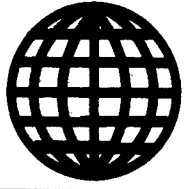


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Macedonia as Telecommunications Corridor

92BA1397A Skopje NOVA MAKEDONIJA
in *Macedonian* 31 Aug 92 p 3

[Article by B. Janev: "East-West Telecommunications Corridor"]

[Text] *PTT-Makedonija [postal, telegraph, telephone-Makedonija] is working intensively to ensure new international communication lines.*

This summer, PTT-Makedonija is working vigorously on the international telecommunications connection with its neighbors Albania and Bulgaria, as well as with Italy and Turkey for linkage to Europe and the world. The signed protocols for collaboration with the eastern and western neighbors. Besides the requirement for communication, the economic interests and the earnings from transit communications provide a basic motive for implementing the new corridor.

Because of frequent blockades of PTT communications with Europe and the world, as well as with the republics of the former Yugoslavia, when Macedonia at times is in nearly complete telecommunication isolation, this summer PTT-Makedonija is working intensively to provide new international communication links. The disintegration of the formerly united Yugoslav PTT system and the almost complete delimitation and blocking of the main telecommunications line to the north—which connected the Republic with Europe and beyond, through Serbia, Croatia, and Slovenia—forced PTT-Makedonija to seek a way out in the East-West direction, somewhat like the situation in the case of road and railroad communication, the difference being that the use of a minimum number of links in this new telecommunications corridor is more possible in the near future than in the first case. Precisely for this reason, the management and the experts from this enterprise recently confirmed more meetings with new colleagues from PTT departments in the neighboring countries, as well as with some from the broader region of the Balkans and from this part of southern Europe, so that Macedonia may be able to communicate with Europe and the world without interruption.

Because the European Community is ready to help with the development of PTT links in this region—in particular through EUROTELDEV (TET), the project in which more European countries are included—PTT-Makedonija has reinstated intensive cooperation with our neighbors in the area of telecommunications as a priority in all of these activities. Thus, a protocol was recently signed with the Albanian Post Office, which provides not only for connection of the telecommunications systems of the two countries with permanent equipment and installations, but also for continuation of these lines to Italy on one side and to Serbia and Kosovo on the other. The Republic would be connected through Tirana and with Italy (western international telephone links would establish the Skopje-Ohrid-Korcha-Tirana-Rome line), which creates conditions for using

PTT lines with more European countries. It is particularly interesting that this will facilitate communication with Croatia and Slovenia, with which connections are broken at the present time. As is envisioned with the protocol, this line has to be supported with the most modern digital equipment. Likewise, connection with border areas such as Ohrid, Podgradets, Debar, and Peshkopea, through manual and automatic links, has been agreed upon, and there will be lines between Tirana, Ohrid, and Podgradets, and between Skopje and Tirana, the principle cities of the two countries.

As they inform us at PTT-Makedonija, work specified by the protocol began recently, when crews from our post office spent time in Albania in order to confirm the specific technical details and decisions for implementing a radio link between the two countries, which otherwise would be made through Italy. On this basis, this plan would be implemented very quickly before the end of the year, but, of course, everything will depend on the possibilities for providing the appropriate equipment.

A crew of experts of PTT-Makedonija also had more meetings, conversations, and contacts with their colleagues from the PTT department of the eastern neighbor, Bulgaria, with which a protocol for collaboration was signed this past spring. At that time, it was agreed that direct postal service and telecommunications would be established between the two countries. In the area of telecommunications, first of all, the direct connections that would be achieved with optical cable systems has up to now been a subject of mutual interest between experts of the two states, as is envisioned in another way with the EUROTELDEV (TET) project, the concept of which was internationally confirmed last year in the regional meeting in Ohrid. In essence, this project represents a broader regional telecommunications connection in the Balkans, and part of it is the utilization of a new direct digital telecommunications link in the Skopje-Kriva Palanka-Kyustendil and Sofia line.

Both of our closest neighbors and other countries in their vicinity that lie on the East-West telecommunications axis, including, first of all, Italy and Turkey, in the individual unexpected appearance of the representatives of the governments of these countries, as well as in the direct contacts between the PTT experts, many times up to now have emphasized that they not only are interested in the implementation of this plan for the new telecommunications corridor, but are also proposing quick short-term solutions. Of course, economic interest is the chief motive for all of this, which is also the case even with PTT-Makedonija, inasmuch as the geographical location of Macedonia in the Balkans as a unique communications crossroads provides hope that the use of the East-West telecommunications corridor will be a very profitable thing. This is because any transit telecommunications link that will pass through Macedonia will produce a good profit. Because of this fact, as well as because of the significance of the connection of the PTT systems in this region, PTT-Makedonija will participate in the meeting that will be held in September between

the experts of the five countries—Albania, Macedonia, Italy, Bulgaria, and Turkey. The future scope of this plan, which will be a new Balkan and European telecommunications corridor, will have to be made specific at this meeting.

[Box, p 3]

Satellite Communication With Switzerland!

Last week, representatives of PTT-Makedonija met with their colleagues from the PTT department of Switzerland to discuss telephone and telegraph communications between the two countries, which have become difficult and often interrupted because of the war in Bosnia-Herzegovina. At the same time, they considered the possibility of solving the problem with the use of a

satellite link (with a capacity of 60 simultaneous telephone calls) to connect the international telephone office in Skopje with an office of this kind in Switzerland. This would be the first direct satellite connection between the Republic and a country; Macedonia made use of the satellite station in Ivanjitsa only indirectly through PTT-Belgrade.

The Swiss PTT department would provide the equipment for the station, the line capacity of which is at the level of that which Macedonia had with Switzerland before the breaks in the transmission system with Bosnia-Herzegovina began, and compensation for use of the system would be calculated on the basis of the communication between the two countries. The time agreed upon for establishing this satellite link is set for the middle of September, but first we are awaiting definitive confirmation on the part of Switzerland.

Moravian Autonomy Movement Critically Analyzed

92CH0932A Prague REFLEX in Czech
No 35, 1992 p 13

[Article by Bohumil Pecinka: "The Moravian Card"]

[Text] I intentionally did not use the terms Moravian problem or Moravian question, which are so fashionable today. For one thing, I believe that the negotiations about the state setup concern all the Czech lands, and, moreover, the processes I speak about are also typical for the rest of the postcommunist countries.

What is happening here and around us is a struggle for the character of democracy and its direction. The Moravian card, too, can decide what the result will be....

Strange Returns

Milan Kundera once called Husak the president of "forgetting." I know of no better description of the past half-century, which was characterized by unremitting denationalization, falsification of history, and cultural and social discontinuity. As a reaction to this, after the revolutions in 1989 the citizens of the former communist countries began to show an intense interest in history: The citizens of Leningrad renamed their city St. Petersburg, in the Russian south traditional cossack organizations are being formed, in Romania and Bulgaria the ranks of monarchists are beginning to swell, and on the territory of the former USSR every different folk costume seems to be a reason to create a new state. The common denominator of these tendencies is a growing nationalism with an intolerant face, military conflicts, and instability. As we can deduce from comparing the developments in neighboring countries, these are processes that, in many cases, have been artificially fomented, and are based on collective myths and national prejudices.

Nor is it without importance that at the head of these nationalist movements stand former Bolsheviks, confidants, or direct employees of the political police. Their behavior is suspiciously similar. With the help of national symbols and slogans, they exploit personal dissatisfaction and social problems, and point out the universal villain responsible for all the evils. Then they organize a broad movement, and through a false interpretation of history trigger a national pseudorevival. And finally, they come up with the proposition of the right of nations to self-determination and the demand to create a new national state, or at least provincial governments. The past of the leaders is thus cleansed, and they again get to the top positions with their new ideology of nationalism. In the countries of the former USSR this trend began already during the breakup. In Central Europe (Poland, Slovakia) on the other hand, the velvet counterrevolution proceeded slowly. If at the end of 1989 it looked strange how quickly the old power moved out of its positions, nobody suspected that the cadres of the nomenclatura will soon turn into Cossack atamans,

internationalists will become nationalists, and confidants of the State Security [StB] warriors for the sacred cause...of Moravia, for example.

The Moravists

Immediately after the November revolution, the former Society for Moravia and Silesia reactivated itself. Originally a nonpolitical organization, it soon entered the political arena, and supplemented with the brand new name Movement for Self-Governing Democracy (what other democracy is there?) put up candidates for the 1990 elections. The ingenious slogan "One vote for Moravia" took hold and the 12 percent received across the nation shocked everybody. In addition to the mentioned interest in one's own history, undoubtedly the antagonism stemming from the murky redistribution of finances, which was practiced here for 40 years, also contributed to it. In Moravia in particular this aroused in many people a vague feeling of having been wronged, of a rich relative being bled white to feed Prague, the Slovaks, (fill in other enemies by yourself). Possibly a justified feeling, it was nevertheless systematically exploited from the beginning. And the complicated phenomenon of Brno, traditionally suffering from a sense of insufficient appreciation, was also exploited.

At the head of the Movement for Self-Governing Democracy—Society for Moravia and Silesia [HSD-SMS] stood from the very beginning the spellbinding orator and psychologist Boleslav Barta. A charismatic personality, for some even a demonic one, who—in spite of his proven collaboration with StB—became for many a symbol. Together with the chairman of the club Obroda and the last chairman of JmKNV [South Moravia Kraj National Committee], Zdenek Prikryl, and the provincial chairman of the Socialist Party Jiri Drapela, they soon initiated a series of political steps aimed at creating a Moravian government and parliament. Let's just remember the unconstitutional attempt to create a Moravian-Silesian parliament and a Moravian-Silesian council, and the last plenary session of JmKVD, when Drapela proposed that it was necessary to immediately declare that session a Moravian diet and name a Moravian government. In the 1990 elections, HSD with its 6 percent managed to get only into the Czech National Council. Undoubtedly, this was partly the result of constant rifts, of lending money to former StB officers (1.5 million to Major Liska) or to family members (1.5 million Jiri Barta-Morea), and other mysterious investments. Nevertheless, today the Moravian card is already being played by the entire excommunist left....

National Revival?

I consider the myth of the Moravian nation to have been artificially fostered without any question. To that end, the Moravists have masterfully exploited the general lack of historical knowledge and the anti-Prague mood, and they blurred the distinction between belonging to a province and a nation. Moreover "...the idea of national

self-determination attracts people who feel lost in the modern world. It seemingly offers a sense of belonging and importance, embodied in powerful symbols such as flags, anthems, passports," as R. Dahrendorf characterized the nationalist despondents of the 20th century.

Furthermore, to this day the politicians of the democratic parties have been unable to explain that the feeling of having a distinct Moravian identity—of being a Moravian—is a feeling of regional solidarity. That it is a matter of love of country, native land, region, the soil. Same as a Czech's love of Bohemia and a Prager's of Prague.

Nevertheless, Czechs and Moravians are but two parts of a single whole—the Czech nation. There has been no doubt about that for at least 100 years.

It is also interesting that the modern concept of being a Czech was formulated by two Moravians (and at the same time members of the Czech nation) and the greatest politicians and thinkers of our history—Frantisek Palacky (*Dejiny naroda ceskeho v Cechach a na Morave [History of the Czech Nation in Bohemia and Moravia]*) and T.G. Masaryk (*Ceska otazka [The Czech Question]*). Palacky's statement: "I am a Czech of Moravian stock" is the basic prism through which to view this problem. Palacky wrote, among other things: "The joining of Bohemia and Moravia, having its essential basis in nature itself, cannot be considered to be a mere chance. And indeed in both these lands from time immemorial, as far back as history reaches, always and at all times one and the same nation lived, one and the same highest government ruled. Therefore both, Bohemia and Moravia, as a nation and as a state, always have been as one." The foremost Brno historian, Jaroslav Meznik, wrote some time ago: "He who maintains that he is of Moravian nationality is abandoning the legacy of Moravian patriots and leaders of the national rebirth of the 19th century, the legacy of Palacky, Susil, and Masaryk.... Moravians form approximately one-third of the Czech nation, the possible establishment of an independent Moravian nation would considerably weaken the Czech nation."

Yes, implementation of the idea of a Moravian nation would require a fundamental revision of the entire modern history. However, intellectual discussions and clarification of terms is what interests the Moravists the least, because they could not operate with their vague nationalistic slogans too well. I am convinced that the politically motivated conjuring up of the illusion that there is a Moravian nation is only the first step. There could very well follow a Czech-Moravian tug-of-war about power sharing, and as a reaction to it also the seductive demand for the right of nations to self-determination, which in our circumstances means, without reservations, the creation of a national state. And now we are directly at the root of the destabilization of the Czech lands, as we are similarly witnessing it within the framework of the CSFR.

Provincial Autonomy

To create a Moravian government and parliament, that is the main goal of the HSD and the rest of the ex-communist left. That they are definitely not interested in the so much advertised idea of a broad autonomy was proven by the reaction of the Moravists to the government's plan to decentralize the key powers down to the level of communities. Instead of accepting it with enthusiasm, they reacted negatively, and made it clear that all they are striving for is to shift the powers one level down—to a Moravian government and parliament. The relentless push toward this self-destructive dualistic setup, which was the beginning of the end of Austria-Hungary, as well as of the CSFR, makes one wonder about the real intentions of the movement. Only a complete ignoramus would fail to see that the Moravian territory is not homogeneous, but territorially structured into natural ethnographic regions with different dialects (for example, the Valassko, Hana, Brno, Horacko, Slovacko, Ostravsko, Opavsko, and Hlucin regions), which—together with the communities—must form the foundation of any kind of self-government. That is, not Moravian (or rather Brno) agencies created from above. Besides, there is no law that says these regions cannot form themselves into regional unions (for example, a Czech union, Moravian-Silesian union) or directly into federated provinces. In other words: the Moravists are today—paradoxically—assuming a position strongly opposing the introduction of a broad autonomy in Moravia. The reasons are various—craving for new governmental and parliamentary positions, refusal to accept the Czech constitution, the new elections that would ensue, slowing down of the reform, or a fond hope of restoring socialism.

Jan Kasal, deputy chairman of the Czech National Council, perhaps expressed it the best: "The left is trying to exploit the current situation during the process of drafting the Czech constitution to destabilize society. The card it has ready to play is still the dusted-off Operation Klin. I want to warn all citizens of Moravia and Silesia not to give in to the naive notion that the former communists, who today are full of talk about Moravian and Silesian interests, have anything else in mind other than the return of socialism, at least in Moravia and Silesia."

Commentary on Advisability of Customs Union

92CH0985A Prague METROPOLITNI TELEGRAF
in Czech 16 Sep 92 p 3

[Commentary by Josef Landergott: "About the Czechoslovak Customs Union"]

[Text] The coalition of the Federal Government regards the establishment of a customs union between both new states as one of the options for reducing the economic losses caused by Czechoslovakia's breakup. While all over the world, states aiming at economic integration are

coming to this conclusion, our country follows an opposite direction; a single market space is divided into two which is supposed to be, at least initially, linked by individual regulations of the customs union.

However, its specification will be just as difficult as the process of splitting the Czechoslovak state. In a number of economic branches one of the republics holds an almost monopolistic position, while many others must "harmonize" the interests of large companies where already influence stems from capital whose management is neither in the Czech nor in the Slovak Republic. And finally, individual companies are competing in sectors whose production capacities are not symmetrical in the two republics. A major problem will be posed also by competition in sectors subsidized by the state, for instance, heavy industry, power engineering, and agriculture, where state subsidies, although gradually phased out, remain at different levels.

The declaration of intent to create a customs union is a step in the right direction toward the maintenance of fundamental links between both "Czechoslovak" states, but it seems that divergent economic interests of individual enterprises will differ considerably at the moment when Czechoslovakia breaks apart.

The opportunities for Czecho-Slovak economic conflicts are enormous. The first of such trade wars was recently launched on the pages of *HOSPODARSKE NOVINY* by M. Pramuk, the secretary of the Slovak Association of Brewers and Malt Producers, who voiced his dissatisfaction with the amount of beer imported from the Czech lands. He frankly admitted that after 1 January 1993, the Slovak brewery industry will demand that its products be protected by customs against their Czech competition. According to M. Pramuk, "To be sure, this is a matter of jobs for our people and of the development of the brewery industry in Slovakia in general. We expect changes also from our consumers of beer."

Although M. Pramuk is convinced that Slovak beer is of world quality, by means of customs regulations he intends to force "domestic" consumers to drink Slovak beer. Good luck to the other side. It all will come out even with the "beer tourism" from Slovakia to the Czech lands—a guarantee of that is Slovakia's economy, whose prosperity is just around the corner.

The decisive factor in market economy is the question at what cost and how well can the manufacturer produce and how successfully can he market his goods. In our situation it would be premature to create a Czecho-Slovak customs union because there are two different economic systems that will be established one next to the other—the role of the state is understood quite differently in both republics.

It is obvious that the plan for a customs union is inappropriate for the period of transition when Czechoslovakia's administrative and economic structures are scheduled to be abolished after 1 January 1993. In view of all the differences, agreements between sectors may be

more advisable. However, the Czecho-Slovak customs union should remain among the political prospects of the Czech Republic.

New Slovak Republic Flag, Insignia Introduced

92CH0949A Prague LIDOVA DEMOKRACIE in Czech 10 Sep 92 p 1

[Report by (mz): "A Flag by Way of a Compromise"]

[Text] The new symbols of Slovak statehood, the precise character of which is given by the new Slovak Constitution, were first introduced to the public at the exposition in the antechambers of the Great Moravia Hall at Bratislava Castle. The new official Slovak flag, the Slovak emblem, and the state seal surprisingly attracted a large number of visitors. This is clearly the result of the fact that, despite the strong burgeoning of a wave of national and patriotic feelings, the majority of Slovaks were not clear under what kind of flag they are actually to stride toward their national sovereignty. You can surely visualize the disenchantment of the Slovak patriots when they realize that the flags, which they wave at demonstrations and national pilgrimages, were indistinguishable from the flag that flies over the Moscow Kremlin. Not even a feeling of Slavonic mutuality, despite the fact that it is substantially stronger in Slovakia than it is in Bohemia or in Moravia, could adequately excuse such an unpleasant coincidence of circumstances.

The members of the Heraldic Commission of the Slovak Ministry of the Interior were, thus, faced with a difficult task: creation of a Slovak state flag, which would be original and would at the same time fulfill the conditions of historically justifying its symbolism. From the beginning, it was clear that the basis for the flag must be the white-blue-red tricolor. White, blue, and red tricolors were seen at the end of the 18th and beginning of the 19th century in conjunction with the national emancipation movement of the Slovak nation within the framework of the Austro-Hungarian monarchy. However, the sequence of the colors did not become stabilized until the 1860's. It is a paradox that the stabilizing of the form and the image of the Slovak flag was expressly contributed by U.S. Slovaks (the question is the extent to which they also contributed to the division of Czechoslovakia) who changed the shape of the banner which had been used up to that time into a rectangle, and thus adapted the dimensions and shape of the Slovak flag to the dimensions and shape of the flag of the United States. Such a white-blue-red flag was enriched during the process of creating the new Slovak Constitution by the addition of the Slovak emblem.

According to Ladislav Vrtel, who is the secretary of the Slovak Heraldic Commission, the placement of the emblem on the tricolor flag represents a certain compromise. From the heraldic viewpoint, the tricolor actually should be clear. According to Mr. Vrtel, violation of this principle was brought about by the necessity to differentiate the Slovak flag from the flag

of the Russian Federation and from the flags of the nations of southern Slavs. The Slovak emblem is positioned on the flag nearer to the end that is to be attached to the flag pole. This is to guarantee (according to the example of the Spanish or Portuguese flag)

better recognition of the banner even if it is not totally deployed. As can be seen, the creation of a new state flag is no simple matter in the world toward the end of the 20th century. Let alone creation and maintenance of a totally new state unit....

Poll Shows Walesa's Popularity on Wane

92EP0659B Warsaw RZECZPOSPOLITA in Polish
1 Sep 92 pp 1-2

[Article by Renata Wrobel: "The Social Studies Workshop for RZECZPOSPOLITA; The Uncertain Authority of the President"]

[Text] Views on the authority of the head of the state are changing little.

Every month except February, the Sopot PBS [Workshop for Social Studies] asked the following question at the request of RZECZPOSPOLITA: "Will the authority of the president increase in the immediate future? remain unchanged? decline?" Individuals who expect his authority to decline have prevailed in all surveys, including the latest taken in middle of August. About 25 percent do not foresee changes, and a few, or a dozen or so percent, believe that the position of the president will get stronger.

When the PBS asked its respondents about the authority of the president for the first time, that is, in mid-January, the mass media wrote relatively little about Lech Walesa. More attention was paid to the initial days of the operation of the Jan Olszewski government and to wondering what its relationship with the Belweder would finally look like. Being aware of the circumstances under which the cabinet was formed, nobody expected an idyll, despite the president denying in a radio interview that he had acted against the government. The survey indicated that 8 percent of those polled expected the authority of the head of state to increase, and 55 percent expected it to fall.

Two months later, the results were almost identical, despite the activity of the president in the public arena increasing markedly: He paid visits to the editorial offices of newspapers, took part in the meetings of the government and the Parliament, and gave many interviews.

The next survey was taken in the middle of April, when an open jurisdictional conflict between the president and the government occurred on account of the notorious "Parys case." At the same time, the president, who did not discontinue his meetings with journalists, proposed to form "a presidential and journalist party in support of reforms." However, these and other events (among other things, a visit to Germany) did not influence the results of the survey significantly: Of those polled, 7 percent were in favor of an increase, and 60 percent of a drop in the authority of the head of state.

