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Future of Czech-Slovak Relations Analyzed

92CH0925A Bratislava SLOBODNY PIATOK in Czech
28 Aug 92 p 3

[Interview with Vaclav Vales, former deputy prime minister in the CSFR Federal Government, by Katerina Perknerova; place and date not given: "The Wrong Thing Has Been Called the Enemy"]

[Text] *If I have ever met a person who really did not want to provide an interview, it was Eng. Vaclav Vales a few days ago. In Calif's government, he was until September 1991 the deputy prime minister for the coordination of economic policies and also the unforgettable representative of the government in the tripartite negotiations with the unions and employers. Today he is the deputy chairman of the administrative council of Centrotex, Inc. He was reluctant to talk with me because he is very skeptical about the question of the further development of relationships between our republics after any eventual division of the state. Of course, this is just what I wanted to talk to him about, and, finally, we did talk about it.*

[Perknerova] In the post-November government, you were a member of the government team which carried out the economic reform throughout the territory of the CSFR. After two and one-half years, a lot has changed. Some things have gone forward and some have gone somewhat awry. How would you diagnose the current Czech and Slovak economies?

[Vales] I would first of all say that the economy does not have a nationality. All the mistakes of the current policies result from us trying to calculate who will have it easier after an eventual division of the state. The degree of connection of the two economies is so striking that no scenario of a breakup, whether it is put together by the Czech or the Slovak Government, can cover all the circumstances. It cannot encompass the reality of life in all its complexity, that is, the 70 years of building up a unified market. When we then try to transform the economy to a market system, we should first of all preserve the market. Just splitting it up will in itself cause both its shrinking and also the danger that it will be more easily taken under the control of those who have an interest in that market. Another big mistake is the feeling that foreign capital wants to help us. It will come here only because it feels that there is a market for it. It has no other reasons and it finally does not come here because of cheaper labor; this has not been true for a long time now. All foreign projects start off either with an idea of gaining control of our market or expansion to the east.

[Perknerova] Do you mean to say by this that foreign capital comes to us mainly in order to eliminate any possible domestic competition and particularly to get rid of our industry?

[Vales] A majority of the projects of foreign firms which come to us are simply directed at purchasing market space, that is, at limiting production here and stifling any possible competition. Except for Volkswagen, I do not

know of any other example where a foreign partner has injected money into this country in order to increase domestic production and employment. This is doubly true of Slovakia. From that standpoint, it is a tragedy that we now will have to be concerned with problems connected with the breakup of the state. Soon they can also take on a totally new accent. When, for example, today Chemlon in Humenne does not deliver fibers to Tosty in As, it is clearly explained by the fact that those people in As did not pay their bills. Tomorrow, however, it may be interpreted as a consequence of a dispute between nationalities. And there are thousands of such business relationships between our enterprises. This seriously should not be the case. What today the final manufacturer can reject from his subcontractors on the basis of poor quality, tomorrow can be considered an economic sanction. These problems have come for our economy at the least favorable time. On the one hand, this day is visibly coming, if it has not already arrived, and on the other the hot points of adaptation are already showing up, into which we should expend our efforts in order to restore the vitality of the economic processes. But this would require a maximum concentration on priorities other than those which show up on the daily agenda in connection with the division.

[Perknerova] What, in your opinion, should these priorities be?

[Vales] At the moment, we find ourselves at a critical point in the transformation process in which there are predominantly difficulties. In searching for the causes, however, we have picked out the wrong enemy. It is actually not the legal composition of the state, but the insufficient authority of the integrating agencies of the federation on the one hand, and the weakness of the practical economic policies, especially in coordinating the actions of the main pillars of transformation, on the other hand. It follows from this that the priorities should be better coordination of the financial and budgetary policies while strengthening the jurisdiction of the federal financial council, effectively seeking out and acquiring foreign capital, and a well-thought-out regional policy. The error in setting priorities has unfortunately accompanied the greater part of the current transformation period. Instead of searching for other, more effective forms of integration and, at the same time, going for broad decentralization and denationalization, we have been looking for other forms of organizing the state and its executive agencies. In my opinion, we must first of all create an entrepreneurial culture, not only a layer of managers, but also an entrepreneurial ethic, including an effective right of recovery of all parasitic forms of getting rich using dirty money. Connected with this is the need to build a bridge over the abyss which separates us from the advanced countries of the world, that is, to concentrate on increasing the technical level of products, technological discipline, and mainly the skills and education of our people. We must also start with the fact that the market economy is not an economic mechanism and is not a political doctrine, but is a political culture which exists primarily in people's minds.

The market economy is entrepreneurship and it is not possible to order this into existence; it must come from one's own initiative.

So far, the transformation has brought the individual citizens only difficulties, but at the same time they persist in the hope that it will be better in the foreseeable future. Social compromise and revival of the economy as well are thus directly connected with how the current situation can be stabilized and the hardships accompanying economic reform gradually reduced. We definitely cannot consider slowing down the transformation. This would represent turning back the wheel of history, not to the current situation, but to a catastrophe leaving behind it losses, tensions, and the danger of total chaos.

[Perknerova] You continually speak of the priorities for the Czechoslovak economy, but obviously after a certain time this will cease to be a reality. One of the arguments for this development is that the less productive Slovak economy actually is a drag on the Czech economy and is pulling it down....

[Vales] Yes, this argument is one of the calculations which has no basis in reality. This concept, which is not substantiated by anything, appears at first glance to be plausible, but it does not have to be true at all. Let us look at a country which has already lived through something similar. When there started to be discussions about dividing Yugoslavia, roughly two years ago, Slovenia was very firm in wanting to pull out of the federation. Its reasoning was that it was more productive economically and as such was subsidizing the rest of Yugoslavia. Today, after its division, the Slovenes do not say anything like that because they know what it is really like. They lost the Serbian market for openers and also the Serbian suppliers of cheaper raw materials and semifinished products and they found out that their exports dropped significantly as much of the Slovene production capacity was brought to a standstill. Today the Slovenes are not competitive because they have to purchase a number of raw materials on the Western market at the going world prices.

[Perknerova] So far, the Czech economists have argued in favor of the unitary state mainly on the basis that, when the redistribution processes are finished, Slovakia will get the worse of it....

[Vales] It is a delicate matter in economics to begin to argue about redistribution. It is always a matter of the point of view. The producer of semifinished products can thus argue for compensation, as can the one who finishes the products. In this matter the economists make a number of mistakes. For example, several months ago I heard the opinion in Slovakia that the export of raw materials and semifinished products directly from the SR [Slovak Republic] to the world market will bring them profit because these commodities are wanted in the world. This is understandably nonsense. All raw materials and semifinished products are subject to far greater competition. As soon as we enter

into that world, we always find that there is someone stronger, someone who forces us out of the market. But the view on the part of the Czechs that after separation the transformation in the CR [Czech Republic] will be easier is equally mistaken. It is in error mainly in the fact that no one is able beforehand to estimate the future behavior of the economic entities until a living person enters into those processes. After all, today we find it hard to say whether we ourselves will not be our greatest competitors in the world market. There are already such signs today, but for now they do have a nuance of nationality. No one can figure out how it will really go with the division of the state.

[Perknerova] Not even in rough approximations concerning the impact on the economies of the individual republics?

[Vales] Under the conditions of a market economy, it is quite possible that the one who today appears to be the weaker economically can enter the world market more easily than an apparently stronger partner. It is also hard to guess the behavior of foreign capital. It can easily pull completely out of our territory because this market after the breakup will appear too small for people to get involved with it. We ourselves can begin to cause problems in areas where today no one expects them. Division of property always brings complications with it. For example, a factory with old machinery and technology can be seen not as an asset, but just the opposite. If it does not have management with a forward-looking production program, then it is just a building without any prospects for future profits. It is even more striking with uncompleted construction projects because every manager must ask himself the question of whether he will get a return off his investment in it. Just wait until such debates start here on the agenda for the division of the federal property! I am afraid that there will be very little positive in them. The fact that today the starting position of the CR appears to be more advantageous does not have to be true tomorrow.

[Perknerova] In this situation it will surely be important who will be at the economic helm. V. Klaus recently said that, except for R. Filkus, he does not know a single Slovak economist worthy of the name. Do you think that he is right?

[Vales] If I had to judge the current economic players in Slovakia, I would have to say that I know a lot of people who worked on the transformation economy, but they are of a different political orientation than the winners of the elections. They have thus left the scene and I do not have any overview of whether they are being used in some capacity. The people who form the currently governing political stratum will probably have problems with finding experts just from their own ranks. In my opinion, they should have the courage, in the interests of the matters at hand, to look for people based on what the economists say, rather than who says it and what political party they represent. I would in fact agree with Mr. Klaus that I know few people who are skilled in that area,

but that still does not prove anything. If neither the Czech prime minister nor I know them, that still does not mean that there are none.

[Perknerova] You are a proponent of the theory that the banks and financial institutes in general should take on a substantial part of the burden of the transformation process. How do you see it in this area?

[Vales] There I am more skeptical because that sphere is significantly reduced in dimension. Of course, this is not connected with any erroneous unitary concept of federation, but with the fact that in the recent past banks simply were not necessary. While there is thus a shortage of banks in the Czech lands, there are even fewer of them in Slovakia, along with banking experts. There must necessarily be a growth there in the banking arena of people capable of communication with global financial circles. They are not there today and so we are witnessing a number of systematically erroneous opinions. For example, it is a great mistake when someone thinks that he can acquire capital by selling off property like, for instance, a piece of a factory. The financial market after all knows something like credit and a banker must first of all have a guarantee in good projects for him to be willing to finance them.

[Perknerova] Let us go back again to the starting positions of the two republics' economies. Does it not seem to you that the excessively self-confident Czech government coalition is off the mark, especially when we look at the warning forecasts of the opposition economists?

[Vales] Certainly we have not crossed that boundary of the transformation process which bears with it the danger of a collapse, bankruptcy, and a decline in production. A lot depends on what concept of an economic policy for the next period the Czech Government has. There is nothing to change in the basic elements of the economic reform, but a practical economic policy must coordinate their actions. If, for example, today we are witnessing the preprivatization agony, no one can assert that we will not, after a time, undergo a postprivatization variant of it. The period which can bring a change to one or another direction is just arriving. After October, when the law on the equalization of competition takes effect, the banks will obviously begin to implement an uncompromising policy: Either you pay up or put the enterprise into receivership. All this will still bring great problems and it would be a great mistake to close one's eyes to the fact that such a moment will come.

[Perknerova] There is a lot being said now about the realistic nature of considerations of a future union of our two republics and their economies. What chances do you give to those projects?

[Vales] The idea of a new state legal composition brings out a broad spectrum of material expectations. There is not only a mistake in this, but also a great danger for the further course of our separation, which will necessarily be a process for which there exists no successful scenario

from outside. It is, after all, a process of disintegration and thus logically is not economical in its essence and brings with it great losses on both sides. It definitely does not make much sense to calculate who will have the greater losses from it. As I just said, it is an attempt to turn back the wheel of history. If, however, politics wins out over wisdom, as it already has several times in our modern history, then there is a need to make sure that the process of separation is provided beforehand with the maximum number of integrating relationships. At the same time, it is necessary to utilize the time to complete the economic continuity of the state at all the international organizations and to assure the world that we will meet the obligations and honor the treaties which we have signed. All these matters should be the main creative task of the Federal Government. If most of their activities have centered around preparing the law for the demise of the federation, that is, support for the disintegration process, then it is all wrong. It is just they who should be working on an evaluation of the current situation, including diagnosing the reactions of the partners even before the distribution of shares and before starting independent negotiations. It would therefore be necessary to form a joint team of experts from all three governments under the management of the Federal Government. A basic prerequisite for a civilized, peaceful, and orderly progression of the distribution, as is covered by the 22 July political agreement of the ODS [Civic Democratic Party] and the HZDS [Movement for a Democratic Slovakia], is the maximum preparation of the treaties on future activities. I would call them bridges for cooperation and maintaining a dialogue. Thus, in my opinion, as soon as possible a program should see the light of day to cover all the necessary treaties which would be prepared by the joint working group put together for that purpose.

[Perknerova] So you rather believe only in the possibility of future working cooperation by the independent republics?

[Vales] I would like to believe in it, but I see the basic error in the fact that the discussions between the victorious parties did not begin with the question of what form the future state or union will take, but with concentration on the phenomenon of separation. If we thus first divide everything up and each republic starts to ask separately what is advantageous for it as an entity, this is an entirely different viewpoint. Each social activity which now appears normal can appear entirely different after the division. It can start with the common currency, where it is enough for one republic to be to work for a better starting point for shoring up the exchange rate and then immediately there will follow the question why it should be subjected to the lesser economic strength of the other republic. The need for two currencies will thus be automatically introduced. It could also start with the army, where one republic will not be willing to resolve a conflict in the other with troops and under a unified command and immediately the question will arise whether it is not superfluous to have a joint

General Staff. There can be a number of such viewpoints where a priori there will not be a search for the advantages of the union, but for the disadvantages. Each will thus not be happy to give up the sovereignty and authority which it has recently acquired, even though with time their advantages prove to be at least debatable.

[Perknerova] Thank you for the interview.

Chairman Horak Plays Down Polarization in CSSD

*AU0210192292 Prague RUDE PRAVO in Czech
29 Sep 92 p 4*

[Article by "alm": "It Is Not a Current but the View of the Majority, Says Horak"]

[Excerpt] Prague—"I am not sure that this was the constituent meeting of a current of opinion," Czechoslovak Social Democratic Party [CSSD] Chairman Jiri Horak told RUDE PRAVO yesterday when asked about his stand on the meeting of some CSSD Central Executive Committee members and CSSD district officials in Rakovnik on Saturday [26 September], the participants in which advocated communication with the government coalition.

