Son in Bosnia-Herzegovina Territorial Defense Units?"]

[Text] Sarajevo, 9 June—"My love for Sarajevo is much greater than my father's hatred," Sasa Karadzic, son of

Serbian Democratic Party President Radovan Karadzic, allegedly stated yesterday after reporting to the Bosnia-Herzegovina [B-H] Territorial Defense units, according to the report by the Sarajevo Studio of Bosnia-Herzegovina Television. The B-H press agency commentator added that by shelling and destroying the city that has offered him hospitality and the opportunity to succeed, Radovan Karadzic has ruined his own family ties; his son is trying to redress his father's wrongs with this step.

**Krajina Threatens War for Corridor to Belgrade**  
*AU2506154392 Belgrade BORBA in Serbo-Croatian*  
16 Jun 92 p 26

[Report by M. Maric: "Hints at 'War for Roads'"]

[Text] Banja Luka—Together with a total railroad and air blockade, the Autonomous Region of Krajina is having added problems. It is the reduction in electricity supplies, which has brought the economy in this region to near collapse. But despite all these problems, life in this part of the Serbian Republic of Bosnia-Herzegovina is bearable at present, which is not a long-term comfort. Households have electricity for a couple of hours every day, bread arrives in shops in the afternoon instead of the morning, and if the local tobacco factory, owing to a lack of raw materials, manages to produce 100 or 200 kilograms of cigarettes, then lines are formed in front of the kiosks, with people fighting to get their share—two packs per person.

Another thing: The citizens of Banja Luka can venture without fear and provocation within a radius of 40 kilometers around the city. Radoslav Brdjanin, president of the crisis headquarters of the Autonomous Region of Krajina, believes it is vital to secure passage through northern Bosnia-Herzegovina to Serbia, which would be as important to the Muslims as to the Serbs—a link between the Cazina and Bihac Krajinas with the world.

"If we cannot settle the question of uniting Krajina with Serbia by a large corridor, we will have to rekindle the war," Brdjanin says. "If that happens, the Muslims and Croats will suffer the most, because they are in the way of this intended corridor."

Brdjanin believes that the best solution would be an agreement between the warring parties on the deblocking of the road through Tuzla and Bijeljina, because, according to him, wars have been fought before for communications corridors, and if there is no agreement, then the corridor will be fought through to Belgrade. If the blockade continues, says Brdjanin, the Muslims in western Bosnia will suffer, as they are surrounded by Serbs and have always needed good relations with their neighbors. In that respect, Brdjanin thinks that Fikret Abdic would be very useful in these negotiations, because he could influence the extremists from the Cazin Krajina and also negotiate with the central authorities in Sarajevo.

**Dialogue Seen as Only Way Out of Crisis**  
*AU2506192692 Belgrade POLITIKA in Serbo-Croatian*  
10 Jun 92 p 7

[Commentary by Verica Rutar: "Time for Dialogue"]

[Text] If there is a word to describe the political anxiety and fear of what might happen to us—combined with the international isolation brought about by the economic sanctions—then it is a plea that everything should be done immediately to prevent the danger of civil war.

The Serbian Orthodox Church, some 50 members of the Serbian Academy of Science and Arts, and the university have recently given their views on what should be done to peacefully attain the political, state, and national interests, without violence and unnecessary risks. They were not the only ones. The Democratic Movement of Serbia voiced its views yesterday; the Democratic Party did so the day before, and even the Socialist Party of Serbia is demanding an extraordinary congress of the party. There are also more frequent expressions of support of the legal authorities and the head of state.

The differences in the ways that those responsible for the current situation in Serbia are sought—ranging from simple demands that the president of the Republic of Serbia should resign, to warnings that narrow party interests cannot be above the national ones—indicate a visible lack of interest in dialogue. For every peaceful change or maintenance of the course that has been severely criticized and pressured, there is a need for a sincere and institutionalized compromise on all the measures that should be taken to achieve a democratically strong country, which will be able to guarantee to its citizens peace instead of fear of war, and security instead of long lines and coupons—a country that will integrate its citizens into the world, and lead them out of the present excommunication.

