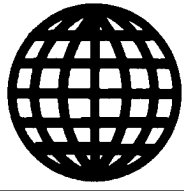


JPRS-EER-92-127  
10 SEPTEMBER 1992



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# ***JPRS Report***

# **East Europe**

19980113 288

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# East Europe

JPRS-EER-92-127

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### Existing, Possible Greek Investments in Balkans

92ES1148Z Athens KIRIAKATI KI ELEVTHE ROTIPIA  
in Greek 15-16 Aug 92 p 54

[Article by Mikhail Yelantalis: "Greek Investments in the Balkans"]

[Text] While short-term plans are being worked out at staff desks (at present) in the very fluid, dangerous, and confused Balkan region, long-range zones of influence, nevertheless, are being played and shaped primarily in the economic sphere.

Greece, too, in the southern tip of that much afflicted peninsula, a Community country, having the same religion, with decades-long ties and supports in the Balkan melting pot, is obliged to give corresponding battles, sometimes defending its own self-rights and at other times defending itself in the games of expediency that diminish her standing and that necessitate taking an offensive policy in the economic sector to the extent its forces permit it to do so.

Economic policy and penetration that bring the private sector of our country (that seems for the moment to be replacing the not too dynamic state presence) face to face with Turkish planning (on both the state and private level) as well as with the designs of our friend and partner Italy.

### In Albania

First of all, in Albania with its antiquated market and economic structures, with its nonexistent public administration and its many problems in the banking system, Turkey is showing itself more practical. It has already granted \$30 million in credits for supporting its exports and it has expressed interest in cooperation in tourism and handicrafts. Let us not forget the recent hand kissing and statements of Albanian officials.

The recent improvement in the climate existing in relations between Albania and our country as well as the strong Greek element in the southern regions of Albania support basic hopes for positive economic results.

Operating or being capable of operating in a country that is thirsting for investments and foreign currency and that is looking to tourism of up to 2 million in the next five years are such sectors as textile plants, clothing goods, shoe manufacturing plants, a mixed transportation company, fruit and fruit juice processing plants as well as planning in the tourist sector (in the Ayia Saranda area), export of used vehicles, spare parts and investments in gasoline and service stations.

The railway connection between Florina and Pogradec now being studied together with the presently existing satisfactory connections would bring life to the northern Epirus element, would keep this element in its own region and would certainly benefit relations in both countries.

### In Romania

In Romania, the situation is much better with Greek investments holding fifth place. Capital amounting to \$11,511,800, compared to \$25,971,700 provided by Germany (the number one country), has been invested by 140 Greek companies.

With the new legislative framework that permits foreign banks to establish branches in Romania and to create joint companies, further expansion and improvements are expected. Finding suitable ground are such branches and sectors as technology know-how, construction technology, plastic wrapping (KRIS.PAN), telecommunications, production of food and chemical products, and even plant management and organization. Moreover, Romanian officials point out the need for increasing Greek exports and the number of joint companies.

### In Bulgaria

The unorganized Greek state presence gives Turkey free reign in neighboring Bulgaria. The friend and ally Turkey finances and strengthens the Muslim element in every way possible, even asking for the creation of a free zone in the southeastern part of the country. Attempts by Greek businessmen are being called on to save the balance and fortunately they are doing so. Cheap raw materials and cheap labor costs are contributing to the creation of spinning mill plants.

Also of interest is the food sector where Delta is in the process of preparing a production plant in Varna that will subsequently produce ice cream and juice. By the end of the year, the firm 3E hopes to enter the market with the creation of five joint venture firms that will produce and distribute products throughout the region. The end of the first phase completes an investment of \$20 million in five cities, Sofia, Filippoupolis, Burgas, Turgovishte, and Pleven.

Significant, too, is the presence of such companies as the Mouzakis Company, Med-So, and Sato, which already has an office in Sofia and also serves Greek firms that are expanding their activities.

A seminar is being organized on 5 and 6 September in Blagoyevgrad, a city with strong Turkish business activity, with the participation of the chambers of commerce of the various wards of the city and the city of Neapolis of Salonica. The seminar's subject is "the legal and economic context of development of activities in Bulgaria" and will show prospects and capabilities for further improvements. The private sector, with indisputable state contribution and support, hopes that it will succeed in getting more positive results in this sensitive region.

### Former Yugoslavia

In the former Yugoslavia things are also murky from an economic standpoint. Our country is also facing problems with regard to normal trade with that country and

it must be pointed out that economic relations had been to a very great extent much developed there. Ranging from agricultural products to cigarettes, automobiles, and electric power, with overall exports around \$160 million in 1992, Greece is certainly seeking its lot with the future of the region.

As to whether this trade will continue, and how, with the countries of Croatia and Slovenia, will depend on the results of the business dialogue between the Skopje and Salonica chambers of commerce and, of course, on the political and social situation in the peninsula.

At any rate, Greece could strengthen its activity and presence there by taking advantage of the pro-Greek disposition there, the community resources, the same religion predominating in the region and the fact that the peninsula up to Transcaucasia has always constituted a hospitable and familiar terrain. The exploitation of the community document, the particularly vigorous business climate of northern Greece and of the port of Salonica, together with the free zone, as well as the more vigorous state involvement in various activities, all have the capability of supporting the endeavor "not to have our country miss the Balkan train."

### Greek-Balkan Economic Relations

(Amounts in Thousands of U.S. Dollars)  
[all figures as published]

	1985	1987	1989
<b>Albania</b>			
Exports	8,539	4,290	18,780
Imports	2,547	9,788	7,498
Balance	5,992	- 5,490	11,282
<b>Bulgaria</b>			
Exports	44,079	42,069	68,564
Imports	33,076	71,612	70,038
Balance	11,003	- 29,543	- 1,474
<b>Former Yugoslavia*</b>			
Exports	74,560	64,247	109,496
Imports	106,454	201,188	228,050
Balance	- 51,894	- 136,941	- 118,554
<b>Romania</b>			
Exports	39,215	47,937	42,296
Imports	56,411	66,817	79,351
Balance	- 17,196	- 18,880	- 37,055
<b>Turkey</b>			
Exports	54,671	103,675	85,842
Imports	25,012	43,846	121,049
Balance	- 2,291	- 131,033	- 35,207
<b>Total</b>			
Exports	221,216	262,218	324,978
Imports	223,507	393,251	505,986
Balance	- 2,291	- 131,033	- 181,008

\*The situation prevailing in the area of the former Yugoslavia makes data of the past two years (1989-91) different.

Source: ESIE [National Statistical Service of Greece]

### Meciar's Personality, Political Style Analyzed

92CH0881A Prague MLADA FRONTA DNES in Czech  
19 Aug 92 p 7

[Article by Martin Komarek: "Vladimir Meciar: Mindful of Power"]

[Text] In the first few days following his victory at the polls in Slovakia, Vladimir Meciar surprised the negotiators from the ODS [Civic Democratic Party] as well as the Czechoslovak public. He clearly indicated that he will insist on everything that the HZDS [Movement for a Democratic Slovakia] had written into its "shield." In other words, very soon, there will be a declaration of sovereignty and after that even a constitution tailored to an independent state. It is only after these steps that there can follow an agreement which would no longer deal with a classic joint state, but rather would address free coexistence with the Czechs.

Until the elections, he was considered to be a political juggler, capable of letting up on some of his demands that were being paraded. Not this time. However, for the French journal LE MONDE, Meciar states: "We do not wish for independence, we are being pressed into it." He had in mind the ODS of Klaus. That party arrived at the political negotiations with a model of a very free confederation, and when Meciar did not even want to hear anything about it, it asked the question in its type of direct logic: "Either a federation or two independent states (which can, over time, obviously also negotiate regarding close collaboration)."

Vladimir Meciar, who just a few months ago was an ardent federalist, was faced with a difficult choice during the first negotiations involving the ODS. Witnesses to these negotiations agree on one fact—namely, that the incompatibility of the positions put forward by both parties showed up during the course of the few early hours. Meciar could surely have left open the door for a decentralized federation without losing face. A declaration of sovereignty and even a constitution would have undoubtedly been "fit" into this model during the negotiations between the partners, who see politics as something of a technical problem.

The once and future prime minister—and this was primarily his own personal decision—chose the path leading to an independent Slovakia.

It is and yet it is not the same Meciar who, while he was still chairman of the Slovak cabinet of the VPN [Public Against Violence], which is today the ODU [Civic Democratic Union], was repudiating Slovak nationalists at the end of 1990. His progression from federalism to Slovak independence was accomplished via the peripatetics of a great rise and a deep decline.

#### The Miraculous Meciar

If we disregard the suspicion that there were contacts with the StB [State Security], or even the KGB, Meciar was a completely unknown person at the time he joined

the KC [Coordination Committee] of the VPN. He was not even among that handful of Slovak dissidents, nor was he ranked among those people who were famous as a result of their professions. Prior to the occupation invasion, he was a trade union functionary; although he was out of favor after the invasion, he was able to complete his studies of the law and spent the majority of his time as an enterprise attorney for the Skloobal Enterprise at Nemsova.

Vladimir Meciar came, he dazzled everybody with his "federal knowledge" of security problems and became minister of the interior. He allegedly was recommended for that position by the post-November minister Milan Cic.

As a minister, he obviously cut the mustard. That can be judged from the fact that the VPN proposed him for the position of Slovak prime minister after the elections in 1990.

About halfway through 1990, he thus became the Slovak prime minister and acquired virtually unbelievable popularity.

He opposed restitution (particularly because restitution is not feasible in Slovakia thanks to the chaos in land register books), he opposed lustrations (he demanded a clear legal arrangement), and he was against the conversion of the weapons industry (he is for a slower and more considered procedure). However, those tactics resulted in his acquiring political points primarily with left-thinking Slovak citizens.

In dealing with the Czech representatives, he was more uncompromising than his Slovak colleagues. He caused the Czech side great amazement by moves that were incomprehensible here from the standpoint of "velvet politics." He paid no attention to gentleman's agreements, he fully utilized the opportunities to interpret the negotiations in his favor. The first sharply critical articles appeared in Czech and Slovak newspapers which accused Meciar of using undemocratic procedures and unbridled populism.

He came into conflict with the former Slovak minister of the interior, Andras (KDH [Christian Democratic Movement]). He pursued his goal relentlessly. He even placed his job on the line and resigned. What remains of interest is the fact that Fedor Gal and other members of the VPN KC at that time were, so to speak, tearfully persuading the man with whom they would clash several weeks hence in a "life and death" struggle to remain at his post. Meciar permitted himself to be persuaded.

The struggle between the ambitious prime minister and the majority within the coordination center of the VPN soon materialized. Even with respect to his closest colleagues, the prime minister used extremely harsh measures, including personal compromise, he was not willing to discuss matters which did not appear to be important

to him. In many instances, he was obviously right; however, he was not able to prosecute his truths in a civilized manner.

The Presidium of the SNR [Slovak National Council] recalled the prime minister. This was largely a matter of a dispute between the highly democratic (and not so effective) concept of policies on the part of the intellectual majority of the VPN KC and Meciár's effective, but authoritarian and rude style.

Nevertheless, Vladimir Meciár managed to turn it into a dispute "regarding principles." He criticized the VPN for its disinclination toward his program declaration, which was quickly written up in the postrevolutionary days. From the strictly formal logical standpoint, he was right. And he was "correct" even from the standpoint of political pragmatism when he took the side of the "nationalist pillar" against the right. The HZDS, which he had established during the days he was parting company with the VPN, found support in him. Despite the assaults, which were conducted in a somewhat dilettantist manner, Meciár remained the most popular person in Slovakia and led his movement to triumphant election results.

#### Meciár's Style

Vladimir Meciár likes to speak about Meciár (what can "one poor Meciár" do against those who are prosecuting the interests of wealth—the restitutions). He bases a lot on the fact that he should speak intelligibly although he feels that he should also speak the language of the intellectuals. His speeches as prime minister were made in a spirit which can be described by paraphrasing one of his television speeches: We were in Germany. We negotiated regarding difficult questions. We improved the image of Slovakia in the world. We did a big and good piece of work.

Meciár's remark about the fact that he had brought home 100,000 jobs took wing. When he was asked in an interview whether he was serious and whether that is true, he said: "I never spoke about 100,000 jobs, I spoke about 104,000 jobs."

He rarely lets an opportunity go by to stress his personal merit regarding anything that has succeeded or, on the contrary, to mention the difficulty of the task facing "Meciár."

He speaks as though he were firing a machine gun. His critics say that he "speaks more rapidly than he thinks." He cuts short his sentences without emphasis.

His contradictions have become a very frequent topic. A book has even come out about them. In actual act, Vladimir Meciár frequently claims something different than he did a few days ago. Undoubtedly, this is not a case of schizophrenia or an inadequacy of elementary consistence. Meciár only adapts that which he says to the audience, the location, and the time. He understands what people want to hear from him. However, he

remains fairly constant with regard to his fundamental convictions, although he has shifted his views and has become more specific, as have the majority of the other politicians, since November 1989.

Vladimir Meciár is lacking in ease, grace, and tolerance. He takes politics extremely personally and with deadly seriousness. He surrounds himself with people who are close to him and are more willing to listen than to outline their own ideas. His remark addressed to KDH deputies ("let them go, they are going into the past") shows that that which he considers to be a disgrace he does not forget and he is not able to forgive, even as the victor. If he comes to dislike anyone, he follows through to the consequences. Carnogursky is said to have "replaced" him. Everything that the Carnogursky government did was, thus, bad. According to many statements by Vladimir Meciár, the one year of the Carnogursky government was clearly worse than the entire communist era.

Vladimir Meciár does not like some of the practices of the FBIS [Federal Security and Information Services]. He has expressed the suspicion that he is being followed by its agents. If he acquires power, he does not intend to negotiate regarding the rectification of any secret services, he will insist on its liquidation. "It is difficult to move him once his teeth are clenched," said one of the prime minister's close collaborators.

The same is true of federal television: It does not favor him; it must be destroyed. Meciár is much more hostile toward the press than the other political leaders in the Czech lands as well as in Slovakia. He is willing accept only those journalists who praise him. He does not consider criticism to be a manifestation of a differing viewpoint, but fundamentally only to be a manifestation of baseness, malevolence, or stupidity. Those who criticize him, he considers—and this appears to be genuinely so—as enemies of Slovakia and of democracy. Unfortunately, he finds a quantity of hangers-on who are far from being his equals with regard to the strength of personality, but who love to ardently execute even the unarticulated instructions of the prime minister.

At one time, Havel had jokingly remarked that if one says a dog is ugly, there will be many people found who will kill the dog. In Slovakia, in the case of Meciár, this is not a joke, but a bare fact. From the time he parted company with the VPN, this talented politician has had no one to correct him. And he does not want any correction.

Meciár professes the cult of work. If someone does not agree with him, he evaluates them as being lazy. His frequent words are "you gave us a job and we have done it." He perceived work with considerable extensivity. The longer one works, the more personal hobbies and time are sacrificed to work, the better. In his first round as prime minister, he had the inclination to hold "his" ministers at endless meetings and narrow-mindedly checked them for the smallest detail. Even that was one

of the reasons for his falling out with the VPN. Meciar does not trust others. He perceives them as being the executors of his will.

He visualizes politics in interviews as a "service to the country," a very difficult service and one which is not totally pleasant for him. He claims that when he was first appointed prime minister, he recalled his years as an altar boy, he genuflected in his office, and whispered: "Lord, deflect this from me."

In actual fact, however, he is enthused by politics. Better than anyone else in Czechoslovakia, he also is master of its dramatic component. In proclaiming sovereignty, his eyes become moist, although, in contrast to the naive nationalists, he certainly does not feel any emotions. This is a man who lives, eats, and sleeps with politics.

#### The Turning Point

As recently as the end of 1990, Meciar was a convinced federalist. He was coming out hard against the separatists. He came out against the Slovak version of the language law.

The turning point came in the spring of 1991 at the time when his conflicts with the VPN KC and his government colleagues culminated. With the Congress of the VPN, the prime minister attempted to even obtain a leading job in the movement, but he was unsuccessful. Fedor Gal, Jozef Kucerak, and Vladimir Ondrus criticized him heavily for being power hungry and for his manipulation of people. Ondrus characterized the Meciar incident as a tragedy involving a gifted individual, obsessed with a vision of personal power.

Meciar uncompromisingly parted company with those who helped him to achieve power. Without any kind of sentimentality, he used all means against them, including intimidation and scandal. He recognized that the VPN was not capable of reacting flexibly to the moods and demands of the population, was not capable of adapting its somewhat Don Quixote-type rightist civic program to the demands of the moment.

Today, it is clear that Meciar was right from the political standpoint. The Slovak public, in contrast to the Czech public, is not ready to accept a political program based on pure civic and liberal principles. Under the pressure of circumstances and of his risky decision, however, Meciar faced these principles with unprincipledness. With politics based only and purely on the political trade as such. In other words, politics based on skillful manipulation, the creation of room and unique paths and, of course, on "social engineering." Art for art's sake, in which all meaning is lost.

Vladimir Meciar threw the weight of his authority into the struggle for power. An extremely well planned struggle and a precise struggle.

#### Meciar as a Politician

After the negotiations at Trencianske Teplice regarding the division of jurisdictions, Vladimir Meciar revealed his method in the now well-known "jumper" comparison. He spoke of the crossbar, which was at a height of 200 cm, he raised it to 250, and, finally, he achieved a leap of a sensible 220 cm in height.

Meciar is proving able to surprisingly combine political pressure with a counterplan position. And he constantly refers to support from the side of the public, whose trends he proves capable of estimating. These tendencies act as a guideline with respect to his direction. His speeches have necessarily come into conflict with the team of post-November politicians.

And this conflict was even more exacerbated as a result of his work with some StB materials, "which showed up on his desk, from time to time." The opponents of lustration did not hesitate to use secret materials against their opponents in any way. Clearly, one of the highest-ranking officials of the first post-November secret service is correct when he states that Meciar considers the suitable use of compromising materials to be a legitimate part of the political struggle.

In this respect, Meciar crossed the unwritten laws of politics. Without apparently realizing it, his harsh efforts to liquidate an opponent in postcommunist conditions in Czechoslovakia, particularly if carried out so thoroughly as Meciar is capable of doing, creates a dangerous precedent. Thanks to his natural talent and hard work, he outdoes his opponents in making use of the manipulative art. However, he is no longer capable of overseeing the consequences of his actions. What he starts, his people who are much less talented, are capable of completing all the way to the consequences of the action with initiative. Whatever Meciar begins (in his conception) as a chess match, his people take literally. Instead of taking pawns, heads may roll.

However, Meciar is not capable of tolerating cultivated opponents. He crushes them with the force of a bulldozer, he wins, but is not aware that he is himself losing by this.

Vladimir Meciar believes in himself. He firmly believes in the success of a wise and strong state apparatus for the population of Slovakia. ("You already have a wise government, now give us wise laws," he recently said without modesty in the SNR.) He understands representative democracy to be quite purposeful. The parliament is good for accepting "the right resolutions." Not those pertaining to it.

His principle for politics is the principle of "limited sovereignty." Once you hold office, you have a difficult task, in other words, be of service. He believes that he has to correct everything everyone else does. He personally carries the risk and the responsibility. The distrust of others, the fear that they will use the same means as he himself does, is characteristic for him.

I believe, however, that this is not a case of a "psychological deviation" (some psychoanalysts attempted to prove this). This is the case of a person who has the genial prerequisites for the political game, but who plays it in an unprepared environment and is not capable of any internal humility toward another. Which, in the final analysis, is a shortcoming, even in the pure political game.

### The Crossroads

After the election victories, Vladimir Meciar met with the Czech winner, Vaclav Klaus. If I am to use his metaphor, he raised the bar to 250 cm. Instead of lowering it to 220, he was told: "Excellent, excellent, the bar is raised, so now jump." In his own way, he justifiably complained to LE MONDE. In actual fact, he is being pressed toward independence because the Czech side did not accept his conditions for a future common state.

And by the way, when still a member of the opposition, so to speak, Meciar, accurately forecast the postelection discussions between the ODS and the HZDS. However, he was wrong in feeling that the Slovak winner would dictate the terms. In contrast to his expectations, the ODS was not willing to save the federation at any price.

After discussions with nonpoliticians, Meciar met with a hard political opponent.

For him, this is a new experience. He now apparently knows that he had gone too far and is attempting to maneuver himself into the role of savior of the federation. He has proclaimed that even the federation was in the program of his movement (in conflict with demonstrable facts). He is feverishly establishing contacts with the Czech leftist opposition. In contrast to his fellow travelers, he most likely realizes the risks involved in an independent Slovakia and is not giving way to euphoria. He will most likely not find the way back anymore thanks to his postelection proclamations and the uncompromising attitude of the ODS.

Meciar's personal authority, his extremely broadly formulated program, and, in the final analysis, even the state apparatus tend to give him broader maneuvering room than would appear at first glance. He has an open field to becoming a Slovak De Gaulle (or Milosevic), and so to more likely play the role of a rightist democrat. It is only a matter of how he can delineate himself with respect to the "national" stream, which he needs for the time being.

If, however, he does not espouse a clear program as soon as possible, the situation will definitely slip out of his grasp. He will no longer be the one to decide, but will find himself being dragged by events upon which he has no influence and which can lead to horsewhip extremism as well as to the temporary restriction of democracy in Slovakia. His sharp approach toward the political opposition and the communications media, which is still

further exacerbated by the dogmatic dilettantism of his collaborators, suggests this development.

A prime minister can become a figure who supports steps that are known to lead to hell.

### Selection of New Czech Symbols Considered 92CH0893A Prague LIDOVE NOVINY in Czech 22 Aug 92 p 8

[Article by (rk): "Will Tradition Win Out? Considerations Regarding New State Symbols"]

[Text] *At its regular meeting on Wednesday, the Government of the Czech Republic took up the matter of creating new state symbols for the Czech Republic. To that end, the Ministries of Education and Culture submitted a 12-page working paper to government officials.*

Regarding the flag, consideration is being given to two basic possibilities. The red and white flag (the current symbol of the Czech Republic) should be augmented so as to make it different from the Polish flag by the addition of a stylized device: either the Premysl spread eagle or the Czech lion. The second possibility involves the use of a red and white flag with a sky blue triangular wedge, which ties in with the Czechoslovak flag, and the blue color could be "justified" as being the blue color of the shield of the Moravian spread eagle. With regard to the small stylized device, it is anticipated that use will be made of a silver lion with twin tails on a red shield. The large heraldic emblem would be formed by the lion with the spread eagle mounted on the forward shield (it would thus be a reminder of the heraldic device of the first republic with respect to its design), the opposite variation proposes that the large shield display the Moravian-Silesian spread eagle with the lion being shown on the forward shield. The national anthem should be "*Kde domov muj*" [the current national anthem of Czechoslovakia]. The authors of the paper do not recommend the creation of a Bohemian-Moravian anthem because it would serve to "proclaim a dual state." The national holiday could be 28 September (St. Wenceslaus—the oldest symbol of Czech statehood), 5 July (the advent of Cyril and Methodius—the symbol of cultural independence and, for Moravia, symbolizing initial statehood), 6 July (Jan Hus), or the day the Czechoslovak Republic was founded—28 October. The working paper recommends that the national holiday be set for 28 October and that three commemorative holidays for the Czech lands be established.