According to Horak, the CSSD's political line was decided at the last meeting of the CSSD Central Executive Committee "where, if I remember correctly, 96 percent were in favor and 4 percent against." As far as the party's political line is concerned, Horak said, there is only one current of opinion called social democratic. He added: "Some members may, of course, hold divergent views on some specific issues but one cannot, in my opinion, speak about a faction A versus a faction B situation." Horak said that he had not been invited to the meeting in Rakovnik, noting that "it was not until Monday [28 September] morning that I received by fax the statement adopted there, with which I have no great problems." According to Horak, although the CSSD will remain in opposition, this will be a constructive opposition that will support the government's policy in those cases where this will be a good policy. [passage omitted]

Uhde Reviews Current Issues of Consequence

*92CH0924B Bratislava NARODNA OBRODA in Slovak
3 Sep 92 p 6*

[Interview with Milan Uhde, chairman of the Czech National Council, by Alena Walekova; place and date not given: "Do Not Lose Yourself"]

[Text] *Despite a year that was a hot one on the political scene, the chairman of the Czech National Council, Milan Uhde, found time for an extensive interview with NARODNA OBRODA. In it, he reflects not only his own political opinions, but also, in his broader circumstances as a writer, his thoughts on actions in dissent and the role of writers of literature today.*

[Walekova] Mr. Chairman, first a basic question: When will the Czech constitution be prepared?

[Uhde] I do not dare to guess the date, but we will not be driven by any time pressure nor by the calls of some deputies for us to speed up its completion. We want a constitution which will stand for many years and this cannot be done under time pressure.

[Walekova] According to some sources in the Czech press, the work on the constitution has been hung up by the question of the territorial organization. The opposition insists on a breakdown by each land and the governing coalition wants it by region. What about this point of conflict?

[Uhde] I would not call it a point of conflict, but rather a certain phase in which we have succeeded in clarifying what each camp means by a self-governing division. The crystallized idea of an organization by lands results from the demands of the Moravian-Silesian region, which its deputies consider to be another region of the Czech lands, and some people have proposed a special status for Prague. This idea is based on historical concepts and has no actual self-governing functionality. Moreover, the Czech lands without Prague would not be a complete whole, but instead a truncated region. I therefore think that the idea of the governing coalition on a number of self-governing regions is more correct. We want to clarify this situation further in mutual discussions in order to reach agreement.

[Walekova] The commission for preparing the constitution has, however, already reached such an agreement. You yourself passed judgment on their discussions by saying that the governing coalition must take the opposition's position into consideration.

[Uhde] What we considered in the caucuses was whether the approved extreme idea of two or three self-governing regions raised the hopes in some deputies that we had changed our position and thus they partially interpreted this as pressure. But this was not at all what it was about. Two self-governing regions is a sterile concept and centralism would just shift from Prague to Olomouc with self-government again losing its authenticity, its functionality. We will be arguing further about this.

[Walekova] So the discussions will continue?

[Uhde] The constitution can only be a reflection of what the society, as represented by the deputies, can agree upon. The number of regions or areas is not the substance of the matter and can be the subject of a supplementary law on the constitution. We have therefore laid aside the disputed questions for the time being. The commission is continuing with its work. It is important that we reach an agreement on the significant general principles and I hope that we will reach agreement.

[Walekova] Among the deputies of the opposition parties there have been some strong voices raised about the fact that the governing coalition right in the

introduction to the constitution presumes the demise of the CSFR and thus speeds up the end of the federation. Does it speed it up?

[Uhde] I am convinced that it does not accelerate it any and that the procedure is in accordance with the situation at this time. The federation is really breaking up and only a person who does not see this would look for someone to blame. We may be saddened by this, but it does not change anything. A mature person, and especially a politician, must know when something cannot be saved and proceed accordingly. This moment has now come. Even the opposition is gradually beginning to understand this fact. After the first votes which refused to talk at all about a Czech constitution as long as we have the federation and which said that we should first speak of how to save the joint state, or after the categorical rejection by some parties of participation in the breakup, they now see the situation as more material and more serious.

[Walekova] So you consider the joint state as definitely finished. There remains for us only, as you said some time back, to part in a constitutional manner and as soon as possible?

[Uhde] The Slovak representation which won the elections insists on international legal status. We must deal with the consequences of this and the Czech Republic must look for a path to being an independent state. Personal feelings must be set aside. I daily receive many letters, mostly from members of the older generation. They try to explain to me that they sacrificed a lot for the values of the common coexistence and that they are the generation which sacrificed their lives for the joint state. I understand them, but this is not the viewpoint which should be reflected in the political decisions. When a marriage breaks up, it is useless for the partners to calculate who invested what in it, and I do not have in mind here the financial aspect, but the concepts, hopes, and ideas.

[Walekova] But there are also citizens' initiatives raising their voices against the separation and pushing for requiring a referendum as their civil right to manifest their opinions.

[Uhde] I do not think that the referendum could resolve anything. Those are barren expectations. Let us say specifically what could happen, for example, in Slovakia. Should its political representation which won the elections resign for international legal status? But they would have to answer that they asked their voters this question in their elections. I have also heard a proposed question like, "Do you want the joint state to break up?" I would have to answer this question, "No, we do not want this, but at the moment the deed is done we will start swimming." On a ship that is breaking up, there is no point in asking whether we want it to go to the bottom. And the accusation that we are not dealing in a conscientious way with the heritage of the joint state is not true. On the contrary, we are conscientiously considering

it and we are trying to resolve the matter without conflicts, as the past requires us to do.

[Walekova] And what about the parliaments? What role would the deputies play as representatives of the citizens? Are you considering meetings of the deputies to the CNR [Czech National Council] and the SNR [Slovak National Council] as was originally proposed by the Czech deputies?

[Uhde] We are counting on such meetings. Such a commission has already been established in the Czech parliament and is being formed in the SNR. However, the question is what they should discuss and what purpose there is to such meetings. The initiative should come from the two government groups or expert commissions which are mapping out the problem. However, we have as yet not spoken specifically about a schedule for the meetings.

[Walekova] Allow me to ask a personal question. For two years now you have been the minister of culture and much criticism has been heaped upon your head; you also will not have it easy sitting as the chairman of the parliament. Do you not long sometimes for your original role as a writer?

[Uhde] No, I do not long for it. It seems to me that at this moment the essential thing to do is to make good use of the experience a person has and I have therefore remained in politics. As a minister, I had the opportunity to make decisions on matters which were then followed by conflicts and disagreements. The chairman of the parliament does not have any executive authority. The parliament is a matter of arguing things out. The important thing is the contact with people and reaching agreements, of course, not at the price of forgetting in the search what I have declared, and we make adjustments. Such an agreement can indeed be simple, but worthless. Not to lose yourself in the process and at the same time to search for the possibility of common points of contact with the others, that is my parliamentary experience and also my human experience. None of us can avoid it if he does not want to live in isolation, but wants to live as part of a society.

[Walekova] Is this also your experience as a dissident?

[Uhde] Of course.

[Walekova] You got into politics after the November events as part of the Civic Forum. As one of the first dissidents, you decided to join the Civic Democratic Party. Why?

[Uhde] I got into the ODS [Civic Democratic Party] in August 1991, so I was thus not among the first ones. You can believe me or not, but from the beginning I was convinced that what is growing to fruition within the party is truly the heir to those good and positive traditions of the OF [Civic Forum] and that it is really the life-giving force. I was unsure only of whether I wanted to be a member of any kind of political party at all.

Whether I am capable of putting myself on display and remaining in politics. This is also what I said to Mr. Klaus when he invited me to debate this subject in the spring of 1991.

[Walekova] So you stayed in politics.... In what way is the ODS the "true heir to the good and positive traditions of the OF"? As a writer and a dissident, did you not have closer views and friendly relations as well with the people around the Civic Movement?

[Uhde] Certainly I had friendly relations, but not common views. Even in the dissident movement I defended the ideas which afterward became the cause of polemics against me as minister. For example, I am convinced that the writer is in no way the conscience of the nation. It can happen that at a happy creative moment a given writer can once in his life express something which becomes part of the national consciousness. Many of my friends from the dissident movement, on the other hand, defend the view that the writers are the conscience of the nation.

[Walekova] But it was right around these writers and intellectuals that resistance to the totalitarian regime was concentrated, and many got involved in, so to speak, antisocial activities....

[Uhde] The idea that the writer must get involved is a sign of society's sickness. They say that someone who is involved deserves advantages.... But a writer should not have any and the ones with the most substance to them do not even desire them. The only ones who call for advantages are those who turn culture into a field for their personal support. In the dissident movement there was a significant element of formerly prominent people who therefore had their own individual understanding of the idea of carrying on a dialogue with those in power. In the 1960's, writers hobnobbed with the top party officials. The average citizen had no such opportunity. I do not wish now to criticize the idea of dialogue with those in power. I only want to say that it can be interpreted in different ways. Being a dissident is in no way a qualification for which there should be rewards. What I did

before the events of November, I did because I could not do otherwise. And when a normal political life appears in this country, I not only do not deserve any advantages, but I am obliged to prevent them from being awarded. No one spared me in my position as minister and that is as it should be. Some dissidents who did not win in the elections feel hurt. One of them even wrote that people do not like the dissidents because in looking at them they are aware of their own failures under the past regime. That is a totally distorted way of looking at things.

[Walekova] But culture is not created only by writers or former dissidents and it is not only theaters, but also libraries and local cultural centers and the polemics were concerned with the "average citizen" having access to them. But let us get back to the question of how you see the ODS as a life-giving force and the heir to the OF.

[Uhde] In the practical and final destruction of the communist system, that is, in the efforts to constitute a free person. And even though it might sound materialistic, the free person is best formed in the environment of a market economy. This is my experience from many years as a dissident. I have never considered it the duty of the state to make it possible for me to publish and to live as a writer. Some speakers from the prominent people see it that way. I only wanted for the state to leave me alone, which it did not want to do. When a creative person cannot make a living off his creations, he must look for payment elsewhere and do the creative work in his spare time. Or he must be very, very modest. It is hard and pitiless, but much better than the socialist monopoly which took care of its own faithful and would not let those that it kicked aside even live. My conclusion is that only a substantial change in the political system will make it possible for the free person to get an opportunity here. This is why Klaus and his pals place such substantial emphasis on the economic transformation. The fact that they still do not wave humanism like a large banner does not mean that the building that they are constructing does not have a humanistic subbasement.

[Walekova] Thank you for the interview.

Csurka Disputed on Economy, 'Power Salvaging'

Manufacturers' Views

92CH0954A Budapest FIGYELO in Hungarian
3 Aug 92 pp 1, 7

[Interview with Gabor Szeles, president of the National Association of Manufacturers and a board member of the Hungarian Democratic Forum, by Zoltan Meixner; place and date not given: "Gabor Szeles: 'We Need a Liberal Economic Policy'"]

[Text] *Csurka's "programmatic" study threw the crisis of the MDF [Hungarian Democratic Forum] wide open. The case has some undeniable economic policy implications because, among other things, it discusses the problems of taking hold of economic power and of the "looting bourgeoisie." We inquired of Gabor Szeles, president of the National Association of Manufacturers [MGYOSZ] and also a member of the MDF presidium, about the extent to which these alleged problems are true and the role played by these problems in molding a national large capital economy and society. On page 7 of this newspaper, Janos Palotas, an independent representative in parliament, also makes a statement concerning these issues.*

[Meixner] You made a noteworthy statement the other day: The successful establishment of a balance between politics and the economy is going to be definitive from the standpoint of the country's future and of social development. In other words, you believe that, thinking in the longer perspective, the real front lines are drawn not between the parties, but between the political and economic spheres.

[Szeles] In healthy, modern societies the political and the economic sides are balanced. Some functional disturbances may result if these are unbalanced. We experience this in Hungary, and this is a direct consequence of the fact that during the past one or two years changes in domestic policy have substantially preceded changes in the economy. This is why situations occur that indicate that while the legal, political, and institutional framework of a civil democracy have already evolved, the ministries still want to direct the economy, and government organs and their bureaucrats try in vain to influence the people, events, and processes involved in business. A developed market economy is not going to be able to shoot roots until the balance I just mentioned comes about. This balance is certainly going to evolve in Hungary, too, but it would be preferable for this to occur sooner rather than later. To accomplish this, we need a liberal economic policy, because this is a small country. We do not have a huge national market that would permit conservative and protectionist economic policies. This is why I believe that the system change cannot be achieved purely on political grounds. This means that people with capital, businessmen, and economic experts should respect the views of politicians; in turn, however, politicians should recognize the competence of economists and businessmen with respect to economic issues.

Just one example: In developed market economies it would be inconceivable to permit politicians to decide about the conditions, the system, or the extent of taxation, without enabling the business sphere to enforce its interests.

[Meixner] What is your prediction: When is the above-described ideal condition going to evolve? Are there signs that indicate that society and the economy have already embarked on that path?

[Szeles] I am unable to answer the first question because the process could take years or even decades. Favorable signs exist, nevertheless. The various interest groups can be defined clearly. Large, medium, and small entrepreneurs' strata have evolved, even though they are constantly changing, and the managerial class and the employee strata are capable of articulating their interests. Institutional conditions for doing so exist in the form of the Interest Mediation Council [ET]. But there still is a preponderance of government in the ET.

[Meixner] Quite obviously, many ruling party politicians do not share your views. Moreover, they recognize some kind of an enemy in the evolving national bourgeoisie, one that had salvaged its earlier political power to the economy. Consequently, if their actions are consistent with what they are saying, they will do everything possible to counter the evolution of a balance you regard as desirable. How do you feel about the power-salvaging syndrome?

[Szeles] I do not believe that this is characteristic of Hungarian entrepreneurs. It is not characteristic because enterprising has been permitted since 1980, and at that point there was no realistic expectation of a system change. I know from my own experience that entrepreneurs were treated as public enemies. And since an overwhelming part of the large entrepreneurial stratum consists of people who started out at the same time I did, it is simply foolish to believe that these people are salvaging their power. I would not say that previous functionaries or cadres functioning in enterprises were unable to carve out a few millions from the state's assets, but these funds have either been deposited in bank accounts, or have been invested in small enterprises, and therefore are of negligible significance.