Of all the surveys taken, the one in the middle of May indicated the existence of the greatest doubts as to the

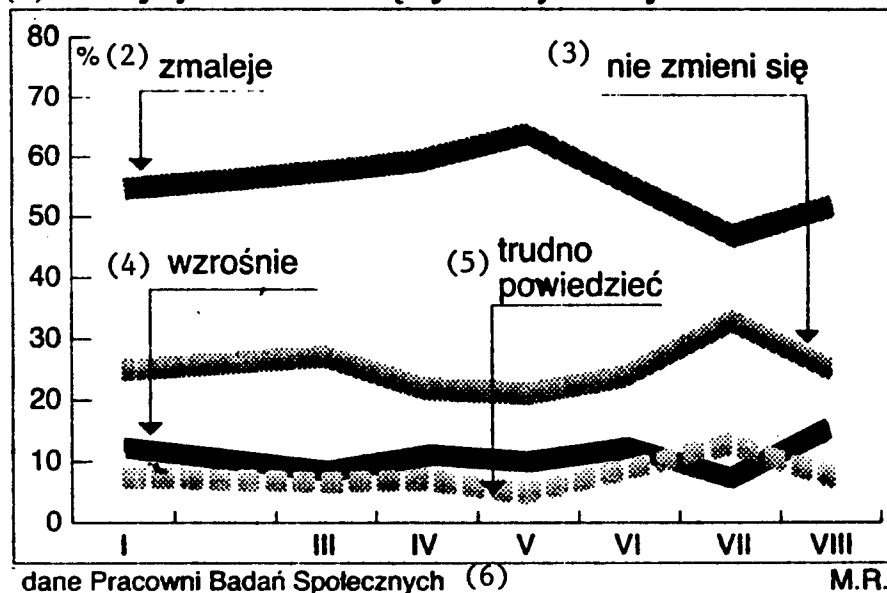
standing of the president: 64 percent of the respondents maintained that his authority would decline, and 5 percent were of the opposite view. This may have also been influenced by the reverberations of a famous article by Jaroslaw Kurski about Lech Walesa and his people, which was published in GAZETA WYBORCZA and was considered scandalizing. At that time, the conflict between the government and the Belweder was already very conspicuous. The prime minister was not present in the Sejm when Lech Walesa delivered his message there, promising to create his "own political support base" if Parliament refused to support him in strengthening the position of the president.

One month later, the Jan Olszewski government no longer existed, and a discussion of the case of "the files" and its influence on the fall of the cabinet swept the pages of the press. The number of those convinced that the authority of the president would decline was considerably smaller than in May, though it still exceeded 50 percent of those polled.

The respondents showed the greatest belief in the future authority of the president in July. Only at that point was the number of individuals who maintained that his authority would be no smaller (that is, would increase or remain unchanged), equal to the number of those expecting a decline. This may have occurred due to the role Lech Walesa played during attempts to form the Waldemar Pawlak government, and subsequently in the establishment of the Hanna Suchocka cabinet. The new government stated its desire to cooperate with the Belweder, and the opposition even maintained that this would be a government dependent on the Belweder.

The latest survey, on 15-16 August (a 1,043-strong group representative of the adult population of the country), indicates that a trend that is favorable for the image of the president is ending; the results of the survey were almost identical to those from January. The growth of social tension was likely to have influenced this. Participants in strikes, blockades, and demonstrations usually turn to the Belweder for help or address their complaints to it. Strikes dominated the information services of the mass media. Against this background, society could get the impression that the president was not proving himself as a mediator in social conflicts, and come to the conclusion that his authority would suffer because of that.

In considering the views of the authority of the president, we should remember that, as many surveys suggest, most institutions of public life get low grades. This is associated with the poor social mood persisting for many months and the low grades given to politics, the economy, and material conditions of life of the people.

(1) **Pozycja Lecha Wałęsy w najbliższym czasie**

Key:

1. Standing of Lech Walesa in the Immediate Future
 2. Will drop
 3. Will not change

4. Will increase
 5. Hard to say
 6. Data from the PBS

Minister Rokita Views Coalition Prospects

AU2509073292 Warsaw *RZECZPOSPOLITA* in Polish
 21 Sep 92 pp 1-2

[Interview with Jan Maria Rokita, minister in charge of the Office of the Council Ministers, by Malgorzata Subotic and Renata Wrobel; place and date not given: "Condemned to Years"]

[Text] [RZECZPOSPOLITA] There are three people running the Council of Ministers apart from Prime Minister Suchocka: Jan Maria Rokita, Jacek Kuron, and Jan Krzysztof Bielecki. The remaining members of the government are puppets. That was the view that an opposition deputy recently expressed in the Sejm. Do you agree with placing them in that order?

[Rokita] How can I agree with something that is completely absurd?

[RZECZPOSPOLITA] So, is there a different order of importance?

[Rokita] That is not something that I can establish. The extent of the authority of some ministries is greater and that of others lesser. For example, the scope of authority enjoyed by the minister of foreign affairs, the minister of internal affairs, the minister of labor, and the head of the Office of the Council of Ministers is very great.

[RZECZPOSPOLITA] Does your authority stem solely from the position of the Office of the Council of Ministers within the Council of Ministers structure?

[Rokita] It is the fate of the head of Office of the Council of Ministers. My predecessors: Jacek Ambroziak and Krzysztof Zabinski were people who exercised enormous influence over the government.

[RZECZPOSPOLITA] What about Wojciech Wlodarczyk, the head of the Office of the Council of Ministers in the Jan Olszewski government?

[Rokita] My impression—and it is only an impression, because I know very little about the subject—is that Minister Wlodarczyk's role was more that of one of the prime minister's main political advisers.

[RZECZPOSPOLITA] And that is not a function that you perform?

[Rokita] To a very limited extent. The time that I spend with the prime minister is comparable to the time I spend with other members of the government.

[RZECZPOSPOLITA] Can you reveal to us what instructions you receive from Prime Minister Suchocka?

[Rokita] When the government began operating, I was, for example, charged with conducting political negotiations about choosing people for the highest offices in the state, deputy ministers and general directors. There will

be cases when—in cooperation with the Ministry of Foreign Affairs—because the Office of the Council of Ministers lacks the apparatus, we will have to assist the prime minister in preparing foreign trips. An appropriate apparatus will have to be created.

[RZECZPOSPOLITA] Where is the Hanna Suchocka government's decision-making center? Does it lie outside the Council of Ministers?

[Rokita] In the Council of Ministers, which has a coalition character. The point is that it does not have a politically uniform decision-making center, whereas the previous cabinet did: the group consisting of Olszewski, Włodarczyk, Parys and Macierewicz. That kind of crystallized single group or one party center does not exist in the Suchocka government. Decisions concerning the state are not made within one circle.

[RZECZPOSPOLITA] Can you name the persons or the functions that they perform that mean that they constitute the political core of the government?

[Rokita] The practice over the past two months has been that key meetings on state matters are always attended by Prime Minister Suchocka, the deputy prime ministers Goryszewski and Laczkowski, and the ministers Kuron, Osiatynski, and Milczanowski. I do not know if I have mentioned everyone.

[RZECZPOSPOLITA] How does that relate to the coalition parties making up the government?

[Rokita] This government, as everyone knows perfectly well, is based on an arrangement between two parties: the Democratic Union [UD] and the Christian-National Union [ZChN]. That agreement made it possible to form the government. They are simply the two strongest parties.

[RZECZPOSPOLITA] So, the statements that one often hears in the Sejm about how the government is run by the UD and the liberals are untrue?

[Rokita] That is nonsense. I also would not say that the government is run by the UD and ZChN. However, the political agreement between those two parties often determines the position of the entire coalition.

[RZECZPOSPOLITA] So, Deputy Prime Minister Goryszewski has not disappeared into some kind of Bermuda triangle composed of economics ministers who are members of the Liberal-Democratic Congress [KLD] as representatives of the Center Accord [PC] state in their Sejm speeches? Are the fears that Jaroslaw Kaczynski expressed in this regard without foundation?

[Rokita] The aim of what Jaroslaw Kaczynski has been saying is natural from the point of view of someone who is one of the opposition leaders. He is trying to find a way to bring about the collapse of the parliamentary coalition and the fall of the cabinet. So, he is trying to use his public statements to cause a conflict within the government.

[RZECZPOSPOLITA] And the simplest way to achieve that is to cause a conflict between UD and the ZChN?

[Rokita] There is no doubt that a conflict between those two parties would make it impossible for the government to continue functioning.

[RZECZPOSPOLITA] So, if negotiations were to begin today on expanding the government's political base, by, for example, including the PC, would you not become involved in them?

[Rokita] I do not think that such negotiations will start at all. The example of Jan Olszewski's government was a bad experience. Olszewski's government received the support of Parliament, but instead of starting to govern, it started to reconstruct its own coalition. When it finished, it received a vote of no confidence. I think that Suchocka's cabinet is able to govern. Time spent on coalition negotiations when a government is in power is time wasted.

[RZECZPOSPOLITA] In your opinion, what is the purpose of the suggestions being made by the PC that it might enter the government?

[Rokita] Today the PC is paying the price for what might be termed "Jaroslaw Kaczynski's July mistake." The mistake was in described splendidly by the PC activist Andrzej Urbanski. Under the Olszewski government, it was possible to be a party that supports reform while remaining in opposition. Everything indicates that that is impossible under the Suchocka government. The PC has found itself at a point at which it must decide about its future. If it remains in opposition, it will inevitably be forced to move toward assuming the slogans of the antigovernment camp: the Alliance of the Democratic Left, the Confederation for an Independent Poland, and the Olszewski camp.

[RZECZPOSPOLITA] So, do you think that the PC is condemned to remain outside the government coalition?

[Rokita] The way is open, but it cannot mean negotiations on changing the composition of the government.

[RZECZPOSPOLITA] What does it mean then?

[Rokita] The PC can simply support government moves in Parliament. I do not see it being possible to destabilize the composition of the Council of Ministers, simply because the PC has thought things over during the past few months. There is no time for changing the composition of the government today. Poland has had enough changes of government, and someone must govern the country. Jaroslaw Kaczynski has lost his chance.

[RZECZPOSPOLITA] Do you not expect too much of the Center Accord?

[Rokita] Time is a very important element in politics. Two months ago, the PC could have obtained a great deal. Today, substantive cooperation with the government is at least possible. Some outstanding PC politicians already made that choice when the government was formed. Professor Jerzy Eysymontt is, for example, one of the prime minister's closest economics advisers.

[RZECZPOSPOLITA] What do you think about the idea that is proposed from time to time of forming a "coalition body"—made up of the leaders of the parties forming the government—as a center that will coordinate key Council of Ministers decisions?

[Rokita] Councils composed of representatives of political parties are not appointed to govern Poland. Parliament has not decided to hand over power to the coalition parties, but to the government, in which specific ministers and a specific prime minister are responsible for state policy.

[RZECZPOSPOLITA] Do you not think that there is a danger of a conflict arising between the members of the government and the leaders of the parties that nominated them for those posts? Are there not, for example, indications of a conflict between Prime Minister Hanna Suchocka and the leader of her party, Tadeusz Mazowiecki?

[Rokita] There is no conflict. There are, on the other hand, claims being made by all the parties, which often seek more influence on government policy than they have had so far. The prime minister, on the other hand, is appointed to resist such pressures. Otherwise, the government would be torn apart by the parties and would not be able to institute reforms of any kind, not even a reform of public administration.

[RZECZPOSPOLITA] Do you not think that the failure to appoint Krzysztof Zabinski to the post of undersecretary of state in the URM [Office of the Council of Ministers] with responsibility for administrative matters was a breach of the coalition agreement?

[Rokita] Initial decisions to that effect really were made during the talks on the formation of a government. Later, when we began to consider details, we did not conclude agreements on conceptual issues. We deemed that it would be better if we did not operate in the same ministry.

[RZECZPOSPOLITA] Was that a matter between Rokita and Zabinski, or between the UD and the liberals?

[Rokita] It was more of a dispute between Rokita and Zabinski, but my opposition was naturally supported by the UD and that of Krzysztof Zabinski by the KLD. The dispute did not affect contacts between the two parties, because they have a great capacity for cooperation. Zabinski assumed a high office in another ministry (deputy minister of internal affairs).

[RZECZPOSPOLITA] When you were a deputy, you attacked Prime Minister Olszewski's government for

being slow in instituting reform of the public administration, because it lacked the political will. Prime Minister Suchocka maintains that the present government possesses the political will, but there is still no sign of any concrete moves. Do you not think that you were excessively critical of the previous cabinet?

[Rokita] No, the Olszewski government definitely lost the will to institute reforms after two months in office. In my opinion, this was evident from the fact that—apart from the theoretical group led by Senator Stepien—no authoritative government body was created to assume the task of actually preparing reform.

[RZECZPOSPOLITA] Is there complete support from the groupings forming the coalition government for making the office of voivode nonpolitical? In the case of Wroclaw, for example, you were involved in a conflict with your own party.

[Rokita] There was no conflict.

[RZECZPOSPOLITA] Wladyslaw Frasyniuk, a UD activist in the region, strongly supported a candidate that you did not want.

[Rokita] Parties will not have a decisive say on questions concerning appointments in the regional administration. I obtained the full approval and political support of the prime minister for such a stance. Actually, none of the three proposals that I recently made drew public protests from my party. I consider that to mean that there is a great degree of understanding for my policies in the UD.

[RZECZPOSPOLITA] Has there been a similar degree of understanding on the part of other coalition parties?

[Rokita] There already have been cases, at least in Suwalki, of protests by various local groupings. There was a long list that no doubt included the ZChN, the KLD, and the PC—I do not remember all of them. I learned about it after it had happened.

[RZECZPOSPOLITA] Once the vacancies are filled, will a review be conducted of the voivodes who currently hold office?

[Rokita] The URM, under my supervision, is completing work on a coherent system for assessing voivodes. I would like the preliminary completion to occur in the next two to three weeks. That does not, of course, mean that dismissals will not occur sooner in extreme cases.

[RZECZPOSPOLITA] Have situations of that kind already arisen?

[Rokita] I suspect that there is one voivode who has committed a serious breach of his obligations toward the government, but I cannot say any more for the time being.

[RZECZPOSPOLITA] The reform option that Prime Minister Suchocka and you have been talking about is very condensed compared to the plans of previous governments.

[Rokita] Previously, intellectual and political circles were drawing up plans for reform of the state structure that tended toward being an organizational revolution. The discussions concerned reforms that were so extensive, controversial, and difficult to introduce that prospects for doing anything whatsoever receded.

[RZECZPOSPOLITA] How might the adoption of the Small Constitution impact on the course of reform?

[Rokita] Its adoption, especially its procedures for appointing and dismissing governments, will have a very strong stabilizing effect on the Suchocka government. That will, of course, permit long-term thinking about a reform of the administration. After all, none of us has been given a guarantee of being able to pursue the reform for three years or three weeks.

[RZECZPOSPOLITA] Do you want to act as if you had three years or three weeks?

[Rokita] One would want to leave a certain mark, even if the period of time is only very short, but I realize it would be foolish to do so regardless of the price. I am forced to think in terms of years.

[RZECZPOSPOLITA] If the Small Constitution does become law, and at the moment that depends on the president above all, it will be easier for the government to obtain special powers, because a simple majority in the Sejm is sufficient for such powers to be granted. Will the government seek the right to issue decrees?

[Rokita] Since 1991, I have been an advocate of introducing directives with the force of law into Polish law. The Council of Ministers is still to consider the range of matters that we would like to address with the help of directives. If the Sejm finally approves the Small Constitution and the president signs it, we will consider whether it will be necessary. It would be ridiculous to start making a noise now and to wave about decrees as if they were a sword.

[RZECZPOSPOLITA] How would you comment on the press reports that the president is preparing to propose another candidate for the post of prime minister? Do you have frequent contact with the Belveder?

[Rokita] I have met the president on several occasions. I have also had frequent meetings with officials in the presidential chancellery on matters concerning the activities of my office. Relations between officials in the Suchocka government and the Belveder are, quite simply, normal.

[RZECZPOSPOLITA] And what would you say about the press reports?

[Rokita] I would not venture to say anything definitive, because I do not know what the president thinks. I can talk about political facts. There is not the slightest basis for assuming that Lech Walesa is displeased with the work of the Suchocka government or would like to bring about its collapse. Of course, the president has never ceased to publicly articulate his "shock absorber" theory. That is his style.

[RZECZPOSPOLITA] Do you think that the government could survive if it were not accepted by Lech Walesa?

[Rokita] This government wishes to cooperate with the president. The government in Poland is constitutionally strong enough to be able to exist for some time while engaged in a conflict with the president. However, there is surely not one minister in the Suchocka government who imagines that it is possible to be effective while engaged in a conflict with the Belveder. It would paralyze the state.

[RZECZPOSPOLITA] What do you see as posing the greatest threat to the government's stability?

[Rokita] There are two lines of conflict in Poland. On the one hand, there is the following line of conflict: the nationalist-Catholic tradition and the ZChN against the liberal camp composed of the UD and the KLD. The second conflict is between the UD, ZChN, and the liberals on the one hand and the Olszewski camp on the other hand, and it would appear that the postcommunists will join the latter group. The greatest threat to the stability of the government and the Polish state would be posed by the first conflict becoming the source of political conflict in Poland. If that does not happen, then we will have a chance.

[RZECZPOSPOLITA] And that seems very likely?

[Rokita] That cannot be foreseen today, especially since neither evolutionary processes within the main coalition parties, nor shifts in the public mood are clear.

New Sejm Regulations Critically Appraised

*92EP0659A Warsaw RZECZPOSPOLITA in Polish
1 Sep 92 p 3*

[Article by Jerzy Pilczynski: "New Sejm Regulations; Rules of a Parliamentary Game"]

[Text] It is a well-known truth that a democracy devoid of a procedural framework actually ceases to be a democracy. Moreover, under such circumstances a democracy becomes inefficient. Therefore, it is good that the Sejm approved new regulations of the chamber at its last meeting before parliamentary vacations.

Parliamentary regulations are a much more important document from the point of view of the political system

than is quite commonly believed. Next to the Constitution, they are the most important source of parliamentary law. If gaps exist in the constitutional law it often happens that they are filled precisely with the norms of the regulations.

Certainly, it was due to such political significance of the regulations that the path toward approving them was not easy. This could not be accomplished in the previous term. After all, a consensus was lacking with regard to many controversial issues. At one of its first meetings in the current term, the Sejm charged the Commission for Regulations and Deputy Affairs with developing a new draft within two months. This was a difficult task because constitutional practices were changing at the same time, and work on a new constitution was underway. Meanwhile, the regulations are, in a sense, an executive act with regard to constitutional norms.

Changes found in the new regulations may be classified into several groups. The most obvious changes resulted from earlier amendments of the Constitution and other laws, and especially those in the system of supreme organs of the state: the establishment of the institutions of the Presidency, the Senate, a different definition of terms of the Sejm, the elimination of working procedures of the Sejm based on sessions, and so on. On this occasion, they eliminated the phraseology of the People's Republic of Poland, the PRON [Patriotic Movement for National Rebirth], socioeconomic planning, and so on.

The second group of changes is geared toward streamlining the organization of the Sejm proceedings and its operations. The political splintering of the Sejm prompted the authors of the draft to devise a different representation of deputy clubs in the Convent of Seniors, which should reduce its membership and improve the effectiveness of its operations. Provisions that should facilitate streamlining the course of Sejm proceedings and votes, constitute a separate group.

As has been the case so far, the agenda of Sejm meetings will be set by the Sejm Presidium and presented to the Sejm for confirmation. In setting the agenda, the Sejm Presidium should take into account the views of the Convent of Seniors, Sejm commissions, and deputies. The novelty is that motions to change the agenda may not be made after the meeting begins, but rather in writing, 12 hours in advance.

In exceptional cases, the Sejm Presidium, acting in coordination with the Convent of Seniors, may also propose a change in the agenda also in the course of a Sejm meeting, on its own initiative or on a written request by a deputy.

After much debate, which abounded in great controversy, it was resolved to set the minimal strength of a deputy club at 15 in the regulations. Deputies may also form circles of deputies numbering from three to 14 persons. Only the leaders of the clubs are entitled to take part in the proceedings of the Convent of Seniors. Circles

of deputies may have their representative in the Convent if they sign an agreement which makes it possible to gather at least 15 deputies.

Therefore, the number of deputy clubs will drop from the current 18 to 10. It is accepted that speeches by deputies should not take longer than 10 minutes, with the exception of club presentations, which cannot be longer than 20 minutes. The marshal of the Sejm, in coordination with the Convent of Seniors, may establish another time limit for speeches and submit it to the Sejm for confirmation.

This provision creates certain problems in that it ignores the fact of the existence of deputy circles. Therefore, deputies belonging to circles, of whom there will be 50, should be treated as independent deputies, of whom there are 18 at present. So far, all independent deputies have been able to take the floor in each debate. Only the length of these presentations was set. Under the present situation—in practical terms, there will be 68 independent deputies—this would put them in a privileged position and could lengthen the proceedings greatly. Therefore, the Sejm will have to consider whether a time limit should be established for circles, just as for clubs, or whether a combined time limit for independent deputies should be established.

Upon two calls "to order," the marshal may withdraw the floor from insubordinate speakers. A deputy may not take the floor on the same issue more than twice. The marshal may give the floor out of turn only for a formal motion to be made, or to correct an erroneously interpreted earlier statement by the speaker.

New provisions also concern information being made public on the absence of deputies from Sejm meetings for no valid reason, and the withholding of one-third of the per diems in the event a deputy frequently leaves the proceedings of Sejm commissions.

Three readings of a draft law, instead of two, are being introduced. The first reading includes the substantiation of the draft by the sponsor, questions from deputies and answers by the sponsor, and a debate over the general principles of the draft. The first reading at a commission meeting will become the rule (so far, it has been at a meeting of the Sejm), with the provision that this does not apply to draft laws on amending the Constitution, draft constitutional law, draft laws on civil rights and freedoms and duties of citizens, draft budget and tax laws; or draft laws that entail significant consequences for the state budget, or draft laws that regulate the right to elect the Sejm and gmina councils, or presidential elections, or the structure, responsibilities, and guidelines for operations of the organs of the state and territorial self-government, or draft codes and laws that contain significant amendments to codes.

As a result of the first reading, the Sejm Presidium may suggest that the sponsor revise the draft, consider changes proposed by the commission, and outline the consequences of such changes.

Within the framework of the second reading, commission reports are presented, the debate is held, and amendments and motions are introduced. However, no vote is held. As a result of the second reading, the Sejm refers the draft to the commission if many amendments have been proposed. It may also embark directly on the third reading without referring the draft to the commission. No debate is envisaged within the framework of the third reading, but rather just the presentation of amendments and a vote.