A part of the text has no direct connection with the creation of symbols. The authors propose that the territorial self-administrative units be called districts (zupy), which would have the opportunity of amalgamating into district federations (zupni svazy). The federations would have certain jurisdictions in the cultural area. The upper chamber of a future Czech parliament could be composed of representatives of the districts—each would



dispatch three representatives—or be made up of so-called leading personalities (virily), in other words, representatives of the main cultural institutions and historical centers—for example, rectors of universities and lord mayors of major towns.

### Commentator Doubts Necessity of Separation

92CH0882A Prague *INFORUM* in Czech No 28, 1992  
pp 3-4

[Commentary by Jan Stern Sr.: "Burying the Republic"]

[Text] How many times have we already engaged in burying Czechoslovakia? How many times has it already been put in the grave and accompanied by tears of honest sorrow as well as by crocodile tears; accompanied by words of love and desolate thanklessness? How many times has political cynicism already been called realism and grief over the demise of a common home (yes, a home, not the ministries—the Devil can take those) sentimentality?

Vaclav Klaus noted that the Slovak Declaration of Sovereignty did not once mention Czechoslovakia or the relationship between Slovakia and the Czech lands and said (on television) that this is an eloquent fact. And it is true that some Slovak politicians act as though they had deliberately forgotten the kind of transformation that Slovakia experienced precisely within Czechoslovakia. It began with 20 of its own teachers and virtually no industry. Over these 70 years, it fell into step, however, both industrially and also with respect to education, with the Czech lands. This was no thanks to the Czechs, as is sometimes claimed simplistically. It was to the credit of precisely that "neocolonial unit" (speech by a Slovak politician at the Square of the Slovak National Uprising), of that "artificially maintained state conglomerate" (speech by a Czech writer published in *LITERARNI NOVINY*, No. 29, 1992), it was thanks to Czechoslovakia.

The Italians were unable to come to terms in this manner; a civilizational chasm exists between the north of Italy and the south. And we no longer speak about any economic and cultural differences between the northwest and the southeast of what was once Yugoslavia, which fell apart because of it, among other reasons. As far as I recall, the per capita production index in Serbia was 100 in 1968; in Croatia, the index was 135, in Slovenia, 180; whereas in Macedonia and Bosnia, the index was around 50, and in Montenegro, it was around 30. These are precisely the explosives that are now going off in mutual reproaches. And we in Czechoslovakia are dividing by cellular division, particularly at the moment during which we are closer to each other economically than at any other time in the past.

Yes, the fact that some emancipators cannot find a good word to say for our common home does tend to be vexing. But what kind of braying is now frequently heard even from the Czech pastureland? Vaclav Klaus maintains his tactful silence regarding that.

On 23 July 1992, *LITERARNI NOVINY* published a public opinion poll in which some writers were asked whether they fear a new February coup. The majority responded in the negative. However, two did have certain fears. One of these individuals writes: "The leftist parties have only one final chance left today and that is to amalgamate with the governing team in Slovakia. In the event the leftists were to join together in all of the territories, it would even be possible to take over power by the parliamentary route.

"There is only one reliable defense against this prospect, which is effective against the assurances that things will not go this far: To partition this state conglomerate, which has no future and which already does not function and is artificially maintained without sentiment and as soon as possible and to do so at any cost. To radically break the ball and chain, which is using its threatening weight to gravitate toward Balkan-type depths."

I make the effort to put myself in the position of the Slovak leader when he reads this charming reference to a ball and chain attached to the feet of the doubtful Czechs. And this does not appear in any kind of nationalist rag, but directly in *LITERARNI NOVINY*! What a relief! Out of the dim distant past of the memory, I recall the exclamation made by Shakespeare's Antonia (in ancient diction): "Oh, insight, you have fled to join the sorry rogues and people have taken leave of their senses...."

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It is possible that things have gone too far and that both our republics will part company. But if that is to happen, let nobody else force us to eulogize this event. And should we agree with every trumpeter who will be shouting: That's it! It is said to be inevitable. Really?

Was the premature dissolution of Civic Forum inevitable? Perhaps. At the 12th hour, Vaclav Maly and other members of Charter 77 convened a consultative meeting with the protagonists of Civic Forum at the Drama Club and begged them, in the interest of political stability, to delay the divorce and to wait at least until 1992; before the elections, the individual opinion factions could then break off and vie for favor with the electorate independently. Unfortunately, this was only wishful thinking. Far too many people were already longing to make themselves rapidly visible and far too many others were trying to close the curtain on them. And the marshal's baton, which was always only resting in a small handy suitcase, was waiting for its opportunity. Fortunately, this was at least a divorce according to certain rules agreed upon at Lany.

However, the breakup of Civic Forum brought about a chain reaction. As a result of the impact of the Czech neutrons, the Public Against Violence Party broke up shortly thereafter, but this already occurred without the Lany agreement (they had no Lany in Slovakia); this breakup occurred with all its evil consequences and without any kind of promise that there would even be courteous collaboration.

Thus, two principal guarantors of Czechoslovak cooperation came to grief.

But even then all was not lost. The legitimate Slovak longing to provide the common state with a new contractual image found its expression in the proposed accords between the Czech and the Slovak Republics. If such an agreement on a federation with some nontraditional elements had been signed in 1991 and had later been blessed by the federal parliament, the foundation for a new constitution as well as for a new common road, which would truly lead to Europe, would have been provided. And what is more, this agreement would have provided an excellent election argument for the moderate political representation, personified by Messrs. Carnogursky, Miklosko, and Porubjak. However, thanks to our fundamentalists, the agreement was not signed and the political team, which was striving for this agreement, failed totally during the elections. Many Slovak and Czech voters told themselves that these people were dabblers and decided in favor of a more energetic leader.

And so the chain reaction continues. The year 1991 was only halftime for the disintegration except that we missed the propitious moment. Petr Pithart says the following about this fact with melancholy.

"Somewhat stupidly we repeated with a lawyer's dogmatism that such an agreement would have to be perceived as the existence of two international legal entities. We should have explained to the international community, and it would certainly have understood, that this does not involve some kind of legal nuances, but has to do with stability in central Europe. We would have remained as the only multinational common state in Europe. We simply should have signed the agreement."

That which has happened cannot be undone.

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In his book *1984*, George Orwell features a speaker who, while he is speaking, receives a note placed on the lectern indicating that Oceania is no longer at war with Eurasia, but with East Asia. The speaker glanced at the piece of paper, but did not interrupt his speech but only began to abuse the new enemy. "In retrospect, Winston was most impressed by the fact that the speaker threw the switch from one rail to the other literally in the middle of the sentence; he not only did not pause, but did not disrupt the composition of his sentence."

And we did have, and we clearly now again have, such speakers. Until the elections, they were ardently supporting a common state and were condemning the separatists. And immediately after the elections—actually also in the middle of the sentence—they threw the switch. I cite: "The Czech nation must accept the separation as the only way to save democracy, at least as far as the Morava River. Whatever will be valid after the divorce is secondary, the main thing is to divorce" (Stefan Bacinsky in *METROPOLITAN*, 25 June 1992).

Anyone who is still in favor of a common state is either embarrassingly naive or a leftist putschist. And anyone who wishes to delay the referendum is most certainly a clever saboteur because every week the losses caused by the postelection provisional era are growing. However, the fact that a hasty and imprecisely negotiated divorce (particularly with respect to the property portion) can lead to such a trade war and to such animosity that it can bury the entire reform on both sides of the Morava River is something the panic mongers no longer take into account.

And as far as the referendum is concerned, what has suddenly happened to their legal punctiliousness? Can anyone dare to partition the republic and not ask the population? With what kind of tradition does this tie in? With the tradition where we ceded the border areas without the consent of the National Assembly or to the tradition in which another politician also fell victim to brutal blackmail and signed something that he was constitutionally not entitled to do? After all, no one is threatening us today, not Hitler, not Brezhnev, no one is putting a knife to our throat. We thus have sufficient time to ask ourselves. At least no one in the future will be able to make the excuse that a decision was made about him without him.

The most eloquent document, which, for me, symbolizes our November awakening—its internal meaning—is the picture of two ministers who are cutting barbed wire together. And then, the parade from one side of the border to the other (however, the border is no promenade, as we were at one time warned by the supreme normalizer).

And now, imagine another picture: A new customhouse at the Moravian-Slovak border. Two ministers are festively christening a freshly painted border crossing gate. They are assisted from both sides by an honor guard of border guards armed with "scorpions." A ruddy, blushing lass, dressed in native costume, serves a jigger of slivovitz to each one. And the spectators have the urge to shout: "Don't forget the wires!"

Yes, that is all we need.

### Further on Canceled Soros Foundation Agreement

92CH0906A Budapest HETI VILAGGAZDASAG  
in Hungarian 15 Aug 92 pp 76-78

[Unattributed article: "Government-Soros Divorce; Through Anger, Vaguely"]

[Text] *Allegedly because of racially and religiously discriminatory financing—i.e., illegal ventures—some MDF [Hungarian Democratic Forum] representatives have been criticizing the Soros Foundation [SF], which, of all institutions, has perhaps contributed the most to Hungary's 1989 peaceful transformation. However, the reason for the government's cancellation of its agreement with the SF was not the above, but rather that it did not wish to continue encouraging the SF's operation through special budget contributions.*

The Antall administration canceled the 10-year agreement with the Soros Foundation that was signed in 1989 by the Nemeth administration, the Ministry of Culture and Public Education (MKM) announced last week. According to the agreement that has now been canceled, the government agreed that the Soros Foundation will be reimbursed in forints for any amount in excess of \$3 million spent annually in Hungary, and the SF would use the extra income for Hungarian grants. However, the government fulfilled its agreement obligations only in part, owing 190 million forints to Hungary's largest foundation by midyear. In the "divorce agreement" which was announced last week, the Cabinet handled this debt by deducting the amount from the purchase price of the 9 Nador Street, Budapest, building which Soros, in the end, bought for 110 million forints for Central European University which he himself is organizing.

At a press conference last Thursday, at the time the final settlement was made public, the ministry's spokesman said that the MKM has distanced itself from personal criticisms directed against Gyorgy Soros. The publication of the MKM announcement, which in a communication was rescinded the next day, was supposedly deemed necessary because of MDF Deputy Chairman Istvan Csurka's criticism of Soros. In the 1 August Vasarnapi Ujsag radio program, MDF-politician Csurka accused Soros of providing grants to maintain the power position of the same group which "was organized by Revai, Aczel, and other comrades and which completely inundates Hungarian cultural life and keeps radio and television, theater (as much as is left of it), and all newspapers under its control." With knowledge of Csurka's code system of writing, that can hardly mean anything other than his claim that, with Soros' help, the Jewish elite occupies several key positions in Hungarian intellectual life. Incidentally, the accusation of discrimination on the basis of race was already voiced by sociologist Karoly Varga in the daily UJ MAGYARORSZAG in May. "Hungarian Jew Gyorgy Soros strategically directs the development of Hungary's cultural and ideological—and, to no small extent, business

and even political—life in such a way that will irreparably result, at least, in stabilizing an order of Jewish institutional and cadre advantage," Varga states. The curators of the Soros Foundation replied by saying that they do not, and do not want to, know how many grant recipients belonged to this or to that denomination. "If we paid attention to that, we would also be acting in a racial manner," said Miklos Vasarhelyi and Alajos Dornbach on behalf of the curators. Incidentally, several thousand individual applicants have received grants from the Soros Foundation, among them Karoly Varga who is now presenting his accusation of racism.

"Our objective is to abolish the closed society," Gyorgy Soros wrote in 1984 about his foundation, which was brought to life with the help of the Hungarian Academy of Sciences. Originally, Soros wanted to provide \$1 to \$2 million annually to support the organization of a civil society, and later increased that amount, first to \$3 million, and then to \$5 million. In eight years, the Soros Foundation has spent a total of about \$40 million in Hungary, which is equivalent to 2-2.5 billion forints.

The six yearbooks that the SF published so far reveal that about 80 percent of the money went to institutions and communities, above all to hospitals, schools, archives, and libraries. For instance, it was the Soros Foundation that helped 18 clinics and medical centers acquire medical equipment (including diagnostic equipment for cancer) worth about 1.5 million dollars. It was that same channel through which Hungarian libraries, universities, and research institutes acquired about 300 copying machines during the late 1980's. Our survey indicates that, of the church applicants, it was the Reformed (Calvinist), Jewish, Roman Catholic, and Lutheran churches that received support, in decreasing order. New institutions were established in Hungary with Soros money; the organization of a national audio library for the blind and the visually handicapped, just as the upgrading of the National Szechenyi Library's restoration department, was financed by Soros. When in 1989 the SF announced a competition for alternate groups, the Hungarian Scout Association, the Recsk Association, the Bajcsy-Zsilinszky Friendship Society, the Christian Ecumenical Friendship Society, and three MDF organizations, all representing a national-Christian ideology, received assistance alongside several liberally oriented associations. The justification of Varga's and Csurka's standpoint is made even more difficult by the fact that several prominent personalities of the coalition (Lajos Fur, Tamas Katona, Sandor Lezsak, Ferenc Kulin, Tivadar Partay, Denes Csengey) applied for, and received, assistance from the SF during the 1980's.

Other representatives of the largest government party have criticized the Soros Foundation in the parliament during the past months because it was using public money as well (as part of the reimbursement already mentioned) for projects that are unacceptable to the coalition. What elicited the lawmakers' anger was, above all, a grant of 1.4 million forints provided in May 1992 (and then revoked at the initiative of the Attorney

General) to Tilos Radio and another independent radio stations. Although the court has not yet determined the guilt of the Tilos Radio lawsuit's defendants (HETI VILAGGASZDASAG, 11 July 1992), the representatives claimed that, by broadcasting without a license, Tilos Radio violated the law, ergo Soros is supporting illegal ventures in Hungary. Although no word about it was mentioned in public, the politicians may also have been concerned about the fact that the SF, 80 percent of which was financed by Soros and 20 percent by a budget contribution in 1991, provided a 3-million-forint grant each to the Orange Association and the AB Talk Foundation, both of which are close to the two liberal opposition parties.

Since a network of foundations that are becoming more and more independent from one another is being developed for financing party operations, the special financial relationship between the Soros Foundation and the government had to be canceled, almost by necessity, by the cabinet sooner or later. However, accusations and insinuations are hardly necessary. Especially not against a democracy-importing businessman and his foundation, about which former U.S. Ambassador Mark Palmer said earlier that if one had to choose between the U.S. Embassy and the Soros Foundation to be abolished in Budapest, then the former should be abolished because that would cause less of a problem for Hungary.

#### **Csapody Editorial Considers MVSZ Direction**

*92CH0906B Budapest HETI VILAGGASZDASAG  
in Hungarian 15 Aug 92 p 72*

[Editorial by Miklos Csapody, Hungarian Democratic Forum representative in the National Assembly: "A Law for Every Hungarian"]

[Text] The issue of the World Federation of Hungarians [MVSZ] is important enough to warrant more than just informing public opinion through announcements written with the tunnel vision of party policy, through intimate TV interviews that say little, or through distorted disclosures of mere "scandals" and seemingly personal strifes. At last, Hungary today represents to Hungarians living abroad not only the nation of the mother tongue, but also the mother country. Despite the difficult legacy, the bloody wars of the region and the uncertainties of our broader environment, the chances of the rise of the country and the Hungarians, and the democratic and moral revival of the Hungarian nation and society are promising in Hungary. The World Federation of Hungarians, which has been totally revived (and not merely "transformed") and which is decentralized and democratic, must not be left out of that work. The ideals of the MVSZ must serve national objectives, and for that it needs new statutes, new people, and a new attitude that is realistic, practical, and attempts to be efficient. Although it is true that the MVSZ is a public organization that is based on personal association, that cannot mean it is merely a super club that exists only by virtue of the existence, and joining, of Hungarian

member organizations and associations throughout the world. With a conscious commitment to reality, and exploring and utilizing the advantages of the fact that one-third of Hungarians live scattered throughout the world, the MVSZ must become an alliance encouraging Hungarians living abroad to engage in active service. The parliament must enact it into law that the MVSZ is a public organization of all Hungarians of the world, just as it must enact into law that the "Hungarian nation" is a natural category, belonging to which is a fundamental right of anyone, regardless of citizenship, who professes to be a Hungarian (this writer will present a bill to that effect to the House).

The MVSZ must stand above and outside of any party policy while serving and protecting, in line with Hungarian foreign policy, and through its own means and in its own areas and through internationally approved methods that cannot be substituted by anything else, the interests of the entire Hungarian nation. In the interest of national growth, long-term internal policy that heeds realities is a catalyst of the continuous present even by making the parties political. As an active participant, the MVSZ must find other ways to help implement the same historical objectives.

That is why those who believe that certain Hungarians would use the MVSZ abroad or at home for their own endeavor to gain influence in internal affairs by degrading it to a compliant government instrument, have a wrong view about—or do not even see—the objective of the MVSZ, which is going through a fundamental revival. No one talks here about a World Party of Hungarians, of obtaining votes or any such thing. The MVSZ has been unable to revive in the past two years. Although it was restructured—to a much lesser extent that would have been necessary—neither its new statutes nor its planned new leadership are suitable for carrying out those immense tasks that stand before it. There will be no revival with a patriarchal and landowner attitude; or without even replying to the proposals of dozens of Hungarian organizations (I am referring here only to the proposals of Hungarians in Australia and Denmark); or with the "operative committee of the presidium"—merely because they have different concepts—denouncing elected officers, claiming that certain persons and organizations have been, and are, trying to salvage their power instead of honorably resigning. Decreasing the number of delegates from 100 to 60 in each region (Carpathian Basin, West, and Hungary) will bring no significant change either. Although that is a viable solution, we must reckon with losing the MVSZ's gold reserve, namely, its moral authority, a great amount of time, and a great number of useful people.

The interim president of the MVSZ is right in saying that a free person is not one who rejects the law, but one who is able to make a new law. Therefore, new statutes are needed because the present MVSZ proposal is unacceptable. We must strive for decentralization, for breaking up national organizations into regional ones. The regional organizations must constitute the base instead

of the Budapest headquarters trying to run things through directives. The MVSZ affair is not an internal organizational affair, but an affair of all Hungarians; it is a service, the final restructuring of which is becoming an increasing burden of debt.

### Changes in Former Party Hospital Described

92CH0910A Budapest KOZTARSASAG in Hungarian  
14 Aug 92 pp 25-29

[Article by Peter Kertesz: "Pathological Hospital; the Metamorphoses of Kutvolgyi"]

[Text] The "decisive turnaround" occurred as a result of a decree sanctioned by the Antall government last October, terminating entitlements to special health care services, and with that the Central State Hospital. Peter Kertesz checked what has happened since.

Dr. Eva L. cannot be consoled, she seems to have every reason to despair. She has been disabled for four years, has all kinds of problems, and she now must part with her physician. This, after 31 years of entitlement, because according to a secret decision made somewhere, Kutvolgyi [Central State Hospital] remains the party hospital, or, to be exact: the hospital of the parties, i.e., of the political elite. Allegedly a separate budget exists for that purpose, and therefore the diversionary maneuver is in vain, everything remains the same.

"The only thing I don't understand is why Gyorgy Lazar, Bela Biszku or for that matter, Karoly Nemeth receive special services after the systems change," the passionate woman said, whose changing blood pressure had been kept in line by a doctor of the Nemeth government before, and who has since been forced to retire.

She quickly added that she had never been a party member, and that her fellow teacher at the Lovag Street elementary school in those days, the daughter of Imre Nagy's brother had put in a word for her to be admitted to Kutvolgyi. That could not have been a minor feat in 1958 of course, but as we know, the ingenuity of Hungarian people is inexhaustible. Consequently, my informer had given birth to her twins with the help of Dr. Hirschler, who has once again become fashionable, and from a practical standpoint, she had been authorized to use Kutvolgyi's outpatient department and the hospital itself ever since. She was supposed to apply for an extension of her permit once every two years, but that amounted to mere formality: She telephoned the director and everything else went smoothly thereafter. Eva L. did not make a big deal out of the matter. She clung to Kutvolgyi because "that place was always clean, and patients did not have to stay in wards with 100 beds." A year after being pronounced disabled she and her husband were permitted to enter even the second floor inner sanctum, and she was able to visit her doctor there.

At that point, however, the song is over, her permit was not extended. Dr. H. told her that he could not see her beginning on 1 June, and that he would be kicked out of

his job if he happened to write a prescription for her. Let her select a family physician downtown where she permanently resides. She'll receive papers to admit her to specialists at Kutvolgyi and to the hospital as needed until the end of the year.

The background to this story includes the fact that in May, the directorate of Kutvolgyi, i.e., of the Teaching Hospital of the Semmelweis Medical University [SOTE] by now, issued a circular to let everyone know that they were "planning to operate a family physician service." Anyone wanting to use that service should, by 12 June, complete and file a form available at the hospital entrance; a response would be provided within a week or two, including the names of a recommended "choice of physicians" in the areas where each patient lived. One could choose between five physicians treating adults and four pediatricians, moreover, they raised the prospect of providing "specialized medical and hospital services through SOTE and the University's institutions within the limits of the social security law now in force."

At first reading it seemed that they were interpreting the law in a peculiar way, but the last paragraph dispelled all doubts. This is what it had to say: "We expect to receive applications from the following areas: Districts I and II (except II/a), that part of District XI which is located to the north of the railroad bridge, the railroad line and Budaorsi Road, and District XII." The only flaw was that residents of these areas, better known as the ordinary people, knew nothing about the objectionable circular, because the local governments involved forgot to post it on their bulletin boards.