[Meixner] And how about managers left over from the past system, who were labeled this way at least as many times?

[Szeles] They do not salvage power either. At MGYOSZ we do not draw distinctions between state or private firms, or on the basis of whether the head of one firm is a crook, or a decent Hungarian fellow of the other. Anyone who does not recognize the existence of these things and is therefore unable to handle them should blame himself. I do not claim that I am satisfied with what is going in enterprises prior to, or during privatization. All I am saying is that it is not the enterprise managers' fault when they reduce their enterprises' performance to serve their own interests, because that way

the firms could be sold cheaper and more easily. And then, in the hands of the new owner, the firm and the manager suddenly perform well, and the manager tells his employer: You see how good a professional I am?! One cannot blame the managers for the consequences if the state does not know what it wants from its managers. It would amount to clear talk if the government, acting on behalf of the state as the owner, would talk the same way with these enterprises in the course of converting their enterprises into corporations, as a foreign investor would. In other words, the state would define performance criteria, and would add to that, that if the manager complied with those criteria, he could obtain a share of ownership. If not, things could go up or down.

[Meixner] Accordingly, in your view it would make no difference who became an owner and who became an enterprise manager, as long as these people were capable of operating the capital assets at the highest level of efficiency.

[Szeles] The government should make a statement to this effect, at last.

[Meixner] This, too, would obviously contribute to the balance between the political and the economic sphere you mentioned before. This condition, however, should come about at every level of social organization, i.e., locally, regionally, as well as nationwide. At the same time, local politics and national politics often take diverse paths, if for none other than situations in which persons elected to the National Assembly belong to a different party than those elected at the local level. How could the resultant conflicts be resolved?

[Szeles] Since the basic conflict—and I stress, not an opposition—has been between the political and economic sphere, this issue has not arisen in this form. General rules must be established for the development of a balance, and for managing the imbalances. It is obvious that a large entrepreneur with a global or continentwide business regards as important and wants to enforce different interests than a medium-sized entrepreneur who deals within the Carpathian basin or nationally, and, again differently, if the entrepreneur is small and has only a local interest. At the same time, if a given large entrepreneur is the largest tax payer and employer in a given settlement—a virilist, to use the old term—he should also have a say in local affairs. Especially in regard to the fact that there also is a need for local economic and industrial policy, and the entrepreneurial ventures must also perform their obligations vis-a-vis society locally, and mainly locally.

Palotas Interviewed

92CH0954B Budapest FIGYELO in Hungarian
3 Aug 92 p 7

[Interview with Janos Palotas, president of the National Association of Entrepreneurs and an independent representative, by Robert Becsky; place and date not given: "Janos Palotas: One Only Has To Strike the Keys"]

[Text] *Hardly anything new can be said about the political message contained in Istvan Csurka's study. But, while criticizing the government, the MDF [Hungarian Democratic Forum] vice chairman also called for a new national economic policy. Few people have criticized the government's economic policy in stronger terms than VOSZ [National Association of Entrepreneurs] President Janos Palotas. What does he think of Istvan Csurka's economic theses?*

[Palotas] I have been asked this question several times by both Hungarian and foreign reporters in recent days, and in most cases I did not respond. Some reporters wondered why, because in general I do answer questions raised by journalists. Nevertheless I think that the more thoroughly we analyze Csurka's study, the more significance we attribute to it. The fact that a study inspired by such ideas has been prepared proves to me the transitional character of society. Views like this are cast out in a matter of moments from politics in civil democracies.

[Becsky] This is true, except for the fact that issues pertaining to the role the state plays in the economy or to boosting the economy arise on a daily basis. And the traces of this can also be found in Istvan Csurka's study.

[Palotas] I would not say that in their own environment these thoughts were illogical. A person not familiar with the economy, one who does not know how the economic mechanism works, could easily conclude that concentrating all the strings that trigger the economy in one hand would be the most efficient solution. Decisions are implemented without debate if we are able to make decisions without debating them. But in the framework of this logic the following question does not even arise: What if we make the wrong decision? Well, the economy does not function this way. In this field normal decisions result from weighing the issues and reaching consensus. If we make a mistake the market control mechanisms may still correct the flaw. If this idea does not occur in one's mind, that person has nothing to do with the debate over a smaller or larger role to be played by the state.

It is not a writer's function to develop a consistent economic policy, of course. I do not recognize where enterprise has a place, if at all, in the kind of economic policy represented by him. State decisions prevail without debate in the framework of his concept. At the same time, however, an entrepreneur is characterized by the fact that once he assessed his own interests he makes decisions, takes risks, makes profits, or loses money. This has nothing to do with the fact that various members of the Hungarian Government have different views concerning the role to be played by the state. Here we are talking about economic models, which can be debated, but one is unable to include among these models the theses propounded by Csurka. In his view the government was unsuccessful not because it decided to pursue one or another economic philosophy, but because it did not insist on enforcing that certain "absolute truth." Because regardless of what it would have enforced, the

fact alone that it enforced something would have qualified the government. This philosophy can also be characterized by saying that a symphony is the way I strike the keys. One only has to strike the keys.... And the musicians could say whatever they want to, but what we hear is not music, but cacophony.

[Becsky] The current issue of VOSZ HIRADO reports that you have announced your resignation as president of the association. Political ambitions played a role in your decision, I would think. Do you regard the two roles as incompatible?

[Palotas] I never denied that economics and politics exert a mutual effect on each other. The political sphere must obviously dispose over the economic sphere, otherwise it is condemned to failure. But a society in whole or in part, in whose interest a party acts is broader and more colorful than the economy. Accordingly, if someone wants to appear as a political force, he must give answers not only to economic questions. This is why I feel that the idea of an entrepreneurs' party, an economic party, etc. is absurd. My specialized field in economic policy, and during the past years I might even have acquired some experience regarding ways a party could respond to our social and economic problems.

On the other hand, VOSZ's function is to mold the economic environment. So that enterprising becomes a worthwhile endeavor in Hungary. But VOSZ also plays a controlling role, insofar as it judges political decisions and states whether those are good or bad from the standpoint of its constituency.

I would not be able to control my actions as a member or leader of a political party. In other words, I cannot perform both functions simultaneously, and this is why I resigned.

Political Popularity List: Comparison to 1991

92CH0963A Budapest NEPSZABADSAG in Hungarian
29 Aug 92 pp 4-5

[Unattributed article: "Popularity List of Politicians"]

[Text] Szonda-Ipsos once again conducted a public opinion survey in June 1992 of a sample population of 1,000 Hungarian citizens using a questionnaire, so that based on the residences, ages, and gender of those surveyed the sample represented the adult population.

Two significant changes occurred since last May: Tamas Deutsch has gained four points in popularity, while Mihaly Kupa's popularity has dropped. Interior Minister Peter Boross is new on the list. With a 49-point rating he occupies a place in the center of the list. One could say that his place is prominent in the cabinet, because only Lajos Fur among his fellow ministers is ahead of him, and even he, only by two points.

Having reached the middle of 1992 it would be appropriate to look back and examine the kinds of changes this

year has produced. As compared to popularity lists prepared in January, the positions of half the number of politicians always included in the list have significantly changed, and this change has occurred mostly in the form of reduced public popularity. Ivan Peto and Tamas Deutsch can claim increased public support during the past six months, (they registered six- and five-point increases, respectively. The increase in the case of Viktor Orban amounts to four points, which represents a change within the limits of statistical reliability, at the borderline of being significant.)

Reduced popularity worthy of mention can be found with respect to nine public personalities. Based on our data, the media war has resulted in a loss of prestige for both the president of the republic and the head of government, but not of equal magnitude. Arpad Goncz scored five fewer points than at the beginning of the year, while Jozsef Antall's score dropped 10 points. Five politicians suffered smaller losses of six to seven points: Geza Jeszenszky - 6, Gyula Horn - 7, Lajos Fur - 7, Imre Konya - 7, and Istvan Csurka - 7. Laszlo Surjan's popularity index dropped nine points. The finance minister's reputation suffered the greatest loss: 15 points down since January 1992. Accordingly, from the standpoint of the public, the first half of 1992 produced unfavorable changes primarily to members of the cabinet.

The popularity of the above-mentioned politicians has dropped in equal proportions among both men and women, with the exception of Mihaly Kupa, whose popularity has declined more among women than men. Other than that, the finance minister's popularity has declined most among the elderly.

The head of state continues to enjoy an unchanged high regard in Budapest as well as among high school graduates and holders of diplomas; therefore the small decline in the number of points he scored is a result of changes in value judgments made by people with lower levels of education and people from the countryside. The number of points scored by the prime minister has dropped mainly as a result of views held by the elderly and by people having a midlevel education.

Ranking	Name	Popularity Points	Change ¹
1	Arpad Goncz	77	+ 2
2	Janos Palotas	74	+ 3
3	Viktor Orban	71	- 1
4	Gabor Fodor	70	0
5	Tamas Deutsch	70	+ 4
6	Gyula Horn	62	+ 1
7	Ivan Peto	62	+ 1
8	Gabor Demszky	59	+ 2
9	Matyas Szuros	58	+ 1

Ranking	Name	Popularity Points	Change ¹
10	Peter Tolgyessy	53	0
11	Lajos Fur	51	0
12	Imre Pozsgay	50	+ 3
13	Peter Boross	49	*
14	Laszlo Surjan	48	0
15	Bela Kadar	48	+ 1
16	Marton Tardos	47	- 3
17	Sandor Olah	42	+ 1
18	Jozsef Antall	37	- 2
19	Mihaly Kupa	36	- 4
20	Istvan Csúrka	35	- 1
21	Imre Konya	32	- 3
22	Geza Jeszenszky	30	- 3
23	Anna Petrasovits	29	0
24	Jozsef Torgyan	25	- 1
25	Gyula Thurmer	25	0

* not included in the previous survey
statistical error margin: plus or minus four points

¹ as compared to May 1992 survey

Military Security Policy Office Criticized

92CH0956A Budapest MAGYAR HONVED
in Hungarian 28 Aug 92 pp 28-29

[Article by Dr. Imre Bokor: "Aimless Security Policy Analyses"]

[Text] A surprisingly large number of people have made frequent statements in recent years about Hungarian security policies. The Center for Security Policy and National Defense Research [BHKK] is far ahead of everyone else making statements; it lets its voice heard in every branch of the media. It is so successful in doing this that "ordinary" citizens "register" the BHKK's redundant information as authentic. There is nothing objectionable about a "nonpartisan" organization dealing with security policy issues on a l'art pour l'art basis of course, but it is somewhat disturbing that this organization appears to receive (enjoy, maneuver) on occasion priority status before officials organs, moreover their hardly modest, lecturing tone of voice conveys a sense of knowing everything.

In the 8 August 1992 edition of HETI VILAGGAZ-DASAG we once again ran into BHKK analyses under the title "Aimless Doctrines Without Armor." This article must finally be discussed because, in addition to the more than usual number of generalities and/or trivia, it also contains such great a volume of mistakes (analyses) that it exceeds the permissible limits of tolerance.

Undoubtedly, Hungary is not being threatened in the military sense (as the scientific analyses of the BHKK also state), but there is no scientific basis whatsoever to support a prediction according to which one could hardly expect political instability and the instability of security policies in our region to cease prior to the millennium. This "vision of the future" deserves distinguished attention because if the analysts (still) count on political and security policy stability after the millennium, it makes no sense for us to seriously deal with the modernization of the army and with combat technology prior to the millennium, and we shall see what happens thereafter....

Except for the Ukraine, Hungary has no neighboring country with sufficient military power to actually pursue possible military objectives (will), according to the "experts."

Well, respected experts, it all depends.... It depends on what kinds of military objectives these are because as a function of these objectives, I do not regard the Hungarian Honved Forces as having the strength of a mouse, nor do I regard the armed forces of our neighbors as belligerent bulls. Based on its position, the BHKK infinitely simplified this complex formula and swept under the rug certain factors, which it could not, or did not want to take into consideration!

One cannot accept a military assessment according to which the constantly changing South-Slav conflict and the partition of Czechoslovakia could affect Hungary in a military sense only if in one of these countries some dramatic political changes took place. In recent years a series of dramatic changes have taken place in countries along our borders, and yet, these have not affected Hungary in a military sense! It should be obvious that one has to clarify who understands what by dramatic (!) change, because by doing so we would come closer to a more precise definition of an assumption based on compromise.

These security policy experts act independently from the government and regard the idea of dividing Hungary into three defense districts, and of establishing a "rapid deployment" elite unit out of the best of our forces—a concept that is modern and justified from a military standpoint—as overly risky from a political standpoint. The BHKK is correct in saying that the best of the forces must not be removed from the defense districts because this would leave the inferior forces behind! On the other hand, they should not be concerned about a possible situation in which a hostile troop of marauders strayed away and in response to this the most combat-ready segment of the Hungarian armed force moved toward the border of the country involved (thus, prompting the rise of grave political complications), because, despite all our shortcomings, we must assume that the military (and political) leaders in charge are sufficiently well trained not to use "mortars to shoot at sparrows."

Rightfully so, the BHKK regards Hungarian border areas as too valuable and too urbanized to be turned into battlefields in the course of expelling the hostile invasion forces already inside of Hungary. Therefore, the BHKK urges the strengthening of border protection (as published!). We have now reached the point where this becomes Catch 22! Exponentially so! Border defenses (?) could undoubtedly be strengthened—let us recall the Maginot line—but the shrewd and hardened enemy could also go around or fly over such defenses, thus turning even more valuable and more urbanized areas into battlefields. The proposal to establish border patrol battalions to protect against such incursions represents no miracle cure, moreover, presumably, the enemy would not be deterred if the border guards, not the Honved Forces, were to mobilize reservists residing in the border areas.