The Sejm Presidium may forward to the Legislative Commission draft laws and resolutions with regard to which doubts exist concerning their conformity to the law. By a three-fifths majority vote, the commission may resolve that the draft is inadmissible.

Under the regulations, the sponsor may withdraw the draft he submitted before the last reading begins. It is noteworthy that the Small Constitution, which has already been approved by the Sejm but is still at the stage of legislative work, ordains that this may be done up to the moment the procedure of the first reading is over.

The new regulations make different provisions for minority motions that have so far been considered first. Now they will be considered on an equal footing with other amendments.

Draft resolutions are subject to two readings. The mode of considering Senate amendments has also changed. If the Sejm does not reject these amendments by a two-thirds majority vote, they are considered adopted. This makes it possible to avoid so-called legislative stalemate.

Provisions concerning inquiries and questions have also been streamlined. The most significant provisions concern questions that, after being put verbally at each meeting, will require a direct reply by the prime minister or the relevant minister.

As a result of voting on the regulations, which took more than three hours, some of 150 proposed amendments were adopted. The most significant amendment, which at the same time gives rise to doubts about its constitutionality, is the one under which the Sejm will approve, through a vote, the entire composition of the government, with the exception of candidates for ministers who fail to win approval by Sejm commissions. A separate vote will be taken on each of the candidates who have not been approved.

It is easy to see that the new regulations put in order the institutions provided for in the 1986 regulations and the regulations from the interwar period. To a considerable degree, it also sort of sums up parliamentary practices which have recently evolved. To be sure, the regulations will have to be changed yet again after the adoption of the new Constitution. Until then, they should ensure a better operation of the Sejm.

Foreign Policy Challenges, Goals Outlined

92EP0654D Warsaw RZECZPOSPOLITA in Polish
27 Aug 92 p 6

[Article by Jerzy Marek Nowakowski, director of the Center for International Studies in Senate: "A Sharp Turn of the Road"]

[Text] Calm is reigning in Warsaw. Following a sultry July, politicians have left for vacations. The strikes and blockades by Samoobrona [Self-Defense, a peasant organization] seem to have overshadowed the realization that in the last few months the political alignments on the international scene changed rather fundamentally and, in my opinion, unfavorably.

In the last three years we have been witnessing the collapse of two systems ordering the political map of Europe, both conceived in the 20th century. First, in the fall of 1989, the Yalta order disintegrated; its death blow was the unification of Germany and the collapse of the artificial division of Europe into two military-political blocs.

In the course of the last year we have been witnessing the collapse of the Versailles order, considering that Czechoslovakia and Yugoslavia, two states created at Versailles, were its pillars. In both these state organisms, the disintegrative tendencies nowadays prevail over integrative ones. What is more, the buttresses of the Versailles order, that is, the political marginalization of Germany and Russia (restored briefly in 1990), also are receding into the past. Both Russians and Germans, following a period of concentration on domestic problems, are increasingly decisively entering upon the international arena and reasserting themselves as big powers. And everything indicates that these trends will continue.

This picture has to be complemented by stating that isolationist tendencies in the United States are growing markedly, and the process of European integration, which was crowned by the Maastricht treaty, is becoming questionable. NATO is living through an identity crisis, and international structures are incapable of stopping the civil war in Yugoslavia—a war awakening the ghosts of chauvinism, deportations, extermination of the civilian population, and concentration camps, ghosts that had seemingly been once and for all exorcised from Europe.

It is also readily seen that both Russian and German policies tend in the direction of strengthening the international role of these countries. Following a period of chaos that had set in owing to last year's August coup and the disintegration of the USSR, the Russians have been systematically strengthening their own position vis-a-vis the former Soviet republics. The world's reaction to the conflicts in the Dnester zone and in the Transcaucasus has been unequivocal: Russian troops can (and even should) act there in the role of a policeman or, as it is called in diplomatic language, a guarantor of peace.

The Return of Russia and Germany

At the same time, Moscow is hardly secretive about expecting the international community to recognize the principle of limited sovereignty of the former Soviet republics. To a growing degree it is gaining such recognition.

The activist Russian policy is demonstrated by, for example, two international agreements, one with Belarus and the other with Bulgaria. Following a period of exploratory talks with Poles, Germans, and Kazakhs, Belorussians have reached the conclusion that they are incapable of consummating full sovereignty without a collapse of their existing system of governance. Hence the groups that rallied round Prime Minister Vyacheslav Kyebych have forced through an agreement with Russia that in practice results in a Belarussian-Russian confederation.

Likewise Bulgaria, following a series of intensive exploration of contacts with the West, has decided to sign with Russia a treaty of friendship that looks more like a bilateral alliance. Since Russia and Bulgaria have been linked for more than a century by close and amicable ties, this treaty has every opportunity of becoming a lasting element of the political landscape of the Balkans.

It is also readily seen that Moscow exercises a strong and solid influence on Belgrade and Bratislava. To sum up, Russia has gained a solid footing for attempting to play an important role in the future European concert.

Even more explicit is the political activity of Germany. It was precisely Bonn that encouraged the Croats and Slovenes to demand independence, which, as a consequence, led to the violent disintegration of Yugoslavia. Likewise, the Czech and Hungarian Governments are pursuing a distinctly pro-German policy. The activities of our western neighbors also are visible in the three Baltic republics. Lastly, in Germany groups opposed to implementing the Maastricht treaty are raising their voices increasingly louder. "We cannot give up our mark," say the opponents of European integration, while being perfectly aware that the parallel existence of the German currency and the ECU [European Currency Unit] will cause the latter to be a mere unit of conversion, dependent 80 percent on the mark.

Of necessity I am confining myself here to the Russian-German topic, because some time ago in my articles in *RZECZPOSPOLITA* and subsequently *PRZEGLAD POLITYCZNY* I had argued that German-Russian contacts are not menacing to us. But now I would add the reservation: They are not menacing, because they are taking place in a moderately stabilized climate.

Of course, such a pessimistic diagnosis of the international situation raises the question of the objectives of Polish foreign policy. Lately there have been appearing articles in the press to the effect that our policy is too soft, too conciliatory, and the subtext to such arguments sounds something like, "Let us show them (nationality inserted depending on the author: Lithuanians, Czechs,

Russians, Ukrainians, Eurocrats...) the might and importance of Poland." I disagree with posing the matter in this manner. Aggressiveness on the international scene is the last thing that would benefit us. An incompletely exploited asset of Poland is stability and tranquility. It is in our country's interest to stabilize relations and prolong the period of peace, which affords us an opportunity to restructure our economy and develop democratic political mechanisms. Promoting conflicts—that being the end-result of an aggressive policy—does not contribute to a smooth transition to the market system.

A peace-loving policy does not, however, signify hiding one's head in the sand. Doing so and pretending that nothing is happening is probably worse even than raucous brandishing of a wooden sword.

The Need To Act

In the last few months Poland's political elites have been focusing on domestic problems. Unusually important international events, such as the visit of President Walesa to Moscow, the arrival of the presidents of Belarus, Ukraine, or Israel, in Poland, the visit of Prime Minister Major to Warsaw, etc., took place in the shadow cast by domestic political games. The government of Hanna Suchocka faces the task of strengthening Poland's foreign activities. (Incidentally, let us add that Prime Minister Suchocka is the first head of the government of the Republic of Poland to have personal experience in international politics.)

It appears that our actions should be oriented in several directions simultaneously. First, we should resolve the question of the effectiveness of discrete forms of regional cooperation. The Hexagonale, that is, the Central European Initiative, seems to be doomed. The sole prospect facing that grouping is the possibility of acting as a receiver of the assets left in bankruptcy by Yugoslavia. This is not a task offering clear prospects to Polish foreign policy. By getting involved in the Yugoslav conflict, we would be bound to alienate one or another European partner without getting anything in return.

As for the "Triangle" [Polish, Hungarian, Czecho-Slovak economic cooperation], that looks quite different and remains one of our priorities. But in this case too we have to expect a less active Czech involvement and the necessity of assuaging Slovak-Hungarian disputes. Thus, while it seems that this structure has a future, we must be prepared for the "Triangle" to face a crisis whose resolution hinges largely on the proactivism and tact of Polish diplomacy.

We should devote more attention to the North. Baltic cooperation is unlocking extremely interesting prospects to Polish politics. The countries surrounding the Baltic differ greatly in their level of economic development and degree of advancement of democratic changes. On the other hand, the systems of values professed by the political classes of these countries are similar. Also similar seems to be the feeling of a need for stability in

Europe. A not insignificant advantage of Baltic cooperation is that it includes European powers: Germany, Russia, and partially Great Britain. In the case of the first two of these countries, only parts of their territories are involved in this cooperation. As a consequence, the danger that this cooperation might be dominated by Russia or Germany is eliminated. What is more, it affords a chance for disarming the potential time bomb in the middle of Europe represented by the Kaliningrad Oblast.

Another direction in which our activities should be intensified is West Europe. As recently suggested by Joanna Mizgala in TYGODNIK POWSZECHNY, a discreet exploitation of European rivalries and disputes is definitely not a bad idea. We must aspire for rapprochement with the West's security structures. Of course, we have to allow for Minister Onyszkiewicz's reservation that we cannot behave like an uninvited guest who, when thrown out of the door, clambers in through a window. But stubborn insistence in Brussels that disregard of the security of Central Europe is an invitation to all kinds of "isms" is a cardinal task for diplomats and the military.

We should act likewise toward the Americans by obstinately reminding them of the consequences of their abandonment of Europe after World War I.

The Eastern Policy

Lastly, there is our Eastern policy. In this matter there is no need to emphasize the importance of doing something. But our actions must be extremely deliberate. The stupidest thing we could do would be to get involved in the welter of conflicts east of the Bug River. I think that the time is ripe for public discussion of the priorities of Polish Eastern policy. It can be assumed that we have completed breaking out of the circle of dependence. It seems that now we should work out a program for a reasonable cooperation. (I intend to devote a separate article to the problem of Eastern policy in the very near future.)

Lastly, there is a matter that might seem obvious. A state's foreign policy is a function of its power and domestic policy. That is why even the best concepts make sense only insofar as the state and the public have the resources and desire to translate them into reality. It appears necessary to reinforce the unusually feeble mechanisms for the coordination of the foreign policy of discrete power centers in Poland and, what is even more important, to achieve an elementary consensus on the issue of the state's foreign policy. The scandalous affair with the coded dispatch of the prime minister to the president during Lech Walesa's Moscow visit, during which parochial interests predominated over Poland's national interests, was an alarm signal.

Foreign policy cannot be a bargaining card in the electoral game or in disputes on domestic issues. All reasonable political forces should adopt this principle, and those who ignore it should be consistently relegated to a marginal position.

I believe that one purpose of articles on this issue is to make it clear to thinking Poles that the world is at a crossroads. The next few years will be a period of creation of a new European and world order. Unless we succeed in taking part in building that order, in a few dozen years historians will be writing about yet another lost Polish opportunity, yet more lost generations.

The abdication of Romulus Augustulus [last Western Roman emperor] was no big event to his contemporaries. It was only subsequent generations that pinpointed it as the moment of collapse of the Roman Empire. Since at present we are perceiving so many symptoms of the birth of a new era, let us try to be wiser than the ancient Romans.

Kuron on Strikes, Economic Restructuring

92EP0643A Poznan WPROST in Polish No 33,
16 Aug 92 pp 13-14

[Interview with Jacek Kuron, minister of labor and social policy, by Aldona Lukomska and Agnieszka Sowa; place and date not given: "Social Democrat in the Market"]

[Text] [WPROST] Supposedly this government has at least four prime ministers. They are mentioned in this order: Minister and URM [Office of the Council of Ministers] chief Jan Maria Rokita, you, Prime Minister Suchocka, and the head of the Advisory Council, Minister Tadeusz Syryjczyk.

[Kuron] Why do you mention me in second place? If this ranking is based on visibility, then I should be in first place; if it is about whose opinion the ministers reckon with most, then right after the prime minister I would name Henryk Goryszewski; when it comes to diligence, then Janek Rokita, Tadeusz Syryjczyk and perhaps Janusz Lewandowski. Generally, we can make various lists of rankings and thereby mention all the members of the government. We have a wave of strikes and demands, the government has a concept for a program that constitutes an offer of actions directed at the public. We began with the trade unions and hence my particular role at this moment. The prime minister is very serene and industrious. This bodes very well for this government. Meetings of the Council of Ministers last two hours, not 12 as they have up to now. And this is because of Prime Minister Suchocka. All of us, named "prime ministers" by you, would talk ourselves to death.

[WPROST] On the cover of this issue of WPROST you are pulling a rabbit out of a hat. Maybe you are not a magician, but you are certainly the best possible

spokesman for the government. But do you not think that people will no longer succumb to magical illusions, even yours?

[Kuron] What you say is amusing, but indeed I am not among the illusionists. And this can be verified by looking at what I have done. I usually tell the hard truths and that is probably why I am respected. As you said, I would very much like things to be such that people no longer needed to buy magical illusions. I fear that that is not altogether true. I do know that a good part of Polish society is tired and full of mistrust. But at the same time I am convinced that programs in which people are involved, i.e., acceleration, are possible. This is an opportunity that, in my opinion, cannot be wasted.

[WPROST] Today we are having strikes. Should the process of restructuring the economy not have begun earlier, when the public was not afraid of change and had confidence in the Solidarity government?

[Kuron] Of course that would have better, but I do not think it would have been possible. Mazowiecki realized that the next step was crucial. I was already talking then about the need to enter into a public pact. But how was I to do that, when I did not really know on what subject to negotiate. None of us knew. Macroeconomic decisions are made quickly and this has been done since January 1990. But the second part, the building of a structure, takes time, people and skill. We were ready mentally but not substantively. Today we are ready, and I am referring not only and not first to the government, but also to a good part of society, including an array of experts and various extragovernmental institutions (including unions). Specific programs have been established in various circles. This does not mean that we have everything prepared. There are programs for restructuring mining and the entire fuel and energy bloc. Everything intersects first of all in Slask. Yet we still do not have a regional program for Slask. The elements of these three programs must be correlated. And most important, convince the people of this. Involve them. This is an enormous task that must just now be initiated. But at least today we know where we are going.

[WPROST] You talk about the need to involve people in the restructuring program. But for now the strikes show that one cannot even rely on passivity, not to mention active participation.

[Kuron] If the mechanism of strikes and demands were to continue, the trade unions would cease to exist. One can see this clearly from Tych's example. An agreement with Solidarity—a strike. They came to terms with OPZZ [All-Polish Trade Unions Agreement]—the strike goes on. I am convinced that if an agreement were reached with Solidarity-80 today, we would still have a strike. After all, one can always demand more than a competing union has negotiated. This bidding leads to simple bewilderment and produces no results. The trade unions know this. They must become radical, because they fear they will be carried out in wheelbarrows. But

they also understand that if they do not participate in sensible negotiations about the future, they will sign their own death warrant. But they are not able to be persuasive enough to get this point of view through to their people.

[WPROST] Then who is supposed to convince workers that what you propose to them is—in the long run—beneficial to them?

[Kuron] If I alone were to propose this to them, there would be no such chance. But the substance of this pact on state enterprises, as well as other programs the government is proposing, is not the discovery of America, after all. Various elements contained in it have long been stipulated by the trade unions and a number of them have already been successfully implemented. Words are not enough to convince people; their own experience and that of others must convince them. One need only present more resolutely those that have succeeded.

[WPROST] Or the bankrupt ones that did not succeed.

[Kuron] One can only convince someone that not every strike can be won. People at union headquarters realize that if all strikes concluded successfully, there would be neither state, nor Parliament, nor places of employment, nor unions.

[WPROST] Why did you not agree to the lockout at Miedz SA?

[Kuron] The Sejm rejected the lockout motion. Since this was the case, closing the plant would have been openly contrary to the will of the legislators.

[WPROST] Would you have concurred if the Sejm has passed the motion?

[Kuron] I do not know. At Tych a lockout would certainly have been warranted; moreover, it would have been supported by the trade unions and the enterprises that are cooperating with FSM [compact car plant] and are losing as a result of the Tych strike. At Miedz the situation is very complicated. The strikers know very well that before the strike as well as at its beginning, the company could pay an average of 614,000 zlotys [Z] to each worker, and various bonuses that ate up profits. They are demanding Z750,000 in raises and higher bonuses, and that is a demand on the government, to relinquish part of its charges against the budget. The government cannot do this. First, because the opposite side in such negotiations is not the Council of Ministers but pensioners and teachers. One would have to take something away from them if one wanted to extract something from the budget for the strikers. The second reason why one cannot yield is that the law would be formulated by strikes in that case. And that would be the end. We shut down the state. To this the strikers respond that they given back 86 percent of their revenues to the state treasury. And indeed, the excess profits tax takes away an enormous part. Even if we were to abandon the

tax, all the money saved would go to wages anyway. We are dealing here with an enterprise that does not invest at all. This is a paradox. One can emerge from it only by converting enterprises and that is the process that Miedz's board proposed.

[WPROST] But how does one convince the strikers of this?

[Kuron] They cannot be convinced. They themselves must understand that not every strike ends successfully.

[WPROST] The pact on enterprises and property conversions negotiated with employees is supposed to be a panacea, not just for Miedz. From experiences thus far, one might suppose that a change in an enterprise's status, from state to private, evokes rather negative emotions, and the workers most often sell their shares immediately.

[Kuron] Negative emotions are aroused, above all, by uncertainty about one's situation, and the negotiations are supposed to remedy this. Some of the employees of privatized companies have indeed sold their shares. But not all of them. And not all of them have to. Besides, the pact contains a series of proposals for employees: They can become coowners of the enterprise, they have the right of preemption and participation in leasing.

[WPROST] The examples of leased-back plants are discouraging. It does not change their financial situation. Officially they are privatized, but that does not change the method of managing the enterprise. Would this not be "pseudo-privatization?"

[Kuron] If one argues in such black and white categories, then indeed we are in a hopeless situation; nothing will change. But fortunately, that is not the case. If this operation works out well in 30 percent of enterprises, I see this as a success. If one-third of the public supports not this government but the general program of a social market economy, that means we were successful, that we did not miss our opportunity.

[WPROST] Has anyone tried to calculate the delay in privatization that negotiations with employees could cause?

[Kuron] There is no way to calculate it. The process of privatization has been blocked and we are undoubtedly accelerating it. But something else is most important: I believe that without these negotiations privatization will not be achieved. We have an excellent example with the Warszawa foundry.

[WPROST] What are the financial consequences the state will incur as a result of the pact on enterprises?

[Kuron] We will do nothing without the Ministry of Finance.

[WPROST] Does this mean it is anticipated that the budget will not lose on the pact on enterprises?

[Kuron] We have to tell ourselves clearly that privatization as a source of budget revenues does not offer great hopes. We can only assume that we will not pay into this process, because we cannot afford it. Nor can we reject to system of values that holds in Poland, a system whose basic element is social justice, understood as the right of a human being to an equal start, to just compensation for work, to universal access to education, culture, and health care. It is necessary to learn to achieve this under market economy conditions. Not to throw out old values, but to understand that they cannot be achieved other than in the market. That means the notion of social justice must be implemented and financed not by the budget, but because of the people's own activity. And not only because we have a weak budget, but also in order not to create among the people the image of a client of social services or often even a cheater. I believe I will achieve the ideals of my childhood, except in a market economy. Until recently this was attempted by liquidating the market, and that ended badly.

[WPROST] A social democrat in the market, in the company of liberals?

[Kuron] I admit that I have social-democratic ideas. The company of liberals is much in demand in the market. Why should I try and risk the market's rejecting me? A wise liberal will tell me that. When I put together a project, Stryjczyk, Lewandowski, or Bielecki will tell me what the market will do with it. And then I save 50 percent of the cost. Fifty because risk always exists, but it can be minimized.

[WPROST] Does the Sieci's [Network] announcement that it will join the protests portend a serious escalation of protests?

[Kuron] In the current situation, everything portends escalation. But I hope Solidarity Sieci is not among the irrational trade unions.

[WPROST] Which trade unions do you see as irrational?

[Kuron] I do have a list in mind, but I do not want to cause resentment. Of the large unions at least two are rational, but I do not treat Sieci as a separate union. The rational ones are those that are aware that they are a union and are striving to achieve union goals. The irrational ones are those that place their goals on a different plane.

[WPROST] A political one?

[Kuron] Perhaps a more mythical-political one.

[WPROST] What about Jurczyk's Solidarity 80?

[Kuron] I feel the leaders of that union have a mythical vision of history; they would like a repetition of August 1980. Unfortunately, they are not trying to consider what is next. They know only that the government should ride up and sign their demands. But what kind of system there should be afterward, how laws should be enacted—they are not even attempting to consider this.

[WPROST] And you have not been able to persuade Jurczyk to consider it?

[Kuron] We all try to repeat what worked out best for us in life. For Jurczyk, the strike at the Szczecin shipyard in 1980 worked out best. KOR [Workers Defense Committee] came out best for me and I too am trying to repeat that in different ways.

State's Role in Resolving Strikes Explained

92EP0654C Warsaw GAZETA WYBORCZA in Polish
26 Aug 92 p 17

[Article by Jacek Kuron, minister of labor and social policy: "Why the State Is Not Involved"]

[TEXT] Striking workers, plant committees, trade union federations, and the press are trying to catch the government in the act of being illogical or prevaricating: The government declares that it is not a party to the disputes and strikes, yet it is the proprietor of plants. They claim that the situation would be different if a private plant were on strike, for then the government could indeed exercise the role of a mediator.

This reasoning contains an obvious error. That is because a state enterprise determines its own policy and its parent agency can hardly intervene about it.

Wherever there is a wage dispute between the workforce and the management or the board of governors, it has to be resolved on the spot. No outsider can dictate to the management what wages it is to pay to the workforce, at least so long as this does not exceed the plant's financial resources. Let me say even more: Money-losing state enterprises often get into deeper debt to the banks while at the same time raising the wages of their employees more than is warranted by their financial condition. And even then the possibilities for intervention by the government are extremely limited.

The government is not a party to these disputes, but everyone wants it to be. Why? That is obvious. Most disputes are at the same time implicit demands for changes in the government's financial policy on the enterprise concerned. Should the ministers of state insist on such a thing—and this has happened more than once—they would be violating the law, which they should not be doing.