In these crucial times, everyone agrees, party membership can only be a sign of recognition, and not a reason for (non)acknowledgement.

For a start, there is a need for agreement. Instead of seeking an extraparty authority that would gather around the table both the authorities and the opposition, the government should arrange a meeting of all relevant political factors, which would then establish the minimum of national aims—that is according to one statement. Political, interethnic, and social compromise are vital if we are to overcome "the dramatic situation in which the Serbian nation and the citizens of Serbia have found themselves, due to complete international isolation, and extremely tense internal conditions."

The formation of a concentration government, comprised on the principles of expertise, competence, and moral integrity, instead of party bias, is the next important step that is proposed by the Serbian Orthodox Church, academicians, professors, and some prominent members of the leadership. The government's sluggishness, particularly in the matter of measures that should have been taken as soon as the sanctions were imposed, and the political rigidity of certain ministers, which has been expressed in their comments on the behavior of the opposition, should be replaced with the constitution of an efficient republican cabinet. The intellectuals of Serbia agree that calling early elections would probably contribute to the stabilization of the political situation, and help find a way out of the crisis.

One step at a time is the philosophy that is supported by most recently published views of Serbian institutions. A

stable Serbia is an aim which, until recently, could have been achieved merely by maximal political engagement within the institutions of the system. However, times have changed. An agreement on peaceful changes is an absolutely crucial requirement. Forceful overthrowing of power, and forceful proving of power can only lead to further destabilization of Serbia.

That is why overcoming party interests, narrow-mindedness, and ideological blindness should not remain only a written trace of prompt political astuteness. It would be far better if it were the vanguard of a realistic political change, made for the sake of the defense of irrefutable national interests.

### **Democrats Present Platform for Prevention of War**

*AU2506192192 Belgrade BORBA in Serbo-Croatian  
11 Jun 92 p 3*

[Article by S. Zelenbaba including interview with Democratic Party leader Micunovic and Zoran Djindjic, president of the Executive Committee of the Democratic Party, by an unidentified reporter; place and date given: "Radical but Peaceful"]

[Text] If by the end of June there are no radical changes in Serbia, there will be a real danger of civil war breaking out—the leaders of the Democratic Party warned at yesterday's news conference.

It can be prevented if the most important political forces, particularly the current Serbian authorities ("which has now, of all times, decided to stick its head in the sand," according to Micunovic) agree to compromise. The Democratic Party has worked out a document that could contribute to the reduction of tension in society. The platform for the prevention of civil war (which BORBA published in full yesterday) was presented to reporters yesterday by the leadership of the Democratic Party in the international press center. This document offers a democratic procedure that would allow radical changes (discontinuity of the Serbian authorities and policies) to happen in a peaceful way, and the possibility of anarchy—following the resignation of the leading members of the present authorities—would be reduced to the minimum.

What is the Democratic Party proposing? It would not be good news if President Slobodan Milosevic of Serbia resigned immediately, before democratic institutions were created (interim government, State Council, groups for negotiations with the international community) as that would lead to a power vacuum, which could only instigate conflict. The president of Serbia, however, has to retire ("I expect by the end of June," according to Dr. Zoran Djindjic, president of the Executive Committee of the Democratic Party) because without his departure Serbia cannot regain the necessary negotiating and political credibility.

The Democratic Party will demand an extraordinary session of the Serbian Assembly before 17 June (it has collected the necessary 80 representative signatures) at which the Assembly would decide whether to give a vote of confidence to the president of the parliament, Aleksandar Bakocevic (or whether he should resign.) According to the said platform, the Assembly should then nominate an interim government, which would be put together on the grounds of compromise of all parties. That government would then form a State Council that would represent the pluralism of society, as it would comprise representatives of the university, church, Serbian Academy of Science and Arts, various associations, and prominent extraparty personalities. Only then should Milosevic resign.