The BHKK regards the solution of placing strong military (border patrol) forces under the minister of the interior as a domestic policy dilemma. This dilemma is not a dilemma(!) and consequently it is not of a domestic policy character either! And a scenario according to which "border patrol tanks (as published!) could appear before taxis blockading the bridges," thus creating an awkward situation, amounts to no more than a written (or verbal) manifestation of the BHKK's vision. In any event, the fact that the BHKK would guarantee by "legal means" the avoidance of a situation like this, and would make certain that border guards performed their functions only along the borders, demonstrates the wisdom and foresight of the BHKK. They present all this in HETI VILAGGAZDASAG (not in a comic newspaper) and are "perhaps" even serious about it!

But the BHKK does not stop at our borders! It also calls attention to the fact that as a function of the defense concept a military technology development plan (!?) must also be developed. But since they found out that this work had already begun in the Defense Ministry under the leadership of Deputy State Secretary Sandor Turjan (and thus their call to draw attention made no sense whatsoever), the BHKK complained that "complete secrecy surrounds" work involving the development plans and "the ministry does not want to publicize any information before a government decision is reached." Well done, by the Ministry!!! (Preferably) they should not publicize anything even after the decision!!! The BHKK should accept the fact that we still have official and state secrets which include the military technology development plan!

Despite this, the BHKK claims to know that the development plan is for a 10-year duration and that it is almost certain that the plan provides (for example) for the full renewal of the Air Force. Who had leaked these specific data? How specific are these, and are they really matters of public interest? Insofar as development plans are concerned, does the BHKK have information about the Air Force, or about air defenses?

We could go on asking questions from the professionals at BHKK, because the article revealed that they were well informed even in regard to details! They claim that most (as published!) of the needed equipment could be obtained from Hungarian sources. Most of it! This is truly a definitive and serious expert view. It could be of great help to Dr. Jenő László, the state secretary at the Military Industry Office; he will be able to select the best equipment based on this information! The state secretary should also take to heart that according to the BHKK's recommendation, he should retain bankrupt defense industry manufacturing firms under state ownership until they got back on their feet, then let us have the foreign capital...and one would not even have to insist on majority control by the state because defense industry firms could be placed under special management if necessary.

Well, it would be worth analyzing these recommendations, too! They constitute useful and deep thoughts! Come, foreign capital(!), control the majority of the stock if you wish, we will place you under special management anyway if the need arises! Apropos, under what kind of directions were the defense industry firms thus far, and who directs them today???

Let us conclude the study of security policy analyses the way the BHKK does it! These analyses are oversimplified, narrative chitchats devoid of specifics, spiced with some incomprehensible statements using professional jargon that cannot be proven. There are buyers for this, as buyers exist for the merchandise of the newly reborn CEMA markets, but here, too, the guarantee is missing, as well as the control. What is the office of the prime minister and the Defense Ministry doing to prevent unsuspecting "buyers" to be misled by this good-sounding trademark? Just the other day the Hungarian Radio announced the BHKK as an official organization within the Ministry of Defense! Was this a blunder or could it be true that not even the Hungarian Radio find its way through the jungle? Could it be that this whole thing is a new business? But who pays for the expenses, and, mainly, why?

Controversial Legal Procedure To Be Changed
*92CH0955B Budapest HETI VILAGGAZDASAG
in Hungarian 5 Sep 92 p 16*

[Unattributed article: "Farewell to Protesting Legality of Action"]

[Text] Beginning on 1 January 1993 any party to a suit or defendant charged with having committed a crime could initiate a review of the affirmed judgment of the court if the National Assembly adopts the new legislative proposal amending the criminal and civil procedure. The two proposals were necessitated by a Constitutional Court decision handed down on 30 January 1992 that struck down as unconstitutional the process of protesting the so-called legality of action, effective 31 December 1992. This legal

process provided opportunities for judicial recourse only to the supreme prosecutor and the chairman of the Supreme Court during the past four decades regarding affirmed judgments of courts, which gravely violated the law. Under a new process called "a motion to review" that would replace the old process of protesting the legality of action, both private persons directly involved in a suit and prosecutors could file a motion to review. In criminal cases, for instance, this "third instance" process could be

used if the defendant's acquittal or, for that matter, the establishment of his guilt were made in violation of laws. A motion to review in favor of a defendant could be filed within one year, and to his detriment within six months. Other proposed amendments would increase the maximum amount of fines to be levied by the authorities from 5,000 to 50,000 forints. Investigatory authorities and courts could fine lawyers and witnesses who fail to comply with obligations established by law.

Democratic Union Split Forecasts New Coalitions
92EP0669A Warsaw RZECZPOSPOLITA in Polish
9 Sep 92 p 1

[Article by Malgorzata Subotic: "Alliance of Democratic Left To Be the Largest Club in the Sejm? The Union Is Splitting"]

[Text] The emergence of the Jan Olszewski bloc, which its creators define as right-wing, initiated a reshuffling in Polish politics. In mid-September, a new, likewise right-wing group is to be formed, which has been initiated by Aleksander Hall from the FPD [Democratic Right Faction] of the UD [Democratic Union].

In addition to several FPD deputies, the Party of Christian Democrats of Deputy Prime Minister Laczkowski and the SLCh [Peasant Christian Party] Republican Coalition of Andrzej Balazs are definite candidates. Steps are being taken to win over some deputies of the PC [Center Accord] (the liberal faction of Andrzej Urbanski) and the KLD [Liberal-Democratic Congress] (conservative orientation of Lech Mazewski).

Nothing can be said with certainty; however, if the formation of this group does occur, but with a smaller membership, the beginning of the disintegration of the UD will be the only important consequence. In this case, the SLD [Alliance of Democratic Left] will become the largest club in the first democratically elected Sejm. From the point of view of building a strong right wing, this will not be a momentous event.

Domino Pieces

For many months now, there has been talk of the Polish political arena resembling poorly arranged domino pieces, and of regrouping being unavoidable. In view of the increasingly visible divisions in all groups, party house cleaning in all parliamentary groups is merely a matter of time. However, so far, personality conflicts continue to be more discernible than the ones over programs.

Hall's initiative could be an attempt to overcome this tendency. Meanwhile, most politicians do not believe in the success of this idea of the FPD chairman. Lech Mazewski from the KLD, one of those directly interested, thinks that for him, "Hall's idea is not topical." He is awaiting specific proposals, for example, concerning privatization and territorial self-government, and an answer to the most important question: Whose interests is this new entity supposed to represent? However, he does not definitively rule out his participation in this bloc. A lot also depends on the behavior of the KLD. Both program and personality changes in this party are unavoidable. Except for the rather unchallenged position of Donald Tusk, the leader of the Liberals, any other reshuffle of personnel is possible. The most urgent ones are associated with several individuals from the leadership becoming members of the government, including Jan Krzysztof Bielecki, the head of the parliamentary

club. Meanwhile, spiteful people are saying that Mazewski will tell Hall "no" because he has figured out that, if he leaves the congress, no one will follow him.

The Same in the Center Accord

A similar relationship exists in the Center Accord, the party that was the first one to split. In the opinion of observers, this was a typical split over personalities, the result of internal rivalry. Jan Olszewski and his group left the PC Club for a mundane reason: There was no room for two leaders. However, it turns out that others, the so-called liberal group of the PC—Maciej Zalewski, Andrzej Urbanski, Marcin Przybylowicz, and Jozef Orzel—are also in conflict with Chairman Kaczynski. It appears that this dispute is of a more programmatic nature. It concerns, at the very least, the tactics of operation: the attitude toward the Hanna Suchocka government and Belweder. After all, it is impossible to fight everybody and count on winning. Yet another split in the PC will not come about if Chairman Kaczynski changes his policy. If this turns out to be impossible, the liberal group will certainly leave the party. However, it should not necessarily end up in the bloc which Hall is creating. In the long term, embarking on cooperation with the KLD is not ruled out.

What Will Hall Do?

Aleksander Hall neither confirms nor denies information on his attempt to create a new right-wing bloc. It may be that he will yet postpone leaving the Union, which in his opinion is unavoidable, and the attempt to create "a right-wing group to European standards." In the opinion of Henryk Wujec, a UD deputy, Hall's departure will not cause the Union to move to the left side of the Polish political arena. However, Andrzej Zarebski from the KLD does have such apprehensions, and with regard to the entire small coalition (the UD, the KLD, and the PPG [Polish Economic Program]).

However, it appears that "as of now," the main problem of the small coalition is different; it is associated with the threat of further divisions in the Union and relationships between governmental and party structures. Relationships of precisely this kind were the main reason for the division of the PC and the establishment of the Olszewski bloc, as well as the conflict with the ZChN.

Prospects for Government Coalition Analyzed

92EP0669B Warsaw NAJWYZSZY CZAS in Polish
No 35, 29 Aug 92 pp III-V

[Interview with Sejm Deputy Marek Jurek, deputy chairman of the Main Council of the Christian National Union and the Sejm Foreign Affairs Commission, by Konrad Szymanski; place and date not given: "Let Us Save the Parliamentary System"]

[Text] Konrad Szymanski interviewed Sejm Deputy Marek Jurek, deputy chairman of the Main Council of

the Christian National Union [ZChN] and the Sejm Foreign Affairs Commission.

[Szymanski] Is Antoni Macierewicz a member of the ZChN?

[Jurek] No.

[Szymanski] He maintains that a decision of the Review Commission rescinded his expulsion....

[Jurek] There are many reservations of a technical nature about this decision. However, first of all it is based on an erroneous interpretation of the statute. The Review Commission applied the principle that a member of a ruling body may be recalled from his position only by the organ that appointed him, i.e., a congress, to the revocation of the membership itself. If this were the case, we would be dealing with the immunity of members of the ruling bodies of the party. This is absurd. An entirely different paragraph of the statute, which clearly sets forth the jurisdiction of the board in this matter, applies to membership in the ZChN, regardless of the position of a given member. One enjoys the right to appeal this to the Court of Peers. I must regretfully state that Antoni Macierewicz announced that he would appeal to the court, thus avoiding a vote on his affiliation with the ZChN Parliamentary Club. For many days, he did nothing about this, only to grasp at the statement of the Review Commission like a drunk at a light pole two days before the filing deadline. I must say regretfully that he misled the club of which he is a member.

[Szymanski] Why was Macierewicz removed from the party?

[Jurek] This is first of all a question of loyalty to the party. The Olszewski government drew on a group of people proceeding from mutual loyalty who strove to foist themselves on the Polish right wing as a leadership center, to impose their political concepts that were not presented to our society forthrightly, and also to impose them on the president. These concepts provided for a radical rapprochement with NATO. The so-called lustration program, which I do not consider lustration, served to unfurl the banner "He who is not with us is against lustration and is the defender of communists." Quite apart from the fact that such lustration affected people whose anticommunist convictions have been proven the most, Antoni Macierewicz strove to entangle the ZChN in an acute conflict with the president, just as he had striven before to make it extremely pro-presidential. For a long time, the president's mode of operation did not irritate Macierewicz. I remember a conversation in December 1991, when the discontinuation of negotiations by the president and the assignment of Mr. Wachowski aroused the indignation of the ZChN KP [Parliamentary Club]. At the time, Goryszewski said that, perhaps, the pharaoh in Egypt talked to politicians through the grand vizier, but we live in Europe and in a slightly different time. At the time, such reservations appeared ridiculous to Macierewicz. Even half a year ago, it was important whom Walesa nominated to the

government rather than how. Only later did the attacks come up, which increased after a visit to Germany; everyone who was not a supporter of NATO was a supporter of the gray zone. Meanwhile, the problem of doubts about NATO is not a problem of ill will toward the free world; it is a problem of the security of Poland. These are the considerations for which General de Gaulle withdrew French troops from the military structures of NATO in 1965, wishing to ensure for France the right and opportunity to prepare its own national defense.

[Szymanski] So, does NATO fail to guarantee security?

[Jurek] Rather, NATO is becoming a system of collective security that serves to restrict sovereign national decisions. By no means does it guarantee the security of each of the peoples on its own. NATO does not guarantee the security of either Greek Cypriots or Bosnians and Croats, despite Greece's NATO membership and a declaration on collective security. De Gaulle always said that Americans would certainly come, the question being whether this would happen three or four years later, as was the case during the two world wars. This is why it is not true that everyone who is not a supporter of NATO is a supporter of Poland being placed in the gray zone of influence by Moscow and may altogether be a KGB agent.... This construct was offered to us. Attacks on the president picked up even more when the Polish-Russian treaty was being negotiated. To my mind, this had to do with an attempt to sabotage this treaty. There is no other way to interpret an attempt to make the signing of the treaty contingent upon the Russians issuing a declaration humiliating their national pride, which declaration was to state that they identified with the crimes of communism, which Russia currently denounces itself. The files issue was the third act, that of casting a shadow of suspicion and innuendoes....

[Szymanski] As far as the supposedly anti-Russian, pro-German, and pro-NATO international orientation of the Olszewski government is concerned, A. Macierewicz maintains that "this philosophy of history is just not true...."

[Jurek] I evaluate facts. As the leaders of the Ministry of National Defense report, the entire operation of the ministry was geared toward a rapid and radical rapprochement with NATO. There also were provocative statements with regard to Russia, for example by Mr. Szeremietiew, who maintained that the concentration of Russian troops in the area of Kaliningrad constitutes the greatest threat to the security of Poland.

[Szymanski] As far as the aforementioned lack of loyalty to the party is concerned, Macierewicz, quite the contrary, accuses the board of being disloyal with regard to the principles of the ZChN, of which the coalition with the UD [Democratic Union] and the KLD [Liberal Democratic Congress] is supposed to be the proof.