Recently, in addition to their demands for wage increases of half a million, a million, or a million and half zlotys, the protesters have been demanding a reduction in the "dividend" [tax on assets] and in the tax on wage increases as well as the establishment of the institution of the State Treasury and the provision of debt relief to the plant.

We desire to consider all these problems together with the workforces and trade union federations, but only on a national scale, in the discussion of the enterprise pact.

The State Refuses To Be a Giver, But Is It a Taker?

The recent strikers at the Miedz Copper Mine argued that their enterprise too much encumbered by the state, because, they claimed, 86 percent of the profits is transferred to the Treasury. Is not it too much? Certainly, it is too much. Even if we consider that they extract copper, a natural resource owned by the state. But actually that figure of 86 percent is an exaggeration. In reality, in the first half of this year the Treasury received 68 percent of Miedz's profits. The state has relinquished its ownership of this mine, which is now an autonomous enterprise, and it expects revenues in return. Accordingly, during the first half of the year the mine paid to the state 12 percent of its profits plus 40 percent in the form of income tax, like any other enterprise in Poland—and that certainly is too much—plus 16 percent in the form of the tax on wage increases.

The tax on wage increases is not a planned budgetary revenue. It was intended to restrain excessive wage increases that would exceed the growth rate of output on the national scale. Introducing this tax was necessary because we assumed that the two principal objectives of a state enterprise are to survive and to maximize wages. The tax on wage increases was intended to protect the enterprise, and hence also the economy, against its ruination by an excessive growth in wages.

This mechanism is operating less and less well. Wages are being raised. At Miedz better wages are paid and that is why the mine must pay such a high tax on wage increases. Yet the validity of this mechanism is demonstrated by the fact that all the funds remaining at Miedz after the monies due are transferred to the state budget, that is, 32 percent of profits, are in their entirety spent on wages and bonuses for employees (let alone the wage fund, which is much higher and debited to the enterprise's operating costs). No money is left for investment.

The strikers reply that the reason for this is that the state leaves 343 them so little money anyhow. Nevertheless, in the negotiations which I have conducted with the strikers, whenever we discussed possibilities for increasing the part of profits that can be retained by the plant, it always turned out that the added funds also would be earmarked for wages alone, not for investment.

The Plant and Its Ballast

A plant pays its "dividend" to the state budget in the form of a tax on not only its productive assets but also the social service facilities it provides for its employees, such as houses of culture, sports centers, stadiums, hospitals, workers' housing projects, and thermoelectric power stations—which sometimes heat an entire city, as for example in Mielec. It can hardly be denied that this is a great burden on enterprises and a major reason why so many of them operate at a loss.

The payment of the dividend on a plant's entire assets was intended to prompt it to get rid of unneeded assets. This is indeed what the plants are gradually doing. But it

is not always feasible. The plants have to subsidize the costs of workers' housing and of the operation of thermoelectric power stations, and nobody else is anxious to take over these operations. When the Mielec local government heard that it was to take over the thermoelectric power station, it panicked. In Warsaw no borough government is going to bother with the maintenance of workers' housing. And the state budget lacks the funds for supporting local governments in this matter.

One way out of this situation would be, e.g., to lift rent controls. However, under the previous social system, the state had concluded with the people an unwritten agreement: They are to work for a living, and everything else will be provided by the state. Were the real prices of housing, health service, electricity, or energy to be charged, the average worker could not afford them. It just is not possible to dump on a man all at once all the burdens he should bear.

Consider a situation in which an employee gets paid a high wage, rents an apartment, and buys his own insurance. We could raise wages even now if we would be certain that everybody would spend these higher wages on housing rent or insurance. But obviously people would not do that, and instead they would spend the money thus received on consumption. An inflationary spiral would arise. Hence the need for gradual changes.

Not Only Trade Unions Are Involved

Thus, resolving the fate of state enterprises has to be linked to a reform of all the other domains: housing, health service, and a different approach to culture, sports, and education.

If we consider the matter from this standpoint, it becomes clear that the government is involved. But, I repeat, it is involved not in some particular dispute or at some particular plant, but in the overall process of restructuring. On the other hand, in particular disputes it is not only trade unions that involved but also the inhabitants, tenants, teachers, physicians, patients, etc. A variegated and complex structure has to be built, but so far we have made little progress in doing so.

The state is here not only involved but also a coorganizer along with trade unions, local governments, foundations, and social movements.

Impatience at the Ursus

The Ursus tractor plant exemplifies a plant that maintains huge unwanted assets and subsidizes its employee housing as well as the local thermoelectric power station.

Given its debt of more than 2 trillion zlotys, the Ursus has since a year ago been undergoing privatization, i.e., it is a state enterprise in receivership. Even now the results can be seen. A new marketing network, that is, a network of sales outlets, is being established, and work was begun on a system for selling tractors on the installment plan,

supported by state credits. The plant's debt is diminishing and production reviving. But then a strike broke out, because its employees felt that they should get higher wages.

Much indicates that even before this year is over the decline in output at the Ursus could be successfully halted, but only if its profits were to be reinvested for some years ahead; only afterward could wages be raised.

The workforce at the Ursus must understand that the plant has a chance to survive by maximally investing in marketing operations, introducing sales on the installment plan, and setting aside part of profits on investment in the immediate surroundings, so as to create jobs for those who will have to be laid off.

It should be borne in mind, however, that there is an ongoing recession and, though the plants have been raising wages as much as possible, with the nominal wage being raised as well, real wages have been dropping. What is more, unemployment is rising, so that often, even when a father's real wages increase, the income of the family as a whole is shrinking.

We are in a stupid situation. In 1945 the communists came and announced a new order in whose name we were to accept making sacrifices. This had been drummed into us for many years, even in 1970. The demand for continuing sacrifices has been a major reason for social impatience, which bore fruit in the social explosion. Now people have again lost patience and faith in change.

Except that we should bear in mind that, in demolishing communism, we demolished our own mansion or, if you prefer, it demolished itself owing to the incompetence of that system. We must build this mansion anew.

This is a big job and requires the participation of all. It has to be preceded by understanding of what we must build. But people want to believe that a system that provided everything has collapsed temporarily, because the cause of the crisis is unknown. Yet a system based on giving has collapsed completely and shall not return.

Poll Surveys Opinions on Inflation Rates

92EP0649A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 24 Aug 92 p 1

[Article by K.B.: "Optimistic Survey Results: Poles Do Not Want Inflation"]

[Text] Fully 68 percent of Poles asked for their opinion by Sopot's Public Research Workshop in a survey commissioned by RZECZPOSPOLITA, believe that a level of inflation of no more than 1 percent a month would be tolerable. A full 84 percent of respondents stated that a 12-percent annual rate of inflation would be tolerable.

This means that in the opinion of the participants in the Sopot survey, the current level of inflation in Poland is too high. A reminder: The annual rate of inflation from

July 1991 to July of this year, measured by the increase in prices of consumer goods and services, stood at 41.3 percent. And on a monthly basis, the level did not fall below 1 percent in any month; in July it was at 1.4 percent. Judging from survey results, 32 percent are inclined to see the current level of monthly inflation as tolerable, while only 2 percent said this about the annual rate.

This is a very optimistic contribution to the discussion on the preferences of Poles in the eternal debate on what to fight first—inflation or recession. Unfortunately, the disparities in responses on monthly and annual inflation rates upset this result somewhat, because theoretically, answers to both questions should correspond. Inflation below 1 percent a month should be approximately no higher than 12 percent annually. It appears greater significance should be attributed to opinions on inflation on a monthly scale, because after several years of high inflation, it is hard to get used to assessing its levels over longer periods of time. For example, many Poles remember well how much sugar or bread cost in the 1970's, but they cannot recall their prices from a few months ago; hence, apparently, the difference in opinions.

Going deeper into the survey results, it is worth noting that opinions on the acceptability of inflation of not more than 1 percent a month are stronger among women than men (72 percent to 65 percent).

This is not very dependent on age, but it is decidedly most common among people over 59 (76 percent). The attitude about the acceptability of only low inflation is encountered most often among people with low incomes of not more than 700,000 zlotys [Z] monthly per family member (77 percent), than among people with much higher incomes in the range of Z2 to Z3 million a month (40 percent). This result, incidentally, is a practical confirmation of the well-known premise that low income people lose the most as a result of higher inflation.

Employment categories did not have a major influence on assessments of the acceptability of various levels of inflation. Opinions in favor of the lowest possible inflation (1 percent a month or less) were particularly strong among the unemployed (81 percent) and pensioners (76 percent). In this instance, those employed in private enterprises were more tolerant (58 percent). Among social groups, the same opinion was especially strong among unskilled workers (81 percent), farmers (80 percent), and generally in rural areas (75 percent). Presumably, this last statement may be explained by the fact that in both cases inflation is perceived as a phenomenon coming from the outside, not as one which has more than a little influence.

In the context of these preferences, responses to the question on political sympathies are very striking, because many parties already have a declared position on economic issues, including what level of inflation is tolerable. It turns out that the attitude regarding the

acceptability of an inflation rate of at most 1 percent a month was most strongly held among followers of Party X (100 percent), ZChN [Christian-National Union] (85 percent), PChD [Party of Christian Democrats] (81 percent), the Union of Labor (80 percent) and PSL [Polish Peasant Party] (72 percent). Much less radical in this regard are followers of parties that have a reputation for most strongly emphasizing the need to fight inflation, and moreover implementing this policy in practice within the framework of government activity (KLD [Liberal-Democratic Congress]—35 percent, or the Democratic Union—55 percent). But public opinion differs.

This same survey repeated questions about forecasting inflation to the end of the year asked in previous months. Compared to July, results indicate an increase, from 47 to 57 percent, in the number of Poles who believe that inflation this year will be higher than last year, and a small decrease (from 10 to 8 percent) among those who feel that inflation will be lower.

Forecasts on the expected level of the dollar to the end of the year were more stable. In August, 51 percent felt that it would stay in the range of Z14,000 to Z17,000 (previously this number was 52 percent). The portion of those predicting the dollar would stay at about Z14,000 rose from 12 to 13 percent.

Lewandowski on Universal Privatization Program

92EP0654A Warsaw *TYGODNIK SOLIDARNOSC*
in Polish No 35, 28 Aug 92 p 3

[Interview with Janusz Lewandowski, minister of privatization, by Radoslaw Januszewski and Krzysztof Sokolowski; date and place not given: "The Magic of Privatization"]

[Text] [TYGODNIK SOLIDARNOSC] Mr. Minister, you intend to carry out universal privatization. Do you consider it possible given the present state of social discontent?

[Lewandowski] I do. Although the present year has been wasted so far as universal privatization is concerned, in the meantime the economic elites have realized the purpose of the National Investment Fund and seen that it is not some counterpart of the once-popular industry associations. They realized that the changes in modes of ownership must be combined with concurrent restructuring.

[TYGODNIK SOLIDARNOSC] What about the man in the street?

[Lewandowski] I am optimistic about the social acceptance of PP [Universal Privatization], although no way has still been found of interpreting it properly to the public.

[TYGODNIK SOLIDARNOSC] So then, things are not that good, are they?

[Lewandowski] I have one other reason for feeling optimistic, even though it may be complicating things for the MPW [Ministry of Privatization]. The decision has been made to use the PP also a way of compensating pensioners and annuitants for the arrears in their state-paid salaries. This will enhance the program's social credibility. All the same, I am not enthused over the way in which this program is going to be used as a panacea for all problems.

[TYGODNIK SOLIDARNOSC] The measures taken by the Ministry of Privatization seem improvised and prompted by the wave of worker protests. In contrast, while you were a minister in the Bielecki Administration you had a year of relative calm in which to act.

[Lewandowski] We devoted the year 1990, when everybody was fairly confident about Poland's market future but was not yet familiar in practice with the new system, to setting up the institutions fundamental to our plan, such as the Privatization Office, and to drafting a privatization law, which we were the first in Central Europe to pass. We also made some mistakes; the motto, "Know the power of your money," was a bit excessive.

[TYGODNIK SOLIDARNOSC] It was a derided slogan.

[Lewandowski] True. In a recession investing in stocks does not yield much profit compared with saving in a bank.

[TYGODNIK SOLIDARNOSC] But at the time the public could also profitably invest in bonds. Unfortunately, to this day the numbers of bonds in circulation are unknown; no one has seen to keeping track of them.

[Lewandowski] Yes, indeed, in 1991 to our surprise we had to exercise a duty that was not included in the original purposes of the Ministry of Ownership Transformations. It turned out that we had not only to privatize but also to oversee a substantial segment of the economy. It had seemed that budgetary receipts and expenditures were to be kept track of by the Ministry of Finance, but suddenly our ministry became a budget and economy overseer, for which it was not prepared.

[TYGODNIK SOLIDARNOSC] The absence of instruments for financial control, especially when there are financial shortages, is naturally stirring emotions and raising doubts among the public.

[Lewandowski] We still retain the old administrative structure. A national accounting institution—the State Treasury—should be established. But this in itself will not solve the basic problem, meaning the transformation of the economy, as it will be merely an office of records and accounting.

[TYGODNIK SOLIDARNOSC] In that case, seen from the privatization standpoint, it is your ministry that administers Polish industry as a whole.

[Lewandowski] Ours is not a country in which the government administers. The government's purpose this

year and for many years ahead still will be to change the system. In particular, my ministry is a ministry of changes and not one of administration. It is our duty to monitor the manner in which enterprises change from state to private.

[TYGODNIK SOLIDARNOSC] The NSZZ Solidarity has long been calling for the establishment of a State Treasury. To popular opinion this looks like lack of confidence in your office's actions.

[Lewandowski] A basic prerequisite for the operation of this ministry is clearing up the atmosphere around it. Civil servants are suspected of taking power in order to feather their own nests. It is unusually painful that such accusations pertain to civil servants deriving from Solidarity. In the course of the last two electoral campaigns—and it began with the "war at the top"—the public has lost the feeling that offices are held to exercise specific duties rather than for personal gain. Such accusations have often been made for political purposes.... The facts disprove them.

[TYGODNIK SOLIDARNOSC] But what about the report of the NIK [Supreme Chamber of Control] about the MPW?

[Lewandowski] The report is 1,000-pages long and the most voluminous ever to be authored by that chamber. We have to take a position on it and challenge the accusations, e.g., those concerning formal simplifications of our activities. A classical example is the plant in Swaredz, which we privatized in face of material claims by its original owners. No reprivatization law—concerning restitution of nationalized property—existed, but even so we had reached an agreement with these owners. This could be grounds for an accusation: In the absence of a law we privatized a plant. Swaredz was turned into a profitable factory. This took place at the boundary line of law—formally speaking. But on the other hand, if the state sector, which exists in a crisis, is to be approached with meticulous correctness, this results in stagnation, as in the first half of 1992. There is no longer time. The public is growing more and more frustrated. The real worth of currency is declining.

[TYGODNIK SOLIDARNOSC] How would the public benefit?

[Lewandowski] The program gives priority to enterprises. The credit and capital opportunities for these enterprises inherent in the National Investment Funds will arise. In the initial period the program will become tangible to a substantial number of employees of the enterprises affected. This concerns, contrary to what has been said up to now, not 400 but 600 plants. That is a great many in a situation in which a majority of large enterprises lack a program for the future. First we "straighten them out" and then we shall provide the public with safe rights to their property.

[TYGODNIK SOLIDARNOSC] What do you mean by "straightening out"?

[Lewandowski] Hard managerial labor, exploring a separate strategy of development for each of these enterprises. Please note that so far we have not been able to avail ourselves of foreign credits and investments because no one knows how to draft a good business plan. Jacques Attali, the chairman of the European Bank for Development, is an ardent supporter of our universal privatization program and shall provide credits to the enterprises he has taken over.

[TYGODNIK SOLIDARNOSC] How much will they be worth?

[Lewandowski] That will be determined by the market. No need to use the services of consulting firms.

[TYGODNIK SOLIDARNOSC] Why does the universal privatization program list only manufacturing plants, without including domestic banking and mercantile enterprises?

[Lewandowski] The debt-relief law will bring about a rapprochement between the financial and manufacturing domains in a virtually dangerous manner. It may happen that state banks will become owners of state enterprises. That is because the parent agencies—and they number as many as 70—exercise no proprietorial functions. What is more, manufacturing plants cope the least well with the market economy. So we began with the most difficult sector of the economy.

[TYGODNIK SOLIDARNOSC] As many as 27 million citizens may participate in the universal privatization program. Yet at a recent press conference at your ministry, Director Thieme mentioned possible participation by only 1-2 million. The former alternative is a form of a national loan, while the latter means making proprietors of the "roundtable" partners.

[Lewandowski] That is a truly hostile view of this program. Universal means accessible to everyone. I believe that, along with the poorest strata, anyone can afford to pay for joining the program, since the cost per person is up to 250,000 zlotys. We estimate that these fees will be paid by several million to about 12 million persons, plus about 5 million recipients of compensation payments.

[TYGODNIK SOLIDARNOSC] Has the universal privatization program been coordinated with Solidarity, and how? Even if Solidarity no longer holds a protective umbrella over the government, in spite of participating in its formation?

[Lewandowski] The first few weeks of the new government consisted in, in addition to responding to the strikes, drafting an offer to the trade unions. The pace has been dramatically rapid and has somewhat influenced the quality of the "Pact on the State Enterprise and Its Privatization." We feel that this government has a chance to survive, but on two conditions: If it is resolute and will know how to reach an agreement with the trade unions without at the same time tolerating

wildcat strikes, which are just as detrimental to the trade union movement in Poland; and if it has a recovery program for Poland.

Overview of Foreign Aid Projects Published

92EP0649A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 24 Aug 92 p II

[Article by Anna Wielkopolska: "Western Help for Poland: Donors and Their Gifts"]

[Text] For three years Poland has been benefitting from the help from highly developed countries. Its various forms aid Polish economic and political reforms. In the initial period from 1989 to mid-1990, this assistance was of a humanitarian nature, and the value of food products and medicines totals almost 123 million European Currency Units [ECU]. Meanwhile, a stabilization fund for the Polish zloty has been established in the amount of \$1 billion (contributions in the form of grants total \$300 million).

Since 1990 more and more funds are financing concrete technical assistance. As a result of negotiations with representatives of the Polish Government, five areas that should be supported first have been defined:

- restructuring and privatization of enterprises,
- development of the financial sector,
- development of the private sector,
- the labor market and employment,
- environmental protection.

In addition, agriculture, telecommunications, higher education and health care were acknowledged as priority sectors. Individual countries transfer funds in various ways; often subsidies for Poland are found within a general program for the entire region of East-Central Europe.

EC—PHARE Program

The most popular assistance program proposed to Poland, among others, by the EC. Our country receives about ECU200 million annually. This grant is distributed according to a country's current needs. In 1990, 25 percent of PHARE (ECU50 million) was allocated to a program of plan conservation methods. Lines of credit for agriculture and industry in the amount of ECU30 million have been planned; for small and medium-sized enterprises—ECU25 million.

Next year, restructuring, privatization, and demonopolization will be the preferential spheres, with 25 percent of the program's funds; ECU30 million has been allocated to environmental protection, ECU20 million to support health-care reform, ECU18 million for a program to combat unemployment.

This year's edition of PHARE provides first of all for assistance (50 percent of the funds) in restructuring regions, promoting exports, developing the tourism industry, and privatizing agriculture and cooperative development. In this allocation are also found provisions for the creation of an information system on regions and support for the process of creating a ministry of the economy. The EC has also proposed allocating 25 percent of the funds to training, modernization of vocation education, and similar investment activity in human capital.

In addition to the cumulative help from the EC, Poland is benefitting from funds from individual developed countries.

France—Teaching the Young Democracy

The France-Poland Fund holds Fr90 million (allocated for 1990-92; the stock exchange received another Fr15 million). These subsidies will mainly assist in the training of managerial staff in the field of local democracy (in banking, civil aeronautics, environmental protection, accounting, state administration and stock exchange operations). Technical help associated with unemployment and restructuring of regions threatened with this situation (e.g., Walbrych) is financed with part of these funds. Most of the programs proposed by the French Government are in the process of implementation. It is estimated that about 40 percent of total pool funds have already been spent.

Germany—Vocational Improvement

The German Government has guaranteed Poland about DM3 million annually under the terms of bilateral agreements. This money is directed mainly toward training the economic administration, management personnel, and employees in the field of finance, as well as foreign language education and vocational training. For 1991-92, 72 training projects covering 1,200 people have been approved.

Parallel to government help, regional cooperation has been set in motion—Lower Saxony and Northern Nadrenia-Westphalia with the Poznan, Sieradz, and Wroclaw voivodships. This assistance is also of an educational nature and it benefits mainly young people.

Great Britain—How Is It Done?

The Know-How Fund totals 50 million pounds sterling and is planned for a period of five years. The largest part has been turned over to us for the 1991-92 fiscal year (from the end of March to the beginning of April next year)—a total of 12 million pounds sterling. The fund's name defines its goal of assistance to banking and the financial sector, accounting, industry and energy; it also includes foreign language instruction, assistance in the resolution of problems of unemployment and local government.

Italy—Medical Help

The largest part of Italian aid thus far is deliveries of food in 1991-92. The value of the goods furnished totals about 115 billion lira.

The Italians are financing (13.6 billion lira in total) assistance to Polish hospital, including supplying equipment to the cardiological hospital in Zamosc (8.3 billion lira). More than 51 billion lira has been allocated to preferential loans—e.g., for the production of nonglutinous foods or utilization of refuse—as well as modernization of production lines at Polfa plants in Krakow.

For the years 1992-94, a program for the entire East-Central region of Europe, for which 900 billion lira has been allocated, has been prepared.

Austria—Personnel and Personal

Thanks to the food products aid of this donor, we have received a total of 6.5 billion zloty. Austria is also participating in programs of instructions for the managerial employees of our enterprises.

Denmark—How To Harness the Wind

Denmark has allocated the equivalent of ECU9.57 million for the implementation of 160 projects (mainly for Poland). The programs include training in such fields as environmental protection, agriculture, fishing, management and foreign languages. The value of the 13 programs organized so far amounts to about ECU1 million. Within the entire Eastern Countries Fund, 14 programs dealing with energy, including a program to use wind power, have been financed.