One could thus conclude that the institution with the changed name wants to retain its former patients for some reason, based on the assumption that that a decisive majority of the patients permanently reside in one of four Buda districts. And they must let go Dr. Eva L. and obviously others too, who do not live in those districts. Exceptions are representatives from the six parties, members of the cabinet and the employees of the Office of the Prime Minister.

I was unable to find out the number of people who wanted to take advantage of this irregular entitlement, but the fact is that no one had received a response to the completed forms. Instead, a brief announcement appeared in the newspapers the day after the Semmelweis memorial celebrations, in it the leadership of the newly reconstituted Hospital Association declared, in agreement with the minister, that "based on legal provisions in force, physicians holding full time jobs at the SOTE Teaching Hospital were not permitted to provide family physician services." That's all. Nothing was said to indicate whether the whole thing had been initiated by the newly reconstituted directorate of Kutvolgyi.

We should mention here a statement made by the well-known psychiatrist Dr. Laszlo Tringer, the new president and chief medical director, in response to a question concerning the prospects of Kutvolgyi's

patients: "A patient under continuous care at any given place must not be discharged, but must be cared for continuously. That includes future care for about two-thirds of our existing patients. The remaining one-third could consist of persons who had this entitlement in the past, but whose entitlement had expired as of 31 December. These people could receive individual permits at any time."

I would have liked to receive an explanation from the professor, but instead of him, three of his deputies, directors Dr. Elod Laszlo (general deputy), Dr. Janos Novak, and Jozsef Danszky (acting deputy business manager) availed themselves to me. My primary interest focused on the identity of the persons discharged, and the criteria used for discharging those persons as patients from a clientele presumed to have increased since the systems change, and conversely, the identity of patients with continued eligibility for special services. The gentlemen reassured me, however, that I had misunderstood the professor's statement, and even if I had not, speaking of special health care provisions today would be anachronistic.... Dr. Laszlo added that everybody had viewed Kutvolgyi as a political institution in the past, but doctors had performed their functions independent from that, and that in reality, doctors had been unaware of how people had obtained their entitlements. They had no idea of where the records of persons entitled to special services had been kept. Dr. Novak's memory functioned better: he said that a list of such persons had been received at the business office regularly, and that pass books to Kutvolgyi had been prepared for persons entitled to special services on that basis.

The deputies stressed that entitlement, in the old sense of the term, no longer existed, but instead—and this is how they put it—"it has changed into service deliveries without entitlements." From a practical standpoint that would mean that anyone to whom the idea occurred could visit any specialist on Kutvolgyi Street, and if his or her condition warranted, he or she would even be admitted to the hospital and could enjoy every advantage offered there. I, on the other hand, believe that primarily those who had been privileged thus far would take advantage of the opportunity in the future, and hardly any outsider could be expected to be impudent enough to abandon say, the Kobanya doctor's office in exchange for the Kutvolgyi. That is so for the simple reason that such people would not even know how damned well off they would be there, but even if they knew, they would decide that they had no business there. Just as one cannot find janitors from Jozsefvaros with their legs covered by varicose veins on Vaci Street at night, only to have a fight on occasion with organized brewery workers who happen to conduct themselves in a disorderly manner.

What is important is that the winds of change have also reached Kutvolgyi. In 1989 the Nemeth government promulgated a decree defining the scope of entitlement, and once again authorized the Central State Hospital to provide health care services to the entitled persons. Thus

the eminent personalities of the then newly forming parties were also able receive entitlements. A number of people—except the free [SZDSZ—Alliance of Free Democrats] and the young [FIDESZ—Federation of Young Democrats] democrats—took advantage of the opportunities offered by therapeutic pluralism, but the abstinence of the SZDSZ and FIDESZ hardly made a difference in the increase of the number of patients. A decree sanctioned by the Antall government last October produced the "decisive turnaround"; it discontinued the entitlement to special health care provisions, and simultaneously also terminated the Central State Hospital. A big struggle evolved with respect to succession, the National Rescue Service that had no appropriate hospital background aspired to acquire the building, and even natural therapists would have moved to this building.

SOTE was the winner in the end, with the condition that it would establish a teaching hospital for medical students, and that within Kutvolgyi, the Ministry of Public Welfare would develop a Family Physician Institute that was indispensable from the standpoint of the current reform. This was obviously based on the consideration that the well-constructed building of 1938 chartered by the former OTBA [National Social Security Fund] insurance company would continue to be well suited to provide modern health care services.

Minister of Public Welfare Laszlo Surjan announced the change at a press conference, including the fact that henceforth only a few public officials would require special health care services, that physical protection for such persons would also have to be arranged, and that the Central Military Hospital appeared as perfectly appropriate for this purpose. As of more recent date, however, one hears about a secret council of ministers decision, according to which Kutvolgyi, with its changed name and function, would continue to preserve its privileges in terms of receiving supplies. Everyone, including the three deputy directors, denies it of course, and question the truth of claims that social security has already established a 180 percent financing standard for that institution. That would be unfair by any standard, because all Hungarian citizens must pay identical amounts of insurance premium, and because there is no politician in this country able to tell when it is going to be possible to purchase supplemental insurance. That, then, is obviously going to provide a number of services to which persons previously entitled to use the Kutvolgyi had been entitled to.

Anyone could have learned from a statement issued by former chief director Dr. Otto Heckenast on 1 May 1989 that in those days, i.e., at the dawn of therapeutic pluralism, 46,000 persons had been entitled to receive special health care services. The entitlements were distributed as follows: 4,600 to the MSZMP [Hungarian Socialist Workers Party] and its institutions, 1,000 to KISZ [Communist Youth Organization], 1,800 to SZOT [National Council of Trade Unions], 276 to the Patriotic People's Front, 1,253 to other social organizations, 1,000

to the Hungarian Academy of Science, and 17,000 to state organs and institutions under their supervision, including the ministries. The rest of the slots were shared by universities, academies, newspaper publishers, and diplomats (socialists!), as well as recipients of the Kossuth Prize and persons decorated with the For a Socialist Hungary Medal of Honor. The clear party hospital character of Kutvolgyi was discontinued after 1956; the hospital was financed by the Ministry of Health at first, and later by the Ministry of Social Welfare and Health, so that the food and pharmaceutical supply standards of an already substantially higher grade Central State Hospital exceeded the corresponding standards applicable to public hospitals by 34 percent and 10 percent respectively. That took place at a time when the health care law guaranteed identical level, so-called progressive health care provisions commensurate with the patients' physical conditions to every citizen.

Anyone more or less familiar with political changes could have thought that after changing the name of the hospital, and after Kutvolgyi had lost its privileged character, social security, the organization that finances health care, could be expected to provide financial support to Kutvolgyi at a level identical to that received by other health care institutions. This, however, is not at all the case, because as compared to patients in other hospitals, patients cared for at the SOTE Teaching Hospital still receive the same exceptional services as in the good old days.

The medical director's deputies question that, of course. Jozsef Danszky, the newly appointed deputy director in charge of business management, however, revealed that thus far no money has been withdrawn from them, although, he later added, "they are gradually bringing us in line with hospital standards."

I presented my growing concerns to Dr. Sandor Hargitai, the deputy to the head of the Social Security Chief Directorate [OTF]. He said that health care financing had been transferred to them only in 1988, and that they have not yet applied exact standards. That should be understood to mean that the financing of institutions continues unchanged, using the old base figures. Thus "the difference that evolved at the higher base figures remains unchanged, consistent with the previous conditions." Health care institutional budgets are prepared by taking the previous year's aggregate wages and adding to that possible wage increases or new wages, and by adding so-called automatic increases in maintenance and operations to the operating costs.

The extent of the increases amounted to 20 and 10 percentage points respectively in 1991, and this year it will amount to at least 10 and 5 percentage points. In other words, if Kutvolgyi, by now the SOTE Teaching Hospital, received the same budgetary increment as others, the qualitative difference in provisions between public hospitals and Kutvolgyi would only have increased further.

From the standpoint of medical students and of graduates about to become family physicians the extent to which patients receive financial support makes no difference whatsoever. I would have liked to see a specific comparison between the financing of Kutvolgyi and another hospital with more or less the same number of beds, but for some reason the OTF deputy director was unable to help in this regard. On the other hand, I picked up the 1990 yearbook of Hungarian Hospitals and Clinics published by the Hungarian Hospital Association last year. It includes the financial data of more than 160 hospitals and clinics. But true to traditions, a division by division breakdown of data concerning the Ministry of Interior, the Ministry of Defense, the Ministry of Industry and the Hungarian State Railroads [MAV] includes only the number of hospital beds as well as the number of permanent jobs, but not the expenditures. Even the lay reader is able to obtain any information concerning the rest of the institutions (supervised by the Ministry of Public Welfare and the various local governments). A lay reader could summarize his experience in a single sentence: Governmental action to discontinue privileged health care services is meaningless, such services continue to be provided in an unchanged form.

The per hospital bed fund allocation at Kutvolgyi is twice the amount of money allocated to public hospitals. In an odd way, the discriminatory practice that flies in the face of the principle of equal opportunity, and presumably, also of constitutionality, also prevails vis-a-vis the rest of the state hospitals. Thus it is self-evident that e.g., at the Szabadsag Mountain State Pediatric Hospital, which has a substantially more hospital beds than Kutvolgyi, wages and operating expenses are funded at a level one-third the amount received by Kutvolgyi for the same purpose, while the number of employees is one half the number of the Kutvolgyi employees. The Balatonfured Cardiology Hospital and the Budakeszi Respiratory Diseases Sanatorium find themselves in similarly disadvantaged situations.

At ORFI [National Institute of Rheumatism and Curative Spas] we find three times as many beds as at Kutvolgyi, but only one-third of Kutvolgyi's funding level! In essence, the same can be said of most hospitals and related clinics in Budapest and in the countryside. Not to mention the fact that Kutvolgyi is the only hospital in which the aggregate amount of wages exceeds the aggregate cost of maintenance and operations within the overall amount of expenditures. This, in turn, suggests that Kutvolgyi does not pay the lowest salaries and wages. So much so that the nursing director at the National Psychiatric and Neurological Institute which has no abundant assets complained that Kutvolgyi was luring away its nurses five at a time, and pays them salaries not matched even by the salaries of physicians starting their careers at the Institute located at Lipotmezo.

In other words there may be some truth to the fact, that the elite, such as a Kossuth prizewinning actor continues to pay regular visits to Kutvolgyi Hospital with his throat and other problems, and not to the clinic near his apartment on Visegradi street, where ordinary people continuously ask for his autograph.

**PPPP Leader on Party's Coalition Role**

*PM0409155692 Opole TRYBUNA OPOLSKA in Polish  
31 Aug 92 p 4*

[Interview with Janusz Rewinski, president of the Polish Beer Lovers Party, by Anna Bogusz; place and date not given]

[Text] Prior to the Second Congress of the Polish Beer Lovers Party [PPPP], scheduled to open 13 September in Warsaw, Janusz Rewinski, the PPPP president, told us about his party's evolution from an intended joke to a member of a group of parties forming the government coalition.

[Rewinski] In the fall of 1990, when we were setting up our party, we had no economic program at all. On the other hand, we had a program for fostering friendly relations among all people and attenuating political tensions. The party was being set up partly in jest, and we had no idea that before very long we would be taking part in elections. As late as April last year, during our founding congress, the party was more like a friendly social club and had little involvement in politics.

[Bogusz] So what happened to transform your party from an association set up "in jest" to a serious political group?

[Rewinski] This was the decision of our highest authority, the Supreme Board, elected at the founding congress. In June last year we decided to take part in the parliamentary elections scheduled for the fall of 1991. We worked very hard to comply with the requirements of the electoral law and, for example, to obtain access to the media. It was then that we realized the need to formulate our economic program and work on the party's image. We decided that our party program should be attractive not only to PPPP members, but also to all our potential supporters. Eventually, we prepared a 10-point economic program that, in my opinion, is a most sensible and pragmatic document.

[Bogusz] What are its most important points?

[Rewinski] Its realistic approach is its most important point!

[Bogusz] Is your current activity in the government in line with your election program?

[Rewinski] Absolutely! We decided that it was necessary to promote individual entrepreneurship and back people who have already proved their worth in running small private businesses that, nevertheless, require considerable management and marketing skills. As a result of our support for this point of the program, the Ministry for Enterprise Promotion was set up with the support of a number of economic bodies, from the National Economic Chamber, through the Polish Business Council, to various associations of agricultural producers and small manufacturers. In my opinion, all these bodies were attracted and encouraged to support us by the fact that

our party evolved from the initially "jocular" group to a serious parliamentary caucus called the Polish Economic Program, and that this caucus is considered as a serious partner in various proposed political coalitions.

[Bogusz] Is this not just the result of purely numerical calculations, since a required number of seats must be filled for the government coalition to obtain a parliamentary majority?

[Rewinski] The 12 missing seats could have been found in other parliamentary caucuses. What mattered here was not the 12 abstract seats, but the need for a group of people convinced that it was sensible to place their votes alongside the Liberal Democratic Congress and a faction of the Democratic Union.

[Bogusz] Is it not true that the control of only one ministerial portfolio, that of the Ministry for Enterprise Promotion, given to Zbigniew Eysmont, is too little for a party which is a member of the government coalition?

[Rewinski] I personally believe that it is too much rather than too little. I was very strongly in favor of the option which suggested that we should not assume control of that ministry, but instead offer it, as our legacy, to the aforementioned assorted economic bodies, since our our parliamentary caucus chairman, Tomasz Bankowski, had refused to assume any office in government. I wanted to create a precedent whereby it is not taken for granted that any parliamentary caucus will routinely assume an office in the government when entering into a government coalition.

[Bogusz] What will happen at the congress?

[Rewinski] We must consider whether there is any sense in continuing with the party in its present formula—for example, with no strictly defined local structures. We have had four recommendations for making amendments to our statute that will facilitate the functioning of local PPPP boards. At present there are about 50 such boards. It will also be necessary to define the PPPP authorities' range of powers, as well as the statutory procedure for convening party congresses. The approaching congress may be attended by all our members, as was the case with the initial founding congress. We already have some 14,000 members, so it would be sensible to develop rules for selecting congress delegates. We must also clarify certain issues going back to the election campaign and concerning the move in which a group of businessmen decided to run as PPPP candidates, effectively splitting our then 16-strong parliamentary caucus into two groups, dubbed the "Large Beer" and the "Small Beer."

[Bogusz] Are you envisaging any changes in your program?

[Rewinski] We must not let down our voters by changing our program once the election is over.



### Future of Trade With France Discussed

92EP0584A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14 Jul 92 p 1

[Interview with Bruno Durieux, French foreign trade minister delegate, by Katarzyna Jedrzejewska; place and date not given: "The French Are Staying in Poland"]

[Text] [Jedrzejewska] You came to Poland to meet with the representatives of French development offices in East Central Europe. What is France's involvement in Poland, Czechoslovakia, and Hungary?

[Durieux] In 1991 we invested a total of 747 million francs [Fr], of which the majority went to Hungary. In Czechoslovakia we invested capital of Fr130 million, in Poland Fr70 million.

[Jedrzejewska] This indicates that French investors are least willing to be involved in Poland. Could you compare the conditions of investment in all three countries?

[Durieux] At this moment I cannot give details. I have just begun my visits in this region—precisely with Poland. I am not familiar with the tools for attracting foreign investors in Czechoslovakia and Hungary. I do not believe, however, that Poland would be a worse country to invest in. It may be just a question of getting started. In Hungary we started much earlier; in Poland we started only in 1989, when we invested Fr2 million. In 1990 this was already Fr11 million, and in 1991, as I said earlier, Fr70 million.

It may not be necessary at all for the three countries to pursue identical policies. Let us take the example of privatization, which I believe should be applied to the conditions prevailing in the industry of a given country. It is not impossible that in the short run it would be better to put everything on its feet first, to change the method of management, and only then to privatize. In another case it may be just the opposite; rapid privatization may be necessary first.

But it is true that French industrialists with whom I have spoken are waiting for more information on privatization from the Polish government, especially about the possibilities of buying privatized industries and newly initiated investment projects. After all, basic investment risk is tied to purchases. It may be that because of the lack of information our entrepreneurs have delayed investment in your country. However, the situation has now changed. Let us take the example of Thomson, which has already made a success in Poland, or Peugeot which intends to start up an assembly line for its automobiles in Lublin in 1993. The plan is for it to assemble about 10,000 to 15,000 Peugeots annually. Another example is Total which intends to buy a refinery in Gdansk and create a network of 250 gas stations. The entirety of the plan is estimated at \$400 million. We also want to invest in food processing, environmental protection, and tourism.

[Jedrzejewska] You mentioned the examples of the largest investment projects. However, a loan that the French government granted in 1990 for the development of small and medium-sized joint ventures remains in large part unused.

[Durieux] That is true. Yesterday I spoke on this subject with the representatives of your development offices. I believe that the loan should be treated differently—not as money for concrete investments, but for sizing up investment opportunities, in other words, what sector to operate in, what products to produce, and who will occupy themselves with this. A good project will always be able to get financing.

[Jedrzejewska] A few weeks ago in LE MONDE an article appeared stating that French entrepreneurs are willing to invest in East Central Europe, but on condition that the French government aid them in these activities. There has been talk of foreign investment guarantees and guarantees for export credits.

[Durieux] I read this article and I regard it as completely unjustified. Some enterprises in France still wish that the government would solve their problems and give aid all the time. These are "specialists" in regulation and subsidy.

I also do not exclude the possibility that this article was inspired by our air industries which, just like many similar industries around the world, stand face to face with serious competition. They need support.

[Jedrzejewska] Who is treading on your heels now?

[Durieux] The Japanese, the Americans, and some small countries, such as Belgium, which is a very serious competitor in the textiles sector. I do not exclude the possibility that in the future Poland may become a competitor for us, as, for example, Czechoslovakia is in the area of food products.

[Jedrzejewska] But today? What is Poland's position in France's trade turnover?

[Durieux] As an exporter it is still very poor. It would be good if it were to as much as double. Let us not conceal the fact that 1.36 percent of exports is very little, especially when compared to the possibilities that the situation in your country creates.

[Jedrzejewska] Could you therefore criticize France for granting agricultural export concessions to Poland during the talks on Poland's association with the EC?

[Durieux] It is always better to thoroughly discuss all the details than to sign a document in the heat of the moment. I believe that both in the case of agriculture and in textiles, we have followed pragmatism, ensuring that our decisions are realistic. To ignore this would mean to risk opening our markets for three years without chance of reaching an understanding.

[Jedrzejewska] Was this not just submission to French farmers?

[Durieux] Of course. Just as the Polish Government submits to the pressure of Polish farmers, and the German government to the pressure of German farmers. However, I repeat once again: The most important thing is to thoroughly discuss all aspects. We are taking the same position in our talks with GATT.

[Jedrzejewska] Earlier you said who was France's greatest investment competitor in the world. But who is it in Poland?

[Durieux] The Italians and the Austrians. In one of the largest investment projects, the Italians proved to be worthy competitors indeed, and I tip my hat to them. However, this does not at all mean that we intend to withdraw from Poland. It sometimes happens that foreign investors after their first misfortunes say: All is finished, we have lost our money, we are giving up. The French who came to Poland are staying.

[Jedrzejewska] As long as there is talk of companies that invested in Poland... The last few years were not years of prosperity for Thomson, Bull, and Total. Did this reflect as well on their foreign investments?

[Durieux] I would first like to correct what you said. In the course of the last five years, the situation of these enterprises has improved significantly. In the case of Thomson it is better to speak of two separate areas of operations. In business electronics Thomson is today very competitive. In consumer electronics, one has to admit, it has troubles, but all world companies, except for Japanese, Korean, and Taiwanese companies, are experiencing these same problems.

Bull has financial problems, that is true. But Bull is not investing in Poland. It has concluded just two contracts, both with the Polish government for computerizing the financial system. Just yesterday I spoke with representatives of this company who admitted that they had problems in equipping the Ministry of Finance, but today these problems no longer exist.

[Jedrzejewska] How did it happen that you lost the biggest contracts to the Americans?

[Durieux] I believe that Poland makes the choice that it believes to be correct and, from its point of view, the best. If reference is being made to Airbus, then in spite of everything I would advise that you thoroughly study its proposal, because it really was competitive. Moreover, LOT [Polish Air Lines], in spite of everything, bought eight ATR aircraft. Why did the Poles, having General Motors and Citroen to choose from, choose the Americans? Because they invested money right away. We presented a very good plan, but we did not present money right away. Money was the chosen.

**Extent of Finnish-Polish Trade, Prospects Viewed**  
*92EP0582C Warsaw RZECZPOSPOLITA*  
*(ECONOMY AND LAW supplement) in Polish*  
*13 Jul 92 p V*

[Unattributed article: "From Top to Bottom"]

[Excerpt] [Passage omitted]

#### **Poland's Economic Partner**

Formal economic cooperation between Poland and Finland dates from 1923. At that time the two states concluded the Trade and Navigation Treaty. This was one of our country's first economic agreement after it gained independence. It was the first for Finland too, which began its independent existence as a state in 1917.

In 1946, Poland signed a trade agreement with Finland, the first with a Western country. Trade turnover, which in 1950 had a value of 82 million Finnmarks [FIM], had grown to FIM280 million twenty years later, and in 1980 it had grown to FIM1,234 million. The close geographical location and the complementarity of the two economies contributed to the growth in turnover.

The Finnish market became one of the most important consumers of Polish coal. In 1978 the share of coal in Polish exports reached its highest level, amounting to nearly 85 percent. Imports from Finland included, above all, products of the cellulose and paper industry, machinery and equipment, chemicals, and equipment for the shipping industry.

The signing of the Agreement on the Mutual Abolition of Impediments to Trade in 1976, also known by the Finnish acronym KEVSOS, was of great importance to the two countries' commercial exchange. By virtue of the agreement, trade, except for most food products, took place on a duty-free basis. The agreement called for the elimination of all extratariff limitations; in other words, in practice it introduced a free trade zone between the two countries, at least in the case of industrial products.

Although not all the possibilities of the KEVSOS agreement were taken advantage of, it brought growth in turnover and diversification in the structure of trade, even though the share of coal in Polish exports remained considerable and amounted to about 50 percent. Currently, in regard to the talks on association with the EFTA that Poland is conducting, the KEVSOS agreement is being renegotiated.

Finland is participating in the Stabilization Fund for the convertibility of Polish currency. Unlike the contributions of the majority of other countries, the Finnish aid is not to be repaid.

Long before the decision of the Club of Paris, Finland concluded an agreement with Poland on the conversion of Polish indebtedness into investment for environmental protection. The sum that the Finnish government

has put at our disposal for this goal amounted to FIM30 million annually from 1990 to 1992.