[Jurek] This is absolute nonsense. Macierewicz knows that, insofar as we had people who consistently came out

against cooperation with the UD and the KLD, I was one of them, but he was not. I think that joining the UD in the large coalition is a "posthumous" victory for the line of Macierewicz who has successfully pushed it through in the party on two occasions. The first one was in October and November 1991 when, while resolving to join the government, we resolved to agree to the possibility of adding the UD to the coalition because parliamentary accounting suggested that. It is precisely for this reason that I was against participation in the Olszewski government—not because I failed to appreciate the merits of the work that one may do for the country if he belongs to the government but because we should not legitimize governing Poland from liberal positions. The second time occurred in March 1992, at the height of negotiations between Olszewski and Mazowiecki, when Macierewicz pushed through a decision on the ZChN KP agreeing in advance to any form of a negotiated agreement with the UD. Consent to this was obtained through tremendous moral pressure, also on the part of A. Macierewicz, through entreaties to us in the name of party unity, and so on. Joint government by the UD and the ZChN is a great victory for Antoni Macierewicz.

[Szymanski] Paradoxically, he is precisely the one at present to head resistance to this coalition, whereas the government group of the ZChN is viewed as being those who booted him out of the party.

[Jurek] This is a tactic he using. Several factors influenced joining the coalition. I reluctantly refused to vote in favor of this government, though arguments in favor of forming a government together with the UD were much stronger in June 1992 than they were in February and October 1991. Goryszewski's arguments were much more convincing than the argument of Macierewicz, who very tenaciously sought it...

[Szymanski] Macierewicz called this "a coalition out of fear of lustration...."

[Jurek] This is slander. This is precisely the banner "He who is not with us is afraid of lustration." Such declarations are a waste of breath!

[Szymanski] Nonetheless, this is a shocking coalition....

[Jurek] This is a coalition to save the parliamentary system. Earlier, it was possible to try forming a right-wing-peasant coalition. It was also possible to deliberately go for the role of the opposition within the existing arrangement. Since the ZChN opted for another path, in which the role of Antoni Macierewicz was decisive, consistency became an argument for many of our colleagues. By June 1992, Poland had been without a government for a month (we assumed a stance of opposition with regard to Pawlak quite deliberately), and had been without a parliamentary majority for nine months. In view of the "overtactics" and opportunism of the so-called center groups, it had become clear that we would not succeed in creating a center-right majority. The only problem that faced the ZChN was whether to take part in the large coalition, or to be in opposition,

giving the government to forces further to the left. Personally, I have believed throughout the postelection period that either the small chance to create a right-wing majority would be successfully taken advantage of, or we would just remain the opposition. However, I understand the arguments of my colleagues who recognized that, following all endeavors from the time of the Olszewski government, avoiding the formation of the large coalition would simply amount to desertion.

[Szymanski] Is the association in danger of breaking up, given a meeting of "right-wing patriots" and the signing of a joint document on political cooperation by them, that is, Olszewski, Macierewicz, and Romaszewski?

[Jurek] I do not think so. We may consider this fact quite peculiar. The presence among "right-wing patriots" of both Mr. Romaszewski and Antoni Macierewicz is peculiar; the latter considers himself to be a deputy chairman of our party, but his actions prove that he is not. No one has given him the mandate to sign such agreements or put together such fronts. I am very interested to know whether all "right-wing patriots" agree on what Macierewicz has been so eager to defend recently—the Christian and national foundations of our political action.

[Szymanski] Thank you very much for the interview.

Universal Privatization To Enhance Middle Class

*92EP0646A Warsaw WPROST Polish
No 33 16 Aug 92 p 63*

[Article by Jerzy Thieme, minister plenipotentiary for universal privatization affairs: "Republic of Investors"]

[Text] For a year now, Poland has had the best Universal Privatization Program [PPP] of any of the countries in the former communist camp. This program is superior to the others, first of all, because it is geared to restructuring companies quickly. It also offers our citizens real shares of assets, not empty promises. For a year now there has been no political will to implement this program. Instead, technical details are perfected to the absolute limit, and there are more and more critics who are usually not familiar with the ideas of the PPP and do not understand them.

An article by Lech and Longin Mazewski entitled "Republic of the Rentiers" appeared in WPROST (No. 32). The article contained inaccurate information about the PPP. A basic error that the authors of the article made calls for clarification: Management companies do not receive 15 percent of the National Investment Funds' stock. They will only be entitled to income from the sale of stock that will remain in the hands of the state treasury. In this connection, management companies will never own the fund's stock, and they will not be allowed to vote at the general meeting. What is more, the contract with them also forbids their coming into possession of the stock through the intermediary of any other company associated with them.

The accusation that stockholders will not have any influence over the activity of the NFI [National Investment Fund] is unfounded. On the contrary, stockholders will have the right to vote, and the most active of them who accumulate large holdings of stock will have a decisive vote in elections of members to the funds' governing board, which in turn determines the hiring and firing of management companies.

The information in the article also goes to show that the authors do not understand the difference between a trust fund, an investment fund, and a holding company. The NFI is assumed to be made up of not trust funds but stock companies, in keeping with the Polish commercial code. They are not holding companies either, because they do not have the 51-percent majority holdings required for "companies of companies." The NFI will be able to own at most 33 percent of the stock of the companies belonging to the PPP. The remaining 67 percent will belong to the state treasury, employees, and other NFI's. Because the NFI's basic operating goal will be to increase the value of the companies' stock, the funds will have to actively restructure the companies and seek out strategic partners for them. All decisions of that type can be made only through a majority of votes on the company's governing board. Such a situation is possible when additional votes are gained from other stockholders, whether from the state treasury, from employees, or from other NFI's. As one can see, this has nothing to do with monopolizing the economy. Therefore, the authors are confusing the problem of controlling the company, which is a microeconomic problem, with monopolization, which is a macroeconomic problem, but as I showed above, the NFI will not even have control over the ownership, because the basic decisions must be made in cooperation with other owners.

The authors are also confusing the concept of an investment fund as an institution with the concept of an investment fund as a certain amount of money allocated for investment. This shows their lack of understanding not only of the program but also of the essence of financial institutions, on behalf of which the Messrs. Mazewski are so sure of themselves in addressing their readers.

Furthermore, the fund conspiracy the authors suggest is impossible, because the funds will be placed in competition with one another on the capital market. Moreover, the fund statutes and management contracts make it impossible for the management firms to undertake joint actions contrary to the stockholders' interests. Realizing the problems of monopolization, the PPP's authors introduced many legal and practical safeguards to prevent the creation of monopolies. First, only companies that have the approval of the Antimonopoly Agency may enter into the program. Second, the Antimonopoly Agency will also have a say in the companies involved with the NFI.

Four hundred state enterprises are to take part in the program. This is only 10 percent of the potential of Polish industry. Therefore, it is a misunderstanding to say that the program involves a major segment of the Polish economy.

The accusation that employees have a privileged position overlooks current law, which says employees are entitled to preferential treatment regarding the stock of privatized companies. What is more, the authors of the article seem to forget the wave of strikes and complaints from employees. The new State Enterprise Pact even talks about still further privileges for employees, providing for awarding them free of charge 15 percent of the stock of privatized firms.

The proposal of the authors of the article creates the illusion that it is possible to create a middle class made up of the entire nation in a short period of time. This surely cannot be done by giving people credit notes, that is, credit that must be repaid. Furthermore, never in the world has it been possible for every citizen to become "a member of an active part of a society of the new middle class" or for everyone in a company to have a controlling portfolio. In our country we have—count them!—27 million adult citizens and only a few thousand companies.

The Universal Privatization Program will create conditions for the creation of a middle class in which its members will decide for themselves whether they want to be active owners or passive ones. These people will have a choice as to how to invest. Therefore, they will be able to buy or sell in combination company stock, fund stock, or shares in the PPP. It is in just this way that we are providing the real conditions for the creation of a middle class in Poland. The Mazewski Brothers' proposal that adult citizens themselves choose the fund in which they wish to invest has been included in the PPP, but the authors of the article do not seem to have noticed that fact.

Polls Show Wage Increases Favored Over Benefits
92EP0665A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 31 Aug 92 p 1

[Article by K. B.: "How To Pay Employees: Compensation Instead of Social Subsidies?"]

[Text] The social fund partially paid for vacation trips, for housing, and for food for employees, and was considered for years the best achievement of the working class. The money from the social fund or its variant the housing fund was an important financial resource for many families. For enterprises, this money was the means to achieve their personnel and social policies. People rarely noticed that the sources for such purposes were derived from poorly paid labor in form of individual wages.

Despite the changes taking place in our economy, the financial policy of state enterprises and the policy of the

state itself do not vary greatly from the model that had been formed over many years. The situation appears different in private enterprises. Even more, both state institutions and the trade unions that fight for workers rights seem to want to preserve the old model. One can find the concept of increasing the role played by social benefits in the postulates of workers currently on strike, and in the proposals to ease the tax on above-the-plan growth of wages included in the government pact on enterprises.

Meanwhile, a survey for RZECZPOSPOLITA done in August by the Sopot Social Studies Center asked Poles if they would agree to give up social benefits in return for higher individual wages, and 61 percent answered "yes." Only 25 percent of those surveyed answered negatively. 14 percent had no opinion in this matter.

The preference for higher individual wages at the cost of social benefits does not especially depend on the sex of the respondent (58 percent of women and 63 percent of men answered "yes"), nor on education or on social or professional group. In the last case, though, workers in commerce are an exception: Only 49 percent would give up the social benefits, while in other groups it was 60 to 64 percent of those surveyed. The results were not influenced by the size of respondent's home town.

Some differences in answers do exist but are not significant. As an example, people with higher education would be the most interested in giving up social benefits if it brought higher wages (69 percent); but the number of people with a high school education who gave the same answer is not much lower (59 percent).

Age of the respondents had a greater influence on answers. The older the person is, the less he or she would believe in the value of social benefits. Only 45 percent of people just starting adult life, age 18 to 24, would give up social benefits. Possibly, social funds are a more significant financial resource in the household budget of those young people than the budget of those who are already over 59. Among those surveyed who are closer to retirement, 89 percent would, understandably, like to have the higher wages.

The lack of clear, unequivocal differentiation in answers according to amount of income per capita is interesting. It turns out that preference for wage increases over benefits is highest in the case of persons with middle income, or about 1.6 to 2 million zlotys: 70 percent would choose higher wages. This clearly decreases in the case of persons with lower and higher incomes. Perhaps the greatest antipathy toward social benefits among persons with middle incomes stems from the fact that, with their wages, they cannot qualify for social benefits. To people with an even higher income (more than 2 million zlotys per capita), the problem is not significant.

There is a certain warning to supporters of total liquidation of social benefits system in that answers differ depending on the type of employer. It turns out that the greatest supporters of the liquidation of benefits are

workers of the state-owned enterprises (64 percent); and in the budgetary sphere (67 percent); in private enterprises, which generally strives to motivate to work through wages and not through great visions of social care for workers, only 53 percent preferred wages.

The preference for higher wages over social benefits does not have much connection with the political views of those surveyed. It is to the same degree characteristic of the supporters of the Liberal-Democratic Congress (65 percent) as it is for those who voted for the Union of the Democratic Left (64 percent); the Confederation for an Independent Poland (64 percent); or the Democratic Union (66 percent). To even higher degree, the supporters of the Polish Peasant Party believe that wages are more important than social benefits (78 percent).

Except for the Union of Labor, whose supporters are in this case ideally divided, there is no predominance of those who would like to keep the present situation among the supporters of any major political parties, whether for or against the current government. However significant the majority is for increase of the role of individual wages, none of these parties proposes it in a clear way.

Nonprofit Schemes for Housing Criticized

92EP0665B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 31 Aug 92 p II

[Article by Krzysztof Dzierzawski: "Criticism of the 'Housing Memo': No Profit, No Effectiveness"]

[Excerpts] [Passage omitted]

The housing problem is one of those issues that did not find a place in the package of changes introduced by Leszek Balcerowicz in December of 1989 and in the first half of 1990. So much the worse that during the next two years none of the governments, nor any of the more significant political forces, were able to present a proposal for the changes so necessary in this area. The greater, then, is the credit that goes to Irena Herbst and Andrzej Bratkowski who, in March of 1992, introduced such a proposal under the sponsorship of the Democratic Union. The mechanism of history ensures that the two authors of the Housing Memo then are now in charge of the housing industry. Thus, the memo has achieved a special meaning. Let us see what kind of cure to the housing problem the authors have proposed.

The Right of Citizens to Housing

Poland is that happy country in which several dozen years of experimenting with a socialist economy caused the situation that today only rarely does one have the courage to express verbally a socialist way of solving economical problems. If somebody wants to do it, it can be only be by using free-market rhetoric; in this way one creates a socialist market economy, our beloved Third Way. The authors choose this way.

The memo is divided into three parts, presenting, in turn, systemic housing principles; the basis for the housing policy; and ways of moving from the current state to the planned one. Among the systemic principles, two seem to be fundamental. One is a statement that "the right to housing is the civil right in every civilized society." From the following paragraphs we come to understand that housing should be also sunny and adequately large.

What does it mean to have a civil right to housing? Can a homeless person claim a need for an apartment by using this right? Of course not, simply because there is a shortage of housing; the law means only that a person can build or rent an apartment, yet it seems that this never was forbidden. Indeed, citizens from the rich Western European countries (but not only they!) can demand and get an apartment. But those are not "all civilized societies." For example, the Indians or Egyptians are much older societies than Poland and have a far richer culture, yet the right to housing does not appear in their civilizations. [passage omitted]

No One Makes Money on Anyone

The second fundamental principle is that of state coordination and support of nonprofit organizations, because the authors believe that this is the cure for housing problems. The nonprofit principle recommended by the memo is, I hope, the last echo of the Great Utopia from the first half of our century: The idea of cooperative trade was excellently explained in a famous poem by Jan Brzechwa: "No one tricks anyone. No one makes money on anyone (...) And in mutual wealth the forest continued to live." [passage omitted]

"No one makes money on anyone." And this is it. Under the inclination to the nonprofit model is hidden an opinion that if somebody earns something, the second party must lose something too. The landlord is a parasite that lives on the blood of his tenant, like a capitalist who lives on blood of his worker. [passage omitted]

The authors state that the nonprofit model is used "widely all over the world." In this context, it is well to realize that something that is nonprofit for someone, can be a source of profit for someone else. Orders from local authorities are especially delicious bites for private constructors. A vast part of the profits of the Italian mafia has its basis right here. Recent scandals in Italy and France show that political parties also know very well where the honey is. Maybe this is the reason for the popularity of nonprofit organizations?