Netherlands—Clean Water

Subsidies awarded four times a year are directed mainly toward environmental protection, including the improvement of energy management. Dutch assistance also includes new technologies and tools, e.g., for the environmental protection program in Bytom, improving drinking water quality and sewage treatment in Warsaw, studies on the quality of the waters of the Wisla and Gdansk Bay, or financing under a pilot project for a network to monitor the underground water of Gorna Notec.

Switzerland—Banker Training

The Government of Switzerland has given Poland aid in the amount of 90 million Swiss francs, two-thirds of which has been allocated to environmental protection, energy, communications, health care, banks and finance, and agriculture, with special consideration to improving the distribution of farm products. The remaining funds will support regional programs, scientific and technical assistance, financial expertise, and various types of vocational training. The Swiss are also conducting training in the field of banking and management (financing small enterprises) and seminars for local government bodies.

Sweden—Sea, Our Sea

Sweden will give Poland 300 million krone (about \$47.3 million) to support economic reform programs, especially in the area of protection of strategically important environments (the Baltic!). Over 40 programs are in the implementation process, of which 20 directed at environmental protection consume \$32.3 million. In addition, Sweden is treating as a priority cooperation with local governments and aid to cooperatives. In the field of management, the Center for Manager Training has been organized with the Confederation of Polish Employers.

United States—The Great Unknown

Least known is the scale of American aid. Even officials at the highest levels of the State Department do not have precise information about expenditures allocated to Poland, because U.S. aid is of a global nature and is directed at the entire Central European region.

In the 1990-91 fiscal year, the U.S. Congress reserved a total of \$370 million. Forty-five percent of that amount was used in six months and, according to American estimates, Poland received 60 to 70 percent. The most important item was a transfer on behalf of the Polish-American Enterprise Fund (\$65 million). A grant of \$415 million is anticipated for 1992, with no allocation for individual recipients. Several countries are included in the program; Poland will most likely receive about 40 percent.

The United States bases its carrying out a regional policy in the area of aid on the need to maintain "flexibility" in the direction of aid allocation, depending on the current situation of individual countries. Besides this, decisions about grants are made directly in Washington, not by missions of the Agency for International Development. Funds are transmitted through various channels (labor, agriculture and treasury departments, etc.), while the executor may be named by Congress.

Canada—Agribusiness

The Canadian aid program has also been developed for the entire East-Central European region. An estimated \$8 million Canadian may come to Poland. Up to now this help has been directed mainly toward agriculture and the food products industry (fruit processing, grain storage, training the fields of technology and management in agriculture), cooperative development and environmental protection. Canadian aid is based mainly on preparing analyses, assessing the situation, and organizing training and seminars.

Australia—Grants for Ministers, Money for Filmmakers

The APTEE program for Eastern European countries should make it possible for Polish middle managers to become acquainted with management techniques and to gain experience by working in Australian enterprises, firms or ministries. Seen as priority areas in Poland are

finance, the food industry, trade, transportation, energy, and management of scientific and research centers; the Australian Government has allocated roughly \$1 million Australian a year to these areas. A part of that amount, which will remain in the hands of the embassy in Poland, has been set aside to assist the film industry.

Japan—Our Theater Will Be Enormous

The subject matter of training organized by the Joint International Cooperation Agency (JICA) ranges from management and banking to environmental protection and space planning. So far over 250 people have qualified for scholarships in Japan, which last from two to eight weeks. Scholarships to expand medical knowledge in the field of oncology and communicable diseases have aroused the particular interest of Polish specialists.

The Japanese Government handled the Great Theater in Warsaw with a special grant, for which \$400,000 has been allocated to buy furnishings. Also in the plan is the establishment in Warsaw or Krakow of a Japanese cultural and trade center.

Steel Industry Restructuring Program Completed

92EP0651B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Aug 92 p 1

[Article by A.W. and P.A.: "The Restructuring of the Metallurgy Industry"]

[Text] At the Ministry of Industry and Trade [MPiH], the final shape of the program for structuring the iron and steel metallurgy industry has been agreed upon. The proposed changes are of a comprehensive "thrust" nature. The association of Poland with EEC countries is the threshold marking the deadline for restructuring. By 1997, the preliminary phase of restructuring should take place. The program also anticipates sharp cuts in employment. According to the prognosis made by the Canadian consortium that is preparing a part of the program, this number may reach as high as 80,000 persons.

The current level of employment in the metallurgy industry has declined by 8.2 percent compared with the same period last year and is now set at 182,000 persons, while the average emolument of July, 1992 was 3.2202 billion zlotys [Z]. Branch income for the first six months of 1992 was Z33.486 trillion and the costs of obtaining this income were Z32.676 trillion, yielding a total of Z2.344 trillion profit and Z2.034 trillion in net losses. Obligations to the State Treasury for that period in the form of a turnover tax were Z40 billion, the dividend was Z963 billion, and the tax on above-the-plan growth of wages was Z343 billion.

As a result, net profit for the first six months was Z737 billion, and net losses were Z2.665 trillion. This yielded a net financial result of -Z1.928 trillion. The profitability index was -0.9 percent. In a word, the metallurgy industry is bankrupt.

According to ministry employees, Polish steel can still be competitive. The countries of Western Europe propose that Poland limit its production to 4.5 million metric tons of raw steel per year (in 1990, production closed at the figure of 13.625 million tons). Polish forecasters, on the other hand, project production averaging 9.8-11.8 million tons.

Unofficial data show that the first part of the report prepared by the Hutch Associated—Ernst and Young—Steltech consortium in December, 1991, estimated, based on data from 1988-89, that the demand for raw steel obtained via continuous casting technology should be set at an average of 11-12 million tons per year, while the demand for hot rolled products should be set at a level of 10 million tons (with the share designated for domestic demand set at 8 million tons and the share for export set at approximately 2 million tons). We cannot rule out the fact that since that time, estimates have been continually reduced because, for example, industry requiring vast amounts of steel, specifically, coal mining, is abruptly dropping orders from mills.

In the first seven months of 1992, raw steel production totaled 5.8 million tons and was more than 900,000 tons lower than during the same period last year. Similarly, the production of rolled products dropped by more than 13 percent.

Last year, steel production totaled 10.4 million tons and in 1990 it totaled 13.6 million tons. The production of rolled products totaled 8 million tons in 1991, and in 1990 it totaled somewhat more than 9.8 million tons. Thus, the breakdown in demand is very serious. Monthly production in ferrous metallurgy is shaping up this year at a level of approximately 70-75 percent of average 1990 production.

In the record year of 1980, raw steel production in Poland totaled 19.5 million tons, which indicates the vast dimension of production capability installations that are today, in large measure, obsolete.

State Modernization, Traditional Values Conflict

*92EP0654B Warsaw RZECZPOSPOLITA in Polish
27 Aug 92 p 3*

[Article by Marek Budzisz: "Modernization in Accord With Tradition"]

[TEXT] Politics in Poland has by now such a low reputation that even its principal figures are beginning to refer to the need to depoliticize our public life. Such notions magnify the existing extensive confusion, strengthening the belief of voters in the possibility of organized public activities that would bear no political earmarks. One proof of such confusion and abuse of the intellect is the recently published (in WPROST No. 29) article by Janusz Lewandowski, a leader of the Liberal-Democratic Congress. The numerous significant comments made by Lewandowski include two that are particularly intriguing. The current minister of privatization

in Hanna Suchocka's government, Lewandowski argues in his article that Poland needs nowadays not just fragmentary modernization, which many people believe should be confined to the economic domain alone, but a more broadly conceived updating of the state, of the culture of public life, and of the rules governing social conduct. Lewandowski champions the idea, increasingly mentioned in Polish press, that precisely this process should be linked to a gradual secularization of public life, to supporting that segment of public opinion that demands a definitive separation of church and state, public and secular schools, support for the proabortion stand, and, lastly, opposition to that special moral pressure that the Catholic Church and the politicians linked to it are trying to exert on participants in public life. In Lewandowski's opinion, the political parties existing in Poland—in most cases, other than the groupings of the Little Coalition [the Liberal-Democratic Congress, the Democratic Union, the Polish Economic Party] (excluding the Democratic Right Faction)—are more interested in discussions of a theoretical nature, in attempts to define the meaning of conservatism, and in explorations of some instrument whereby the experience of British conservatives could be grafted onto Poland, instead of trying to champion procapitalist economic changes and the modernization and Europeanization of norms of public life.

Above all, a substantial segment of political groupings tends, for purely opportunistic reasons, to adopt the Christian-Democratic formula, which in Lewandowski's opinion is alien to Polish experience and clearly diverges from the expectations of voters. Yet it is the voters who, in his opinion, are decisive to the fact that a majority of the politically centrist groupings are weak parties lacking social support and therefore more prone to divide than to combine their influence, especially considering that any alliances among them are to be based on a vague principle of Christian democracy.

Yet, if it is correct to contend that it is impossible, and even senseless to build in Poland a Christian-Democratic or conservative-liberal party, it is all the more difficult to establish a community of those harking back to the classical West European liberal tradition. That is because the differences between the Union for Real Politics, the Liberal-Democratic Congress, and the Social-Liberal Faction of the Democratic Union, are more explicit than those that made it impossible to form an alliance among the Center Accord, the Republican Coalition, and the Party of Christian Democrats.

That is because, in Lewandowski's opinion, certain academic, bookish, but not necessarily erroneous ideas—which are becoming hackneyed—have served to motivate their supporters to establish political parties. Nowadays in Poland there is an ongoing and accelerating self-degradation of an entire political class, and not just of groupings basing themselves on Christian-Democratic or conservative ideas, a class whose representatives have not so far succeeded in viewing the situation through the prism of common interests.

But it seems that the problem is much more deep-rooted. That is because all the governments of Solidarity provenance have not succeeded so far in creating a model, a formula, for achieving social acceptance of their basic decisions.

The problems with the information policy of these governments are just one aspect of this situation. Another and no less important aspect has been the belief in the uniqueness of their mission, which dominated the mentality of the first two government cabinets. In other words, under this formula, a government is not a representation of the interests, beliefs, and views dominant in the society but a group of technocrats whose mission it is to translate into reality programs drafted secretly. In such a situation, bitter disappointment is not hard to come by, because even when a program proves sensible and readily realizable—that having been the experience of the Mazowiecki government—there is no guarantee that the voters will be satisfied with the situation. Governing a country is perhaps so difficult because, in addition to a team of top and competent experts, any cabinet must base itself on a sober assessment of the social mood, on the ability to influence it, on the desire to counteract potential dangers and to gain the support of both disgruntled parliamentary parties and social groups.

A vision of modernizing Poland, introducing in our country the rules of the institutions and habits typical of the economies of Western countries, without a concomitant dialogue with the social groups opposed to precisely such a transformation in the name of tradition, religion, or even parochial interests, is a dangerous utopia. Given Polish realities, we can modernize only if we respect and acknowledge the rationales of the supporters of tradition and invite them to a common dialogue. In this matter a

special role has to be ascribed to the Catholic Church. And although it is true that the reality of the Polish parish diverges greatly from the spirit of the Vatican Council II, this is only an argument pointing to the difficulty of dialogue rather than to the need to abandon it.

Therefore, if we are to treat dialogue—which in democratic societies is a crucial value—seriously and responsibly, we cannot gloss over the fact that both demands for a separation between church and state and the proabortion stand markedly complicate this dialogue and even render its validity questionable. A politician can of course propose taking a position that would sharpen the differences between some parliamentary parties and the clergy and that segment of the public that values the opinion of local parish curates. But a responsible politician must also be aware that modernization of the country, of customs, work ethic, and respect for the rule of law and permanence that he so ardently desires, would be very seriously imperiled. Here it is worth considering the experience of the countries in which democratic capitalism is a reality. In all these countries, in Japan, in Germany, or in the United States, where capitalism is passed through the filter of national traditions, beliefs, lifestyle, politicians and political groups do not treat tradition as unnecessary ballast that complicates reforms. And it may be that in Poland an Iranian scenario—meaning the collapse of the Shah's modernist measures owing to the opposition of his subjects—is unlikely, but even so an uncompromising attitude on this point can merely retard Poland's joining the group of the countries of democratic capitalism. And it may be that this is precisely why the wise politician who respects his own voters will have at times to attend church instead of a soccer match on Sundays.

Higher Intelligence School Set Up in SRI

92P20415A Bucharest *MONITORUL OFICIAL*
in Romanian Part I, No 206, 24 Aug 92 pp 12-13

["Text" of Decision No. 427 of the Government of Romania on the Establishment of the Higher Institute for Intelligence Subordinate to the Romanian Intelligence Service]

[Text] The Government of Romania decrees that:

Article 1

The Higher Institute for Intelligence [ISI] is established, with headquarters in the Bucharest Municipality, as a military higher educational institution, subordinate to the Romanian Intelligence Service [SRI].

The ISI will train active and reserve intelligence officers for the needs of the SRI.

Active and reserve officers from other organs concerned with national security can also be trained at the institute, on the basis of agreements concluded between these organs and the SRI.

Article 2

On the basis of principles of university autonomy, the Faculty of Psycho-sociology will operate in the framework of the ISI, offering day courses and nonattendance courses, as a result of the transfer of this faculty from the "Alexandru Ioan Cuza" Police Academy to the structure of the institute.

Article 3

The organizational structure, the table of organization, and the resources of the ISI, in peace and war, will be approved by the director of the SRI.

Article 4

The period of study is four years for day courses and five years for nonattendance courses, without any possibility of repeating years of study.

Article 5

In accordance with legal norms based on need, by order of the director of the SRI, and with the approval of the minister of education and science, other faculties or specialized departments, with day courses or nonattendance courses, can be established in the ISI.

Training profiles, specializations, and study guidelines will be set by order of the SRI director.

Article 6

Students will be admitted to the ISI on a competitive basis, in accordance with legal provisions on admittance to state higher education institutions.

The criteria for selecting candidates and the annual training figures will be determined by order of the SRI director.

Article 7

Teaching plans will be drawn up by the ISI senate, in consultation with the Ministry of Education and Science, and are approved by the director of the SRI.

Teaching programs will be approved by the rector of the institute, upon recommendation of the deputy director of the SRI in regard to issues related to education.

Article 8

The appointment, promotion, and removal of teaching personnel will be carried out by the director of the SRI, in accordance with the legal conditions established for higher education.

Article 9

The teaching norms for the cadres of the institute will be set by the Ministry of Education and Finance and adapted to specific military needs, with the approval of the SRI director.

Article 10

For the best possible execution of educational activities, the ISI can use, when needed, teaching personnel from civilian higher educational institutions and specialists from the field of scientific research or from the state apparatus who satisfy the legal conditions. They will be paid by the SRI, under the conditions of the law.

Article 11

After they are promoted to the third year of their studies, SRI students will be given the rank of active-duty lieutenant.

Article 12

Upon the completion of their courses, the students will take a graduation examination and those who pass are given a diploma. Diplomas certifying graduation from the institute will give the possessors the right, only if they are transferred to the reserves, to be hired for civilian jobs for which legal norms require specialized higher studies or the equivalent.

The content of the diploma will be determined by the SRI, with the agreement of the Ministry of Education and Science, in accordance with legal norms.

Article 13

Graduates will be assigned on the basis of the results obtained in their studies and on the basis of the needs of the SRI and of the other institutions that, through agreements concluded with the SRI, have had their own personnel trained in the institute.

Article 14

Candidates admitted to the ISI are considered to be conscripted. The students will sign written pledges that will obligate them, after the completion of their courses, to carry out active military service for a minimum of 10 years. If a student or graduate does not discharge his obligation, or if he drops out of the institute or is transferred to the reserves for committing infractions or serious violations that make him unfit for a military position, he is obligated to pay back the education and board expenses, with the time served taken into consideration.

Education and board expenses include expenses for food, supplies, lodging, and other benefits received by students.

Article 15

Upon recommendation of the ISI senate and with the approval of the Ministry of Education and Science, students who, because of sickness or other reasons for which they are not responsible, will not be able to continue their studies at the institute, will be able to continue their studies in other civilian higher educational institutes, without having to pay the expenses incurred during their education period.

Former students, who are suited for military service, will be sent to military units to continue their term of military service, or, on a case by case basis, will go into the reserves with the corresponding rank, in accordance with the provisions of the law.

Article 16

As of the date of the adoption of the present decision, the ISI will take over all material, technical, and educational resources in the exclusive possession of the Faculty of Psycho-sociology at the "Alexandru Ioan Cuza" Police Academy.

Article 17

Students of the SRI, who are currently enrolled in day courses and nonattendance courses in the Police Faculty of the "Alexandru Ioan Cuza" Police Academy, for the 1989-93 and 1990-94 periods, will continue their training in the framework of these courses. Officers who are currently members of the SRI and who completed

courses in the Military School for Active Officers of the Ministry of Interior in the 1979-89 period, as well as 1990 and 1991 graduates of the Higher Military School for Officers in the Ministry of Interior or of the "Alexandru Ioan Cuza" Police Academy, whose studies are not considered to be equivalent to advanced juridical studies, can be enrolled in at least the third year of studies, in a nonattendance course, in the Police Faculty or in other law faculties, for the purpose of continuing their studies and obtaining a degree. In this area, the SRI will determine the annual number of students, by mutual agreement with the Ministry of Education and Science and the law faculties.

Article 18

The regulation on the organization and operation of the ISI and the rules for students will be drawn up by the SRI, on the basis of the provisions of the law and of the present decision, and will be approved by the director of the SRI.

Article 19

The ISI will organize the advanced training of SRI cadres in postgraduate and doctoral studies, according to the provisions of the law.

Article 20

Within the ISI, a postgraduate department will be set up for specialization in intelligence activities related to national security and will operate in the periphery of the Romanian Intelligence Service Center for Advanced Training of Cadres and for Training Reserve Officers, with headquarters in Gradistea, in Giurgiu County.

Article 21

As of the date of the present decision, any conflicting provisions contained in Romanian Government Decision No. 137 of 25 February 1991 are repealed.

Signed: Prime Minister Theodor Stolojan

Countersigned: Minister of Education and Science Mihail Golu and Director of the Romanian Intelligence Service Virgil Magureanu

Bucharest, 4 August 1992
No. 427

Drnovsek on Economy, Elections, Other Issues

92BA1422D Ljubljana DELO in Slovene 5 Sep 92 p 21

[Interview with Slovene Prime Minister Janez Drnovsek by Janko Lorenci; place and date not given: "Elections Without Goulash"]

[Text] *The Slovene prime minister on the economic situation, the fate of large enterprises, uncontrolled privatization, pre-election temptations, Jelincic's arrest, refugees....*

[Lorenci] Where, how long, and with whom were you on vacation?

[Drnovsek] A surprising question. I was in Austria for three days, and in Dobrna for three days. That was my whole vacation.

[Lorenci] Who was the "supervisor" during that time?

[Drnovsek] The vice prime ministers also took turns during the summer, but in any case I was either here or available on the telephone the whole time. If I am absent for several days, as I was then, I receive the most urgent reports by fax, so that I can respond anytime.

[Lorenci] Where were you in Austria?

[Drnovsek] At the Milstatt lake, in a small region where I also went in previous years, where I have friends and where I can engage in sports.

[Lorenci] Did you pay for the vacation yourself?

[Drnovsek] Yes.

[Lorenci] Did you ever get a rest, for instance, from Gros?

[Drnovsek] Not from Gros at all, since it was precisely during my vacation that he arranged his exhibitions.

[Lorenci] He will probably continue them, since he is a persistent person.

[Drnovsek] Almost certainly.

[Lorenci] But you are persistent, too.

[Drnovsek] I am, and I have survived a lot of unpleasantness, although it is more unpleasant to experience such attacks at home than in Serbia, for instance. Of course, this is all already in the context of the election campaign. It is necessary to discredit one's political opponent, of course.

[Lorenci] You have been in this position for about four months. At the beginning of your term, in response to a question in an interview with DELO about whether we had already reached the bottom of the crisis, you answered negatively. Are we at that bottom now, or at least closer to it?

[Drnovsek] That depends a great deal on what we do from now on, and on the political situation. We have gotten into a situation in which political stability also has

a great deal of influence on solving economic problems. With the present blockade in parliament, the government, through extreme efforts, can maintain the present situation for several months, and keep it from getting worse. Without parliament, however, it cannot take any decisive steps to get out of the crisis. A real restructuring of the economy, and new development, cannot begin without the passage of several key laws. We will therefore probably stay at the current point in the coming months as well.

[Lorenci] The elections are therefore not just important because they will clarify the present stalemated political situation, but are also urgently needed in purely economic terms?

[Drnovsek] Absolutely. The government is functioning quite well, effectively, and already smoothly, but of course it does not have parliament's powers. Several government bills are waiting in parliament now, which are intended for financial rehabilitation of the economy, restructuring, rehabilitation of the financial system, and all within the framework of the property legislation that should have been adopted first. The question, however, is whether parliament will pass anything at all except for the electoral legislation.

[Lorenci] The real picture of our economy seems very hazy. People are holding off on investments everywhere because of the absence of privatization, success is hidden because of taxes, many new enterprises remain unregistered and untaxed, etc. The picture of our economic situation could thus be better than it is officially.

[Drnovsek] That is probably true. The most harmful thing is that there are several possibilities that are not being exploited. Most businessmen are waiting for the new systemic framework, primarily the property framework. To be sure, if we compare ourselves with the family of states in transition, with Poland, Hungary, Czechoslovakia, etc., we are in a rather good position. We have approximately a billion dollars in foreign exchange reserves, with inflation halted. I can say that this makes a considerable impression on foreign statesmen and economists. At the world conference in September, organized by CNN, I will be able to present Slovenia as a "success story." If we surmount the difficulties that we have by ourselves, we have considerable possibilities for successfully promoting that image of Slovenia abroad.

[Lorenci] If we have such a good reputation, why isn't there more interest on the part of foreign capital?

[Drnovsek] There is considerable interest, but everyone is waiting because of the unclear property relationships. When we establish the rules of the game, foreign investment can start quickly.

[Lorenci] What is your principal achievement to date? The continuing decrease in inflation?