For many years, we profited from a structural trade surplus on the Finnish market, which ranged from \$150 to \$200 million. Last year brought a change: Finnish exports grew tremendously, nearly tripling and reaching a level of FIM982 million. The sale of petroleum products was decisive in this. As a result, turnover approached a level of equilibrium: The Polish surplus was less than \$30 million.

Polish exports in a five-month period this year, in spite of an excellent growth indicator (83 percent), did not keep pace with Finnish exports. The result was a negative balance of FIM176 million for Poland. This may mean that, for the first time in the history of trade relations between the two countries, we are getting a negative exchange balance.

#### Prospects

Many Finnish companies have opened offices in our country, and about 40 joint ventures have arisen with the participation of Finnish capital. The presence of Polish business in Finland, however, is limited, and the methods of operation are antiquated. Consequently it is not going to be easy if we do not develop, or at least preserve, our position on the market there. Finnish access to the European Community must also be considered. This will mean the end of the KEVSOS agreement. Consequently, the problem of taking advantage of the existing opportunities to stay afloat on the Finnish market is arising.

#### Privatization of Igloopol State Farms Viewed

##### Problems Delineated

92EP0624A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13 Aug 92 p 1

[Article by Anna Wielopolska: "Who Will Buy Igloopol?"]

[Text] Assuming State Farms debts and, at the same time, the obligation to create new jobs for the employees being dismissed puts the Agency for Farm Property in danger of bankruptcy, Adam Tanski, the Agency president, said at Wednesday's press conference.

According to the president, the law governing the agency's principles of operations is not explicit on the question of the payment of State Farms debts. In complying with the obligation to self-finance its own operations, the Agency would rather take over enterprises that are in good financial condition. But more and more frequently, State Farms on the brink of bankruptcy are being restructured. The problem is that we do not know how much of the debt the Agency is required to pay. Furthermore, at a time when even enterprises that are prospering are burdened with debt, the Agency will have

to look for outside sources of help. Altogether, this involves over 12 trillion zlotys [Z].

An example of this type of insoluble situation is Igloopol. Although the worth of the combine, which consists of almost 70 entities (24 organizations each having at least two branches), is estimated at as much as Z3 trillion. But, as President Tanski put it, the "only sure figure in the case of Igloopol is its debt." It amounts to over Z800 billion. The agency is holding talks with Igloopol's principle creditor, the Food Industry Bank, on rescheduling of the debt. At the same time, talks are underway with several American firms on the subject of selling the combine. If these talks were to succeed, an investment on the order of \$100 million could be expected.

The solution to the general problem of the debt, as proposed by President Tanski, is to take responsibility for the debt only up to the amount of the value of the assets being taken over. At the same time, in addition to a legal regulation, it would be well to sell state farms to foreign capital as quickly as possible. To facilitate this procedure, the Agency has already established a limited liability company with "Rolimpex" Foreign Trade Agency, which will take over the sales of land to foreigners within the regulations now in effect.

According to President Tanski, foreign capital is not sufficiently interested to threaten the sale of land on a large scale. Furthermore, land not designated for farm use would be sold first.

Property claims not covered by law are a greater problem. In those cases where ownership claims are being made, the agency holds up privatization. Fears of German expansion are also exaggerated, in President Tanski's opinion; so far, three applications have come in. One is from Chancellor Bismarck's heirs, who expressed a desire to organize an agricultural advancement center.

On the other hand, incentives to mobilize Polish farmers to buy land include making it possible to buy on installment payments, with interest amounting to one-fourth of the refinancing credit rate. In addition, talks are being held with the World Bank on obtaining a loan in the amount of \$100 million, for the specific purpose of restructuring Polish agriculture. This sum would be allocated specifically to help private farmers purchase land.

Meanwhile, farmers in some regions of the country are generally averse to having the agency take over the State Farms, citing the lack of favorable financial results from such a process. According to President Tanski, the very takeover of an enterprise by the agency exempts it from the requirement of paying a dividend. The case of the conflict in Babin, where State Farms employees did not allow the new leaseholder to gather the crops, is, at the moment, an isolated one.

**Igloopol History Noted**

92EP0624B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13 Aug 92 p 1

[Article by J.K.B.: "Abatements and Subsidies Did Not Help"]

[Text] The Igloopol Farm-Food Industry Combine was formed in Debica in 1978. It supplied cold storage, metal, construction, horticultural, meat, and processing plants, the lands of the bankrupting State Farms and agricultural circles. In 1990 it had 85,000 hectares of land in 18 voivodships. It produced juices and frozen foods (30 percent of the domestic production), canned meats, alcohol, automobiles, machines and equipment, furniture and clothing. Food production made up one-third of its activities, the rest was sales. It was the largest agricultural combine in Poland, with the highest sales.

The enterprise received subsidies, was also exempted from income taxes, taxes on wages, and its contributions to insurance were reduced. Edward Brzostowski, its director for many years, was deputy minister of agriculture during 1983-88.

On 6 April 1989 an Igloopol stock company was formed in Debica. It took over the combine for its debts and Brzostowski became its president. The state treasury owned 35 percent of the stock.

On 30 June 1989 the minister of agriculture issued a decision liquidating the combine. The first liquidator was Stanislaw Podgorski, followed by attorney Tomasz Kwiatkowski. In 1990 Igloopol company was determined to be controlled by the nomenklatura and the Supreme Court denied it registration. The deputy speaker of the Senate, Jozef Slisz, requested the Supreme Chamber of Control (NIK) to conduct a thorough inspection, which showed that the combine and the company had overinvested.

In 1990 the company lost Z114.7 billion, but the actions of the enterprises and the liquidators were legal. Thanks to this, Mieczyslaw Rakowski and Kazimierz Oleksiak (then prime minister) did not account to the Sejm Commission on Constitutional Responsibility, as requested in the summer of 1990 by the Extraordinary Sejm Commission investigating the activities of Rakowski's government.

The NIK inspection of 17 and 18 October 1991 showed: inefficient management, tolerance of nomenklatura companies appropriating Igloopol's assets, relaxation of work discipline, and systematic reduction of production. Tomasz Kwiatkowski was dismissed from the position of liquidator.

**Igloopol's Empire**

- A. Agri-industrial plants in Gdansk
- B. Agri-industrial plants in Sieniawa
- C. Agri-industrial plants in Oleszyce
- D. Agri-industrial plants in Smolnik

- E. Agri-industrial plants in Dwikozy
- F. Agri-industrial plants in Radomysl Wielki
- G. Agri-industrial plants in Lubsk
- H. Agri-industrial plants in Borzecin
- I. Commercial houses in Warsaw
- J. Commercial houses in Rzeszow
- K. Agricultural plant in Polica
- L. Agricultural plant in Brzoza
- M. Construction plant in Goleszow
- N. Construction plant in Limanowa
- O. Meat plant in Nowy Sacz
- P. Meat plant in Zakopane
- Q. Food plant in Radom
- R. Economic plant in Straszecina
- S. Horticultural plant in Lancut
- T. Investment board in Krakow

**Development of Private TV Stations Discussed**

92EP0615A Warsaw PRZEGLAD TYGODNIOWY in Polish No 32, 9 Aug 92 pp 4-5

[Article by Grazyna Musialek: "Commerce on the Air"]

[Text] The first private television station in the capital is to begin operations shortly. There is much talk in the mass media about New Television Warsaw [NTW], which is directed by Miroslaw Chojecki. His fellow journalists write that NTW will initiate a "new era," that it will break the state monopoly, etc. It is as though his colleagues have forgotten that this monopoly was already broken two and a half years ago in Wroclaw.

**Echo, or, How Does One Win a Woman?**

Wroclaw's Echo station started in February 1990 in as legal a manner as possible, on the basis of an agreement concluded with the Radio Committee, which at the time was directed by Andrzej Drawicz.

"We got consent for our operations because no one believed that they could succeed," says Leszek Turowski, Echo's programming director.

They started with two VHS cameras, a transmitter built by Marek Mlynarczyk, a little equipment, and enthusiasm. Leszek Turowski, when asked about the financial resources he had at the time, admits that doing television is "one of the most expensive amusements invented by man." How then was it built without a lot of capital on hand?

Turowski says that with television, as with a woman, men are of two sorts. One sort, in order to win his chosen one, buys a house, furnishes it, and then asks officially for her hand. The other sort invites her to his place on the very first day.

"We are the sort that has the courage to pick the most beautiful girl in the room and go with her immediately into the bushes."

Consequently, at the beginning they had just two amateur cameras, but they were also aware that what count are ideas.

"The most important thing was what we were doing in front of the cameras."

They say that from the beginning they were "based on the stupidity of the Polish media." This means more or less that the weaknesses of public television were to be the strength of Echo. And also its difference. If on channels I and II "stiff guys in stiff ties" reigned, on Echo "young people without a care" did. Let us add, young people with ideas. Before they had a studio, they put armchairs on the roof of a skyscraper and against this scenery made a program with Janusz Korwin-Mikke. They managed to put Leszek Moczulski at a table with the first secretary of the Soviet embassy, and they invited Palestinians to come for a meeting with Mosad. The only problem was Mosad did not come.

The principle of Echo—and, let us note, a deft one—is also "to be with people, against the administration." They solve a multitude of intervention issues. They say that they are under no pressure either from politicians or officials or the bishopric, which was not pleased by "their relationship to democracy." The question of democracy was apparently related to the fact that they show nudists.

"We are dependent only upon money," Turowski states realistically. "This company must make a profit, and we must make people want to watch us."

They estimate that 200,000 to 300,000 viewers watch them consistently, mainly in the area of the old Wroclaw voivodship. The company is developing. Repeated attempts to close Echo and the withdrawal of consent to its continued operation only brought it more publicity. In June 1990 when they situated their transmitter higher than permitted in their license, they were supposed to be shut down—for the first time—for that reason. Eight Western television organizations came to film the event, and Italian television even sent a mobile transmitter.

Today, Echo has "decent, professional equipment," its own studio, and is in a position to support itself through advertising.

#### Brother Pirates

For a year and a half, Italian capital has had 33 percent of the shares in the Wroclaw company. The Societa Televisiva Italiana from Cagliari, Sardinia, also has shares in the Morze station in Szczecin, the Lublin television station, and the ES station in Poznan. The Italian company is providing the Polish contractors with Umatic SP equipment, which is of professional quality, though not of the newest generation.

All three of these stations are operating without a license, that is, they are "pirate" stations. The problem consists in the fact that all of them submitted the appropriate

applications at the proper time, but up until the moment the statute on radio and television was passed, there was no institution to issue licenses for operations or to allot frequencies. The brother pirates consequently feel justified, and accordingly they maintain that neither they nor, least of all, society can wait any longer.

Szczecin, Lublin, and Poznan are learning from the mistakes and the successes of Wroclaw. There are connections between these stations both in terms of personnel (Marek Mlynarczyk, the general director of Echo, holds 25 percent of the shares in Lublin television, and Ireneusz Orzechowski, vice president of the Wroclaw company, is a shareholder in Morze) and in terms of programming.

All these stations broadcast 24 hours a day. They retransmit a great deal, mainly from Super Channel positions. They do their own programs about one and a half to four hours a day.

It looks as though the private parties are aiming for youth. The average age of those working at Echo is about 24, and for the majority of them this is their first place of employment. Moreover, we use the word "employment" here imprecisely, because there are fewer than 20 people in permanent positions at Echo. The rest are coworkers who get money only for a "product that goes on the antenna."

Echo's programming director admits that under him "19th-century, brutal capitalism" prevails.

"He who contributes the most ingenious product wins, but he cannot count on 'big bucks'."

Echo pays considerably less than Regional TV Wroclaw.

"I am absolutely frugal but I can spend only what we earn," says Turowski.

Because of this, in his opinion, Echo's reporters are more mobile than those from Regional. They run after big stories and "for bread" as well.

At TV Lublin, which has been in operation since April of this year, everyone works without pay. That means that no one gets a salary, because economic activity, in other words, the procurement of advertising contracts began only in July. And so far things are going "slow" for them.

Lublin's director general, Cezary Pazik, however, hopes that the station will soon be able to begin to pay its people, who are mainly students. The director takes comfort in the assertion that commercial television stations around the world begin to make a profit only after five to ten years of operations. Without paying compensation, the Lublin station needs about 40 million zlotys [Z] per month "to survive." Z150 to Z180 million would be sufficient to "survive," pay its people, and make petty operating purchases. The director hopes that getting advertisements at this financial level is realistic. As for its own programming, so far everyone at Lublin is

diligently gaining experience. And besides, due to limited financial possibilities, for now extravagances are out of the question.

At the beginning [passage illegible] the Poznan station ES [passage illegible] at the latest, barely in June. The general director, Jan Babczyszyn so far enjoys most the fact that his people "are learning so quickly." The small fry are fresh because when they were brought on board, care was taken that there would be "no contamination from state television." Babczyszyn hopes that in a few months the station will begin to break even, like Morze in Szczecin, which has been in operation since October of last year and is already making its own way.

These people from Szczecin say that the head of their advertising department, a young man who never "handled these matters" before, is a genius. So far it looks as though enthusiasts and amateurs are making private television in Poland.

#### A War of Nerves

Apparently, local commercial stations are supposed to start soon in Lodz and Opole. In Warsaw, Miroslaw Chojecki is getting NTW started. We wrote of his plans in PRZEGLAD TYGODNIOWY No 30. Moreover, Chojecki is waging an individual "war of nerves" with potential competitors. The capital is a "tasty tidbit" in the literal meaning of this word. Whoever first establishes himself on the air has a chance to attract viewers and potential sponsors, or, in the opposite case, to play the leading role in a showy bankruptcy.

Jacek Zelezik, head of Top Channel Private Television, admits that the rapidity of Chojecki's actions completely disrupted his plans. It looks as though Zelezik wanted to start his Top Channel in a few months. Now he says that he will begin "any moment."

The head of Private Television, a lover of the media and gold jewelry, which he wears in great quantities, lived in France for ten years. Top Channel is being created with his own private funds and Western credit. The station is to broadcast 22 hours of programming a day, including retransmission of several Western channels, six very short news blocks, and a lot of music. According to plans, they are supposed to produce their own programs for children as well as shows for youth. For the time being, they are making a controversial program for public television, "Summons," which is about the work of the police.

"Top Channel" is supposed to be a regional station, and its owner wants to establish similar stations in the next ten largest cities in Poland.

In the State Radiocommunications Agency [PAR], 161 applications have already been submitted for an allotment of a frequency for operating television stations. More than 20 of the applications are for Warsaw, 13 each are for Krakow, Katowice, and Gdansk, and 10 are for Poznan. Nine applicants asked for a license to create a

private channel that would cover all of Poland. Among these applicants are the Polish Ecological Party and the Polish Green Party, the Vega Commercial Publishing House, the Rok Corporation, and Miroslaw Chojecki's Independent Polish Television. The Salesian Fathers are also among them.

The applications were submitted more than a year ago, and today life has put the plans of many of the companies to the test. Vega is bankrupt; Chojecki is beginning modestly for now with NTW and only if he meets with success here will he be able to count on greater credits from the West; the Rok Corporation is waiting but likewise it is not giving up its venture. The representative of the Salesian Fathers does not want to talk about the financial and programming realities of church television as long as "the matter is in progress."

In accordance with the bill on television and radio broadcasting, concessions for operating private stations will be granted by the National Council. The awarding of concessions is synonymous with the awarding of broadcast frequencies.

The reality in this field is such that congestion rules the airwaves. "There is room" for just one more national channel, five regional channels in the capital, and three or four in each of the provincial capitals. Furthermore, the realities are such that, as Marian Kislo, the director of the PAR, says, had the law been ready a year ago, there would not be very much to distribute.

First a new division of the frequencies used must be established with the states neighboring Poland. These arrangements are long-term and "that is precisely what is pending."

The pirates state that there would be no end to the wait for all the arrangements to be made.

"We are left with the method of accomplished facts," they say. And they are switching on their transmitters.

"The best are not in a hurry," Jozef Wegrzyn of the Rok Corporation says to that.

Time will tell.

#### Support for Debt Restructuring Fund Doubtful

92EP0636B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Aug 92 p II

[Article by Edmund Szot: "Fund for Farm Debt Restructuring and Reduction"]

[Text] Public opinion polls show that most of Polish society does not support the Fund for Farm Debt Restructuring and Reduction, despite the vigorous effort to introduce it. The lack of support for the idea of the fund is understandable, given both the lack of familiarity with the fund's principles and the public's failure to

understand that somewhat different principles should be used for granting credit to agriculture, because of its special characteristics.

The fund will first of all help to restructure farm debt, and this will be its most urgent task, but the fund will also have the more important long-range task of issuing credit for the modernization of agriculture and the surrounding area.

Dr. Włodzimierz Rembisz, the fund's acting director, thinks that the government's role consists of creating opportunities for enterprising people, and that the fund is creating such opportunities. One of the assumptions is that agricultural investment activity runs a greater risk of failure and that government (society) is somehow involved in a rather small part of that risk. It is, of course, the investor who assumes the major risk, being the one who must face merciless judgment of the market.

"The government should not replace business," Dr. Rembisz says, "but government cannot be indifferent to business development conditions." The fund is presently at the implementation stage. Agreements have already been signed with seven banks that will operate on behalf of the fund. Several other banks have also expressed the desire to cooperate with the fund.

Employees of all the farm advising centers, which are responsible to evaluating repair plans, received information about the fund's operating principles. Such a plan will also be needed, when a farmer applies for modernization credit or tries to have his farm included in debt restructuring. In the latter case, applications must be filed before 30 September of this year. Farmers file their applications with their cooperative banks.

Special commissions evaluate farmers' applications for modernization credit or for the farm debt restructuring program. Most of these commissions have already been created, both in gminas and voivodships. Voivodship commissions are set up to operate only where there is no parish commission. Meanwhile, there are indications coming in from various parts of the country that the voivodship commissions are now demanding facilities and even salaries for discharging their social functions. From the evaluations they have submitted, it is obvious that they want to turn into bureaucratic structures authorized to make the decisions on credit for farmers.

"This is an obvious misunderstanding," says Dr. Rembisz. "The job of these commissions is just to evaluate credit applications. The commissions must not replace the banks."

Director Rembisz does not think that state farms or farming cooperatives should have access to the fund. "Then the fund would not be playing its role," Director Rembisz claims. "Maybe someday, when the fund has more money and the state farms have become privatized, it will be possible to give them support out of this fund."

**Draft Law on Fair Competition Provisions Viewed**  
*92EP0603A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 31 Jul 92 p VIII*

[Article by Ryszard Andziak: "How To Fight Dishonest Competition"]

[Text]

**On the Bill**

In a planned economy, "competition" was an abstract idea. As a rule, the supply of sought goods was less than the expectations of clients. Consequently, factories did not have to worry about full stores. At the moment a free market began to be built, competition, the leaven of all progress, regained its proper economic meaning. However, the competition to gain buyers more and more often culminates in the breaking of the pure rules of the game. The proposed statute on preventing and combating dishonest competition is supposed to counteract these corruptions. The Sejm will soon consider the bill.

The necessity of putting the rules of healthy competition in order is the result not only of the protection of buyers and producers but also of international agreements that bind Poland, notably the Paris convention on the protection of industrial property and bilateral agreements, such as the trade and economic treaty between the United States of America and Poland. The agreement on association between the European Community and Poland also envisions the duty of adapting the rules of competition to European standards.

**In Regard to Each and Every Person**

The purpose of the statute is defined in Article 1 of the bill, which proclaims that it is "to prevent and combat dishonest competition in economic activity, in particular in industrial and agricultural production, construction, trade, and services, in the interest of the public, entrepreneurs, and customers." This means that the violation of any of these interests has the same significance in regard to recognizing the activity as an act of dishonest competition.

This statute is addressed to natural persons (including corporations organized under civil law), legal persons (including state enterprises, cooperatives, and limited liability companies), as well as organizational units that are not separate legal entities, for example, public companies.

Conducting economic activity is the basic criterion for subjecting a given entity to the statute. Therefore, every natural or legal person, and any organizational unit that the express language of the statute did not entail was a legal person, is subject to these rules if it conducts economic activity. It follows from this that the statute's regulations can be applied to the so-called free professions—lawyers, notaries public, tax advisers, architects,

physicians—insofar as they themselves or companies in which they are partial owners undertake economic activity as entrepreneurs.

Foreign natural and legal persons take advantage of entitlements that flow from the statute's regulations by virtue of international agreements binding Poland or on the principle of reciprocity. At the same time, persons who conduct economic activity in Poland are obliged to respect the prohibitions and directives called for in the bill.

### The General Clause

The idea of an "economic entity" was exchanged for the "entrepreneur" in the bill. This has significance not only for foreign economic relations but also foreordains that the statute's resolutions will relate not only to "economic entities" within the meaning of the statute on economic activity but also to all persons and organizations who are participating in economic turnover and who are conducting profit-making or professional activities.

The general clause has fundamental significance. It states that when an entrepreneur breaches his duty to act in a way that is honest and in accordance with the law, the breach constitutes an act of dishonest competition if it violates the interest of another entrepreneur or client.

In the face of the growing phenomenon of so-called wild competition, the bill's sponsors recognized the necessity of defining the most commonly occurring acts that are not worthy of being called honest. This enumeration, which is not a closed list, will on the one hand allow entrepreneurs, clients, and above all consumers to better understand the statute; on the other hand, it makes the work of the courts easier. The courts will have an explicit regulation at their disposal in a specific case and will not need to interpret the rules of the general clause each time.

### False Labels

Counted among the acts of dishonest competition is any marking by an enterprise that can mislead customers as to its identity by using a company's name, logo, or any other identifying symbol used earlier by another company. Labeling goods or services with a geographical marking that falsely or fraudulently indicates the country or region of origin is just such an act. The application of such labeling in commercial activities, advertising, trade lists, and other documents, is prohibited.

Transmittal, disclosure, or use of an enterprise's secret proprietary information or its purchase from an unauthorized person is also dishonest competition. But it is not dishonest competition to analyze the function, construction, composition, or other properties of a product introduced in accordance with commercial law with the consent of the party having secret information at its disposal. The statute also classifies the induction of an entrepreneur's clients to break an agreement with him, thereby enhancing one's own advantage or that of third

parties, the dissemination of false or misleading information about the management of an enterprise, and the use of false testimonials and unfair research results as dishonest competition. Dumping, inducing the boycott of companies, and discrimination in the treatment of some customers are likewise considered dishonest competition.