Who, to Whom, and for How Much: Politics

In this part of the memo we find more specific solutions. The authors believe that only some families will be able to buy their own apartment, even with credits. For the rest, the majority, we have to build apartments for rent. Somebody has to do it in order to fulfill the right to housing.

In the authors' opinion, we cannot count here on private investors because of the low level of income in our nation, which means that one cannot expect adequately high earnings from renting. What is left? Nonprofit, of course! Apartments for rent must be built by someone who does not care about profit; that can only mean the state. Not on the central level, because such action has failed, but on the local level. The Housing Memo suggests that apartments for rent will be built by the local authorities because they are responsible for the needs of the inhabitants. The rent from those apartments should cover the costs of maintenance and secure a certain amount of profit.

We already know who will build the apartments. Now we want to know for how much. This problem is a serious challenge for the state, for it must create the whole financing system for the housing industry. For the general public, housing savings-and-loan firms will be formed to serve as a contract-type of crediting system; such a system will accept deposits with a low rate, offering the customers equally low rate credits after some period of saving. [passage omitted]

These institutions will operate on a nonprofit basis, of course. The communal renting building industry can have the following financial sources:

- Donations directly from the budget (subventions).
- Profits from the privatization of building enterprises.
- Credits from communal and universal banks, which will be freed from taxes as a reward.
- The state budget again, buying mortgages from banks (now the state buys parts of credit interests).
- In case of failure of the system, the state budget again because the state has to guarantee its stability.
- In addition, all nonprofit institutions (including cooperatives) will be tax-free.

One has to admit that it would be a deeply unjust system, creating dishonest competition for private owners and investors of apartments for rent. One has to remember that if one does not pay taxes, somebody else pays double. The help for nonprofit organizations from the budget predicted in the memo, needs sources, right?

How To Restore the Demand for Housing

All these actions in the financial sphere are necessary to rebuild effective demand. It is now insufficient because the price for one square meter of living space is two to three times higher than the average income; in countries with an efficiently working housing market, it is lower than or close to the average income. This statement, being an important step in following discussion, is only partially true. Indeed, the costs of housing are very high in Poland. It is because houses are built by mostly cooperative giants, institutions founded especially to build the most costly houses. After liquidation (which is

rightly suggested by the authors), costs can effortlessly decrease even several times.

In addition, we read in the memo that "the level of income (of society) was for decades lower by the amount of donations from the state budget designated for building and maintaining apartments." Therefore, if the budget stopped helping the housing industry (which it does because earnings are too low) wages would increase, and then it would turn out that "the building cost of one square meter of living space would be much lower in relation to earnings than that of countries with an effective housing market" and demand would return.

Among the postulates on housing policy, we also find proposals to change the model of urbanization in this country. The former regime forced the people to inhabit big cities; this was wrong, according to the authors. On the other hand, the development of a housing industry in small towns is good: the state should encourage people to do it. I believe that it is better to leave the choice to the people, and not to make them happy with another model. [passage omitted]

The Real Stop Signs

In closing, a few words of commentary. There are two major reasons causing the slowdown in the housing industry: one is inflation and the second one is tenants' privileges. Both are noticed by the authors of the memo, but not given enough attention. High double-digit inflation means that only a madman would like to get a long-term credit, especially if payment of inflation interest is required after one year. Instead of demanding its liquidation, the memo creates such props like contract credit. Inflation is not a revenge of God, nor a supernatural phenomenon: its level depends on the authorities.

The tenant privileges presently operative in our legal system drive away every responsible person from the construction of apartments for rent, while ruining existing apartment houses. The memo predicts the liquidation of the worst nightmare, the special-rate rent, but the authors are not indifferent to the fate of tenants. To avoid the wild destruction and, perhaps, the cruelty of the private owners of apartment buildings, they recommend the increase of communal and cooperative apartment sources, for example by turning factory apartments into communal apartments, or by building communal apartment buildings.

The preference given the public sector must result in the weakening of private investors. And yet the housing problem in Poland is not at all that of rents that are too high, but that of a lack of apartments. Those who will be waiting for years for their own apartments, and those who will be forced to rent apartments on the small free market, will have to pay for the protection of people living in buildings administered by nonprofit institutions.

State Enterprises Pact Regulations Viewed

92EP0664A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 1 Sep 92 p 1

[Article by Ada Kostrz-Kostecka: "Jacek Kuron on the Pact on Enterprises: 'I Am Afraid To Speak'"]

[Text] Proposals for bills or amendments included in a pact, proposed by the government, on state enterprises undergoing transformation, were the subject of the Economic Committee of the Council of Ministers meeting on August 31.

During a briefing before the end of the meeting, Labor and Social Policy Minister Jacek Kuron announced what is new in those proposals.

A proposal for a bill on social service funds talks about a required minimum 20 percent deduction, which would be the same for all enterprises, included in costs of an enterprise. Trade unions would be able to negotiate the increase of this 20 percent to 37.5 percent of wage funds, which is equal to the current combined total for both social and housing funds.

A proposal was also announced for the protection of workers rights in case of insolvency of an employer. Such protection would also include the formation of a joint fund for all enterprises to cover workers' claims in case of bankruptcy of an enterprise. This system of insurance would be formed from obligatory payments by all employers, and the amount proposed by the government would be up to 2 percent of wage funds.

The next proposal regards a bill on changes to Section X of the Work Code, which talks about work safety and hygiene; the proposal would increase its range. All three proposals were positively received by the Economic Committee of the Council of Ministers; the rest will be discussed on Thursday. Meanwhile, also discussed was the amendment of Section XI of the Work Code, regarding collective agreements of labor and entrepreneurial collective agreements.

Other proposals also concern collective agreements and a related proposal on negotiated pay agreements. The government proposes, Kuron said, that the consequence of the negotiated pact would be negotiations on the future of enterprises; such negotiations would take place within those enterprises. The government intends to increase the role of the trade unions, making them the representative of enterprises in which the union plays a significant role. In enterprises where the union is divided, a greater role would be given to the work force.

Asked for more detailed information on wages, Kuron said: "I am afraid to speak because the dispute is still on; I can tell you what in my opinion will be treated as an official position." It is known only that a policy has been adopted whereby the negotiations will include all branches; the Ministry of Finances wants to include the budgetary sphere in the negotiations as well. Of the

remaining projects, those on changes to a bill on state enterprises are very advanced.

In general, the problem is that the trade unions want the changes to be done immediately, while the government wants to wait until the beginning of a new year. This problem, according to Minister Kuron, is negotiable; the substantial parts are more difficult. The most troublesome thing, Kuron believes, is a proposal for a bill on the financial transformation of enterprises and banks, regarding which there is a gap between views as to who should appraise the condition of an enterprise: ministerial employees or the banks? The problem of the new tax on above-the-plan wage growth is also very difficult to resolve. Kuron also stated that letters were sent to the trade unions informing them about the delay in sending to parliament the governmental proposals on the pact on enterprises, and that the whole package of documents will be sent on 4 September.

The pact on enterprises, said Jacek Kuron, is in general well accepted in the enterprises, and both sides have concluded that it is necessary. The discussions and differences are between consumption and accumulation.

Scale of Drinking-Water Contamination Discussed

92WN0783A Poznan WPROST in Polish
No 35, 30 Aug 92 pp 59-60

[Article by Marek Kochan: "Poison From the Faucets," subtitled "The Permissible Norms of Chloroform in Drinking Water Are Being Exceeded Even Tenfold"]

[Text] Chloroform is a substance which years ago used to be employed in operating rooms as an anaesthetic. At present we are regularly consuming this substance in copious doses by drinking water "treated" with it.

Chloroform is a carcinogenic product of the chlorination of water. World norms, which also are binding in Poland, permit up to 30 micrograms of chloroform per liter of water. This is a so-called safe risk level, meaning that just one out of 100,000 persons drinking piped water all their lives has a considerable "chance" of developing cancer.

Polish water treatment stations often process water of particularly low quality, which must be more intensively chlorinated (among other reasons, in order to eliminate bacteria and so-called bloom). Sometimes chloroform norms are exceeded by a factor of 2.5 or even tenfold. This means that three to five persons are condemned to develop cancer.

In the opinion of Dr. Stanislaw Sadowski of the State Institute of Hygiene [PZH] what matters most is to inform the public about the days on which the norms are exceeded. At the PZH research has been initiated to determine, among other things, the number of days in the year on which piped Warsaw water is suitable for drinking. Example: One day on Okinski Street in Warsaw water sampled from a faucet was found to

contain 209 micrograms of chloroform (seven times the norm). No such analyses are conducted at the central offices of water systems, but the amount of chlorine used can serve to determine where and when the norms were exceeded. Chloroform is anyway just one of many noxious substances present in piped water.

Wherever surface waters are less contaminated, it suffices to build special reservoirs for collecting potable water. Poznan has such a reservoir in Jeziorsk, and Lodz in Sulejow. As for Czestochowa, it benefits from unusually pure karstic waters which, however, owing to their geological positions, are readily amenable to industrial pollution.

The cities located on the highly salinated Vistula are in an extremely difficult situation. The chemical composition of Vistula water is such that its chlorination results in the formation of a large number of noxious substances, including carcinogenic and mutagenic ones.

Noteworthy is the water situation of the nation's capital, of which the well-known hydrogeologist Antoni Chrzanowski said 30 years ago that it is a world-scale event.

Warsaw, while located above an aquiferous Oligocene stratum (present only in central Poland) almost totally lacks pure water. The Oligocene water is used chiefly by industry, which expels liquid wastes that are treated and then channeled into the municipal water supply system (the northern water pipeline collects water from Lake Zegrzyn).

In the opinion of Professor Jozef Bazynski of the State Geological Institute, the Oligocene stratum is the sole source of pure water for Warsaw (the surface waters, and even the subsurface Quarternary-horizon waters, are too polluted in that region to be usable).

The problem is how to organize the distribution of Oligocene waters. In the 1960's a project for building a special water supply system providing for a separate faucet for drinkable water in every apartment or house in Warsaw had been considered. During the subsequent era of frugal Gomulka apartments with skimpy kitchens this idea was rejected, and nowadays it is practically infeasible.

Finding the funds for building an intake for Oligocene waters will not solve the problem. An expert contractor still has to be found. An improperly installed facility may result in water contamination. This danger arose, among other instances, during the construction of an intake linked to the well in the Warsaw Citadel, where a study pointed to the presence of E. coli bacteria, previously absent in the water.

Pollutants may penetrate the Oligocene horizon also through old unused intakes that were not properly secured. Early this year, when terrorist attacks were feared in connection with the transit of Soviet Jews to

Israel, all the wells in Warsaw were monitored, and it was found that the intake next to the garbage dump in Bemow was unsecured.

There is hardly anything we can do about the threat to the purity of the Oligocene waters from the saline waters (below the Oligocene horizon) and Quarternary waters (above, the pollutants can penetrate through so-called hydrogeological windows or improperly built wells). Anyhow, the bacteriological time bomb is ticking not only in Warsaw.

[Box, p 59]

Over the year water losses in the municipal water supply systems increase by one-fifth. According to Swedish experts, even now water losses in Poland could be reduced by 40 percent.

The inhabitant of Warsaw or Krakow consumes 100 liters of water daily more than, for example, the inhabitant of Hamburg. We most often bathe in bathtubs, which take 80-100 liters of water, instead of showering (40 liters). To clean a soiled plate in Poland a home-maker uses on the average 10 liters, although, if appropriate measures are taken, it can be cleaned with only one liter.

[Box, p 59]

Sanepid [Sanitary-Epidemiological Stations] studies have shown that some imported mineral waters contain

an excessive number of E. coli bacteria. It turned out that, "for export needs," they were collected from polluted surface sources. In view of this, shipments of, among others, French waters "Mont Dore" and "Saint Armand" have been halted. Likewise, all imported waters sold in plastic bottles cannot be stored long.

Analyses of Polish-produced mineral waters have found several times that they were being sold in improperly washed bottles.

[Box, p 60]

The Killing Well

The public well at the marketplace in Swarzedz is used by dozens of people daily. Studies have shown that its water is in no case drinkable; that is is "hard" and contains manganese, ammonia, and E. coli (fecal material enters the water), and that it is bacteriologically polluted.

Nitrates are especially dangerous to health. The Swarzedz well contains three times as many nitrates as the norm, but there also exist water sources in which this norm is exceeded by a factor of 20.

The ingested nitrates block hemoglobin and prevent its combining with oxygen. In 1991 a child with cyanosis was brought to a Poznan hospital. It turned out that the cyanosis was due to cooking meals for the child with water taken from a farm well. Subsequent studies showed that the water was "simply roiled with nitrates." The child died.

PHARE Financing for Restructuring of Economy

92BA1437B Ljubljana DELO in Slovene 17 Sep 92 p 20

[Article by Stojan Zitko: "Nine Million European Currency Units for Slovenia"]

[Text] *Our state can draw assistance from the PHARE [Economic Reconstruction Aid for Poland and Hungary] program for important projects.*

Brussels, 16 Sep—At the headquarters of the PHARE program today, Republic Minister of Science and Technology Peter Tancig signed a financial protocol, which specifies that our state can use 9 million ECU's [European Currency Units] in assistance from this fund in 1992 for several important projects. Within this amount, ECU2.3 million were allocated for tasks in connection with the Tempus program (in this regard, it is particularly interesting that 23 percent of the proposed programs were approved for Slovenia, while on the average 12 percent are approved). About ECU6.7 million is to be used this year, primarily for various projects with a substantial impact on restructuring the Slovene economy.