[Drnovsek] Yes, and that is what we have devoted the most attention to. When we took over the government, inflation was 5 to 6 percent. Now it is ranging from 1 to 2 percent. That is a wonderful success, but there is still no guarantee that it will remain that way. If we can stay at that rate until the end of the year, it will be an exceptional achievement. Also important is what is happening now: the transition from inflationary to noninflationary thinking and behavior. It is also very important psychologically. If we can hold out for a few months so that this can become well-established, we will accomplish a great deal. A whole series of mechanisms and methods of decisionmaking have been adapted to the expected inflation. The government has acted against them with various instruments; we have controlled monopolists, and in particular we have held back wages in the public sector. With the Bank of Slovenia, and through it, we have brought about a reduction in interest rates. We have also exerted strong pressure to reduce the state budget... the budget previously formulated and adopted by the Assembly was extremely unrealistic, and if the necessary adjustments had not been made, there would already have been a complete collapse. In short, we have conducted a quite effective and comprehensive anti-inflationary policy, which for the most part is not based on administrative measures. We are administratively holding back only prices in the monopolies and in the public sector, where prices are mostly raised without justification, as if by inertia.

[Lorenci] There have probably been severe pressures from lobbies and monopolists?

[Drnovsek] All the lobbies are exerting strong pressure, and they want higher prices, higher wages, subsidies, etc. If we accommodated all of them, the economy would suddenly collapse. But we are experiencing everything: threats, appeals, ultimatums....

[Lorenci] Which lobbies are the most aggressive?

[Drnovsek] The farmers' lobby is quite vocal, the railroad lobby is constantly speaking out, we are also confronting the banking lobby.... They are all very active in turn. I hope that in spite of this we will achieve a social pact. The frictions between the state and the trade unions are considerable, but it cannot be otherwise during this transition from higher to lower inflation. If we adhered to the mechanisms in the previous collective contracts, we would collapse in budgetary and macroeconomic terms, and we would generate inflation in advance. If the government wanted to be serious and successful, it could not have acted any differently than it did. We are trying to convince the trade unions that in the long run, an agreement is also in their favor.

[Lorenci] You mentioned the banking lobby. The new head of the Ljubljana Bank will probably be the former candidate for prime minister, Marko Voljc. Has some sort of agreement been reached on this with the government?

[Drnovsek] The government was not involved. To the extent that I have been informed—and it has not been

said that I am completely informed—it was an independent decision by the bank's leadership.

[Lorenci] The government is probably not indifferent about who is in that position.

[Drnovsek] Of course not. The position is a quite important one. In any case, this is a temporary solution, an acting chief.

[Lorenci] At times it was the rule that individual ministers—for energy, agriculture, and so forth—were advocates of the interests of their lobbies; is that still the case?

[Drnovsek] We have several such difficulties. Several ministers try to represent the interests of their own sectors, but on the other hand, they are of course faced with the government's economic, primarily anti-inflationary, policy, which is acting in the opposite, impartial direction. There has been some such friction, but no minister has persisted in such a way as to call the government's policy into question. Finally, they are all aware of the need to curb inflation and the budget restrictions. They all see that we are "cutting" all the ministries, and that no one is an exception.

[Lorenci] Finance Minister Gaspari allegedly complains sometimes that certain ministries, especially the defense and police ministries, are still more equal than others.

[Drnovsek] I would not say so. The reduction in consumption has been across-the-board for all the ministries. Those two sectors have been affected just as much as the others.

[Lorenci] In the present crisis, though, aren't we giving too much for defense?

[Drnovsek] Of course it is too much, if we look at it from the standpoint of the state of the economy, where we need money terribly in all areas. From that standpoint, every tolar for defense is too much. On the other hand, we are still living in a crisis region, in the immediate vicinity of a war, and in an extremely unstable political environment, both regionally and on a broader level.

[Lorenci] And relations with our immediate neighbor, Croatia, are still continually deteriorating.

[Drnovsek] That is also true. That is why it would be too much of a risk if we renounced defense in such an unstable situation in the broader region.

[Lorenci] With respect to inflation, you are encountering the danger that "the operation was successful, but the patient died," i.e., that the anti-inflationary policy is too rigid for our consumptive economy and social stamina.

[Drnovsek] The art of stopping inflation lies precisely in hitting upon the right measure. An additional problem for us now is that we are already in the preelection period, and every political rival is using every social

controversy and social friction, that would otherwise be normal, against the government. It will not be easy at all in the coming months to maintain low inflation, and at the same time preserve all the important social and other balances.

[Lorenci] Has industrial production finally stabilized to some extent, and has that terrible, endless decline finally stopped?

[Drnovsek] It seems that production has stabilized at the present level, and the government will be able to maintain at that level somehow. Now it is possible to increase production on the basis of new, additional exports. Of course, several sectors will continue to face difficulties, and they will curb production. In my opinion, the overall result will remain approximately at the present level until the end of the year. From now on we will benefit from preferential treatment in exports to the United States, and we are also trying very hard to reach an agreement with the EC, which will probably be signed in October. These are additional stimuli for exports, and this is what we are now counting on most.

[Lorenci] When you took over the office of prime minister, one of your principal declared goals was privatization. It is already obvious now that it will not go through during this term.

[Drnovsek] Without privatization, we will not be able to start a new development cycle. Without it, we can only expect a few investments in the present private and state sectors. In the entire social property sector, however, we cannot count on investments until privatization takes place. This is the key issue in Slovenia's development. I expected that our parties would nevertheless be mature enough to separate this issue from their mutual quarrels, declare it a national interest, and adopt it by agreement in the Assembly, in such a way that not only the government could boast of it, but it would be to everyone's credit. That initiative of mine is still in play, and I will do everything possible for it to succeed.

[Lorenci] One can also hear different opinions. To some people, the present privatization plan, because of the constant compromises, is just a patchwork, so that it would be better not to adopt it at all, and instead wait for the outcome of the next elections; then the new majority that will emerge would pass a decent, consistent law....

[Drnovsek] There actually is no pure systemic model for privatization. Every model is essentially a compromise. It would always be difficult to arrive at a model that everyone would accept as the optimal one. That is also indicated by experiences elsewhere. We ourselves have consulted all the main economists in Slovenia, and no one rejected the present concept a priori; at most, they had minor improvements.

[Lorenci] I heard the word "patchwork" from the mouth of an economist on whom you also rely a great deal, to the best of my knowledge.

[Drnovsek] I do not know whom you have in mind, and so I cannot answer you.

[Lorenci] So-called uncontrolled privatization is proceeding at a lively pace. Is the government really so impotent in this regard? And... why is it so passive?

[Drnovsek] The question is what can be done. Of course, there is a struggle going on in many places and areas. It cannot all be done in such a short time. In the second place, we expected—and that is also why we focused on that—that we would nevertheless pass the privatization law soon, and start to carry out privatization on a larger scale. If we had known from the very beginning that nothing would come of it, we would have immediately focused on preventing uncontrolled privatizations, and on achieving a new law as soon as possible. Wherever we encounter these matters, we also take measures. Recently in particular, the Finance Ministry has been trying to influence this through additional measures. To be sure, it depends a great deal on the judicial system, and the prosecution authorities.

[Lorenci] The basic impetus ought to come from the government. But does the government also agree with the philosophy that uncontrolled privatization is better than none at all?

[Drnovsek] That is not our philosophy. As I stated, we expected that we would quickly achieve a privatization law, and that was our priority. We do not have a philosophy that would justify anyone's not prosecuting uncontrolled privatizations and having the appropriate services, from the SDK [Public Auditing Service] to the prosecution services, not act as they should in accordance with the law—on the contrary.

[Lorenci] Allegedly there are plans at least to tax the new "bypass" [in English in original] enterprises, so that if nothing else, at least the state treasury will get something out of it.

[Drnovsek] That is precisely what I said our Finance Ministry was preparing.

[Lorenci] One fine day you will come to the government, and I will come to DELO, and we will both find out that we have been privatized. Well, I am joking a little. But the phenomenon is obviously rather widespread. Can the passiveness of the ruling coalition and political circles in general toward uncontrolled privatizations be explained by the fact that the interests of high percentages of the political and economic elite are involved in them, and that it is precisely for that reason that this phenomenon has been tolerated so much?

[Drnovsek] No. I assure you once again that intensive measures are being prepared (some of them have already been carried out) to prevent the bypasses that you mentioned, and at least cover them with appropriate tax levies.

[Lorenci] Perhaps the problem can also be looked at from the other point of view. If we leave the elites aside,

the masses certainly are against uncontrolled privatizations, because they will not get anything from them; and the masses will decide the elections. What I mean to say is that decisive action against uncontrolled privatizations may become a potentially strong source of votes in the elections.

[Drnovsek] Yes, perhaps it is true that we have to give more public emphasis to this than we have been.

[Lorenci] What about the problem of the large sick enterprises?

[Drnovsek] There are major difficulties. In some cases problems recur from month to month, there is no money for wages, and they turn to the government with appeals, threats, and strikes. We are now trying to alleviate these problems with certain across-the-board measures and postpone them until we could begin the concrete financial rehabilitation of individual enterprises. In this context, the state is alleviating those burdens of these enterprises which it can influence. We have given that temporary respite to all the enterprises in difficulties. Concrete financial rehabilitation will bring concrete, final decisions, which will lead either to final rehabilitation of an enterprise or to liquidation.

[Lorenci] You will thus continue to help some enterprises, but you will leave others to their fate, possibly a final collapse. Even if these are the largest enterprises?

[Drnovsek] Yes. Wherever it is obvious that there are no markets or that new ones cannot be acquired, so that continual losses are inevitable, liquidation is the only thing left.

[Lorenci] As it seems from the sale of the ironworks? A buyer will be hard to find.

[Drnovsek] There has been a great deal of uproar about the ironworks. A decision on the possible sale of the Jesenica ironworks will be made only when we see who applies for the bidding and with what conditions. The discussion is being considerably politicized, and there are many criticisms that we should not abandon the ironworks to foreign capital. They are obviously oversized, however. Their regaining their former market is not realistic. If a foreign partner were also to guarantee sales in foreign markets, that would be interesting, of course. If the ironworks remain with their present small market, however, the state will not be able to cover such huge losses indefinitely.

[Lorenci] Some people think that it would be sensible to sell the ironworks gratis, so to speak, if only the buyer guarantees that he will keep about 80 percent of the employees and watch out for the environment.

[Drnovsek] That is fairly close to the truth, if we know that now the ironworks have large losses that are being covered by the taxpayers.

[Lorenci] The elections are rapidly approaching, and along with them, preelection temptations. In this respect the

regime in power has one advantage over the opposition: It has the state treasury. There is always a danger from this that it will cook up and distribute some sort of electoral goulash. In short, you are faced with temptations.

[Drnovsek] I am afraid that there will not be many of them. There is no money! It is exactly the opposite. How to get money so that the system will function at least more or less until the elections, while avoiding major breakdowns and upheavals that some people will perhaps try to cause—strikes, unrest, problems at enterprises. Our main concern will be to maintain some normal circumstances, which could easily be maintained without the election period, and which I am afraid some people will try to make worse. In any case, it is clear to everyone that if we want to carry out an anti-inflationary, stabilization program, we cannot afford any election campaign goulashes. Inflation cannot be tricked.

[Lorenci] In the elections, you will no longer be assessed as Drnovsek per se, as a general type of politician, but rather as Drnovsek the prime minister. And what will your main election campaign trump be in that role? Inflation?

[Drnovsek] The effective halting of inflation is certainly an achievement, and that is also what I was promising most in advance. We outlined a clear concept for restructuring the economy, and also offered measures... and they got stuck before parliament. I am relying a great deal, however, on the seriousness of the government's economic policy, on its responsibility and conduct in crisis situations. Any sort of spectacular or tricky moves before the elections would not be consistent with that kind of image and that stance. Of course, I wonder whether the voters will suitably appreciate this or not. Any different behavior is not even possible, however, regardless of the voters' reactions: Slovenia already has plenty of difficulties as it is, and it only lacks having an irresponsible government as well. Then it really would be in trouble. I hope that the voters will understand this.

[Lorenci] It is known that you also weigh every step you take carefully in terms of how the public will react to it. That is normal for a politician. For various reasons, it may happen that your popularity will decline with the approach of the elections. You may thus be seized by panic....

[Drnovsek] No, I will not be seized by panic, and I never have been before, even if everything seemed dark and hopeless. At any rate, I will try before the elections to explain as well as possible what the government is doing. The logic of all our conduct to date clearly indicates that we will not make an about-face in the other direction. There are also other things involved. There are enough serious people in this government who simply would not allow anything like that, because they want to conduct a steady, serious policy. As far as the economic ministries are concerned, the people in them are non-party people, who are primarily experts. We work well as a team, and

we agree on that policy. If I were now to propose to Rigelnik, Gaspari, and the others that because of the elections we should turn the helm around and artificially finance this and that in order to create a temporarily better mood, these people would not agree to it. Of course, nothing like that would occur to me either.

[Lorenci] All right. But do you think that people in general also think that way? To be sure, the government also has in its ranks the legendary media artist Kacin, but it seems that it is not promoting itself particularly skillfully. That image that you want to build on is very inexplicit. The government is not acting and is not persuading the population (and that is the main audience during the preelection period) clearly and convincingly enough. It is not saying understandably enough what exactly it wants, what it can do and what it cannot, when it intends to do it, what price it will have to pay for it, and what it can promise in return for it—realistically promise. That persuasiveness and clarity do not exist.

[Drnovsek] Perhaps that is true. In these months we have worked hard, but we have neglected to promote that work. I am aware of this.

[Lorenci] Did Minister Bavcar notify you that preparations were being made for the arrest of Jelincic and the others?

[Drnovsek] Yes, but I learned about it even earlier from the media.

[Lorenci] Does it seem to you that it would be good if you had known about it ahead of time and possibly said something about it, since it is also an important political issue?

[Drnovsek] It really is an important issue. It is hard for me to say what I would have said if I had been consulted in advance. Of course the matter has important political aspects, and some of them are extremely important: We can by no means allow things to develop in Slovenia in such a way that weapons, potential violence, various armed groups, etc., would play any sort of role and influence political and other events. It would be extremely dangerous. We are seeing this in several other states. If this case, which has not yet been cleared up, indicates that trend, it is extremely dangerous. Like every other democratic state, our state should protect its institutions and ensure a peaceful life for all its citizens.

[Lorenci] Would you personally ban that party?

[Drnovsek] I do not have enough information for an assessment of this. It is a matter for the judicial system. I repeat: I sharply oppose any sort of connection between violence and weapons, and party life and politics.

[Lorenci] A rational nucleus lies behind the strengthening of Jelincic's party: hard times and a large foreign population in Slovenia. Experience indicates that this is the objective basis for the prosperity of parties of that type.

[Drnovsek] I agree. It seems to me that such phenomena are also stimulated by the present situation before the elections, the considerable political instability, and the decline in the prestige of all state institutions. That is also why it is important that we hold elections by the end of the year.

[Lorenci] What is your position on emigration—traditional economic immigration, and refugees? Are you in favor of more or less restrictiveness on Slovenia's party?

[Drnovsek] We are already quite restrictive. The opposition is attacking the government now and demanding tougher measures. When our government was formed, however, there were already 50,000 refugees in Slovenia. I am not criticizing the previous government for anything, since it would have been difficult to justify restrictions in the very beginning. It is easier to do so after the refugees already constitute 3 percent of the population, as they do now. That is really an upper limit that cannot be exceeded if the state wants to protect itself and its residents.

[Lorenci] Can you guarantee that we will not have 90,000 refugees in two months? At first, while the numbers were still very low, we said that the upper limit had already been reached, but there were more and more refugees.

[Drnovsek] Our current policy is restrictive. At certain critical moments we insisted that the waves of refugees should be directed elsewhere, and we also achieved that. If we had given in then, we would be flooded with refugees now, and in an impossible position. Since we persisted, the pressure upon us has declined, and it is being directed elsewhere. Now, more or less individual cases are coming, in many cases even in the black market, so I do not expect any major increase in refugees.

[Lorenci] Your personal positions on these issues are mostly unknown, and that is why they are somehow automatically linked with the positions of your party, the LDS [Liberal Democratic Party]. There is a fairly widespread opinion regarding it, however, that it is too open-handed or even irresponsible on this issue. It is being particularly criticized for its generosity in granting Slovene citizenship.

[Drnovsek] The government acts as a government in these matters, and we have not explicitly taken any party's opinion into account. We are acting as required by circumstances. As I said, we are restrictive, but we do not want to get the image of an intolerant state. Perhaps we carry out more measures in practice than we discuss publicly.

[Lorenci] What is the relationship between you and your party actually like? Does it take up a lot of your time, and do you interfere much in its internal life?

[Drnovsek] Neither. Perhaps I did more in the beginning; perhaps there were more frictions. Now the situation is fairly stable, and there are no major tensions. Among other things, this is because the party had to adjust to the transition from the opposition to the government.

[Lorenci] Do you ever have to arbitrate within the party?

[Drnovsek] I have mediated on several occasions.

[Lorenci] Allegedly, also between Zlobec and Oven.

[Drnovsek] Let us say that that was one such case.

[Lorenci] Do you also arbitrate in the government?

[Drnovsek] Frequently. Especially when funds and programs are reduced, there may be tensions between the ministry affected and the Finance Ministry. Then I often arbitrate.

[Lorenci] What is your main function in the government? Are you primarily the main economic strategist?

[Drnovsek] We have arrived at the strategy more or less jointly, and also in consultation with foreign economists. Personally I primarily take care of carrying out government policy, and making sure that there is always a certain pace, that we keep going forward; if there is opposition to this policy, sometimes I also intervene sharply.

[Lorenci] For example?

[Drnovsek] For example, with respect to certain prices and certain monopolies, or if some ministry does not prepare something in time. There were also some frictions with respect to the social pact and personal incomes. In short, it seems to me that I have helped to have the government adopt this program, in its entirety.

There have also been some tense situations, but now as a rule we do not even vote at all, since there is a great deal of agreement on the policy that has been adopted.

[Lorenci] Are you more interested in some areas, and less so in others?

[Drnovsek] Of course; I am particularly involved actively with respect to the economic ministries. I get involved in others only if there is some sort of problem or conflict.

[Lorenci] How independent are Rigelnik and Gaspari, as the key economic ministers?

[Drnovsek] We cooperate quite closely; they keep me currently and regularly informed; we resolve individual issues together. Within the framework of the concept adopted, and sometimes also on the basis of the positions that I give them, they continue to work independently, each in his own area.

[Lorenci] Does Gaspari ever have to have recourse to you to protect himself from his colleagues' financial demands?

[Drnovsek] He often has recourse to me in that sense, just as the other ministers have recourse to me "against him" if they want more money.

[Lorenci] Are you afraid of the coming months at all?

[Drnovsek] It will not be easy at all. The government, actually I, am the main target of all the political rivals. They will try to do everything possible to discredit me. That has been indicated from Gros on. I will probably not especially enjoy the coming months. Of course, I will try to carry out the business with the government correctly until the end. In spite of this, I hope that all of this will not go too far and that Slovenes will not do themselves too much harm.

LDK Deputy Agani on Panic's Proposals

AU3009090592 Zofingen RILINDJA in Albanian
19 Sep 92 p 3

[Report by Behxhet Halili on statement by Deputy Fehmi Agani at the Kosovo Democratic Alliance news conference: "The Demand for a Sovereign and Neutral Kosovo Has Been Presented in Geneva, Too"]

[Text] The Republic of Kosovo delegation led by Dr. Ibrahim Rugova has been in Geneva for several days now. The delegation had successful meetings with Cyrus Vance and with the leaders of the Kosovo group. Our delegation's stand is well-known: for a Republic of Kosovo as a sovereign and independent state, equality for all the peoples in Kosovo (if necessary, to be guaranteed by the international community); an open and demilitarized Kosovo as a factor of stability and rapprochement in this part of the Balkans, but also the demand to immediately lift special and imposed measures, particularly in education and educational institutions, as a first step toward normalizing the situation and the solution of the Kosovo issue.

This was stated by Dr. Fehmi Agani, deputy of the Kosovo Democratic Alliance [LDK], speaking on the participation of the Republic of Kosovo delegation at the Geneva conference.

Milan Panic's Proposal Cannot Be Accepted

Agani stated further on that he wanted to specifically emphasize the success of the Kosovo delegation's visit in Austria. We would like to welcome the full understanding and support given by Mr. Alois Mock to the reasonable demands of the Kosovo people and to the activities of the Albanian political parties of Kosovo.

Another topic that Agani spoke about was the continuing terror in Kosovo, especially against Albanian education. On this point, he said that he wanted to point out the dangerous implications of the behavior of Serbian reservists in the Reka e Keqe area (20 km from the Albanian border), because according to reports from this area, the Albanian population has never experienced such great cruelty as that inflicted by the Serbian Chetniks in this region near Gjakove [Djakovica]. The Chetniks, dressed up in military uniform, maltreat all the inhabitants, take their fruit, vegetables, livestock, beat up all passers-by, and take all the money they have with them, including hard currency. We will immediately inform the CSCE mission, which deals with the prevention of possible war.

Speaking about Milan Panic's 14 points for a solution to the Kosovo issue, Agani said that LDK has finally received the proposals of the Panic government for the normalization of the cultural and educational activities of Albanians in Kosovo. Agani said that in its foreword the proposal starts with suppositions and defines some of the judicial and constitutional forms considering the Albanians as a minority and Kosovo as an undivided

part of Serbia and Yugoslavia. No political body in Kosovo can accept it. However, these suppositions and the framework in which they intended to put them are simply a matter for the government suggesting them. They cannot oblige other partners in the discussions and we repudiate them, Agani said. Panic's proposal, however, may be considered as a starting point for possible talks. Many of his points, such as the proposal for experimental bilingual classrooms according to the intercultural concept, professional education for adults, education for children abroad, the modernization of schools, and so forth, may be decided upon later, whereas what is urgently needed is to open the schools and to lift the measures imposed on educational and cultural institutions. Agani observed that all the points made by Panic, except the one to free the media in Albanian, are limited and conditional and as such they cannot be accepted by any means. We hope, Agani said that through agreement, if there is goodwill, we may achieve the full normalization of lessons in Albanian in Kosovo, as well as of other cultural activities that meet Albanian needs and capabilities, and the normal financing of schools and cultural institutions through the contribution and material production of the Albanians. Nobody can grant the right of education to Albanians, but can only take it away temporarily, as is happening now, Agani said, and that is the way we commit ourselves to depoliticize education.