### Advertising is Business

Entrepreneurs do not hide the fact that advertising costs are returned to them with interest. However, instead of presenting the objective properties of a product, advertising exaggerates the promoted product's virtues. According to the bill, advertising cannot be contrary to the regulations of law or the principles of social coexistence, nor can it offend the dignity of man, mislead the customer, or influence his decisions about purchasing the product. Personal advertisement that has nothing to do with the essential traits of the object being offered but which appeals to race, sex, nationality, religion, or political views is also prohibited. Pointless advertising exploiting the superstitions or trust of children, as well as hidden advertising that gives the impression of neutral information but actually encourages purchasing, is also prohibited.

Other forms of dishonest competition are oppressive advertising that forms a fundamental interference with the sphere of privacy, in particular by molesting customers in public places, sending them unordered products, and abusing technical means of communicating information (telephones, faxes, telexes).

Comparative advertising is also forbidden, unless it contains information that is true and useful for purchasers. According to the bill, an act of dishonest competition is also committed by an advertising agency or any other entrepreneur who develops an advertisement in violation of the proposed prohibitions.

From the moment the statute goes into effect, which according to the bill is to take place six months after the day it is passed, it will be impossible to advertise tobacco products and beverages containing more than five percent alcohol on television and radio and in the press aimed at children and youth. They may be promoted by other means, but only together with information on the harmfulness of the items. The regulations are rigorous and do not permit the advertisement of prescription drugs in the mass media.

### Prison or a Fine

In the event that acts of dishonest competition are committed, the bill calls for civil and criminal sanctions. Instruments of civil law have fundamental significance, including petitions for injunctive relief, removal of the effects of the forbidden activities, restitution for the damage done, payment of the profits unjustifiably gained, and submission by the violator of an appropriate declaration.



To assure the effectiveness of protection, it has been proposed that particular rules on the protection of a claim be introduced. The statute allows the court to issue an order suspending the illegal activities for the period of the proceedings, thereby affording temporary protection to a claim for injunctive relief. The court, on the motion of a party with standing, can also rule on the destruction of materials directly connected to the commission of the prohibited act or rule on the forfeiture of the materials, which will be considered when calculating damages.

The bill authorizes entrepreneurs, national or regional organizations of entrepreneurs, and similar sorts of consumer organizations to initiate civil proceedings. The proposed measures do not authorize the individual customer to file a complaint on grounds of dishonest competition. He may effectively press his own individual claims on the basis of other regulations, primarily the civil code. If the complaint turns out to be unjustified, the court, on the petition of the defendant, may order the complainant to file an affidavit of appropriate substance and in a proper form.

The threat of criminal sanctions—the deprivation of freedom for up to two years, the limitation of freedom, or a fine—affects the most reprehensible acts of dishonest competition: disclosure by employees of an enterprise's secrets, disclosure of illegally obtained information that is a company secret, and imitation of someone else's products. For example, for the offense of misleading customers as to the origin of products, their properties, the possibilities of application, or concealing risks associated with their use, the punishment is a fine. The prosecution of crimes and offenses foreseen in the statute takes place on the petition or demand of an injured party.

Complaints on grounds of dishonest competition expire after three years. The statute of limitations begins to run separately for each violation.

#### **Perspectives on Farms Run by Women Offered**

*92EP0636A Warsaw ZYCIE GOSPODARCZE  
in Polish No 33, 16 Aug 92 p 9*

[Article by Professor Lech Ostrowski, affiliated with the Institute of Agricultural Economics and Food Management: "It Is Difficult Without a Man"]

[Text] Women run over 20 percent of the farms. This percentage is far higher than in the western countries. The lack of men on farms is not only a social problem but also an economic-production problem. A woman runs a farm out of sad necessity, not because she chooses to do so.

#### **Why Women Run Farms**

Nearly 70 percent of the women running farms are single. Some of them have simply not managed to establish a family. Therefore, they run the farm alone or with parents or relatives, but older widows left to run the

farm following their husbands' death make up the largest group. Some of them have adult or minor children, but for various reasons have not turned their farms over to them.

Some of the other women running farms are widows who either have no children or have children who have become independent and left the farm and the area where they grew up. A few of the farms in the group are run by women with ill husbands unable to do the farming.

Without going into the details of the complex living situations of this group of families, in order to simplify things somewhat we can divide the families up into farms actually run by women without the support of immediate family and farms run by women with the continued help of a husband who is a worker-peasant, adult children, or other people residing in a common household. In a very few instances, widows run farms with the help of children with their own farms in the same village or one nearby.

Most women running farms do so out of some sort of necessity. Only about 10 percent of the women running farms do so out of ambition, a liking for the vocation, or a sense of obligation to care for the household once the children have left. There are few cases where the chief reason for a woman's running a farm is fear of the new family situation once the land is transferred or sold. Old age is particularly bitter for the children, if there is no property and only a meager pension.

For the most part, the average woman running a farm has reached old age. More than 40 percent are over 60, and the average age for this group is 67. About 60 percent have no agricultural (course or school) training, and 80 percent went no further than the elementary certificate, if that far.

#### **These Are Ineffective Farms**

Research which the IERiGZ [Institute of Agricultural Economy and Food Management] conducted on 12,000 farms showed that those run by women are less effective economically than the average for rural areas. The mean size of a farm run by women is half the average of farms run by men (3.6 hectares compared with 7 hectares). Women clearly have lesser labor resources in terms of the number of people of production age per farm. The product assets of these farms are also more modest, in terms of the number and quality of the buildings and farm machinery the farm owns. Only one-quarter of the farms run by women have tractors. Most of these farms have either no machinery at all or lack the major types of machinery. They usually have only horse-drawn equipment, which is primitive, inefficient, and hard to use. Most of the farms run by women are traditional and even somewhat backward. For example, 94 percent use little artificial fertilizer and pesticides and put no lime at all into the soil.

During the 1908's, women running farms compensated for the lack of extensive crop production by expanding livestock holdings, but the number of head per 100 hectares farmland was about half the rural average per hectare.

Because of the conservative nature of farms run by women, household per capita income is nearly half the average for rural areas.

Lower income also means worse housing conditions for these families. There are no toilets, bathrooms, running water, or central heating, and major household appliances like washing machines, television sets, and refrigerators are rare. A sizeable percentage of these families are at social risk or are simply living in poverty. Farm records from the IERiGZ show that in 1991, nearly 40 percent of peasant farms had reduced the level of holdings (negative savings), and their annual savings were 3 million zlotys or under. These are farms risking decline or liquidation, and a substantial percentage of these farms are run by women.

When we examine the farming level and material situation of families in which women handle the agricultural production, we find that the greatest poverty exists among women running farms alone (16 percent of all farms run by women). Widows running farms with their children and others (41 percent) and large worker-peasant families (37 percent), in which the father works in a factory and the mother works on the farm, are in a similarly difficult situation. Best off were the childless couples with a farm which for various reasons was run by a woman (6 percent).

#### **Long-Range Prospects**

At the present time, results (cheaper production and more profitable sales) are what count in production, but behavior is changing rather slowly in the rural areas.

Given the free-market economy, what are farms run by women like? These farms are ineffective, rarely take advantage of credit, make no investments, and are potentially less subject to the severity of market mechanisms. The influx of financial support from ZUS [Social Security Agency] and work outside the farm is another source giving these farms a chance to endure. It is true that the urban wages of people with dual vocations dropped suddenly, but let us hope that they will increase in rural areas, because small business and the trade and

service industries are increasing in the villages and small towns. The activation of rural production and services has not yet made up for the decline in urban employment and the resulting decline in the income of the population working at two vocations. This means that this group of families is becoming poorer.

Will this sort of trend, which I think will continue during the next few years, spell the elimination of small farms? Neither our experience (from the 1950's) nor the experience of the western countries indicates that the decline of farms during a general crisis can be treated as a way to transform peasant agriculture. The threat of straitened circumstances actually helps solidify structures, and farmers are more likely to "subsidize" the farm and production, and, if there are no resources to do so, they will cut back on their own needs, sell part of the property they own, and so on, doing anything to hold on to the land, because land has always been not only of material, production value but also of social and moral value to the family.

Childless couples and multigenerational families in which women run the farms have a relationship to farming similar to that of the families with dual vocations. Each of the separate family groups has its own specific conditions, situations, and problems, of course, but they all share the fear of running the risk of a different life without their own land or farm.

Good economic conditions provide a favorable period for modernizing agriculture. It is easier to give up a low-income farm, if there is the prospect of a different, better life ahead. During 1990-91 the number of farms turned over to successors and the state exceeded 200,000. The chief generational rotations occurred on large, economically strong farms, where there were successors, but the least change occurred in the situation of inefficient farms, including those run by women.

Farm policy does not have much to offer this group of farms during the next few years. This problem should therefore be viewed within the categories of social policy and social assistance as well. Low income (in 1991, an average of 30 percent below that in employed people's families), unemployment, and poor development of the social and technical infrastructure are making the living conditions of large peasant families worse, and the fact that there are also efficient, highly productive, effective farms in the rural areas cannot change this difficult problem.

### Constantinescu Visits Brasov, Discusses Monarchy

92P20397B Bucharest TINERETUL LIBER  
in Romanian 28 Aug 92 pp 1-2

[Article by Alexandru Balan: "Emil Constantinescu: We Will Direct All Our Efforts To Winning the Presidency on the First Ballot"]

[Text] After officially declaring his candidacy for the presidency, Emil Constantinescu campaigned in Brasov on Tuesday. He was received with enthusiasm and hope by tens of thousands of Brasov residents. Two years ago, Ion Ratiu had a hard time addressing his supporters and was boycotted by almost all the institutions of the city, which were under the influence of Mr. Iliescu and his National Salvation Front. Now, the mayor's office is under the control of the Democratic Convention [CD] and many other citizens have better feelings. During a big meeting held in Council Square, Ion Ratiu stood alongside the presidential candidate and was warmly received by the attendees. The prefect's office has remained the last refuge of the conservative spirit of 20 May 1990. Indeed, Emil Constantinescu's visit to Brasov took place against the backdrop of smoldering tension between the mayor's office and the prefect's office. At the press conference organized Tuesday evening, the first questions referred to the conversations which Emil Constantinescu had with Gheorghe Fulga, former presidential counselor who is currently the prefect.

We noted the following statements by Constantinescu from his press conference on this occasion: There is a rather serious fluidity of political options in Romania but there are also some notable constants. What is clear and noted by all public opinion polls is that 35 percent are for the CD. This is a starting point. At the same time, all the polls show that there is a large number of undecided. The election campaign in Romania, like in other countries, is aimed at these undecided. It is my conviction that before the elections, the CD will increase the number of our voters by as much as 50 percent. All efforts will be directed toward winning the presidency on the first ballot. The agricultural reform was deliberately sabotaged in order to disappoint the peasants, to make them give the land back, so that the old agricultural production cooperatives, a type of organization that has been compromised throughout the world, could be set up again. At the Republican Party convention in the United States, Romania was the only country from which the opposition was invited. Discussions took place with the vice president and the secretary of state. As an economic option, I am in favor of a social market economy.

Emil Constantinescu was asked to respond to the following questions:

[TINERETUL LIBER] If you are elected president, will you be the president who clears the way for the restoration of the monarchy, or will you be the founder of the first Romanian republic?

[Constantinescu] This will not be a matter for the president; it will be a matter for the nation. I said at the beginning that I am submitting myself to only two courts: the law and the interest of the nation. The message written between the lines of your question is well known. Each time, I have repeated that my position is extremely clear. It is the same position, which has not changed in the two months since I presented it to the CD steering board. Romania, as you pointed out, has not had a republican tradition, if we do not take the republic of Ploiesti into consideration. In Romania, the republic has been associated either with communist or cryptocommunist regimes, such as the one we have now. The great history of Romania has been linked with the monarchy. The abolition of the monarchy was carried out in an illegitimate fashion, illegally, and in opposition to the will of the people in 1947. In the 45 years since then there have been transformations in the social sphere, in the political sphere, and in outlook. Three generations have been born and raised. At the same time, there has been an extremely active propaganda effort against the monarchy. Therefore, I do not believe that it is possible to reinstate the monarchy as it was on 30 December 1947. I believe that, in the interest of this institution, it is necessary, first of all, that our true history, not distorted as it has been, be reestablished and recovered. I will swear on the Constitution, which stipulates that there will be a republican form of government and I will respect it until the time that another parliament, resulting from other elections, which reflects a different political-social reality, will decide whether or not to modify the Constitution. The idea that, once a constitution is drafted, it is good forever is typically communist arrogance. If this constitution were to be amended, the people could be consulted, by means of a referendum. Respecting the law and the will of the nation, I will submit myself to the them.

[TINERETUL LIBER] Wouldn't this be too late, considering the age of King Michael?

[Constantinescu] This is the only procedure. The process of transforming outlooks is progressing at an incredible speed. I am an optimist in regard to the capacity of the Romanian people and the Romanian nation to rediscover their history, to rediscover the truth, and to develop correctly. If I did not believe this, I would not be here, because I cannot remain in a country whose people, as others have been, are despised. I believe that, under conditions in which there is real freedom, and I am referring to the principal vector of the mass media, television, this transformation will be produced rapidly.

### Parties' Positions on Enterprise Privatization

92P20397A Bucharest TINERETUL LIBER  
in Romanian 28 Aug 92 pp 1-2

[Unattributed article: "The Position of Some Parties on the Privatization of State Enterprises"]

[Text] The privatization of the socialist economy in all its sectors has been a topic of much discussion ever since the December 1989 Revolution. The land law, with its well-known effects, was produced for agriculture and was discussed in a large number of articles in our newspaper. The law on privatization was much weaker, in industry. At the present time, most of the (former) state enterprises exist, but they operate without any foresight, some become bankrupt, and the number of unemployed increases every day. The rumor is circulating that the IMF is setting as conditions for credits the more rapid privatization of our economy and the attainment of the figure of 1.5 million unemployed. In our opinion, however, the fate of the national economy cannot be decided openly by international bodies but, first of all, by the domestic political government in power at the time. Then, why are we having democratic elections if someone outside the country is dictating to us the solution of vital domestic problems on which the fate of the nation depends? Why are we consulting the voters? Is the political-economic base of the election platforms dictated from outside the country? With whom are we voting, with our own people or with others? Therefore, we are presenting the positions of the National Salvation Front [FSN], the Democratic Association of Hungarians in Romania [UDMR], and the Ecologist Movement of Romania [MER] on the delicate issue of the privatization of state enterprises. Our standard of living directly depends on the solution of this problem.

#### The MER Position

Conscious of the fact that, at the end of the 20th century, the great problem of humanity is to conserve and improve environmental conditions, and that there is a great danger that, in the next century, civilization will be threatened because of its own creation and underdevelopment, the MER proposes that there be a market economy in which all elements of economic, agricultural, and industrial growth will be in accordance with the possibilities of the environment and its resources, the majority of which are unrecoverable, to support this growth.

The MER is in favor of an economic system oriented toward the vital needs of the current population and of future generations, together with the conservation of nature and of the environment, and the rational use of all resources. Having an economy based on ecological principles does not mean there needs to be a reduction of development or of the quality of life; rather, it means there is a need to produce nonpolluting goods, using the least polluting technologies, having a rational energy consumption program, and protecting raw materials. Ecologists are not opposed to a developing economy but this development should be done with the lowest possible costs to both the economic and the social sphere.

In this sense, the MER supports a gradual conversion to an economy based on free initiative, with a view to the efficient recovery of industry, agriculture, services, and

trade. The creation of an economy based on free initiative is possible only under conditions of full freedom, basic guarantees of the unleashing of creative forces, initiative, organizational and managerial ability, giving priority to the work of the entire society.

In the MER's view, the entire economy and its social connections should develop on the basis of medium-term and long-term strategies on the national level, and, since the time period for such a strategy will exceed that of a term in office, it proposes that the strategy of economic development should not be based on the program of a single party but should be prepared by a specialized institute and submitted for discussion and approval by Parliament.

In the framework of this strategy for the Romanian economy, the MER proposes the following, in its political and economic program:

1. The principal objective of its strategy is the doubling of the national revenue in the next 10 years and the emergence of Romania from the category of the poor countries of Europe.
2. The necessary means for achieving the above objective should be, mainly, internal resources: ability, talent, intelligence, tradition, the self-sacrifice of the Romanian people for the sake of national interests, the stimulation of the entrepreneurial spirit, innovation, competition, continuing education, and social discipline.
3. It is urgent that small commercial companies with state capital be privatized, and that the activity of newly established commercial firms with private capital be stimulated. In the area of privatization, the MER supports the urgency of the sale of small enterprises with state capital to private individuals, with a view to the establishment of a strong private industrial sector.
4. Prior to complete privatization, medium-size commercial companies and their management should be modernized and restructured by competent boards of directors.
5. In order to bring about the removal of polluting wastes, industrial technologies based on toxic components should be replaced, and recycling systems and technologies utilized.
6. The current and future situation of big commercial companies with state capital (combines, industrial groups, etc.) should be analyzed by means of managerial procedures in order to determine, exclusively on the basis of economic criteria, the needs for and ways of privatizing them, or, possibly, keeping them in the state industrial sector.

The MER supports the development of the private sector in the Romanian economy, as a dynamizing and vital element of the market economy. The evolution of the private sector should take place in the best possible relationship, in time, with the state industrial sector.

The model for the development of the Romanian economy cannot be created by adding up the political goals, but by thorough and objective economic analyses. Therefore, the MER believes that many changes can be made in the present application of the privatization process, but only on the basis of economic optimization analyses.

#### The NSF Position

1. THE ACTUAL SITUATION (the truth—even it scares some and angers others): The law on the privatization of commercial companies (Law No. 58/1991) is being applied. It has been a year since it was adopted, with the firm support of the FSN, and parliamentary debates by the opposition parties were concluded. We are setting up the Private Ownership Funds and the State Ownership Fund, distributing the cards certifying ownership, sales of assets and shares of stock, including sales by public offerings and by the creation of the embryo of a stock market. The application of the law on privatization is affected, to a great extent, by obstructions and blockages created in the ministries, in commercial companies with state capital, and in local organs of state administration by conservative elements, supporters of "socialist ownership," by corrupt businessmen, and by all those who are assured of privileges from positions occupied in the past and at present. The ambiguities and duplicity of some political groupings that have proclaimed themselves to be supporters of privatization, cause new confusion, wavering, and restraint. Discussions on the "superiority" of one method or another of privatization are also useless; the law permits the application of any form but the choice of one form or another must be made on the basis of its economic and social effectiveness.

2. THE ROAD THAT MUST BE FOLLOWED (perhaps unpopular but honest, based, in its turn, on truth and good faith):

(a) strict observance of the legal deadlines and methods of privatization;

(b) acceleration of the process by the adoption of individualized solutions for different situations; that is, small and medium-size units should be sold to their own employees by providing easements, while large units should be privatized on a schedule, parallel with restructuring, by the sale of shares of stock, on the basis of an annual plan drawn up by the State Ownership Fund;

(c) the integration of legislation on the creation of markets (for securities, products, the labor force, etc.) and the mechanisms by which incentives are provided, with a view to increasing domestic private capital, attracting foreign capital, providing credits to small and medium-size entrepreneurs, giving specialized assistance, eliminating discrimination towards private entrepreneurs, and setting up easements that would direct private capital toward sectors intended to balance the

supply and demand for goods and services and eliminate existing poverty. Financial resources are essential for this.

3. TYPICAL QUESTION: If the FSN knows what must be done, why didn't it do everything it is proposing now, in its 16 months in office (June 1990 to September 1991)? The answer is: Because of the reasons presented in Point 1 and as a result of difficulties caused by an unknown process; because of obstacles encountered en route; especially because the privatization process must necessarily pass through certain stages; and because pragmatic measures were necessary to verify certain actions step by step, and to adapt the strategy outlined in Law No. 58/1991 to constantly changing conditions. Privatization is proving to be a much more complicated and much longer process than it was initially thought to be. This does not mean that the FSN will not act, using the methods mentioned, to ensure the necessary and possible pace and profoundness,

#### The UDMR Position

According to Law No. 15/1990, there are no longer any state enterprises but commercial companies with state capital, organized on the basis of Law No. 31/1990.

The privatization of commercial companies with state capital can be considered the basis of economic reform. This process should be characterized as a process that can be carried out in a direct, rapid, and scheduled manner. The development of private ownership is an essential condition for the construction of a state of law in which conditions of competition offer equal opportunity and ensure appropriate conditions for the operation of market mechanisms.

In light of the very small amount of private capital, we accepted the transfer of 30 percent of the social capital of commercial companies to private individual ownership stipulated in Law No. 15/1990 and in the process of application on the basis of the law on the privatization of commercial companies with state capital. However, this transfer would have to be carried out directly by the exchange of ownership certificates for shares of stock in the economic fields prepared for privatization.

The capital transfer role of these certificates should be preserved, avoiding the assigning of other functions which facilitate the appearance on the market of certificates with a real value, which, at this time, become generators of inflation. They should be used only for exchanging shares of stock of commercial companies with state capital that are prepared for privatization, or in commercial companies in which the owner of the certificates has a work contract, or in any economic unit that sells shares of stock.

The gratis transfer of capital can be carried out by the National Agency for Privatization. The establishment

and operation of the five Private Ownership Funds excludes the amount of capital transferred as a result of rapid privatization, and creates economic superstructures with a monopoly position, with a costly management, and with characteristics that jeopardize the rights of the owners as well as the autonomy of commercial companies.

We believe that it is necessary to amend the law on the privatization of commercial companies with state capital for the purpose of carrying out the gratis transfer of capital directly, and to introduce private capital into small-scale privatization, since the law in its present form calls for large-scale privatization in an indirect manner, not providing any opportunities for unlimited rapid privatization.

**'Border Police' Threaten UNPROFOR in Baranja**  
*92BA1371D Zagreb NOVI VJESNIK in Serbo-Croatian*  
22 Aug 92 p 5

[Article by Mirko Sajler: "Police Forces Are Threatening UNPROFOR"]

[Text] Osijek—On the territory of Baranja, skirmishes are still taking place between members of the UN peacekeeping forces and various Serbian paramilitary structures. The most recent occurred on the bridge over the Danube at Batine, which links Baranja to Backa in Vojvodina. Under the most recent decision of the Security Council and the order of Secretary General Butrus Ghali, the forces of UNPROFOR [UN Protective Force] reached that bridge in order to take over surveillance of the border crossing between Vojvodina and occupied parts of Croatia that are now under UN protection.