Slovenia received support for scheduling seven local projects, which involve, among other things, the privatization of enterprises, acceleration of the development of small and medium-sized entrepreneurship, and the restructuring of the textile industry; others will also involve assistance in transforming our tourist industry's strategy, and science and technology policy, while particular significance is also being attributed to restructuring telecommunications.

As Minister Tancig stated in the negotiations, which brought our state into PHARE rather quickly, Slovenia received a relatively small amount, since, for instance, the old plan for 1992 in the program for the area of the former Yugoslavia provided about ECU115 million. So far, however, Slovenia is the only one of the former republics that has not only been admitted into PHARE, but is also already receiving something from that source. Dr. Tancig announced in connection with this that we would try to provide enough good projects for next year that we could already count on at least twice as much as this year.

During today's talks with PHARE's new director, Allan Meyhew, particular attention was devoted to Slovenia's future cooperation with this EC program for assistance to the states of Central and East Europe. Even in the present financial protocol there is an important provision that Slovene experts also have to participate in these projects (20-30 percent). PHARE will also have a representative in Ljubljana.

Exchange of Scrip for Tolars Announced

92BA1437C Ljubljana DELO in Slovene 16 Sep 92 p 3

[Article by Bozena Kriznik: "The Scrip Is To Be Replaced by Tolars in Three Months"]

[Text] *There will not be any devaluation when the money is exchanged, Dr. Janez Drnovsek said at a press conference.*

Ljubljana, 15 Sep—The preparations for the replacement of scrip with real Slovene money are nearing completion. At today's closed-door meeting, representatives of the republic government and the Bank of Slovenia agreed that they would start replacing the money gradually as early as September. They also reached an agreement on the key dilemmas: The exchange will be at a 1:1 ratio, and the tolar will also keep its relationship to foreign currencies. As Prime Minister Janez Drnovsek stated at today's press conference, the monetary policies of the government and the central bank will remain the same, i.e., unyielding.

The representatives of the government and the Bank of Slovenia decided on a gradual and not a one-time replacement of the money. In spite of this, the government expects the replacement to proceed quickly, and that most of the scrip will be replaced in a rather short period, so that in two or three months the operation should be mostly completed. The bank notes, which for the most part have already been printed (they were printed in England), are high-quality ones, and protected against counterfeiting in several ways. We will replace them in a 1:1 ratio. The authorities did not decide on a change in denomination for a simple reason: It could cause instability, and the probable rounding of prices upward could exert some inflationary pressure. There likewise will not be any devaluation when the money is exchanged. The Slovene tolar is to keep its value, i.e., its relationship to foreign currencies. The monetary policy formulated by the government and the central bank will continue to be anti-inflationary, firm, and stabilizing, and its result should also be strong and high-quality money, Drnovsek emphasized.

In response to a reporter's question about how and when the tolar would also be externally convertible, the prime minister answered that Slovenia had achieved full internal convertibility of the tolar. The foreign exchange reserves are so high that they would already be almost enough for external convertibility. Slovenia, however, must first clear up financial relationships within the former Yugoslavia. At the same time, external convertibility is also linked to membership in the IMF. Our state's financial situation is expected to be clarified in the coming months.

Dr. France Arhar, governor of the Bank of Slovenia, in today's talks provided the government representatives with several arguments, both substantive and legal/formal, for replacing the money with an equal ratio, and

the Assembly's credit and monetary committee also made the same recommendation. The Bank of Slovenia also proposed that the exchange be carried out gradually. This means that every day a bank or the SDK [Public Auditing Service] would take old bank notes out of circulation separately, and replace them with new money the next day.

EBRD Loan for Highway Construction Approved

92BA1437A Ljubljana DELO in Slovene 14 Sep 92 p 2

[Article by Boris Suligoj: "Dr. Drnovsek: There Will Be Money for the Construction"]

[Text] *The prime minister thinks that the Slovene highway construction program will be implemented this year; shifts in relations with Croatia; first serious negotiations on the border soon.*

Socerb, 13 Sep—Slovenia will borrow a 200-million-ECU [European Currency Unit] loan from the European Bank for Reconstruction and Development [EBRD] later this year to build roads. Although any such loan can bring about a rise in the tolar's exchange rate, which would be inconvenient for the Slovene economy, the Slovene Government will make an effort to avoid this. Reporters were told this, among other things, by Dr. Janez Drnovsek, the Slovene prime minister, in the city of Socerb, where he met on Saturday afternoon with representatives of the LDS [Liberal Democratic Party] and representatives of the coastal economy.

"On Monday (14 September—author's note), work will resume on several sections of automobile highways, for example from Vrba to Hrusica and from Malence to Sap. The planned road construction program in Slovenia this year will be carried out. The main work on Slovene roads, however, will only start next year, since the documentation on the basis of which roads should be built in the state is mostly not yet ready. The section from Sentilj to Zagreb is still the best prepared, and this road would suit Croatia more," Dr. Janez Drnovsek said, and added that Slovenia was also preparing for the establishment of special consortiums, with whose aid the state will secure money for road construction.

The tolar's exchange rate was unrealistic, but now it has improved to some extent and the situation of exporters has improved. Since the situation in the foreign exchange market is no longer so tense, it will be easier for Slovenia to afford some smaller loan, but the Slovene Government will continue to try to ensure a balanced tolar exchange rate.

Slovenia's image in the world is improving, Prime Minister Drnovsek is convinced, and this is also proven by the preparations for our admission to membership in the Council of Europe. Relations with Croatia are complicated and numerous problems are unresolved. However, there have been some shifts, however. The proof? Tudjman's visit to Ljubljana, and at the end of the month Dr. Janez Drnovsek will also visit Zagreb. Work has begun in

a joint group of experts from both states, who are to agree first of all on a protocol and on further steps to settle all the unresolved issues. One of the first ones will be the issue of the border, on which serious negotiations will begin soon, but one cannot expect all the solutions at once from the first meeting.

The Slovene prime minister said that the fishing agreement with Croatia had been coordinated, and that it should be signed soon. The issue of the Izola hospital is also unresolved now, but Dr. Janez Drnovsek is convinced that Slovenia and Croatia will resolve it. One of the most difficult unresolved tasks involves Ljubljanska Banka's frozen foreign exchange deposits in Croatia, regarding which our prime minister thinks that it will be necessary to reach an agreement, since otherwise all the other issues are deadlocked. Croatia is most interested in road links through Slovenia. With respect to the Italian minority, Dr. Janez Drnovsek has already agreed with Italian Prime Minister Giuliano Amato that the three prime ministers will meet on this.

Aid to Drought-Stricken Farmers Approved

92BA1437D Ljubljana DELO in Slovene 17 Sep 92 p 20

[Article by Marjeta Sostaric: "Aid Is Already Coming for the Drought-Stricken Farmers"]

[Text] *The commodity reserves have published an announcement of imports of the first 30,000 metric tons of corn; measures to preserve herds.*

Ljubljana, 16 Sep—This year's catastrophic drought, according to the data collected to date, has caused at least 25 billion tolar in damage in Slovene opstinas, and more precise figures on the direct damage will probably be known at the end of September. Until then, in fact, the appraisal commissions and the republic expert service have time to conduct final inventories of the drought's consequences.

As was stated at a press conference by representatives of the agricultural and other ministries that were involved after the government's emergency meeting in August in adopting measures to eliminate and alleviate the consequences of the drought, an operation established to aid those most affected by this year's drought has already started, in spite of the incomplete summary report on the findings of the appraisal commissions. Since livestock breeding has been the most affected because of the lack of fodder, the government has already assisted breeders by releasing 10,000 tons of corn from the commodity reserves. In accordance with a decision to use interventionist imports of corn (and also other fodder at affordable prices) to permit a sufficient supply of fodder in the coming months as well at the lowest possible prices, the Commodity Reserves Directorate has already published an announcement on importing the first 30,000 tons of corn of total planned imports of 100,000 tons. "For producers to obtain the necessary fodder most cheaply and preserve the level of the cattle herd in Slovenia, we also developed an import program, which, obviously,

depending on the price of corn on the world market, would replace corn with cheaper fodders, such as tapioca and soy. Since recently there has also been an increase in the supply of cattle on the market because of the drought, by 3,000-4,000 head, the reserves also participated in the purchase. Live reserves will reduce the burden on farmers, and at the same time, it is also a way of preserving the herd," said Deputy Agriculture Minister Albin Debevec. The Agriculture Ministry alone will provide a billion tolar in assistance from its part of the budget funds.

Of the 2.5 billion tolar that the Agriculture Ministry had in the budget for this year (in the last change in denomination of the budget, agriculture did not receive supplemental funds), and with which interest on loans was supposed to be reimbursed, almost 1.5 billion tolar was left unused in the first half of the year. Because of high interest rates, people in agriculture were obviously not too enthusiastic about borrowing, and so that money left in the budget came in handy in eliminating the consequences of the drought. Of the billion tolar in money allocated to agriculture, we will now use 600 million for interventionist corn imports, 100 million will be used for reimbursed seed purchases (to ensure larger amounts of domestic fodder next year), 150 million will be used for fertilizer for fodder crops, and the rest will be used for the other most urgent measures in livestock breeding. As Deputy Minister Debevec stated, measures will be taken very quickly in accordance with the agreement that has already been concluded, even if there are increased meat purchases. If the price of livestock falls below 90 percent of the average June price, they will compensate for that drop with interventions in the amount of 120 million tolar (the Trade Ministry's commodity reserves have 150 million tolar available for this). If the price falls below 80 percent of the average June price, however, the Agriculture Ministry will provide assistance in the

amount of a billion tolar, the amount that it has in the budget for interventions in the agricultural program.

As the government has decided, the Republic Administration for Public Revenues, on the basis of the final estimates of the consequences of the drought and the reports collected for each individual farmer who has suffered damage, will write off the payment of taxes for those who have been most affected, or postpone the tax payment, depending on the percentage of damage that he has suffered. On the government's authority, the payment of contributions for health, disability, and retirement insurance will also be written off or postponed for those who have been most affected.

For the time being, it is not yet known how banks will respond to the government's initiative. Specifically, the banks are to study possibilities for postponing or even writing off the payment of interest on loans to farmers. As was emphasized at the press conference, the banks are nevertheless supposed to be prepared to adopt appropriate decisions to help the farmers most affected by the drought.

[Box, p 2]

The tax paid by farmers on their business, according to Ivan Rojc, the director of the Administration for Public Revenues, is a minimal part of the farmers' obligations. Thus, a farmer with an average income as assessed for tax purposes close to 100,000 tolar for 1992, provided that he was insured, would pay only a 10.2-percent tax on agriculture. Such a farmer's contributions for retirement and disability insurance represent somewhat more than 52 percent, and another large part of the contributions is for health insurance (close to 3 percent); solidarity contributions only amount to 1.3 percent. It follows from this that the state does not substantially affect farmers' income through taxes.

DSS Leader Kostunica on Democratic Revolution
92BA1467A Belgrade POLITIKA in Serbo-Croatian
20 Sep 92 pp 9-10

[Interview with Vojislav Kostunica, chairman of the Democratic Party of Serbia, by Hadzi Dragan Antic; place and date not given: "In the Entrance Hall of Democracy"]

[Text] *First of all, we must rid ourselves of the illusion that it is enough to have elections and several parties in order for a regime to be democratic; we are in a transition period from an authoritarian to a democratic regime; against the principle of socialist evolution and for the principle of democratic revolution; the solution to the constitutional crisis that is opening up on a large scale.*

[Antic] At one time, Mr. Kostunica, you were a lecturer at the School of Law in Belgrade. Why did you give up your professorship?

[Kostunica] I left the department back in 1974 after the well-known discussion of constitutional amendments. At that time, there was criticism from the School of Law in Belgrade directed at the new constitutional resolutions, which were a harbinger of the disintegration of Yugoslavia, the seeds of that disintegration, and the main factors and forces that would take part in it. That discussion had another significance that was much more complex than what is depicted today. To a certain extent, it was supported by the "liberal" communist leadership in Serbia, but only up to the point when there was split between Josip Broz and that leadership. That discussion and what was said in it became politically inopportune, so that the political leadership in Serbia at the time participated in the witch-hunt against individual participants in that discussion.

For me, that is the less important part of the story. The very idea that any of the participants in that discussion could be imprisoned because of statements that they made motivated a number of teachers in that department to stand together in defense of the freedom of opinion and expression. In some sense, that was one of the first petitions. A petition that was never made public, but that resulted in its signers being excluded from teaching, and then in various ways also removed from the School of Law.

[Antic] So you actually did not leave the School, but were instead forced out?

[Kostunica] Right. All of us were removed from the School of Law at that time and for years afterward we were prevented from taking part in teaching. Like in Solzhenitsyn's *The First Circle*, there were certain jobs that we could hold. That is how we from the School of Law and some teachers from the Humanities Department, by the will of the authorities, ended up in one institution, which today is called the Institute for Philosophy and Social Theory.

[Antic] What changed during that period? It has been nearly two decades since then; what has essentially changed in Serbia?