Agani then proposed that the schools be opened as soon as possible for Albanian pupils and students, because, as he said, if this is not done, the talks for normalization will worsen a lot because they will be conducted under pressure and threats. The LDK, the deputy said, does not intend to commit itself to Panic's talks and proposals on its own, but if other Albanian political parties in Kosovo have received these proposals, then we will form a body of political parties and legal Kosovo educational institutions.

Finally, speaking about Panic's statement that he will suggest that his own government apply for Yugoslavia's acceptance in the UN and in other international institutions, Agani said that this logical step, at a time when Yugoslavia no longer exists, has caused numerous reactions in conservative and outdated circles in Serbia. He said that these circles cannot reconcile themselves to new relations and cannot incorporate themselves in a modern world, therefore they seek salvation in an imaginary world and in the fiction of preserving its judicial-constitutional continuity, and so forth. Agani said that the world does not accept such fiction and those who suffer from such fiction are condemned by sanctions and isolation. The world knows that Yugoslavia no longer exists and cannot exist since four of its federal units have become independent while others have been suspended in an unconstitutional way. The insistence on keeping a sort of continuity of former Yugoslavia cannot hinder the independence of Kosovo in any way. Agani then spoke about the terror in Kosovo, saying that there are indications that some people want a large-scale conflict

in Gore [area in Prizren district], in which the role of Albanians could be played by others dressed up in Albanian costume.

The Albanians in Geneva and the Serbian Silence

There are indications that General Zivota Panic is in Pristina today. 'How do you comment this visit?' was the last question in yesterday's news conference. Agani said that this could be a routine visit, but we cannot make any comment before we know the results of the talks.

Dr. Ali Aliu, member of the LDK presidency, was asked about the Sejdia affair in Albania. He said that the Sejdia affair is under trial and we should wait to see the result. It is very true that this affair has created ill-feeling toward the Kosovo Albanians. Hajdin Sejdia took a great deal of money from naive individuals, deceiving them. Aliu said that unfortunately many individuals are involved in this affair, who in various ways, either consciously or unconsciously supported Hajdin Sejdia and thus made it possible for him to carry on his mafia-type activities over a period of time.

Asked to comment on Belgrade Television's silence about Rugova's presence in Geneva with the Republic of Kosovo delegation, Agani said that the purpose of this silence is to keep the illusion that Kosovo is an internal Serbian issue and the world allegedly agrees with this.

The Geneva conference will last a long time, Agani said, when asked to assess the work done there so far and what he expects from it.

The last question in yesterday's news conference was whether the prolongation of the constituent meeting of the Kosovo Parliament is directly related with Geneva. Agani said that this is not directly related to the results of the Geneva conference, but may affect peoples' commitment to Geneva.

Draskovic: 'Milosevic's Days Are Numbered'

92BA1422A Ljubljana DELO in Slovene 10 Sep 92 p 5

[Interview with Vuk Draskovic, president of the Serbian Renewal Movement, by Vili Einspieler; place and date not given: "Serbs Are Going Around the World With Milosevic's Seal"]

[Text] *Milosevic has to bid farewell to power just as primitively as he rose to it; the unjust and senseless sanctions are a blessing in disguise.*

Belgrade, 9 Sep—The head of the Serbian Renewal Movement, Vuk Draskovic, has reconciled himself to the fact that Yugoslavia no longer exists, but in spite of this he still feels Slovenia's independence like a pain in an amputated foot. He is also convinced that Milosevic's days are numbered, and he intends to withdraw from the political scene as soon as a king is installed on the Serbian throne and the foundations of a Serbian monarchy have been established.

[Einspieler] In light of your own slogan, "God, give us the courage to accept what cannot be changed, the courage to change what should be changed, and the wisdom to tell them apart," how do you view Milosevic today and tomorrow?

[Draskovic] Milosevic's power is a reality that we can and also must change. Jovic requested that I give up attempting to overthrow Milosevic in the street, and offered honest elections in exchange. I answered him by saying that I had never tried to do that, and that if I had, Milosevic, Jovic, and all their generals would simply have been removed from power in just one morning. That is certain, but blood would have flowed. Milosevic is still so powerful that it is not possible to remove him overnight in any other way. It would also not be just, because we are a people that likes to glorify victims, and Milosevic does not deserve that honor. Milosevic has to leave in disgrace; he has to abandon power in the same primitive way in which he rose to it, so that tomorrow he will be afraid to walk in the streets, even though Serbia has to endure a great deal of suffering because of this. That time is close.

[Einspieler] It seems that Milosevic's rule can be extended indefinitely through the mechanism of repression and by playing the war card....

[Draskovic] No. The time is close when Milosevic's ruling party will ask for elections itself, in the hope that it will be able to leave power. In fact, it is clear to them that they cannot solve anything and that they have destroyed everything they have touched.

[Einspieler] Is the relationship between Panic and Milosevic a real conflict of opposing concepts, or a transparent game?

[Draskovic] From the very beginning, Milosevic and Panic have been trying to deceive each other, with Milosevic primarily concerned about blinding the democratic world with Panic's assistance. Panic, however, has started to give orders to Milosevic, even though the political balance of power is not yet such that he could count on any visible success in this. In a conversation that Panic requested, I frankly told him that from the moment that he struck against Milosevic and his satellite fascist parties, he could count on the Serbian democratic opposition and the public.

[Einspieler] Judging by talks with workers and peasants, Milosevic still has a great deal of support among the so-called common people.

[Draskovic] It is a time of great turmoil now. One should also look at the human aspect of these events. Many people really do still claim that they support Milosevic, even though they are aware of all the consequences of his catastrophic policy. At one time, in fact, people identified themselves with him so much that now they would be betraying themselves if they turned their backs on him. It is a question of human pride and people's

unwillingness to be disappointed in themselves. It is hard for people to admit that they were fools....

[Einspieler] Do you perceive the international sanctions as a conspiracy against the innocent Serbian people?

[Draskovic] Perhaps it is a blessing in disguise that these sanctions have come, which are otherwise unjust, terrible, and senseless, because they have hurt innocent people and not the guilty parties. In spite of that, they have made it possible for the people gradually to face the truth.

[Einspieler] Have the sanctions also helped the opposition?

[Draskovic] They have definitely helped us! When we win today or tomorrow, we will inherit a general catastrophe. We will have to take care of the refugees, employ the unemployed, we will literally have to save numerous hungry mouths from death, and we will have to raise the Serbian economy from the grave again. Our most difficult task, however, will be to cleanse Serbia's image in the eyes of the world public. For the first time since the Serbian people has existed, we have been disgraced and portrayed as a savage tribe and a pestilent people, which we have not deserved. That is terrible. This is the first time since the world has existed that any state has been as globally isolated and unanimously condemned as Serbia has now. For a long time we will go about with Milosevic's seal on our foreheads, even though we have kept condemning this senseless policy of ultimatums and war, and it will only be with great difficulty that we will restore the lost confidence in the Serbian people. Those who will not have to do this are lucky, but if we were to reject that responsibility, it would mean that we would not give Serbia a hand to raise it from the grave.

[Einspieler] Is that new democratic Serbia that you support also still a Greater Serbia?

[Draskovic] I have always said, and I still say, that I am in favor of a Greater Serbia, although we are far from that ideal today. I lost my voice when I kept explaining to Serbs how that ideal could be fulfilled. We will not achieve a Greater Serbia by means of Kalashnikovs, military trumpets, primitivism, and chauvinism, but only by means of democracy and the superiority of our economy and culture. That is why Serbia has never been smaller than it is today.

[Einspieler] Without the occupied territory in Croatia and Bosnia-Herzegovina, or with it?

[Draskovic] We must not think in Milosevic's terms, and we must instead pose matters differently. Before the war there were about a million Serbs in Croatia, but now it has definitely been abandoned by only a little less than half a million members of the Serbian people. This means that the ideal of Croatian fascism and primitive national exclusivism represented by Starcevic and Pavelic is being successfully realized by Milosevic. If there is no change in the Croats' attitude—I think that

there will be—they will raise a monument to Milosevic as the greatest Croatian national hero. In fact, his senseless policy deserves the credit for the fact that Croatia will become ethnically pure.

[Einspieler] There have been numerous criticisms of the Serbian democratic opposition, saying that too little is heard from it.

[Draskovic] I am only talking about Milosevic and not about Tudjman, even though they are mental twins, who support each other. I am convinced that Milosevic rooted for Tudjman in the elections, because he thought that if the Croats elected that lunatic, the Serbs would not give up what was theirs, as a matter of principle. The fact, however, is that it is only because of the Serbian democratic opposition that one can still breathe more easily in Belgrade than anywhere in Croatia.

[Einspieler] Will the Balkan conflict end with bloodshed in Serbia?

[Draskovic] It will not happen, because I will not permit such an outcome of the crisis. Serbia will get itself out of the crisis by democratic means, because, fortunately, the Serbian democratic opposition is led by real democrats.

NSS Leader Veselinov on Serbian Politics

92BA1422B Ljubljana DELO in Slovene 5 Sep 92 p 20

[Interview with National Peasant Party leader Dragan Veselinov by Vili Einspieler; place and date not given: "Milosevic Is a Bigger Beast Than Some People Think"]

[Text] *Dragan Veselinov, the leader and founder of the National Peasant Party [NSS], was among the first in Serbia to raise his voice against Milosevic's totalitarian regime. In contrast to numerous other Belgrade intellectuals, he still has not put his tail between his legs. As part of the Citizens' Alliance of Serbia, which consists of the League of Social Democrats of Vojvodina, the Republic Club, the Reform Party of Serbia, and the NSS, he uses every opportunity for constructive criticism of the current authorities.*

[Einspieler] Has the political balance of power in Serbia at least visibly changed in favor of the opposition?

[Veselinov] In comparison with one year ago, the opposition in Serbia is stronger. Support for the Socialists has declined, and part of the Belgrade opposition has given up exaggerated nationalism and discussions about borders. On one hand, they are sick of these discussions, and on the other, they cannot take power by reiterating the political program advocated by Milosevic. There is also a growing number of uncommitted people, and the international sanctions and the catastrophic economic situation have contributed to these changes.

[Einspieler] It seems that because of the social disaster that is knocking on the door, nothing will change in Serbia....

[Veselinov] For the time being, I still cannot see how that fact would have any influence at all on the political transformation in people's heads. They are afraid of open resistance or demonstrations because they are afraid that the authorities will designate them as traitors. The most important thing to them is to protect their own children and take care of supporting them.

[Einspieler] One can hear in political corridors that you sympathize with Vuk Draskovic. Does that mean that you are a monarchist?

[Veselinov] From the very beginning, the NSS has viewed all the Yugoslav states as independent within their existing borders, and without the right of Serbs in other republics to secession. This has apparently been adopted by Draskovic, who, however, judging by his TV duel with Jovic, has not given up on his old love for at least noticeably moving the state borders. I wonder what we will get out of it if we drop a king into Belgrade by parachute. Isn't Milosevic a king, and what have we gained by it? A king means betting on the wrong card. I think that a political system is a matter of coming to power and keeping power, and I do not view it as any sort of value for its own sake.

[Einspieler] Then what card is worth playing in Serbia?

[Veselinov] If we resolve Serbia as a kingdom, that will cause a civil war. In fact, it would mean that there is no other way out except for people to resort to new illusions. It is a new populism. What is worth betting on is a new economic program, even though this people, admittedly, is resistant to economic programs, because it is primarily interested in honor, ideological self-justification, and links with the past. The opposition cannot bet on the same card as the ruling party, which is inciting emotions, mythology, and passions.

[Einspieler] How long can people nourish themselves only with honor and a mythology that belongs on the trash-heap of history?

[Veselinov] Another 100,000 or 200,000 people can die, but the authorities still will not change because of it. How long can people endure in Dachau or Auschwitz without resisting? People keep silent and suffer for centuries.

[Einspieler] More and more people perceive Panic as a savior. Does he hold the real power that is needed for changes?

[Veselinov] Panic only does as much as Milosevic thinks is useful to him. In actuality, the power is in Milosevic's hands. To be sure, an agreement among them is possible, but it is not essential. I am convinced that Milosevic was wrong when he viewed Panic as a court jester, but at the same time he is a politician who is well aware of the extent of his political power. It is clear to him that he is a hundred times more powerful than Panic.

[Einspieler] Does Milosevic have anything to stand on now?

[Veselinov] The political system that has emerged is a strong one, and it has degenerated in comparison with the system that we had before Milosevic came. He does not rule personally, but instead rules on the basis of a system of self-preservation, which is at an extremely low level, based on people's fear of changing this intolerable situation and resisting. That is why nothing changes, and we are all sliding downhill even more. Milosevic cannot settle the situation in Serbia, because in that case he would have to give in to reforms. If he consents to reforms, however, that would mean his total collapse.

[Einspieler] Does that mean that Serbia is condemned to Milosevic?

[Veselinov] His rule can last for another two or three years. At any moment, he can pull Kosovo out of his sleeves as a trump card, and he can involve both Macedonia, and Greece and Bulgaria in that business. He can accuse the Macedonians of helping the Albanians with weapons, and in short, stage any sort of absurdity, because he is a master at that. In that case, the Bulgarians and the Greeks will immediately advance into Macedonia, with the pretext of protecting their minorities and Macedonia. That is realistic. What does it cost him if he attacks Kosovo? He will do it with satisfaction. From the standpoint of Serbian nationalism he will fanatically devote himself to that goal. If the world has not intervened in Croatia and Bosnia-Herzegovina, to protect independent states, what will it do in Kosovo?

[Einspieler] The world has only dealt with Hitler in the same way as with Milosevic....

[Veselinov] Milosevic is consequently a very powerful politician. He is a great and courageous fighter, a persistent person, and a very good technician when it finally comes to force. He has chosen the kind of course in which he can only be defeated by military force. To be sure, he is afraid of that force, but there is no one who would defeat him. That means that he is the moral victor.

[Einspieler] What do you expect from the early elections?

[Veselinov] The federal elections will only be for the State Chamber and not for the Chamber of the Republics, for which elections have to be scheduled at the republic level. We will thus have elections only for half of the Assembly, because Milosevic will not permit elections for the Chamber of the Republics until he sees the results of the elections for the State Chamber. Milosevic is obviously a bigger beast than some people think. In the elections for the State Chamber, the opposition will win, certainly, but it will only be a relative success.

[Einspieler] How will the opposition parties fare in the elections, and are the Peasants possibly the force that can generate political changes in Serbia?

[Veselinov] The NSS is part of the political bloc with a democratic orientation, and we will participate in the elections within that framework. If we get at least 5

percent of the votes, we will be satisfied with the result. The strongest opposition party will not get more than 10 percent of the votes. The nonextreme opposition can count on approximately 30 percent, and the extremists will get about 15 percent of the votes. Those are Seselj, the neofascists, and the other lunatics who constitute a political bloc together with the Socialists. Because of their national program, the Socialists and fascists will always be stronger than us. That is why the Socialists will never consent to reform, because in that case they would lose the fascists' support. The only possibility for the Socialists to stay in power is a propaganda fever, collective insanity, and war, a continual wartime atmosphere. The NSS can raise its voice over the price of wheat and corn or high taxes, but there is nothing to gain from all of that. Peasant parties are rebellious, protest parties. The NSS is a trade union that never has any particular political power. Peasants block roads, but then they have to go home and give water to their livestock. A peasant will never resist because of poverty, because he always has enough for himself; he will only resist the authorities if they take away the livestock from his yard or if they raise taxes.

[Einspieler] It seems that the Belgrade intelligentsia has caved in all down the line....

[Veselinov] That is true. The Belgrade intelligentsia has betrayed the reform. It has betrayed democracy, because it identified itself with the nationalistic program and thus made it possible for the communists to stay in power. Throughout all of the former Yugoslavia, the intellectuals thought that they could only overthrow communism with a new collectivistic ideology. Dobrica Cosic agreed on that with the NOVA REVLIJA people in Ljubljana back in 1985. The advocates of nationalism were even prepared to sacrifice Yugoslavia if it turned out to be necessary in order to overthrow communism. They miscalculated, because they thought that they could establish democracy through nationalism. We obtained a multiparty system that is ineffective, and a freedom of the press that has not benefited us at all, because it is false.

Statistics Said To Not Reflect Situation

*92BA1445A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 14 Sep 92 pp 21-22*

[Article by Tomislav Dumezic: "False Balance Sheets"]

[Text] According to figures of the SDK [Social Accounting Service] of Yugoslavia, the economy of Serbia and Montenegro has been displaying more favorable financial results than usual. That is, the economies of these republics have been operating at a very large net loss for the last three or four years. This has resulted in an essential deterioration of the financial structure, in which the lack of "own" capital and long-term borrowed capital is growing all the time. The relatively more favorable results are particularly surprising because of the drastic reduction of the volume of production and

services and also because of galloping inflation. We should bear in mind, however, the fact that in the context of high inflation it is practically impossible to present realistic financial results, because revenues and expenditures that occurred in January, denominated in dinars, have nothing in common with revenues and expenditures that occurred in June.

The gross income of the economy of Serbia and Montenegro realized over the period January-June of this year was up 1,395 percent over the same period of last year. Total expenditures were up 1,300 percent, from which it follows that there has been a relative improvement of the financial results. Even then, the economy has been operating at a net loss. The total loss over the first six months of this year amounted to 588 billion dinars (the figures are indicated in dinars before the currency reform) and was 1,337 percent larger than the loss incurred over the same period of last year.

The total uncovered loss amounted to 666 billion dinars, while the uncovered loss on 30 June of last year was 75 billion dinars. The increase is 792 percent, which is less than the rise of retail prices, from which it follows that the total uncovered loss is smaller in real terms. Of course, this figure is not actually accurate, because the uncovered loss from the previous period needs to be revalued.

Reduction of the Tax Burden

The relative reduction of the net loss compared to the first six months of last year also resulted in part from changes that occurred in the system of taxes and contributions. The income realized by the economy of the FRY [Federal Republic of Yugoslavia] over the period January-June of last year was 90 billion dinars, and in the same period of this year 1,275 billion. It follows that income has grown 1,321 percent. Income realized consists mainly of personal incomes. Personal incomes paid out, which are not part of the tax base, increased in nominal terms 1,032 percent when the first half of this year is compared to the same period of last year, which is considerably less than the growth of income. This is because of a considerable reduction of real personal income. That is why gross profit grew from 18 to 442 billion dinars, or 2,405 percent. Taxes and contributions paid out of income are considerably smaller in real terms. In the first half of last year, they amounted to 5,306 million dinars, and in the same period of this year 26,368 million dinars. The increase in nominal terms is 397 percent, from which it follows that the burden in real terms on actual gross profit dropped nearly 75 percent.

Because of the drop in real personal incomes and also taxes and contributions paid out of the profit of the enterprise, there was a considerable increase in the capital generated by the economy—from 3 billion to 396 billion, or 2,481 percent.

The segment of the economy operating at a loss helped to make the overall (aggregate) financial result negative, as shown by the figures below.

Table 1. Results of Business Operation in the First Half of the Year

| | <i>(Billions of Dinars)</i> | |
|--|-----------------------------|--------------|
| | Jan-June 1991 | Jan-Jun 1992 |
| 1. Gross income | 686 | 10,238 |
| 2. Total expenditures | 715 | 10,219 |
| Business expenditures | 605 | 8,495 |
| Financing costs | 56 | 1,122 |
| Extraordinary expenditures | 54 | 602 |
| 3. Adjustment of result to account for revaluation | 2 | 175 |
| 4. Gross profit (loss) | - 31 | - 156 |
| 5. Capital generated | 3 | 396 |
| 6. Loss in the current year | 41 | 588 |
| 7. Uncovered loss from earlier years | 34 | 78 |
| 8. Total uncovered loss | 75 | 666 |
| 9. Net loss | 38 | 192 |

The economy's total net loss in the first half of this year was nominally greater than the same period of last year by about 400 percent. This nominal increase actually represents a considerable real reduction of the net loss of the economy.

The Influence of Inflation

The financial results achieved are not realistic because of the rise of retail prices, which has been accelerating with each passing month. In spite of the drop in the volume of production and sales, monthly revenues and expenditures have grown steadily in nominal terms. A situation has thus come about where nominal personal incomes

for June of this year, in spite of a real reduction, were larger than the personal incomes calculated for the first quarter of this year.

Aside from inflation, the financial results are also unrealistic because of the income of the system used in calculating gross income and total expenditures of enterprises. This applies above all to revaluation of work in process and finished products and also to the possibility that a portion of the costs of financing is not being covered from gross income, but charged to revaluation reserves.

The impact of the accounting system on the financial results presented is shown by the figures in Table 2.

Table 2. Impact of the Accounting System

| | <i>(Billions of Dinars)</i> | | |
|--|-----------------------------|--------------|-------|
| | Jan-Jun 1991 | Jan-Jun 1992 | Index |
| 1. Increase in value of inventories of work in process and finished products | 26 | 804 | 3,092 |
| 2. Reduction of value of inventories | 4 | 8 | 200 |
| 3. Net increase in value of inventories | 22 | 796 | 3,618 |
| 4. Reduction of financing costs charged to revaluation revenues | 53 | 1,375 | 2,594 |
| 5. Reduction of revenues from financing | 2 | 58 | 2,900 |
| 6. Net reduction of financing costs | 51 | 1,317 | 2,582 |
| 7. Total reduction of costs | 72 | 2,113 | 2,895 |

Unrealistic presentation of the financial result by taking advantage of the possibility of increasing the value of work in process and finished products (the enterprise's operating costs are reduced by increasing the value of inventories), and also by covering a portion of financing

costs by charging them to unrealistic revenues which result primarily from revaluation of permanent assets, has been practiced in previous years as well. This year, however, these opportunities have been put to considerably more intensive use. Thus, the value of work in

process and finished products was increased about 81-fold, while gross income in nominal terms was 15-fold larger. Similar relations also result from the reduction of financing costs, that is, from their being covered from revaluation reserves. The reduction of financing costs in nominal terms increased about 25-fold. The loss for the current year, indicated in the amount of 588 billion dinars, can be taken only as a conditional and certainly unrealistic quantity. If the accounting department of firms had not reduced costs by increasing the value of inventories of work in process and finished products and also by covering some of the financing costs by charging them to revaluation revenues, total operating costs would have been 2,113 billion dinars larger, which means that the total loss would also have been about fourfold greater. If we bear in mind that gross personal incomes over the first six months of this year were used in the calculation in the amount of 1,150 billion dinars, we get the true picture of the size of the Yugoslav economy's potential loss.