According to the "proposal of compromise," as Djindjic called the Democratic Party platform, the interim government would call early elections for the constitutional assembly. Djindjic believes that the political tension in Serbia can be alleviated only if free multiparty elections are called for autumn. Djindjic also thinks that the constitutional assembly should establish a parliamentary democracy in Serbia and abolish the present presidential political system.

The interim government should form a group of experts for negotiations with the international community. That group would visit all the more important countries in the world and try to get the sanctions lifted. Djindjic claims that no one in the world even listens to the present Serbian negotiators any longer. That government would also take an active part in the peace conference on Bosnia-Herzegovina.

The democrats believe that Serbia and Croatia, together with the representatives of the three constituent nations in Bosnia-Herzegovina, should actively seek a peaceful solution to the present war conflict and should also declare that they will respect the territorial integrity of Bosnia-Herzegovina.

It took the democrats three weeks to work out the platform for the prevention of civil war; they have consulted all representative groups (it is said that some 30 representatives of the Socialist Party of Serbia have backed the platform,) all political parties, representatives of influential institutions, and none of them have rejected the platform. The Army has also been consulted, and according to Dragoljub Micunovic, it "has expressed its conviction that it should remain unbiased, extraparty, and not become involved in political rivalry. The Army wants all paramilitary formations to be immediately disarmed, but it expects the help of the police force and leaders of political parties in the disarming of paramilitary formations in Serbia."

Asked what would happen if the Assembly rejected the platform, Djindjic said that the most important thing was for the platform to receive wide publicity, so that if the socialists decided to reject it, they would have to do

so publicly. Several questions were asked about the possible maneuvers of the president of the Republic of Serbia.

[Reporter] Do you believe that a coup d'etat is possible in Serbia?

[Micunovic] President Milosevic can certainly try....

[Reporter] What if Slobodan Milosevic calls for a referendum on his resignation?

[Djindjic] That would not surprise me.

[Micunovic] Such a referendum would slow down the whole process, and if his power was confirmed in the referendum, so much the worse for Serbia.

[Reporter] What are you going to do if the Federal Parliament proclaims a state of emergency?

[Micunovic] The best that can happen to me is house arrest. I believe that such a move would be suicidal for the authorities, and then for all of us, too.

[Box, p 3]

#### Everything Is Left Open

"Does the platform mean that you will not come to the 21 June demonstrations with the Democratic Party of Serbia?" asked one foreign reporter.

Micunovic said that he was not entirely sure what was supposed to happen on 21 June. Djindjic said that talks were still being held, and that everything was open—nothing was yet decided: the date, the purpose of the gathering, nor how long it should go on. Whether the Democratic Party would take part or not would be known after the consultations.

#### Citizens' Party of B-H Founded in Sarajevo

AU2506155392 Belgrade BORBA in Serbo-Croatian  
16 Jun 92 p 6

[Report by E. Stitkovac: "No Cantonization"]

[Text] During the fiercest shelling of Sarajevo, the Citizens' Party of Bosnia-Herzegovina was founded and registered, mostly out of spite and defiance, as one of its members said, of those who had caused the outbreak of the war. One can easily recognize "those" as the national leaders, and not only from Bosnia-Herzegovina. This latest and only "war" party is against the cantonization of Bosnia-Herzegovina and believes that there are still plenty of forces and normal people who will be able to organize some kind of coexistence once the war is over.

The party is a kind of political refreshment and encouragement to all those Bosnians and Herzegovinans who have not given their support to any of the nationalist parties, which, with help from outside, have caused the bloodshed, and whose individual responsibility for the crimes will eventually be established by a special court.

This party's program demands a citizens' state, where central power would be apportioned to a two-house parliament, which would have "regional and national representation." The regional representation would be comprised of representatives from Bosnia, Herzegovina, and Bosanska Krajina. All three would have an equal number of representatives, regardless of their size and percentage of population. In the national representation, the number of representatives would correspond to the number of citizens in a particular area. The party's program only mentions a president of the Republic, but not a Presidency.



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