However, the Serbian "border police," as these uniformed people now style themselves, offered resistance. The members of the peacekeeping forces withdrew so that there would not be any more serious incident. But after intervention of the UNPROFOR command for the sector East, the so-called Serbian border police withdrew from the bridge, and they are now under surveillance of the peacekeeping forces.

That bridge is the main point for transporting various goods between Serbia and Baranja. It has also been used frequently to supply ammunition to paramilitary structures on the territory of Beli Manastir Opcina. UNPROFOR will no longer allow that, and now there is great tension there. The displaced Serbian militias are also "performing their duty" near the bridge. Now travelers between Baranja and Vojvodina go through two checkpoints—that of UNPROFOR and that of the Serbs.

This situation also explains the assertion of Cederic Thornbery, director of the Civil Affairs Department of UNPROFOR, to the effect that conditions have not yet been established on the occupied areas that would guarantee that those driven out can return to their homes. So, Cyrus Vance's peace plan has been carried out only in part. Only its first phase has been carried out, the one that envisaged withdrawal of the Yugoslav Army from the occupied portions of eastern Croatia, the movement of heavy weapons, and separation of the belligerents.

But the events on the Batine bridge over the Danube clearly show that the moment is still far off when the second phase will be accomplished, the one that envisages disarmament of Chetnik paramilitary structures, which have now camouflaged themselves in the uniforms of some sort of SAO [Serbian Autonomous Oblast] militias. And so long as that is the case, there is no return for those driven out.

"We are very satisfied with the speed with which the peace plan is being carried out," says Zvonimir Valentekovic, member of the command of the Osijek Zone of Operations of the HV [Croatian Army], assigned to liaison with UNPROFOR. "And in spite of the fact that we are aware of the difficulties being faced by members of UNPROFOR and of the kind of opponent with which they are dealing, we are constantly insisting on consistent implementation of what both sides consented to.

"But the Serbs are interpreting Vance's plan in some way of their own. They say in public that they are in favor of that plan, but in practice they are against its implementation. That kind of behavior is in fact characteristic of their overall policy, and that at all levels. It is quite uncertain when the second phase of the peace plan will be achieved and when all the conditions will be created for carrying out the third phase, which envisages the return of those driven out to their villages and cities. That is why those unfortunate people should not be given false promises in the form of a date when they will be able to go to their homes," Mr. Valentekovic says.

The Serbian militias or police, then, are offering resistance and threatening UNPROFOR. Representatives of the zone of operations of the Croatian Army in Osijek and commissioners of the Croatian Government for the opcinas which are under occupation have so informed the main command of UNPROFOR and the UN general secretary.

There is no reason why those driven out of certain villages in which Croats and Hungarians comprised the majority of the population before the war should not return there before winter. Unless that happens, many will have to spend the winter in impossible accommodations. Osijek, which has been half-destroyed, has no capability for appropriate accommodation of the exiles, whose numbers are increasing in the city all the time, because dates when these people will be able to return to their homes are being thrown about when there is no substance to them.

The Government of the Republic of Croatia, the headquarters of UNPROFOR in Zagreb, and the Security Council are informed about the behavior of the Serbian militias, which are directly opposing implementation of the second and third phase of the Vance plan. In the sector East, the peacekeeping forces are awaiting new instructions, which are supposed to involve new authorities.

**Osijek Operation Zone Protests to UNPROFOR**  
*92BA1371E Zagreb NOVI VJESNIK in Serbo-Croatian*  
22 Aug 92 p 5

[Article by the Croatian News Agency: "A Reasonable Deadline for the Vance Plan"]

[Text] Osijek—The Council for Information and Psychological Activity of the Osijek Zone of Operations of the Croatian Army [HV] has sent a protest to the

UNPROFOR [UN Protective Force] Supreme Command for sector East, to the mission of EC observers, and to the UN High Commissariat for Refugees about exiled people from Baranja being prevented from returning to some of the pure Croatian and Hungarian settlements and the return of exiles from Vinkovci Opcina to their own villages.

The protest reads: "Without diminishing in the least the results that UNPROFOR has achieved in disarming areas under its control and the efforts it is still making in that direction, we nevertheless feel that preventing exiles from Baranja from returning to purely Croatian and Hungarian settlements and preventing Croats from returning to occupied villages on the territory of Vinkovci is a serious incident with far-reaching consequences.

"While Croats are not being allowed to return to their homes, at the same time those areas and their houses are continuing to be inhabited by a population of Serbian nationality from other regions, while several hundred Croats and other non-Serb inhabitants have been driven out in the last few months in the presence of UNPROFOR. All of this indicates that the process of ethnic cleansing and transformation of a region with a predominantly Croatian population into an area in which the Serbs are dominant is continuing in the presence of UNPROFOR. All of this casts doubt on the effectiveness of the activity of UNPROFOR, which is not only not bringing about conditions for return of the occupied territories to the Republic of Croatia, but is allowing processes which signify permanent occupation.

"The basic problem is that UNPROFOR is recognizing the occupying authority in place as the legal authority, and that means recognizing a state of affairs established by force. That authority has no legality whatsoever, because it is the result of occupation and was not elected democratically. It is monoethnic and consists only of Serbs, who before the war represented between 13 percent and 37 percent of the population in that region. Serbs who have moved in from other regions are another problem. The Serbian regime has moved them from other regions in order to alter the ethnic distribution here. There is no reason whatsoever why they should not return to their homes, but the local authority does not allow them to do so.

"We feel that UNPROFOR should take more vigorous measures:

"to move out of those areas all Serbs who have moved in with no right to do so and to prevent any more from moving in,

"to prevent any more people from being driven out, as is still occurring, on behalf of the urgent return of the non-Serb population driven out,

"to reestablish local authority and police in keeping with the ethnic structure of the regions before the war so that they have the legality of the democratically elected authority,

"to stop the economic devastation of this region by Serbia,

"to halt all other activities aimed at permanent occupation of that part of the territory of the Republic of Croatia.

"Clear and realistic deadlines binding on all sides must be issued concerning all of this. Unless UNPROFOR is able to carry out Cyrus Vance's plan within some reasonable period of time, then our own and the world public needs to be informed of this so that other more effective measures can be taken and the aggressor thwarted in his endeavor to permanently hold the territory occupied," states the protest of the Council for Information and Psychological Activity of the Osijek Zone of Operations of the HV.

#### **Aid Needed To Rebuild Croatian Railroads**

*92BA1371A Zagreb NOVI VJESNIK in Serbo-Croatian  
25 Aug 92 p 6*

[Article by Salih Zvizdic: "Croatian Railroads Are Waiting for Loans"]

[Text] The Croatian railroads will not be able to bear the burden of repairs on their own, but will need the assistance of the government and, above all, that of foreign banks. However, they are reluctant to give out money when the capital is not safe. Foreign bankers to whom the Croatian railroads have applied say that before they can talk about loans, there must be an end to the war and Croatia must become a member of the International Monetary Fund and World Bank.

Aside from the burden of reconstruction, and the damage is estimated at about \$1 billion (\$606 million just for rolling stock), the Croatian railroads must each month repay about \$3.5 million to foreign banks as their debt from the socialist period. The foreign banks are merciless in this regard, and they announce confiscation of railroad cars whenever a payment is not made.

UNPROFOR [UN Protective Force] announced on arrival that it would immediately facilitate access of Croatian railroad people to the lines destroyed and temporarily occupied so that they could put them in shape as soon as possible, but that has not been done to this day, nor is UNPROFOR guaranteeing any foreseeable period in which this could occur. Of the total length of Croatian railroads, 2,592 km, service at this moment is suspended on 938 km, or 35 percent of the Croatian network. Traffic is 70 percent below normal. This, of course, creates large transportation problems with seaports and industrial areas in our state or in Bosnia-Herzegovina, which supplies Croatia a considerable portion of its raw materials.



Because the railroad system in Croatia is the backbone of all transportation, and because the expansionist Serbian aggressors were among the first to be hurt, it is obvious that resumption of transportation must begin with the railroads. A big effort is being made on this, even at the price of danger, and certain lines, like the one to Lipik, have in fact been restored to operating condition.

A plan for repair of the main line from Dobova (Slovene border) to Tovarnik (the border with Serbia) has just been drafted, and this is the main line for central Europe to Serbia and the East. The money needed for the first phase of repairs is \$25 million, of which \$11 million will be spent to repair the lines destroyed.

There is a particular problem with the section from Novska to Sunja, where the Chetniks damaged not only the track and roadbed, but also destroyed all the large bridges, so that on that section of the line it will not be possible to restore service within a period of the three months planned for the first phase. In the early going, this traffic will be diverted to the already heavy-traffic line via Dugo Selo, whose capacity is about 100 trains a day.

The Croatian railroads are doing everything to reduce the costs, but savings are possible only to the limit below which transportation will be threatened. The number of employees has been reduced by about 6,000 (about 3,000 of these were railroadmen of Serbian nationalities who went off to join the Chetniks), and there is a drive right now to reduce the number of employees by another 5,000. But no one has or will be laid off. The number of employees is being reduced through regular and early retirement and through retraining, and new workers are not being hired.

The contribution of the Croatian railroadmen to defense of the homeland is great not only in terms of the number of railroadmen in the ranks of the Croatian Army, but also because they have provided free transportation to the aid from Caritas and other types of humanitarian aid, as well as transportation and care of refugees and those driven out. The railroadmen have also handled special transport for the Croatian Army gratis and under special conditions, and they have also shown special care for railroad people who have fled or been driven from their homes.

#### **Croatian Franciscan on Condition of Church**

*92BA1371B Zagreb NOVI VJESNIK in Serbo-Croatian  
25 Aug 92 p 6*

[Article by Miroslav Ivic, including interview with Fra Pavao Zmire, provincial of the Franciscan Most Holy Redeemer Province, in Split; date of interview not given: "We Cannot Reach the Followers of Our Faith"]

[Text] Split—On the territory of the Franciscan Most Holy Redeemer Province, which extends between the Neretva and Zrmanja Rivers and includes 85 parishes

and 13 Catholic monasteries, 26 parishes and two monasteries are still under occupation. About 100 churches, chapels, or parish houses have been destroyed, burned, or demolished on that territory during these past months of occupation.

The Chetniks have killed one Franciscan, three were imprisoned for a lengthy time in fortresses in Knin, and 10 Franciscans, priests, were physically mistreated. At the moment, there is not a single Catholic priest on the occupied territory of the Franciscan Most Holy Redeemer Province, from which about 40,000 Catholics have fled. Thus, those several thousand believers who have remained on the occupied territory of Knin, Drnis, Sibenik, Benkovac, and Obrovac Opcinas have nowhere to profess their faith.

This is what we were told by Fra Pavao Zmire, provincial of the Franciscan Most Holy Redeemer Province, who mentioned that he has applied several times to go to the occupied territory through representatives of UNPROFOR [UN Protective Force], EC observers, and the International Red Cross. Fra Pavao Zmire says:

[Zmire] I and my priests would like to go to our believers who have been left behind and to visit the churches and monasteries. They have not let us; we have not managed to go. At present, we have no information into the state of our churches and monasteries, and we can speak only on the basis of statements by witnesses, and they say that more than 100 of our places of worship have been destroyed or burned in the occupied area.

Two weeks ago, I learned from representatives of UNPROFOR that Serbian refugees from villages along the front line have moved into Saint Ante Monastery in Knin. At the beginning of the war, the Chetniks occupied the monastery in Karin and drove away our priest. An officer of the French battalion of UNPROFOR sent me a letter in which he says that everything in the monastery has been scattered about, damaged, or plundered, that books were torn apart. He informs me how he and his soldiers straightened up the monastery, and how their military chaplain celebrated mass in the monastery church and delivered a sermon to them.

He also asked me for permission to use the rooms of the monastery to accommodate his soldiers until the Franciscans return. I granted permission for that, because I thought that this would make the monastery safer; however, I have learned that the French soldiers did not take up quarters in the monastery after all, but in tents near the church, but that even in this way they are preserving the facility, which is very valuable to us.

[Ivic] What about the church in Biskupija?

[Zmire] That church, for whose construction Mestrovic prepared designs, was damaged right at the beginning of the war. Exactly the same way as in World War II, now again the Chetniks have meddled with that shrine, a church built on a site precious to Croats. I do not know what the present state of the church is, but I know, for

example, that the church in Vrpolje, which is not far away, has been demolished, and a Chetnik who arrived from Vodice moved into the parish house. He has opened a restaurant in the chapel alongside the parish house.

It is obviously the intention of the Chetniks to demolish and destroy sacred and cultural monuments that stand witness to our life, to the fact that this region belongs to the Catholic civilization, which give evidence as to what people lived here. For that matter, they have tried to do this even by taking over facilities; the best-known example of this is the Holy Salvation Church in Cetina, which they tried to appropriate and proclaim it Orthodox.

[Ivic] Have you informed the Vatican on the condition of your facilities?

[Zmire] We have, of course, informed our competent officials in Zagreb as well as in the general curia in Rome. We have also made a survey of the condition of our facilities, translated it into four major world languages, and distributed it to the world. Thus, Catholic institutions in the world know the condition of our facilities.

[Ivic] The bishop of Sibenik has met with representatives of the Orthodox Church in Dalmatia. Have you had contacts with representatives of the Orthodox Church, and have you attempted in that way to reach your congregations and shrines?

[Zmire] No, I have not met with them. Those from Split and Sibenik left immediately before the war began.

[Ivic] Are you making preparations for reconstruction of the churches destroyed?

[Zmire] Certainly, we are aware that a great deal of work, money, and determination will be required. We first of all need to liberate those 26 occupied parishes so that those driven out and members of our order can return to them. Then the reconstruction will get under way. These people have confidence in the Franciscans, who have never left them, and they have always been devoted to the people, and so they went into exile with them, to the hotels and vacation facilities on the coast where they continue to hold holy masses, religious instruction, and the other things necessary to the life of believers. The brothers will also return with them; we hope that not only the parishioners, but also the opcina and the government, will help in rebuilding the churches. Just like in rebuilding schools and outpatient clinics, so the churches must also have the status they deserve.

[Ivic] Do you hope for help from abroad in rebuilding the demolished buildings?

[Zmire] We expect considerable help, it has in fact been announced. We have 40 members of our order in Germany, Canada, the United States, and other countries. We hope for help from them as well as from their parishioners and believers. The most suitable thing is to find parishes in the more advanced European states that would be sponsors in a way for rebuilding our churches. In that way, we would not only get help, but friendship would develop and also cooperation that would not end with the rebuilding of the churches.

I expect that our churches, chapels, and monasteries will once again gleam in all their beauty and value, that our believers will return to them, and that the sound of the bell will echo once again from our bell towers, calling our believers to prayer.

**Memorandum of Crown Council on London Conference**

92BA1372C *Belgrade BORBA in Serbo-Croatian*  
26 Aug 92 p 4

[Unattributed article: "Memorandum of Crown Council and Crown Chamber on London Conference: Cantonal Concept Brings Peace to Bosnia-Herzegovina"]

[Text] *It is necessary to equally respect the right of all nations to self-determination; the war is not only a tragedy of the Yugoslav nations, but also a defeat for the policy of the international community; ethnic cleansing and terror against civilians cannot be justified.*

Belgrade—A high level of decentralization of power, based on the cantonal concept of a confederal state, offers the greatest hope for peace in Bosnia-Herzegovina [B-H] and for the future coexistence of its three constituent nations.

This is one of the points emphasized in a memorandum sent by members of the Crown Council and Crown Chamber, on behalf of Crown Prince Aleksandar Karadjordjevic, to the presiding official at the London Peace Conference on Yugoslavia, British Prime Minister John Major, and to UN Secretary General Butrus Butrus-Ghali.

"Serbia and the Serbian nation have been falsely equated with the ruling regime in Belgrade and have been subjected to the impact of harsh sanctions by the international community, with the possibility of military intervention. However, Serbia and its people are not the same thing as the regime, whose policy cannot be regarded as the policy of the Serbian nation. Thus, the sanctions are unfair and do not affect their real target. Through them, the citizens of Serbia and Montenegro are estranged from the international community, are subjected to economic ruin, and are shut up in a ghetto unworthy of the age in which we live," the memorandum emphasizes.

This situation does not contribute to the quest for a lasting solution to the conflict in the former Yugoslavia. Moreover, the unjust condemnation of only one side in the conflict is not in the interest of the world community at large, nor that of Western democracy in particular. Ultimately this only betrays the fact that the international community has made many decisions relating to Yugoslavia in a hasty and imprudent manner, so that it bears its share of the responsibility for the current Balkan crisis.

"We hope and believe," the memorandum says, "that the representatives of the international community at the London conference will be motivated by the desire to put an end to the bloodshed, to establish peace and stability, to find a just solution to interethnic and other disputes, and to create conditions for the establishment of democratic institutions and genuine democracy in general in the territory of the former Yugoslavia.

"In pursuit of this goal, it is essential to understand and fully appreciate the essential historic, national, geographic, political and other factors associated with this region. In addition, it is necessary to equally respect the right of all nations to self-determination. It is also necessary to consistently implement provisions of international law. This would create the opportunity to rectify many inaccurate assessments and to reexamine previous erroneous and hastily enacted decisions. The war is not only a tragedy of the Yugoslav nations, but also a defeat for the policy of the international community."

The memorandum then recalls certain historic facts. The Serbian people in B-H and Croatia live under the strong pressure of memories of the genocide carried out against them during World War II by Croatian Ustashis and Muslim fascists. Moreover, the "cleansing" of Croatia and B-H of all Serbs was the declared policy of the Quislings. Several hundred thousand Serbs, Jews, and Gypsies were killed at Croatian concentration camps alone during this period. Even the Germans were shocked at the brutality inflicted on the Serbs. The communist regime after the war largely covered up these crimes.

The events in Croatia and B-H over the past two years, and especially the policies of the authorities in Zagreb and Sarajevo, have awakened the traumas of the past among Serbs and the collective memory of the not-so-distant past. The justified fear of the Serbian nation for its own survival is at the root of the crisis in B-H and Croatia. Naturally, this fear cannot justify the excesses that transform self-defense into criminal acts. "Ethnic cleansing" and terror against civilians, just as frequent on all belligerent sides, cannot be justified and are universally condemned.

As far as the Kosovo situation is concerned, it is said that the terrorism of Albanians against the Serbian nation began back during the course of World War II, under the patronage of the German and Italian occupiers. There is abundant documentation of the fact that during and after the war hundreds of thousands of Serbs were forced to leave their age-old hearths in this province, which is the cradle of the Serbian state. Together with the demographic explosion of Albanians, this significantly altered the ethnic picture of Kosovo, the memorandum states.

For decades, the communist regime of Josip Broz Tito, established with the help of the Allied forces, pursued a policy that was in many regards in express opposition to the interests of the Serbian people. The Serbian Orthodox Church was subjected to unprecedented persecution by the communist authorities.

What is perhaps worst of all, the Serbian nation was divided up into several federal units, with arbitrarily drawn borders based neither on historic nor ethnic principles. In this way, one-third of all Serbs were excluded from the federal unit of Serbia, and that republic was even additionally weakened by the creation

of two quasi-states on its territory, the "autonomous provinces" of Vojvodina and Kosovo, the memorandum emphasizes.

All the controversial issues in B-H as well as the other conflicts in the former Yugoslavia must be resolved exclusively by means of negotiations and agreements between the belligerent sides. Negotiations must be based on accepted standards of international law and on the established principles of democratic countries with regard to human and minority rights. It is especially important that the right of nations to self-determination be respected, based on the UN Charter.

The conference must demand of all belligerent sides that they: establish control over paramilitary formations, which are especially guilty of crimes against civilians; restrain propaganda in the media under state control, which contributes to interethnic hatred and political intolerance; and allow the development of democracy in our own camp, which would contribute to a more tolerant atmosphere in the negotiating process. This must apply in equal measure to all belligerent sides.

It is obvious now that a high level of decentralization of power, based on the cantonal concept of a confederal state, offers the greatest hope for peace in B-H and for the future coexistence of its three constituent nations. Moreover, this was the basis for the proposal put forward by the European Community in March of this year. The impudent rejection of this proposal by the government in Sarajevo contributed substantially to the current conflict, the memorandum states, among other things.

#### **Kosovo Platform in London 'Intentionally' Absent**

92BA1379E Belgrade BORBA in Serbo-Croatian  
25 Aug 92 p 6

[Article by M. Antic: "Kosmet Albanians Travel to London Without Solid Platform: A State or Name Your Price"]

[Text] *It is believed that Rugova has intentionally avoided a platform in order to have a political retreat upon his return.*

Pristina—The delegation of Kosmet Albanians will be in London tomorrow. It will be led by Ibrahim Rugova, but its composition is not being announced, because there are challenges concerning that question among the leaders of Albanian political parties. It will be there within the capacity of observer, or as it says in the invitation, in the capacity of interested party without the right to participate in the formal part of the conference, i.e., at the negotiating and decisionmaking sessions.

Analysts of events in Kosmet have remarked that the Rugova-led Albanian delegation at the London conference, at least two days beforehand, has not made public the platform that it is taking along, under the pretext that all of it is already known. It is believed that Rugova has intentionally avoided this in order to have a political

retreat upon his return, because as a well-versed politician he did not want to make any firm promises to his compatriots right before traveling to London, especially since he is aware that the international community has completely different solutions for Kosmet and certain other regions than that of an independent and neutral Kosovo, which has been emphatically put forward in recent times by Albanian politicians. This "neutral" aspect, advanced only a week before the conference, would have to signify in some way an abandonment of secession, and especially the international community's belief that there is no desire for unification with Albania. Rugova's critics also see a reason for his not making public his firm platform in the fact that this time as well he "managed to bypass the leaders of the other political parties, and even to avoid holding a meeting of the coordinating body of those parties," through which, it is felt, "he once again showed that he and his associates know what is best for the Albanians." For this he is being roundly criticized in certain Albanian political circles, although there is still a desire to alleviate the situation by saying "that he is the legitimately elected president, and that there is no need to consult a nonexistent political body after the election."

Rugova's critics stress that this "meaningless invitation from London" was the last straw of salvation for Rugova, because if that invitation—even such as it is—had not come, then he would not have had anything to say to his compatriots. In this way, it is added, whatever he brings from London under the "name your price" system will be the position of the international community "which could not be accepted," which will, it is felt, be an adequate alibi for his current policy and a possible continuation toward a peaceful conclusion of the entire "operation."