Interest payments are not dominant in the structure of financing costs; negative exchange-rate differences, which amounted to all of 1,824 billion dinars, take the dominant place. Negative exchange-rate differences which relate to credits extended for equipment are as a practical matter not an operating cost, because the nominal value of the equipment is adjusted to the movement of the dinar's exchange rate. However, negative exchange-rate differences which result from current transactions related to regular business operation are altogether an operating cost of the current period. Because it is not possible to separate or extract negative exchange-rate differences from the accounting figures, it is also impossible to establish the appropriate portion of them which should not have been covered from revaluation revenues. It is probable that about 50 percent of exchange-rate differences are related to current business operations, which means that the actual loss of the economy of Serbia and Montenegro is considerably greater than that indicated in the periodical statement for the period January-June of this year.

Expansive monetary policy, accompanied by real negative rates, has brought about a moderate rise of interest payments. Although enterprises do not have their own capital to finance regular business operation, but must take loans from banks and are compelled to finance one another with credit, interest payments have increased only about 15-fold, which is the amount of the growth of the economy's gross income. Total interest payments amounted to 577 billion dinars, while revenues in the form of interest amounted to 202 billion dinars. It follows that the economy paid out 375 billion dinars in net interest, which is 1,530 percent more than over the same period of last year.

The Structure of Property

The financial results that occurred in the period January-June of this year have had an impact on the property structure of the economy. The value of permanent assets

and the value of capital are not comparable to the situation a year ago, because the nominal increase because of the impact of the rise of producer prices and retail prices is about 2,200 percent. Thus, under the effect of revaluation, that is, inflation, the value of permanent assets of the economy of Serbia and Montenegro increased from 1,496 to 33,384 billion dinars.

The value of working capital has been growing considerably more slowly, that is, considerably less than inflation, which indicates a real reduction of this category of assets of business enterprises. The total value of total assets increased 959 percent, while the value of declared inventories increased 1,300 percent. It is a fact that inventories in the economy have decreased considerably since a year ago. This applies both to inventories of raw materials and supplies, the value of work in process, and inventories of finished products held by producers, on the one hand, and also to inventories of merchandise in the trade sector on the other. It is significant that inventories held by manufacturing enterprises have decreased the most.

The level of the economy's liquidity has increased considerably compared to a year ago. Total short-term receivables from business operation, in which receivables from customers and advances given are dominant, increased 811 percent in nominal terms, which indicates a considerable reduction in real terms. This is primarily the consequence of expansive monetary policy, that is, of the use of credit originating in note issue.

In view of the essential impact of revaluation, reserves are dominant in the structure of permanent capital. Declared (nominirani) capital amounted to 4,424 billion dinars, but reserves all of 29,057 billion dinars. Reserves increased about 39-fold, and declared capital only 3.4-fold.

No significant changes occurred in the structure of declared capital. Socially owned capital amounted to 1,154 billion dinars as of 30 June of last year and 3,920 billion dinars as of 30 June this year. Its share in total declared capital was 89.7 percent as of 30 June last year and 88.6 percent as of 30 June this year. The share of shareholding capital has increased somewhat. However, that increase does not reflect an actual change of ownership. That is, a large portion of share capital continues to be socially owned.

The financial results had an impact on the global financial structure of the economy, whose principal characteristic is a shortage of "own" capital and long-term capital to finance current business operation. That characteristic has also persisted after 30 June of this year, as shown by the figures in Table 3.

Table 3. Financial Structure of the Economy

| | (Billions of Dinars) | |
|--|----------------------|-------------|
| | 30 Jun 1991 | 30 Jun 1992 |
| 1. Permanent capital | 1,408 | 33,481 |
| 2. Uncovered loss | 80 | 615 |
| 3. Net permanent capital | 1,328 | 32,866 |
| 4. Long-term reserves | 24 | 324 |
| 5. Own capital | 1,352 | 33,190 |
| 6. Long-term liabilities | 143 | 1,496 |
| 7. Long-term capital | 1,495 | 34,686 |
| 8. Permanent assets | 1,496 | 33,384 |
| 9. Long-term capital to finance regular business operation | - 1 | 1,302 |
| 10. Inventories | 233 | 3,265 |
| 11. Percentage of coverage of inventories with long-term capital | | 39.9 |
| 12. Shortage of long-term capital | 234 | 1,963 |

At midyear, the global financial structure of the economy is somewhat improved: Whereas on 30 June of last year permanent assets were even greater than total (own and borrowed) long-term capital, as of 30 June of this year the economy was financing 40 percent of total inventories with long-term capital. The relatively high percentage of financing inventories with long-term capital has, of course, resulted from the reduction in the real level of inventories. However, in spite of that the situation can be seen as relatively favorable. Viewed in essence, this favorable change in the structure still does not result from the current financial result, where actual losses considerably greater than the capital generated are also shown.

Petition Calls for Early Election in Macedonia

MAAK Initiative

92BA1447A Skopje NOVA MAKEDONIJA
in Macedonian 13 Sep 92 p 3

[Article by J.Dz.: "Clarification Regarding Early Election"]

[Text] *The dramatic situation in the Republic requires an early election. One hundred and fifty thousand signatures are being collected, thus forcing parliament to have a referendum on determining whether citizens favor an early election. There are no candidates to fill the three vacant seats in the Assembly.*

MAAK [Movement for All-Macedonian Action] has launched a public initiative on holding a referendum on the subject of holding an early election in the Republic of Macedonia. That was the conclusion unanimously reached at yesterday's meeting of the full membership of

the MAAK National Committee, after a several-hour-long debate in the course of which the reasons for that resolution were elaborated.

"The situation we are witnessing is extremely frustrating and dramatic," said MAAK chairman Ante Popovski in his introductory statement. According to Popovski, the reasons for the holding of the National Committee meeting and the demand for an early election involve the parliament itself, which, from a constitutional body of a democratic system, is changing into a center for political destabilization. Furthermore, the Assembly is on neither the level of the interests of Macedonia nor the current urgent circumstances. According to Popovski, it is precisely that "the red ideological coalition has brought about the situation in the Assembly to the point of total blockade."

At the meeting, at which 14 committee members spoke, the initiative on holding an early election was unanimously supported because the circumstances in which the Republic finds itself are critical in all areas. It was emphasized that the Assembly has failed the test and should withdraw from the political arena. The speakers discussed the difficult economic situation in which the Republic has found itself, the inability of parliament to pass systemic laws within the stipulated time, the chaotic situation prevailing in western Macedonia, and the unseemly coalition joined by the PDP [Party for Democratic Prosperity] and the NDP [National Democratic Party], which is a clear manifestation of its unseemliness and the making of a number of political turns that have nothing to do with our state. According to Gane Todorovski, MAAK honorary chairman, that coalition constitutes an immoral act and is clearly a case of treason. According to the conclusion of the National Committee, the Macedonian parliament and Government will be informed of the initiative concerning an early election, and a detailed explanation of the step will be provided.

Aware of the fact that any appeal to parliament to disband itself, as was pointed out at the meeting, would be defeated in advance, it was decided that, in accordance with the current laws, to collect 150,000 signatures, which would make it mandatory for parliament to hold a referendum through which the citizens of the Republic of Macedonia would determine whether they are in favor of an early election.

The National Committee members expressed the need for the establishment of a democratic political coalition of Macedonian patriotic forces, consisting of parties sharing a platform "against the red coalition, which is suppressing democratic processes in Macedonia and leaving behind anarchy and chaos."

It was resolved at the meeting, where forthcoming activities in connection with the collection of signatures were more concretely agreed upon, that MAAK would not participate in the coming election to fill the three vacancies in the Republic's Assembly, an election called by the parliamentary chairman.

Constitutional Rules

92BA1447B Skopje NOVA MAKEDONIJA
in Macedonian 17 Sep 92 p 2

[Article by Z. Darkovska: "Disbanding Parliament in a Roundabout Way?"]

[Text] *The Constitution stipulates that parliament can be disbanded only at the request of the representatives themselves. The alternative is a referendum supported by the signatures of 150,000 citizens, with which the people will decide whether they are for or against an early election.*

The holding of an early election in Macedonia is possible only if the Macedonian parliament supports such a resolution by no fewer than 61 votes. The assemblymen, however, have already stated their opposition to self-disbanding. There is yet another way of holding a new election, which is far more complex and circuitous and which is supported by MAAK [Movement for All-Macedonian Action]. That political party has undertaken to gather 150,000 signatures of Republic citizens that would request the Assembly to hold a referendum. The referendum would indicate whether the citizens are in favor of an early election or would allow the current representatives to complete their four-year terms.

That action is stipulated in the Constitution of the Republic of Macedonia or, more specifically, in its Article 73. Among other things, it stipulates that the Assembly must hold a referendum if it is requested by no fewer than 150,000 voters and that the wish expressed in the referendum must be obeyed. Therefore, if the required majority of citizens believe that an early election is necessary, the parliament must officially take that step. Before that, however, 150,000 signatures must be gathered. In all likelihood, that will be no easy matter or a thing that can be achieved hastily because collecting signatures from citizens requires a special procedure:

Opposite each signature, the identifying personal data of the individual must be noted, and witnesses must be present.

Let us recall another initiative of some 18 months ago on recalling the Kumanovo representatives. On that occasion, all that was required was the gathering of 300 signatures, which was not accomplished. No one claims that the initiative failed because of the difficulty of gathering 300 signatures. However, everyone agrees that the circumstances revealed the mood of the electorate. That same mood will largely determine the success of the MAAK initiative on holding a referendum on an early election.

After that has been accomplished, the Macedonian representatives will be facing the second official request for a change in Assembly membership. The first is still fresh in our minds. It occurred several months ago, courtesy of the Social Democratic Alliance. At that time, the parliament members decided to retain their seats. As for several previous similar initiatives, they did not live long enough to be included in the parliamentary agenda. A party resolution on a new early election was drafted by the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity]. However, the parliamentary group of that party did not implement the resolution. There have been much more frequent and still viable requests by nonparliamentary parties on disbanding this parliament. The most insistent on formulating a similar request are the Workers Party, the Social Democratic Party, and the League for Democracy....

What MAAK demands is something much more specific than other previously filed demands. This demand is being made in the middle of the representatives' terms. Considering the complexity of gathering the signatures, we would not be surprised if the date of the referendum were to coincide with the end of the terms. However, the referendum would yield results only if the election were truly early.

Otherwise, according to the Constitution, an election for assemblymen must be held during the last 90 days of the term of the old Assembly or within 60 days of the day the Assembly is disbanded. The mandate of the representatives could be extended only in cases of a state of war or emergency.

Purpose, Type of Schools for Macedonian Military

92BA1396A Skopje NOVA MAKEDONIJA
in Macedonian 31 Aug 92 p 2

[Article by Risto Damjanovski: "Maximum Utilization of the Educational Institutions"]

[Text] *Views and Ideas: What Kind of Military Education Is Useful for Macedonia*

Drawing upon world experience, ARM (Army of the Republic of Macedonia), in the development of its own training and educational system, will insist on thoroughly utilizing the permanent educational infrastructure and personnel of the two universities in the Republic, so that future Macedonian warrant officers with specific prequalifications will be able to be employed in other jobs in the society.

All of the countries in Europe and the world with multiparty political systems and developed democracies pay great attention to training their citizens for defense, as one of their basic rights and obligations. It is widely held that a citizen who is not trained to defend and protect his country represents a loss for the society.

Among other things, the degree of perfection of any army is an evaluation of how the system of training and educating the senior staff is organized. The history of this system is recalled many times with pride and enthusiasm, especially by officers who became officers because of the system. Who went to which military academy and has entered the ranks of the professional soldiers is also an important status symbol.

The reader, I believe, will at once recognize the names "West Point," Frunze, " and "Voroshilov," famous military academies of the superpowers.

In this context and along with the fact that Macedonia has never been favored by history, the military training system takes its place, a place our ancestors have ensured for it. Thus, the example of Goce Delcev and Djorche Petrov, who in 1900 developed the guidelines for partisans, when the first "partisan schools" in which the future rebels acquired the art of making war, is very instructive. The "partisan institutes" of Marko Lerinski, Nikola P. Rusinski, and others are well known.

Schooling as a Measure of the State

The practices of the armies of the world indicate that there is widespread use of a school system of military secondary schools, high schools, and universities, with special applications and specializations, as well as schools for reserve warrant officers.

These differ with respect to types, natures, and services, but their basic purpose is to "educate" officers for the army.

Starting from these experiences and our own personnel and material needs and capabilities in the development of its own training and educational system, ARM will endeavor to make full use of the permanent educational infrastructure and personnel of the two universities and the permanent institutions so that future Macedonian military warrant officers, in addition to acquiring basic professional training (military knowledge and skills, the strengthening of their physical condition, and the building up of patriotic feelings), will gain specific qualifications that will enable them to be employed in other jobs in the society.

This will provide exacting criteria for future examinations for students and military cadets, and military schooling will become better, more professional, more economical, and more flexible.

In the Republic of Macedonia up to now, there have been no secondary military schools or military academies in which sublieutenants and officers were trained for the needs of the operative army. In this respect, it is at a unique beginning. The only professional Macedonian military experts are those who were trained in the former Yugoslav People's Army and who continued their development in the units and staffs right up to the highest posts (from commanders of platoons to commanders of armies) and advanced to all ranks. The newer Macedonian military intelligentsia, which today represents the nucleus of ARM, was created in this way.

Another form of schooling for the needs of the civilian component of defense is in the Institute for Defense, which has been operating for several years and has been training personnel to work on the questions of defense in the nonmilitary institutions of ARM.

However, this personnel profile will not be able to answer all of the needs of defense, especially when it is a matter of conducting armed combat in all conditions—that is, acquiring the necessary practical knowledge in contrast to direct combat of individuals and groups of soldiers. Hence the need for schooling officers for professional employment in ARM—in its branches (infantry, artillery, engineering, communications, ABHO [nuclear-biological-chemicaldefense], PVO [air defense], and so forth) and services (supply, technical, and so forth)—with the possibility of training officers for all jobs in the modern army in the following period.

It is particularly necessary to devise the training of personnel in the area of military technology (electronics, machines, communications, and chemical technology). It is most advantageous to train these personnel in the corresponding technical departments, with additional graduate work in the military schools.

Likewise, the requirements for military aviation—that is, training future pilots—will be solved within the framework of the military schooling, with a special flight program.

It is considered that certain specialized training of current and future warrant officers in specific ranks and titles be carried out within the framework of the permanent system of education and schooling outside of the Republic, as reciprocal collaboration with foreign armies in the area of education and training of highly specialized personnel. Incidentally, all developed armies in the world practice this.

Satisfying the requirements of the Armed Forces for sublieutenants (secondary school-educated professional personnel) will be carried out with one-year preliminary training (preschooling) of students who have finished the

regular secondary education—an educational system for performing military service.

Greater Social Attention

In the beginning, the schooling of personnel for the needs of defense will be carried out together with the Institute for Defense for all students in the first two years of studies, and then separately in the specialized departments.

This decision will ensure the education of personnel for the needs of the defense of the Republic of Macedonia within the framework of the regular educational process of the Republic economically, efficiently, and functionally.

In the military schools of the former Yugoslav People's Army, there were a fairly large number of students and cadets from the area of the Republic of Macedonia. The greatest number of them have returned and have registered in the Ministry of Defense. Therefore, it is necessary for the students who were in the military gymnasia to continue their schooling in the gymnasia in Macedonia and, upon graduation, to be registered for schooling in ARM. Again, the cadets who left the secondary middle schools of the area will, upon graduation, be registered in ARM, where, through one-year pre-schooling, they will be trained for specific branches and services and will be promoted to be noncommissioned officers and assigned to positions in ARM.

The cadets who left the secondary military schools will continue their educations in corresponding professional schools in Macedonia, and, upon graduation, will be trained, promoted, and sent to work in the units of ARM.

For cadets who have not graduated from the fourth year (8th semester), a six-month course will be organized during the year, and they will then take the exams and be promoted to the first officer's rank, sublieutenant, and assigned to units of ARM.

The personnel needed to fill a large number of the still-unfilled command posts in the units of ARM will be provided in this way.

The selection of officer personnel has to be left to society. In this case, it is necessary to take greater care about the ethnic, social, and religious representativeness of the Macedonian intelligentsia in ARM. Likewise, in the military schools, the citizens who are motivated and have a special affinity toward the military call will have preference in the military schools.

Economic, Ethnic Situation in Kumanovo

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in Macedonian 15 Aug 92 p 14

[Article by Boris Burnazovski: "A City Contaminated With Rumors"]

[Text] *There is no more suitable place for political scandals than the Kumanovo marketplace, which not only is getting into ticklish matters but also is adding to them successfully.*

This is how it is: with the location and with people from different nationalities, religious and political (pre-)conceptions, and characteristic stubbornness. Kumanovo always is a thorn in someone's side. It and the mood of its people, more intentionally than randomly, are being manipulated more and more frequently as an object without an owner. Different labels are attached to the inhabitants of Kumanovo; this or that fate is predicted for them. In short, stories and rumors circulate in and about this city of 70,000 almost continuously. The good old marketplace at first accepts these stories as possible, then modifies them, giving them its tone and color, and lives a certain time with them. Finally, they disappear and give place to others, more improbable than the previous ones.

One of the recent rumors, prepared in the kitchen of the marketplace or brought from outside, is the story concerning the movement of machinery and then combining or closing the largest factories in Kumanovo—namely, for a long time it was said, especially among the workers, that the Government of Macedonia or someone in it had decided to combine the tobacco factory in Kumanovo with the Prilepski works, and to move the 11 October factory for welded pipe and sections to the Skopje Ironworks. The "news" of the transfer of the Kumanovo tannery to the Skopje GODEL also was launched by the same unidentified sources of information. Although such matters do not take place overnight and "openly" as the Kumanovtsi say, the marketplace was worried and resonated with its understanding—when something is whispered about, there is a reason for it.

Surprised Managers

The managers of these establishments, who, of course, have no knowledge of the moves, can do nothing but stand in the way of the rumors and, before their worried workers, publicly deny all of this as pure fabrication or as a reflection of the fear of the serious conditions in which the economy finds itself.

It is not known, for the time being, who pushes through such rumors, but it is well known why it is done. It is obvious that someone intends to introduce unrest and fear among the people, to destabilize the conditions in this society, and to devalue the economic results. Even the choice of the three above-mentioned enterprises is not accidental. The tobacco factory, the oldest business, and, until yesterday, an enterprise that was working well with the closing of the market of the former Yugoslav republics, has, as many other enterprises, serious problems in placing its cigars and with its payments. The moment when new equipment for packing cigars is introduced into its halls and then taking out the old ones is exploited; someone explains it as relocation of the factory. The 11 October factory and the Kumanovo

tannery not only are among the larger enterprises with respect to the number of employees, but also, in these unstable economic conditions, continue to operate successfully and provide their workers with real wages.

The other part of the Kumanovo economy, as most of the economists say, is continuing to do well. In fact, elsewhere, from time to time, the workers are going on mandatory, short vacations, but in Kumanovo there are almost no enterprises that work with a deficit, and there are no strikes or bankruptcies. That would appear to be an obstacle to someone who would want it to be otherwise.

The Marketplace Absorbs Everything

Seemingly, there is nothing new on the Kumanovo political scene unless you consider the "news" that, again, the marketplace persistently pushed into the everyday political life in order to destabilize the situation. These days, in who knows what way, it is heard that the leader of the Serbian radical side, Vojislav Seselj, was in Kumanovo, that his people walked freely around the villages near Kumanovo, that a Serbian radical party will form in Kumanovo, and that the rumor of some kind of referendum of the Serbs for an independent autonomous Kumanovo valley, together with Skopje Montenegro, and so forth is mentioned again. This, of course, once more disturbed the Kumanovo public, which was confused by the party arguments and the choice of Kumanovo as favorable soil to establish "imported" political parties.

These rumors most probably originated from Sheshelj's 2 August visit to Prokhor Pchinjski, where he had a meeting with his radicals and where he announced the formation of a radical party in Kumanovo. The journalistic curiosity starts from then on and confirms that, in Kumanovo, there is a group of people that truly intends to form a Serbian radical party. In a coffeehouse in which Serbian music is heard, we found interlocutors who evidently sought affirmation and a declaration of

their intention—not Sheshelj but we ourselves will attempt to form a Serbian radical party, which will have no connection with Sheshelj's party. The program of our party will be exclusively economic and social, without a political program, they told us. They say we will fight for removal of the border with Serbia because the border against Croatia and Slovenia is inevitable inasmuch as the Catholic world, from which Orthodoxy has to be separated, lives there.

The members of the so-called Serbian radical party being formed differ in their points of view concerning the referendum of the Serbs that has been announced several times. Some think there is a possibility for it, others do not want a referendum like that of the Albanians, and the question concerning some autonomous Kumanovo valley is being pushed upon them by the Democratic Party of Serbs for the Kumanovo-Pchinjski region and the Association of Serbs and Montenegrins in Macedonia, who participated in the meeting with Sheshelj in Prokhor Pchinjski.

This suggests that the Kumanovo political scene may be expanded by one more foreign party. Again, the "old" parties have begun to make their ranks younger. So the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], the SDSM [Social Democratic Alliance of Macedonia], and the League for Democracy have formed their youth organizations, in which they have great hopes.

With new parties or without them, Kumanovo remains a politically variegated environment, in which the contradictions heated by the rumors that push through different ethnic centers are very rapidly coming to expression, irrespective of the fact that a small number of citizens is "infected" with politics. The greatest part of them are already preoccupied with the existential problems—how to survive with low wages and runaway prices. For them, the political intrigues are more an escape valve for the social pressure than a profession.

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