While Rugova, conditionally speaking, is silent right before the beginning of the conference, various Albanian political parties and associations are also sending numerous letters to London, the basic message of which concerns "gaining an independent and neutral Kosovo, or a new battlefield in the Balkans and beyond, but now much more bloody and dangerous than all previous ones." Through the local press, Rugova is explicitly being mandated to emphasize this especially in London at every opportunity. It is another question, however, whether and who in the international community will agree to such extortion, the origins and goal of which are known.

While this sort of political skirmishing goes on for days, there is no small number of Albanian storm troopers who are following all this with the threat that they will use arms, and some of them are even rattling their swords openly. Thus, the illegal president of the Albanian Kosmet government in exile, Bujar Bukosi, refuted Rugova a little while ago and announced to the world "that the Albanians have at their disposal sufficient quantities of light and heavy weaponry to achieve their goal."

[Box, p 6]

#### Nine-Member Delegation Leaves

Just yesterday afternoon, we received confirmation from the Democratic Alliance of Kosovo that Albanians will be represented in London by a nine-member delegation. It will be led by Ibrahim Rugova in his capacity as president of the so-called "republic of Kosovo" and chairman of the Democratic Alliance of Kosovo, which will also be represented by Edita Tahiri. The Peasants Party will be represented by Hivzi Isljami, the Parliamentary Party by Veton Suroi. The delegation also includes academicians Mark Krasnici and Gazmend Zajmi, as well as doctors of science Aljus Gasi and Sacir Saciri. The ninth member of the delegation is Bujar Bukosi, who will join the other, who have already left for London by way of the Skopje airport, there, since as the illegal prime minister of the "republic of Kosovo" he is in exile.

#### Muslims, Serbs Fighting Together in Hercegovina

92BA1379D Belgrade BORBA in Serbo-Croatian  
25 Aug 92 p 9

[Article by D. Banjac: "Tracking Down Report That Serbs and Muslims Are Fighting Together on the Trebinje Front: Guarding Home Together"]

[Text] *A large number of Muslims have joined Hercegovian Serbs in the defense of Trebinje opstina from the Croatian armed forces; everyone is the same at the front.*

The "Trebinje-style" Serbo-Muslim accord, in many regards specific to eastern Hercegovina, has not pleased some people in this Serbian autonomous region [SAO] ever since the beginning of the conflict. Especially in some northern member-opstinas of the SAO Hercegovina (Gacko, Bileca, Nevesinje...) where the majority Serbs have clashed a fair amount with the minority Muslims, none of whom were in their units, which were filled exclusively by Serbs.

In Trebinje, despite some "preliminary work," which for a time even indicated major discord (minor pressure and intimidation, the blowing up of stores, etc.), everything suddenly took a different course, and the fact that a large number of Muslims took up position at the borders to defend the opstina from the Croatian armed forces says plenty. Ultimately, the news went out into the world via the British Sky Channel (on Saturday). The pedantic English did not fail to notice that Serb and Muslim doctors were working together at the hospital.

"We expect our neighbors to join ranks with us and defend our city of birth and the land in which their ancestors also perished," said Bozidar Vucurevic, the mayor and president of the SAO Hercegovina, at the beginning of the military action in this region. Although it is hard to speak of numbers and percentages, one can say roughly that the "majority" of Muslims are in (Serb)

Hercegovian units. It was not that long ago that Bahrudin Efendic, a member of the Main Committee of the SDA [Party of Democratic Action] said that "there is no question that this region must also be defended by Muslim fighters; it is unacceptable to (the majority of) them to go to Stolac and Mostar," but later, when the city—and even the thresholds of their homes—was threatened, the only point of contention was the emblem on their caps. Because how would it look for Serb fighters to be wearing a Muslim symbol?

Captain First Class Zarko Krulj, the head of the Ministry of Defense of Serbian B-H [Bosnia-Hercegovina], Trebinje section, says that despite the fact that "some of the Serbs and Muslims had already crossed the border of Yugoslavia," plenty of Muslims have been in our units from day one. It is hard for me to say how many there are, but I must say that people probably realized that their life is here and that that was critical. Second, the reaction of both groups was affected by the strong controls over leaving the area, while the Muslim people of this opstina are cut off from their units in another sense as well. That is how it is for now, says Krulj, and as far as the return of deserters is concerned, "the effect is weak, only the climate is better, and this is an improvement in the sense of weighing a choice: to return or not. The greatest favor to us would be if the authorities in Montenegro and Serbia would not enroll students at the local colleges and if they would not hire Hercegovians."

Dragomir Grubac, the chairman of the SDS [Serbian Democratic Party] in Trebinje, is inclined to assert that in the cooperation in question "everything has been staged, and the Muslims should be treated better," while his namesake Radovan, the commander of the Hercegovian forces in Bileca, has often said that the Muslims "differ in no regard from the Serb fighters at the front, which is hardly any wonder."

#### Economists on Bozovic 'Wrestling With Sanctions'

92BA1372D Belgrade BORBA in Serbo-Croatian  
26 Aug 92 p 10

[Article by Dara Vucinic: "What Economists Say About Results of Bozovic Government's Wrestling With Sanctions of International Community: Bozovic's Self-Conceit"]

[Text] *Dr. Ivan Vujacic: It is obvious that the Bozovic government is already beginning the usual dispute with the federal government; Dr. Dragana Djuric: Bozovic's plans, both mentally and ideologically, are diametrically opposed to those of Panic and his government; Dr. Pavle Vasic: In whose name are the chairmen of the Economic Chamber and of the labor unions giving a green light to Bozovic's unargued praise for "applied measures"?*

According to the daily press, it was announced at the meeting with the Serbian government, or rather "with Radoman Bozovic," attended by the chairmen of the republican Economic Chamber, Vljako Stojiljkovic, and of the Council of Labor Unions, Todor Vujasinovic, that

the "Serbian government's measures to alleviate the UN economic sanctions have been necessary and that over the past two-month period they have yielded positive results." They say that the "balanced functioning of the economy" has been ensured, together with the supply of markets and "overall life and work at the necessary level." The program is basically being put into effect in the areas of production, prices, and earnings—only in the domain of monetary trends have there been serious breaches—which "raises the question of the responsibility of federal monetary authorities."

Several economic experts, asked by BORBA in a "blitz survey" to comment on the announcement from Prime Minister Bozovic's office, responded that they are not very surprised at such assertions, "given the source."

#### Who Fears Restrictions?

Dr. Ivan Vujacic, lecturer in the Economics Department: Bozovic's typical self-conceit. It is obvious that Bozovic's government is already beginning a dispute with the federal government. Just as it has otherwise done for years, in order to put the blame for its incompetence and poor economic policy on someone else. Despite the fact that the actual essence of the dispute is not yet discernible, a conflict is looming. The most probable motive is the fact that several days ago the federal government announced a drastic intensification of financial discipline, a change in and control over the overall flow of money. The exact measures to which the federal government will resort are still unknown, but it is clearly known that if a restrictive monetary policy is to be defined on the state level (as it should be), then all economic-social and political problems will come to the surface. This means that it will no longer be possible to hush up the consequences of the Bozovic government's catastrophic policy, because this federal government is not to blame for this, while the remnants of the first one were simply a service shop for the republican government.

Thus, it would be better, says Dr. Vujacic, if Prime Minister Bozovic would abandon his usual self-congratulations and self-conceit and go public with information on the (enormous) losses (and causes), about the fall in production, the number of workers on forced leave (whom he has promised to pay whether or not they work), etc. We should see, furthermore, how much money has been issued over recent months by republican national banks, from which they think that they will finance such massive state needs in the future, etc. Instead of this, he intends to put the blame, in advance, for all future negative revelations concerning his "governing" on the federal government.

#### Tradition Continues

Dr. Dragan Djuric of the Institute of Economic Sciences: This self-praise by Bozovic and his government is really ridiculous (although it does not surprise me). What sort of positive effect from "his survival measures" can one find over the past two months if it is true—and it

is—that, say, production in July of this year fell 30 percent compared to July of last year; that factory prices in July—and this is based on official statistics—rose as much as 62 percent compared to June, and one should not forget that this happened with around 50 percent of prices under some sort of control by the Bozovic government.

As far as the people are concerned, about whom Dr. Bozovic also boasts, the latest figures are not available, but I know that in many activities the prescribed maximum is significantly exceeded (banks, for example, but not only them). Besides all this, of course, money is being "earned" at the Topcider mint. August will certainly be worse in terms of inflation and as far as production is concerned, because it is known that there are fewer and fewer raw materials and intermediate goods, and more and more "embargo."

In a word, we are seeing a continuation of the already traditional behavior of Serbian authorities: They blame federal institutions for all their numerous failures. Indeed, this is how they maintain their political position, so that perhaps this should be regarded as effective behavior. Please tell me how the central monetary authorities, as they allege, could now be to blame for the current monetary chaos, when they did not even direct those trends. Now they have simply replaced the governor of the national bank and said that they foresee stronger ties between the central bank and the federal government.

#### Overthrow of (This) Federal Government

Bozovic is right when he announces that it is necessary to define the authorities between republican and federal institutions based on the FRY [Federal Republic of Yugoslavia] Constitution. But it seems to me that something else is at stake here. This is the beginning of a misunderstanding between republican and federal officials, for the simple reason that Bozovic's plans, both mentally and ideologically, are diametrically opposed to the approach for stabilizing the Yugoslav economy announced by Panic and his federal government, regardless of the fact that the federal program has not yet been worked out in greater detail.

Prof. Dr. Pavel Vasic of the Center for Economic Research of the Institute of Social Sciences: I figured that eventually, as is usually the case, the republican government would begin to pull down this federal government as well, but I thought that there would be new methods in this case. At least that. Now, with its empty talk about its ostensible successes and the federal failures, it, like in the past, is trying to put the blame for its own atrocious economic policy on someone else, despite the fact that it does not say a word (and it should) about the extent to which it is to blame for the failed implementation of programs by federal institutions. It would be interested to hear, "for example," how much money the republican government was obligated by law to pay the federal treasury as an excise tax and how much it actually paid.

But I am really amazed at something else: Who gave the green light to the Economic Chamber and to the Federation of Labor Unions, in the person of their chairmen, to support the solution of the federal government in this way? But at numerous meetings, workers have repeatedly stated that they do not demand pay, but rather earnings, and that this type of policy and this type of state management of the Serbian economy would lead them all to catastrophe. Evidence that we are moving toward that catastrophe is provided by the fact that not only the entire Rakovica industrial base has been shut down lately, so to speak, but also almost all of Belgrade's economy. And just imagine what all awaits that economy once people return from vacation....

### Fear, Anarchy in Montenegro's Pljevlja

92BA1376A Belgrade VREME in Serbo-Croatian  
24 Aug 92 pp 30-31

[Article by Velizar Brajovic: "Montenegro: Pljevlja on a Powder Keg"]

[Text] *Finger on the trigger. The Montenegrin media have given unseen publicity to the handing over of scores of old rifles. Such rifles have not been seen in action in the occupation of Pljevlja, and, as eyewitnesses claim, the number surrendered does not amount to even a fifth of the weapons seen on the most poorly maintained barricade in Pljevlja.*

Finally, on Wednesday evening, on prime time of the TV Daily of Montenegro, Vukotic Scekcic, who is acting director of the Security Center of Pljevlja, informed the public that two citizens of Pljevlja had been arrested because they possessed weapons and various explosive devices. They were Damir Kadribasic and Muharem Karovic, in whose apartments, during a search, militiamen found "homemade explosive devices, explosives, small bombs, and a large quantity of ammunition for weapons of various calibers."

Both individuals were remanded to the investigative judge of the Basic Court, temporary arrest was arranged for them, and, until the appearance of this news in the press, there was no information that anyone had protested because of this, especially since the arrested parties were freed due to pressure from unidentified forces.

### Ultimatum

This event seemed to official state organs that they are beginning to prove how a real government in Pljevlja is functioning despite everything and how the local militia forces, finally, are recording two positive points. Only a few days earlier these same militiamen, it seems, obediently accepted the assessment of Chetnik major Ceko Dacevic that they had erred, so they freed about 10 of Ceko's men, with whom the guards had fought the previous night. However, acting director Scekcic had remained silent, and still less did anyone remember that the people were again brought to Serif Cengic, president of the Court for Violations, after the action of "unseen

liberators." Judge Cengic was embarrassed after the preparation of the bill of indictment for all 10 arrested individuals, after a group of citizens gathered in front of the court building and began to shout: "Hey, hey, Ustashi, gang of reds," and the like. According to the estimate of Judge Cengic, there were about 1,000 citizens there, so he was uncertain whether to put the accused to trial under these conditions. He stated that security was poor and the militia powerless, so he telephoned the republic court for advice. When he returned, the arrested parties were gone, and no one could tell him who allowed them to leave and how.

Ceko Dacevic explained everything that morning at the inaugural assembly of the Serbian Radical Party, which was attended by district president Momcilo Bojovic, as well as representatives of the militia and the ruling party, DPS [Democratic Party of Serbia]. Most of the discussion at the assembly centered on the arrested men of Ceko Dacevic, who were awaiting trial in the court building nearby. Dacevic said that they had to be released by 1700. If this was not done, nothing Serbian would be worth anything in this territory, Dacevic announced, adding that "he who thinks that he will earn a little star from beating up a Serb was making a mistake.... I want the brothers whom I disarmed to be released," said Dacevic. After this about 1,000 citizens gathered "spontaneously" and the action of "unseen liberators" was carried out! Dacevic's threats that everyone who erred in this case must leave Pljevlja, especially the militia, who came from elsewhere as reinforcements, also reverberated; on the contrary, the occupation of Pljevlja, already seen, could be repeated.

Evidently, the militia treated the threats with complete seriousness and decided to remain silent. As our sources claim, they already regretted that they reacted and clashed with a group of unruly youths, after whose midnight visit several bomb explosions reverberated, in order to attract the attention of the militia with shouting and noise in cafes around 0200 or 0300. In the first cafe there was no contact with the militia, but it was inevitable in the second, but only when the guards could no longer bear the insults and attacks on themselves. In the rather long fight, with screams and shooting, Ceko's "disarmed" men got the worst of it, and the militia learned a lesson from everything. Militiamen who participated in this action, according to the claim of one of their colleagues, have the feeling that they were a target.

Ceko Dacevic ended the action by surrendering his weapons. The Montenegrin media have given unseen publicity to the handing over of scores of old rifles. Such rifles have not been seen in the action of the occupation of Pljevlja and, according to eyewitnesses, the number surrendered does not approach even a fifth of the weapons seen at the most poorly maintained barricade in Pljevlja. Dacevic is justifying the suspension of the disarming with the words "that all citizens, and not just Serbs, should be disarmed." The arrest of the two Muslims is in connection with this, and this act, with full media coverage, is also being interpreted as an attempt to cheer

Ceko Dacevic up, or to let it be known that the militia are here not just to protect Muslims; Dacevic and the leaders of some parties have criticized them most often for this.

However, the question is how long the illusory peace will last, or "the attempt to avoid tragic consequences." Whether the government is still testing its own power before entering into a decisive confrontation with illegally armed citizens and paramilitary formations, and whether it has such a wish at all, is a question without a definite answer. Distrust and fear among citizens are growing, and are fed every day by events on the streets of Pljevlja. For example, a group of citizens was astonished by the discovery that the heavily loaded automobile of Ceko Dacevic was followed by a "camper" of the Yugoslav army, only a few score meters from a station of guards for the Thermoelectric Power Plant of Pljevlja. Naturally, the militia did not check the contents of the automobile, although it does this regularly, so the citizens are asking themselves what Dacevic was carrying and why he needed "security." The militia persistently calls on citizens to help with disarmament, but they have realized that the militia doesn't even want this help. Because, the citizens have identified all participants in the blockade of Pljevlja by name and surname, but the government hasn't done anything either to those who have robbed the citizens or even less to those who extracted the last drop of gasoline from the Pljevlja gas pump. For this reason, the conviction is growing that amnesty for the rioters was a condition for lifting the blockade of Pljevlja, and that members of those "unidentified forces" are enjoying a special status in Pljevlja until further notice. This conviction is supported by the fact that not a single criminal case has been brought against any member of the Serbian Radical Party, or "fighters" under the direct protection of Ceko Dacevic.

### Control

Pljevlja is, therefore, under the complete control of Ceko Dacevic and his men. In truth, they are now seldom noticed with weapons, but from the cafes songs are heard about the slaughter of the Turks, and orthodox Serbs are advised in threatening tones to avoid any conversation with Muslims. Thus, Ceko Dacevic, noticing a retired professor conversing with a Muslim, told the professor's nephew to tell his uncle: "Don't let me see him doing that again."

Fear also prevailed among both citizens and members of the militia, who excuse themselves that they cannot do anything. "We don't have a chance," said one militiaman to VREME, "because you are never certain from whom danger will come—whether from illegally armed people, or from those who are paid to maintain public order and peace. There are great divisions in effect, and I think that any vigorous action would mean the beginning of war, not only in Pljevlja but in all of northern Montenegro, and even farther. They have too many modern, lethal weapons; one even has the impression

that they have been supplied by both the army and the militia, and a clash is unavoidable, the only question being when it will ignite."

In Pljevlja everyone has his own authority and law, and applies it as he sees fit. Up to now the government has kept its hands off maintaining order and peace and respecting the law and, thereby, off itself primarily. All hopes are disappearing in waves of anarchy, emphasized by the scenario already seen on the former territories of the former Yugoslavia. The question is not whether, but whose trigger finger will begin to itch first and most.

### Causes of Conflict in Pljevlja Discussed

92BA1376D Belgrade NIN in Serbo-Croatian 21 Aug 92 pp 20-21

[Article by Petar Nesic: "What Is Happening in Pljevlja? Tell Me, President...."]

[Text] *Has life in the district in the north of Montenegro been stirred up because of clashes between local extremists, or is the Montenegrin prime minister, Milo Djukanovic, right when he mentions the possibility that actual officers of the Yugoslav army are standing behind the ethnic cleansers there?*

Pljevlja, a Montenegrin district, borders on Bosnia, and that border is 140 kilometers long. On the other side are Cajnice and Gorazde.

Buses are checked about 100 kilometers from Pljevlja, and especially from the provincial town. Combat vehicles are on the approaches to the town, and soldiers with machine guns are sitting in them. Buses go into Pljevlja and out of Pljevlja, and they drive a surprising number of women in mourning dress, children, and refugees from Croatia and Bosnia. On the 17th, while this is being written, there will be a rally of the Serbian Radical Party there. It is suspected that Dr. Vojislav Seselj himself will come.

High leaders of forces in specific (legal) uniforms of Montenegro, with a joking threat that they will shoot anyone who reports it, say that the strings of the unrest in Pljevlja are being pulled from another republic: "From Serbia. Ask Milika Ceko Dacevic what he did two days ago and what he was talking about with Seselj in Bar."

The important person in Pljevlja is Milika Ceko Dacevic. He received this reporter in his white Mercedes; Dacevic sat in front (there's a driver), drank beer, and asked whether there was some Muslim in the car. "If there are any, they can get out immediately." Later, while the Mercedes floated toward the militia building in Pljevlja, Ceko said to the reporters (two more): "You are under arrest!" He was joking. He wears mourning clothes, and his leg is bandaged. He lost his brother in Vukovar.



From Vukota Scekcic, newly appointed director of the Security Center, a complete description of the August rebellion was obtained. The official version.

#### The Description

Police patrolmen stopped the white Mercedes on 6 August. A certain Vukovic drove the auto. It was not possible to determine the origin of the vehicle, except on the basis of a statement given by Dusko Kornaca, president of the SO [Federal Committee] of Cajnice (Bosnia). "The auto was taken in, and the driver." The auto was held, the driver released. On 6 August, around 0700, "Milika Ceko Dacevic came to the security center on his own initiative. He said the car was his, and demanded that it be returned to him unconditionally."

The CB [Security Center], because of these and other circumstances, decided to hold Dacevic "for engaging in an informative conversation." At 1200 on 6 August 1992, the first group of citizens came to the militia station and demanded that Ceko Dacevic be freed. They were told that an informative talk was being held, and that "afterwards a decision would be made whether Ceka would be freed or kept." In the afternoon the citizens gather in the same manner so that there are 500 or 600 people in front of the Security Center by 2200 or 2300. "There were people from Pljevlja, from other areas of Montenegro, even from Serbia. And from the area of Cajnice." The informative talk with Dacevic was finished "under abnormal circumstances." Dacevic was released at about midnight. The sixth.

On the same day, barricades were erected on all approach roads to Pljevlja. Trucks with round forms, buses. "Armed persons, numbering about 10 or 15, guarded them, and no one could enter Pljevlja without a close check." The unexpected guests had to leave their vehicles at the barricades and proceed on foot to town. Armed civilians at the barricades checked identifications, and they observed.... When Dacevic was "freed," firearms were fired into the air, and after an hour or an hour and a half, the barricades were removed.

A "work separation" was carried out on 7 August in the Security Center. Because of the events described, and "earlier mistakes."

Dismissed militiamen on 8 August in the morning, dissatisfied, protested in front of the CB building. Around noon they were joined by those "who expressed solidarity with the militiamen." Assembly members from the previous meeting (from Serbia, Montenegro, and Bosnia). Milika Ceko Dacevic again came to the CB and demanded that "new solutions be found" for the dismissed policemen, and that they remain in the service in the location of Pljevlja. Director Scekcic "held a talk with Ceko and explained to him that this was an internal matter of the service." Ceko threatened that if it was not the way he ordered, "he would arrange a scenario that would be worse yet than the one on 6 August." Ceko gave the police a deadline of 1700 for this. All the dissatisfied individuals again gathered in front of the CB at 1700.

Barricades were again erected, around the town, but "vital facilities in Pljevlja, the post office, the radio relay transmitter, the gas pump, the SO building" were also seized. (In the meantime, police workers "agreed" to a transfer from Pljevlja. A talk was held in the CB building, which was attended by representatives of the MUP [Ministry of Internal Affairs] of Montenegro, the Army of Yugoslavia, and a group of citizens. The blockade continued until 9 August at 0300. Life in Pljevlja has been "flowing normally" since 9 August. "Only one explosion has been recorded." On the 14th, around 0155, the vehicle of a Muslim resident of Pljevlja exploded.

#### The Events

Members of the Special Unit of the federal SUP [Secretariat for Internal Affairs] have also come to Pljevlja in the last few days. There's no place for them to stay; the hotel is full.

Dacevic, born in Niksic according to the findings of the Montenegrin MUP, "spent four and a half months in Belgrade" before he came to Pljevlja. "He participated in battles in Foca, Cajnice, from the crisis headquarters in which he brought certain quantities of weapons which he distributed among the citizens." Scekcic regrets that the MUP of Pljevlja has had trouble with these citizens; they threatened "authorized workers" with the weapons, physically attacked residents.... "Certain legal measures" were taken.

Dr. Ljubica Djakovic, member of the ruling DPS [unknown Party] in Montenegro, council member in the district assembly and representative in the Republic and Federal assembly, a resident of Pljevlja, is not speaking about Seselj's party, of which Ceko is a member, "or with the favoritism, nor does she have anything against it." But, she thinks, "and Bosnia has shown this," that national parties cannot maintain peace "in these territories." Dr. Djakoviceva counts among the national parties in Pljevlja the SDA [Party of Democratic Action], the National Party, the Serbian National Renewal, and the Serbian Radical Party.

Djakoviceva "regards highly the fighters who went for Serbianism to Vukovar and everywhere. But suddenly they are strolling around Pljevlja, armed, and that is not necessary here. We have tolerated this. When shooting began all day long, when the exaggeration began, when the Muslims became quite afraid, we all remained, my parties, the party in power, should have reacted sooner."

Every day wounded and "hordes of armed men from Bosnia, Serbia" have arrived. "For a while, after they arrived here, they forgot the help that this town extended to them, and they lost sight of the fact that they do not have the right to agitate us and that machine-gun bursts frighten anyone," the delegate says.

Dr. Djakoviceva spoke with members of the SPS [Socialist Party of Serbia] in the Federal Assembly in Belgrade. She asked them: "Do you respect the army?"

They replied: "We respect it." "Do you respect the MUP?" she asked. "We respect it," they replied. "I respect Ceko, Seselj's major," the doctor says. "That title was given to him by Boskovic, president of the SPS for Montenegro, and Seselj signed it." And Dr. Djakovic asked Seselj's men what major means under these circumstances. "They told me that he received the rank of major for exceptional courage, for the defense of Serbs in Vukovar."

Major of the Serbian army, they say in the MUP of Pljevlja.

### The Muslims

Muslims also live in Pljevlja. There are 17 percent Muslims. It is claimed, the army and the police know this, that they are also illegally armed. But, none of them have shot in the town. For the most part. And they have recently organized some patrols (for self-protection). Already seen.

Ceko "suddenly" organized the return of weapons on 15 and 16 August in a coffee house in the vicinity of the place. His men. "Now the Muslims are also expected to do this." Ceko demanded that guards of the SRJ [Federal Republic of Yugoslavia] and the army come armed only with sidearms to the agreed-on place for the radio transmitter of the MUP of Montenegro. To note the names of those present, not the number of rifles. Nor did he know how many weapons were being returned. And would be so. This strange occurrence was called "the spectacular surrender of the weapons." Everything was photographed, for TV and the newspapers. And Ceko's lads, like the majority of Montenegrins and Serbs in town, spoke there about how the Muslims did not respond to the callup, how they are also armed, "they're just hiding." "Perfidious," says one uniformed individual.

Up to now, from 1 January 1992 to 15 August 1992, there have been carried out in Pljevlja district "24 criminal acts of causing general danger through damaging others' property. And that through setting explosive devices in nine cases, setting hand bombs and shooting at others' property in seven cases...." Owners of the property attacked are "mainly Muslims." In one or two cases the owners of the property were members of a mixed marriage. During the investigation of these criminal acts, it was determined in one case that a Muslim shot at a Muslim's property. "Investigated up to today," in two cases the perpetrators of the criminal acts were from the area of Montenegro, and one perpetrator is from Serbia. Milan Paunovic, director of the administration of the Militia for Montenegro, thinks that the most intensive arming, illegally, has flowed since the beginning of the war in Bosnia-Herzegovina.

Perhaps the views of the highest state organs of the SRJ at the beginning of the war have contributed to the complexity of the security of the situation because of various perspectives on the possible new borders in the remainder of Yugoslavia.

Paunovic thinks "that what he's saying has been too disturbing, but it's a fact."

### The Judgments

The Montenegrin opposition has its view of the Pljevlja events. And the government as well. Milo Djukanovic has reported that there are "indications" that a real force, the Serbian army, officially, the Army of Yugoslavia, stands behind the gangs of bandits (according to MONITOR). Djukanovic said: "Numerous participants in the extreme policy of ethnic cleansing of Pljevlja of Muslims have appealed for the support of representatives of the Yugoslav Army and specific officers."

Novak Kilibarda, president of the opposition National Party, explains in this way the statement of premier Djukanovic that some "officers of the Yugoslav Army" stand behind the paramilitary:

"It would be well to place in one series the statements of the leaders of the ruling (Montenegrin) party on the army. They have called it a celebrated, powerful guarantor of preserving the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] Yugoslavia; on one occasion they have been proud that they have such an army, on another occasion they have called on active duty soldiers to return from the front...." Kilibarda thinks that Mr. Djukanovic is obliged, that since he mentions "some" military officers in collusion with the paramilitary, to say "which officers they are, which paramilitary they are. What Mr. Djukanovic and his party think about the Yugoslav army! Tell us, president of the party, so it's not too late for us!"

### The End

According to the 1981 census, the Pljevlja area had 10 percent Serbs; according to the recent one, 25 percent. Momcilo Bojovic, president of the SO of Pljevlja since January 1991, does not hide the fact that it was forbidden during the rule of the SK [League of Communists] to mention the existence of Serbs and their inclusion in the program of functions "according to the national key." It was said that the "political danger was coming from Serbia." Bojovic reported to Dobrica Cosic, who visited Pljevlja at the end of July with Momir Bulatovic, "that this is a question of tardy (Serbian) national romanticism which is being demonstrated in a way that nobody likes, but we hope that everything will flow along new, clean paths."

Bulatovic then mentioned "the 80-odd young men from this area who are in 'green berets.'" Dobrica Cosic, commenting on the discussion of Hakija Ajanovic, president of the Islamic Religious Society of Pljevlja, said, among other things: "There are various ethnic formations, 'white eagles,' men with the impulses of criminals and looters, who went out across the Drina, but I want to assure you that we will take all measures to disarm them...."

Cosic asked Ajanovic to assume his part of the responsibility "for the other side which is doing evil both here and across the Drina...."

Sefket Brkovic, president of the SDA [Party of Democratic Action] in Pljevlja, did not explain in more detail why the local Muslims did not come out to the referendum on a third Yugoslavia. Bojovic, president of the district, says that the responsible services have no information, but also do not deny that the Muslims in Pljevlja went to the national referendum on the autonomy of the Sandzak.

Sefket Brkovic sent his children, twins, to Prijepolje. "It's another world there." He has no criticism at all of the activities of DEPOS [the Democratic Movement of Serbia]. When asked how he defines the civilian interest, he remained silent. He thinks that the creation of national parties is a normal thing, in order for "relations in the overall plan" to be resolved. Which plan is that? He said something unclear.

#### More Personnel Cuts in Foreign Affairs Ministry

92BA1376C Belgrade VREME in Serbo-Croatian  
24 Aug 92 p 18

[Article by Seska Stanojlovic: "The Ministry of Foreign Affairs: Counting the Patriots"]

[Text] *The further organizational adaptation through "modern solutions," which is the official formula for converting the former SSIP [Federal Secretariat for Foreign Affairs] into the MIP [Ministry of Foreign Affairs], will assume first of all a further reduction in the number of employees. In any case, to fewer than 1,000, confirms Dr. Vladimir Sultanovic, under secretary, in a conversation with VREME.*

In a distant capital, where Yugoslav diplomats were exceptionally well regarded at one time, an ambassador recently issued an invitation to a reception to our ambassador. A letter arrived after the invitation in which our ambassador was instructed, and not even very courteously, simply to "forget" the invitation.

Similar unpleasantnesses are being experienced by other diplomatic representatives of the "SR [Federal Republic] of Yugoslavia," whose host countries have not refused their hospitality. There have remained another 25 ambassadors in the world, only one-third of the former Yugoslav ambassadorial representation (there were 75). Their reputation has diminished many times more in the meantime.

In a vast void, neither in heaven nor on the earth, hovers, with extremely uncertain prospects, the remainder of the Yugoslav diplomatic corps, personified in the total of 1,300 employees, the number remaining in this former federal apparatus after all voluntary and involuntary reductions in the past year. The Federal Secretariat for Foreign Affairs, which officially ceased to exist at the beginning of this month (it is now the Ministry of

Foreign Affairs), is faced with a new reconstruction and reorganization, which, according to the statements of those in informed circles, will be "both drastic and dramatic."

The ministry will absorb, as things now stand, the diplomatic offspring of the former SR's of Serbia and Montenegro. From the current perspective, it seems that they were founded at the proper time anyway only because of form, in order to follow the trend in the other increasingly independent republics. Because, as more time has passed, the SSIP has been transformed into a service arm of the foreign policy aspirations of Serbia (and Montenegro). A return to the previous situation will probably be the simplest and most painless in the coming attempts to redesign the diplomatic corps of a "country that isn't," its adaptation to newly emerging circumstances and its eventual return to the world from which it has been excommunicated. The Federal Republic of Yugoslavia, since its proclamation at the end of April, has been recognized by only six countries, and threats to empty the Yugoslav chair on which it humbly sits are arriving more frequently—from the United Nations and onward—than statements about the possible inheritance of the former Yugoslavia, from its name to everything that goes with it.

No one speaks gladly in public about the anxiety and uncertainty experienced as pressure from without and within by the diplomatic and other employees in the newly commissioned Belgrade MIP. The further organizational adaptation through "modern solutions," which is the official formula for converting the former SSIP into the MIP, will assume first of all a further reduction in the number of employees. In any case, to fewer than 1,000 confirms, in a conversation with VREME, Dr. Vladimir Sultanovic, under secretary, who, in the interregnum—from the April withdrawal of Milivoj Maksic, loyal to the end, to the July enthronement of Vladislav Jovanovic in the place of the first man of the "house"—managed the apparatus of the once very prestigious federal administration.

In the delicate operation of reducing the number of employees, in Sultanovic's words, "professionalism, expertise, independence in working, versatility, and—readiness to protect the interests of this Yugoslavia" will be most highly valued.

This last, a measure of (satisfactory) patriotism, which distinguished Vladislav Jovanovic in his inaugural address to the public in his new function, is certainly one of the most controversial criteria that arouse unpleasant associations among diplomats, experienced professionals. According to some of them, with whom we also spoke (for understandable reasons they wished to remain anonymous), loyalty to "this Yugoslavia" is proportionate to the lack of sentiment for that which Yugoslavia was up until recently.

In the chaotic erosion of the Yugoslav state, the Yugoslav diplomatic corps has already passed through similar

trauma to some extent, when its crumbling and "cleansing" were accompanied by the cutting open of the common state along its republic-national seams. With the collective departures of individual republic diplomatic teams—Slovene, Macedonian, Croatian—ambassadors, consuls, and other high diplomatic officials were recalled and reduced in number in the meantime. As Under Secretary Sultanovic confirms in his conversation with VREME, "a personnel reorganization was carried out, and people left the service—from ambassadors to diplomatic officials—who did not work in accordance with the interests of Yugoslavia."

The practical implementation of the vague "patriotic criterion," which assumes an absolute lack of "cosmopolitanism" and "internationalism" (it is claimed that Vladislav Jovanovic also insists on this), as some well-informed people claim, does not exclude the possibility that it will break down fundamentally into—national adherence. No one wants to talk about a possible "ethnic cleansing" of the Ministry of Foreign Affairs, as the extreme derivative of the above-mentioned principle. The corridor talk that all those hired have already filled out some survey sheets with personal data has also been challenged. However, it is indisputable that the confirmation of citizenship ("Serbian," or "Yugoslav") is the most valuable "paper" being hastily sought by all those who were born on the territory of the former Yugoslavia. Except for the usual officials who have remained (or become) permanently tied to Belgrade by the attainment of living and other circumstances, there are also diplomats—professionals not born in the territory of Serbia—among those who are awaiting registration in the Book of Citizens with anxiety. To a direct question about this, Dr. Sultanovic answers that "he has not heard of a single MIP worker's seeking (registration in the Book of Citizens) and having been rejected."

Comforting or not, it will be seen. Suspicion, however, is being caused by some recently introduced customs, with a hint of times past. In addition to tightened controls of foreign visitors, restrictions on their movements, etc., the greatest doubt is being caused by the fact that the once most powerful department of the SSIP—officially the SID (the information and documentation service) is unofficially introducing state security into the diplomatic corps—is again locked on the fourth floor of the building on Knez Milos Street. No one knows what is happening behind the closed doors, but many people are nervous about it.

**Martic on Suspension of RSK Security Service**  
92BA1379C Belgrade BORBA in Serbo-Croatian  
25 Aug 92 p 8

[Article by S. Radulovic: "Milan Martic for BORBA on Suspension of State Security Service: Poor Work of State Security"]

[Text] Knin—"I believe that the announcement is clear and that it will be easily recognized by everyone who is

working in whatever way against the interests of the Republic of Serbian Krajina [RSK]. At this point, there is no need to go public with names. As far as the interruption in the work of the State Security Service [DB] is concerned, this is a temporary measure, and the reason for taking this type of measure is the poor work of the DB," Milan Martic, minister of internal affairs of the RSK, commented to BORBA.

The ministry announcement released on Sunday states that "under a decision by the minister of internal affairs, the work of the State Security Service is temporarily suspended pending reconstruction of same, and legal measures are under way against advocates of negative phenomena." Although nothing more concrete can be concluded from the announcement nor from the reference to "both external and internal enemies of Krajina," the next moves of the MUP [Ministry of Internal Affairs] are discernable "between the lines."

Starting with the stance of nonacceptance of special status within Croatia, even "at the price of a continuation of the war," and given the observation that Croatia is amassing forces on the Krajina borders and maintaining a wartime psychosis through incidents, this announcement of more than four pages directs a serious warning at anyone using the provocation of disorder, the spreading of rumors, and the discrediting of individuals and institutions in the RSK in an attempt to provoke chaos and make it possible for a change of government and for those who favor special status for Krajina within Croatia to be brought in.

"The basic platform in the overall management of propaganda activities is that there are no real Serbs in the leadership ranks of the RSK, and that it is necessary to carry out radical changes and put the right people in the right positions," according to one illustration of the aforementioned position.

Among the rumors in widest circulation, mention is made of the link drawn between leading figures in the TO [Territorial Defense] and the League of Communists-PJ [Party of Yugoslavia], while there is also criticism of the "yellow press" for publishing information about how "individual leaders of the Serbian nation are ready for special status for the RSK within Croatia."

Authors and champions of such propaganda, according to the announcement, are found even in responsible positions, "from the local to the republican level," some of whom have relatives in responsible positions in the RH [Republic of Croatia]. "To their own people, they declare themselves to be Greater Serbs, but in reality they want to sit on the fence," the announcement says, after which it severely criticizes those who are "pathologically ambitious" and who are taking advantage of the transformation of state ownership for the purpose of speculation. "Such individuals have secured apartments, houses, and business premises, and formed their own companies in Belgrade, from which we have uncontrolled exports of natural resources and other goods

outside the RSK, the injection of foreign exchange into circulation, and so-called money-laundering in the RSK," the announcement emphasizes.

In the "self-criticism" part of the announcement, there is talk of weaknesses in the MUP itself, primarily "mistakes by individuals disposed toward crime and criminal activities, illegal entry into dwellings, the overstepping of authorities, and other negative conduct." Action will be taken against such individuals, the announcement assures, and in the future this will be done by corresponding legal measures, as well as by disciplinary measures of removal from the MUP.

### Illegal Money Transactions in Yugoslav Banks

92BA1376B Belgrade VREME in Serbo-Croatian  
24 Aug 92 pp 14-15

[Article by Zoran Jelicic: "The Dinar: Taking the Government to the Cleaners"]

[Text] *In business circles, it is a public secret that there are no limits for some banks in obtaining dinars from national banks, as well as that forbidden activities can be engaged in, primarily with foreign exchange, with no risk of punishment.*

While the Belgrade public occupied and entertained itself by speculating whether the deputy director up until yesterday of Jugobank, Egon Padovan, had fled to Croatia with a large amount of money, someone, almost without being noticed, took enormous sums of money to the street and overnight raised the price of a German mark by several scores of percentage points.

Officials in Jugobanka say that Padovan sought to retire at the beginning of this month and that he couldn't take dinars to Croatia, even if he wanted to, since there has been no payments exchange between Serbia and Croatia for almost a year. On the other hand, it has remained unknown who put money on the black money market and how much. The central bank, as well as its republic sisters, have long kept figures on monetary flows and, especially on the money supply, a great secret. However, among experts there is no dilemma about the fact that only the state, directly or indirectly, could be the buyer of foreign exchange that buys a lot and pays richly. We are speaking about the Serbian government, and possibly the Montenegrin government, since the federal government is no longer in the sky or on the earth. Moreover, republic national banks fill foreign exchange reserves, but not the National Bank of Yugoslavia too, although there is now no other income except on the basis of changing foreign exchange at bank teller windows—this is, according to regulations, the revenue of the central bank.

According to one version, in question is money that was earmarked from issuance for the purchase of grain, but remained unused on the whole because the farmers ground the grain and placed the flour in granaries. According to another version, which does not exclude

the first, the state does not need any "cover" as in the case cited, or no unexpected surplus in dinars. Simply, the state is authorized to issue as much domestic money as it wants and spend it for what it wants. In the case of the purchase of foreign exchange on the black market, the state achieves at least two important aims: It obtains the most valuable "goods of all goods" and, secondly, misleads a large part of the population into thinking that nothing terrible is happening, that all this will indeed not be quickly returned through increased inflation, additionally making the national currency worthless, and a drop in the general and personal standard. A separate question, certainly no less important than the previous ones, is what the government will spend the acquired foreign exchange on—on the purchase, for example, of medicines and grain, or on maintaining itself.

### Authorized Favorites

There is one place for creating money without cover, but there are a number of channels through which the state gives increasingly greater amounts of dinars for increasingly smaller sums of healthy foreign exchange. Those familiar with the situation say that there are no serious obstacles to directing the Topcider mint to print the desired amount of dinars without records. This money, since it passes through the hands of sellers of foreign exchange, again arrives at state bank teller windows sooner or later so that, in some manner, it is under the control of the person who gave the order for the issuance. This and all other channels are made possible by the crucial fact that the social accounting service has been divested of control of payments exchange. This function is passing to the central issuance bank and business banks, but since this transfer will last another year and a half, it is clear that, in the meantime, those authorized will literally be able to do what they want, without sanctions.

As to "those authorized," it is worthwhile to point out that enterprises do not fall into this category, although there is no doubt that they also, regardless of the type of ownership, appear with dinars on the black money market. In addition, if in the widespread violation of the law there is any point in making nuances, then the economy itself would have to fare at least worse, since its crime is directed at alleviating the consequences of the much larger and varied state crime. Is it necessary to recall that an enterprise with foreign exchange bought "on the black market" provides work, employment, supply to buyers—right up to filling the state treasury through taxes and contributions. To that extent, in the general lawlessness, amnesty for the businessman has many justifications. In general, the great majority of those informed claim that everything would stop in an instant if an omnipotent hand appeared and immediately imposed rigorous adherence to laws and regulations. Leave aside the question of how much sense there is in keeping alive stupid and harmful regulations; for the theme of this article, it is important to point out that in

the whole spectrum of illegality, the various participants act differently—both in the degree of difference, and in the gains that they realize.

The state and its banks constitute, for the most part, the largest and most important part of "those authorized." Naturally, no one will tell you which banks are state favorites, if it is at all important whether the state kills you through "Dida" or "Djida." Nor will anyone tell you the extent of this favoritism or, officially and publicly, that such a division exists among business banks. In business circles it is a public secret that for some banks there are no limits on obtaining dinars from national banks, and that forbidden activities can be engaged in, with no risk of sanctions. Hunting the dealers in such banks is also permanent and complete.

All this has happened right during the days of the adoption of a new law on the National Bank of Yugoslavia. Under the law it is foreseen that the central bank will be independent and the Assembly responsible for implementing the monetary policy adopted. The law terminates the practice under which the Government or the ministry of finance issues directives to the central bank what to saturate with money from issuances and at what price. In short, a central bank is formally created the like of which would not cause one to be ashamed even in the most advanced and most stable states. At this same highest level is also the cynicism with which governments have awaited the Law and greeted the appointment of Vuk Ognjanovic to the post of governor of the National Bank of Yugoslavia.

Once again it has been confirmed that in a regime of a certain type, most often designated as totalitarian, even the most modern regulations are nothing else than "promising happiness to the insane."

Naturally, this reference to the detailed and moral wisdom of the universal people should not be connected with the new governor of the central bank. Vuk Ognjanovic replied after several days, last Sunday to be exact, to a correspondent of POLITIKA: "We will protect the dinar." In truth, this factor of protecting the national currency relates, according to the thinking of the governor, to an unjustified attempt at a new devaluation of the dinar.

#### Governor's Turnabout

However, it seems that it was important to the governor that, on the occasion of the rejection of devaluation, he say something different: "Everything that has happened in the past month and that happened with the dinar is solely the result of speculative operations and misuse in the management of ready cash. Illegal gains are very widespread, with the absence at the same time of real, consistent tax control. The most difficult task both for me and for the National Bank of Yugoslavia at this time is that we fully answer, extremely expertly and analytically appropriately, what it is that's happening with the dinar. And, naturally, that we eliminate those illegal monetary channels and put ready cash in circulation under control."

The governor also said that healthy money does not depend only on the existence of economic preconditions, then that the current chaos and illegality are being paid for by consumers, and that he would perhaps burn out in attempting to create a healthy national currency. It remains to be seen whether this last is an expression of the governor's realism or only a rhetorical addition and a confirmation of the correctness of the policy that he is announcing.

To tell the truth, the governor did not lack promises. In a short time he introduced personal control of all payments from the budget, even subjected the Topcider mint in the organizational sense to the National Bank and, certainly the most sensitive issue, placed under his control the so-called military service, or the bank through which the whole payments turnover for the army has gone. Finally, the Council of Governors of the NBJ [National Bank of Yugoslavia] took the first practical steps on Monday toward the normalization of the situation in this sector and announced that it would close the monetary faucets to unqualified business banks and those that do not respect the regulations, that it would no longer postpone the payment of due demands and that it would check daily on the correctness of the use of defense credits from primary issuance. As early as Thursday, citizens were no longer able to withdraw more than 2,000 dinars at the teller windows of certain banks.

This time the wolf and the sheep are on the same side. The question is what the shepherd dog will do.

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