[Kostunica] Some things, of course, have changed for the better. Almost no one in this country held accountable for what he says in public, even if it is insults and slander. In a certain sense we have even gone to the opposite extreme. But freedom of opinion and the public exposition of different political views are not enough for a system to be called democratic. There is another, no less essential political liberty, freedom of association in political parties. An important element of democracy is competition between political parties and their programs, under the condition that at least a minimum of equality is guaranteed in their activities. Freedom of opinion and of association was won in Serbia in the late 1980's. It was not attained through the generosity and tolerance of the existing authorities, but rather through struggle by certain figures and associations, and also because of the weakness of the regime in Serbia. That is why one other issue in Serbia has remained unresolved to this day. It is the issue of the establishment of a democratic order. Such an order does not exist if political parties are not active under equitable conditions, if they are not equal in terms of media access, if elections are not held in accordance with rules that allow each party to be represented in parliament proportional to its strength among the electorate. If several parties are participating in the elections under inequitable conditions, then it is obvious that we have not yet achieved democracy.

It seems to me that we are currently in a transitional period from an authoritarian to a democratic regime. This democratic regime will be established only when completely equitable elections are held in Serbia and, naturally, when a democratic community of states is set up on that basis. The foundation of that community of states will be its constitution, which unlike the current republican and federal Constitutions must be adopted in a democratically valid manner.

[Antic] In your opinion, are we a pluralistic and ideological society?

[Kostunica] I would not use the word "ideology," because that word has lost its original meaning. In the party that rules Serbia, ideology in the classical sense means nothing. The only essential thing is power.

Karel Capek once said, in a brilliant book called *Why I Am Not a Communist*, that the last word of communism is power. Power itself becomes the goal aspired to. Thus, one cannot say that we have an ideological society, but rather a movement that, when viewed from the outside, has the features of a multiparty system, while essentially one party has in practice maintained political hegemony. The Socialist Party of Serbia [SPS] imagines that elections are possible only under the condition that they be strictly controlled. Such elections, with no uncertainty,

are not real elections, and cannot represent an introduction to a democratic system.

[Antic] In your opinion, what must be done in order to organize the first democratic elections in our country?

[Kostunica] First of all, we must rid ourselves of the illusion that it is enough to have elections and several parties in order for a regime to be democratic. The mere fact that we are having early elections does not mean that we are in the entrance hall of democracy. More important than the elections themselves are the conditions under which the elections are held. I would regard the word "elections" on a completely different level. It should be in the shadow of another word, the word "conditions." Only equitable conditions guarantee that elections will be valid, that their results will be accepted by all. And that, I think, is what is as indispensable to us right now as the air that we breathe. Our public life is irregular, because there is continuous talk of elections. In normal, democratic regimes, that is discussed only every four years. The previous elections, both the ones in December 1990 and those in May 1992, were apparently deficient. If they had not been lacking in some regard, then we would not be having these early elections. But they too will not be worth anything if they are not equitable. Thus, it makes sense to schedule elections only after an agreement has been reached between the government and the opposition, but under no circumstances before such an agreement has been reached.

[Antic] Please tell me what these conditions are that you feel must be met in order for the early elections to be democratic?

[Kostunica] These conditions are well known. In practical terms, it is possible to reduce them to three basic conditions.

First, a real proportional electoral system. In certain other situations, it would be possible to say that it does not matter which electoral system is adopted. In Serbia and the first Yugoslavia, a proportional system was applied for the most part. The predominant type of electoral system in Western Europe is also the proportional system. Regardless of all this, one cannot fundamentally challenge the validity of a majority electoral system such as those used in France, Great Britain, and the United States of America. But in transitional regimes where there are major, accumulated inequities that have yet to be overcome, a stubborn monopoly by one party, it is necessary, at least at the beginning, to organize elections in accordance with the rules of a proportional electoral system, which permits all political parties to be represented in parliament proportional to their actual strength.

Word "Democracy" Is Used Mercilessly

We use so many foreign words, and it appears that we have forgotten that this system was ever called "*srazmerno predstavništvo* [proportional representation]" in our own language. This means simply that in

the popular representative body, in the assembly, all political parties are represented proportional to their political influence. That the assembly is a real mirror of the popular mood, of the distribution of the electorate. Any other type of assembly portrays the situation among the people themselves in a distorted light, and is the cause of continual disputes, continual conflict, and instability in a political community. Ultimately this is reflected in the current Serbian and Yugoslav parliaments as well. The majority held by the SPS in both parliaments is obviously a sham, and not a true majority. Anyway, in the first parliament the ruling party, despite its enormous majority of deputy seats, was still unable to form a lasting government, as it continually swaggered around with its "reconstructions." Nor was the SPS able to form a government in the federal parliament from its majority, together with its coalition partners, the Serbian radicals and the Montenegrin socialists.

As far as the other two essential conditions for equitable elections are concerned, they are well known but still hard to bring about in our country: equal media access for parties and state financing of parties, which are more or less equal conditions for the upcoming elections. In neither case has much progress been made. Fair rules for depicting parties in the media during the election campaign can hardly bring about an essential change in the notions and prejudices that Radio-Television Serbia instills in a large part of the public through its "brainwashing" broadcasts, such as "Journal 2," the defunct "Journal Supplement," or even "Interviews With a Reason." As far as the financing of parties is concerned, here too we are affected by an inherited and enormous inequity from the very outset. What about the property and resources that the SPS seized illegally?

[Antic] You are the leader of an unregistered party, but you are talking about the elections. Will the Democratic Party of Serbia [DSS] participate in the elections if it is not registered by the beginning of the election race?

[Kostunica] The fact that the Democratic Party of Serbia is still not registered, and this on the eve of the elections that will perhaps be scheduled for a week from now, at a time when the word "democracy" is used mercilessly in public discourse, is an astounding situation. In our country, a constitution can be adopted faster and more easily than a political party can be registered. We are not talking here about a formal matter, but rather about an actual ban on activities by the DSS. Although this has been discussed at great length, it would help to remind everyone at this point that 100 years ago there was a law in Serbia about public gatherings and political associations, which required that a political party, when it got to work, simply publish its program and bylaws in any newspaper. The state authorities could not in any way restrict or limit any efforts to avail oneself of a right as important as the right of association in political parties. Today, we are apparently living in a time when that is indeed possible, when the work of political parties is banned before they have gotten going. At the same time, there is no ban on the work of political parties that

mostly enter into conflict with positive laws, that are actually not political parties, but rather a type of paramilitary or semimilitary organization.

[Antic] What is the basic difference between your party and the Democratic Party, from which you recently split?

[Kostunica] First of all, the principled, consistent stance of the DSS that a democratic order must be established in Serbia. That the starting point be the usual notions about democracy, that we not stray too far, that we not experiment too much, and that we not seek solutions one more time in spite of the world, but rather that we seek solutions accepted by the world. And these solutions, which are well known, indicate in practice that we must make a clean break with the undemocratic order that has existed in this region for nearly half a century. It is a socialist order, which tolerated certain changes, which is somewhat better than some other types of socialism or communism, but which still represents the materialization of the communist ideal on our soil.

The DSS simply does not support the principle of socialist evolution, but rather supports the principle of democratic revolution. A break with the previous, old order. Because whether or not I have to remind you of this, the Constitution which represents the basis of the current political order, the Yugoslav Constitution, simply means continuity with the Briuni Constitution of 1974. Both in terms of how it was adopted and the procedure of its adoption and in terms of many of the solutions contained in it, it is the byproduct of that Constitution. Just as, moreover, the Briuni Constitution has its own predecessors in earlier constitutions, going all the way back to the resolution by the self-styled, usurping communist assembly of 1943. There are unbroken legal ties between the resolution adopted by that assembly and the latest, so-called Zabljak Constitution of the "third" Yugoslavia.

The Federal Government—The Opposition to the Republican Government

[Antic] Like it or not, we are nevertheless preparing for early elections. What sort of coalitions will be formed on the eve of this party contest?

[Kostunica] That is a question that is extremely important and interesting, but to which there is still no reliable answer. It is more than clear that right now the ruling party in Serbia is opposed by only one strong coalition of political parties and nonparty figures—the Democratic Movement of Serbia [DEPOS].

But there is also some room between them. There are a number of political parties in Serbia that are moving about in this space between the government and opposition. And that is an interesting phenomenon in our public life. Many of these parties are in a certain sense closer to the government than to the opposition in their positions. The very fact that there is no clear border, the very fact that one can say that there is something

between the government and opposition, makes our political situation even more complex. In democratic orders, regardless of all the ideological and program differences between political parties, there is nevertheless a clear line between the government and opposition. In our country, political parties are created, and encouraged, that are considerate toward the government, but often inconsiderate toward the opposition. These parties deprive themselves of the right to be called opposition parties. Such sham opposition parties only contribute discord to public life and delay the fundamentally necessary democratic turnaround.

It is also possible to foresee the creation of some sort of Social Democratic Movement of Serbia, comprising the moderate part of the SPS, the newly formed Social Democratic Party of Serbia, and Dragoljub Micunovic's party. The ambition of this coalition could be to replace the current SPS with its diluted or "disguised" version. Just as the SPS replaced the former League of Communists of Serbia, attempting to persuade others that it was a new political party. Such a social democratic coalition would, of course, require also an undisputed leader, its own "Slobodan Milosevic."

When talking about coalitions, about opposing alliances, something else must be noted. That is the relationship between the federal and republican "blocs." In Serbia during the last century, there was an unusual phenomenon, whereby an opposition existed thanks in part to the existence of two dynasties. This existence of two dynasties, one in power and the other in the opposition, generally in exile, contributed somewhat to the development of democracy in Serbia. To a certain extent this made relations more complex, deepened political divisions, but it also encouraged the development of democracy here. Today, the federal government is like an opposition to the republican government in Serbia. That too is an interesting phenomenon. Here as well, many aspects of the situation are unsettled and inadequately clear. Individual officials in the Serbian government contend that the federal government is pursuing a policy in conflict with Serbia's interests. Radoman Bozovic declares that "the federal state must begin serving the interests of Serbia." This sort of demand only illustrates something noted by individual deputies from opposition parties to the Serbian parliament during debate on the Federal Constitution several months ago: Yugoslavia is an unusual creation, a confederal and not a federal state. Through his statement, Bozovic only shows that the current Zabljak Constitution is a mere copy of the 1974 Constitution in terms of relations between federal and republican governments. Thanks to all this, a front is opening up between two "coalitions," federal and republican. In public appearances, attacks, and campaigns, SPS leaders are transforming this conflict into a genuine war between two "dynasties," the patriots and the traitors.

[Antic] The opposition has not recognized the new Constitution, known as the Zabljak Constitution, and in

doing so it also did not recognize the newly founded FRY [Federal Republic of Yugoslavia]. Do you have the impression that the opposition now, nevertheless, has accepted the federal government and its authority??

[Kostunica] I would not talk about the opposition in such general terms. From the outset, the Democratic Party of Serbia and the member-parties of DEPOS have challenged the legitimacy of the newly elected federal government, and even more so the elections through which that federal government was set up, but most of all the Federal Constitution itself. We have supported, and we still support, the adoption of a new, different constitution whereby the people themselves would ultimately take part in its formulation, the adoption of a constitution that would actually be an expression of the authentic will of the citizens of the common state of Serbia and Montenegro. Naturally, politics must function within the realm of the possible. It is possible to explicitly or tacitly support certain positions by individual political figures, regardless of their current functions. This is not *carte blanche* support for the federal government, nor recognition of its legitimacy, but rather support for individual positions or moves by that government and its standard-bearers. Perhaps the activities of these figures outside and in spite of the Federal Constitution could encourage democratic changes. I say perhaps because the opportunities for action by the federal government and its officials are politically and institutionally limited, and because moves by those figures are rather cautious and slow at a time that demands dynamic changes.

I have already discussed the phenomenon of the opposition of the federal government to the republican government in Serbia. To the extent to which these conflicts can lead to certain democratic changes, there is no reason not to agree to individual moves by the Panic government or even to support them.

Existing Constitution Cannot Be Fixed

I would say that constitutional chaos has taken hold of Serbia and Montenegro, that something that I would call constitutional disorder is in effect, a situation in which no one knows any longer what the authorities of the federal and republican governments are and where there are no clear borders between their jurisdictions. Very symptomatic here is one of the countless rather flippant statements made by Milan Panic, to the effect that relations between the federal and republican governments are not bad. The impression given by this statement is that we are talking about relations between two states instead of relations between authorities within the same state.

What is the solution to the constitutional crisis that is opening up on a large scale, especially since all the essential constitutional factors are acting outside their own areas of competence and overstepping their authorities? When I say that, I mean both the federal and the republican government. Apparently, the only way out is a new constitution for the common state of Serbia and

Montenegro, which would settle these questions in a valid way. This constitutional crisis will continue to deepen, and the only possible way out of it is the adoption of a new constitution that would be "provisional" in character, which is how even the framers of the Zabljak Constitution described their "baby."

From the very beginning, the Democratic Party of Serbia and DEPOS have declared that the way out of the current political and constitutional crisis lies in the scheduling of elections for a constitutional convention. The part of the Serbian opposition that leans toward the government has asserted that this demand is unrealistic, too radical, and even revolutionary. It has been said that this inflames social and political conflict, that this could even lead us into civil war, and most of all that it could harm the Serbian nation itself. This type of reasoning would lead one to conclude that the Serbian people have not suffered harm from the last two constitutions, which were adopted over the course of less than two years without their participation, while they could suffer harm if they themselves participate in the adoption of a constitution. The truth is something different. The Serbian people did not suffer harm from the constitutions that they themselves adopted in the last century (especially the 1888 and 1903 Constitutions), but they certainly suffered from the constitutions imposed on them by communist rulers from 1945 to 1992. Today everyone, including the current government in Serbia and its opposition sympathizers, recognizes that the inadequacies of the current constitutional system are countless. Saying that a poorly slapped-together creation like the Zabljak Constitution cannot be fixed is more a position based on sound reason than a political position. That is also the sense of Bogisic's warning: "Time will not fix something that is born crooked."

DEPOS and the DSS have done a great deal to introduce to public life the idea of a constitutional convention, as well as the idea of a round table. Sometimes it is important to see to it that some idea is present in public life, regardless of when it will become a reality. In any event, the essential point is that we need a new constitution adopted in a valid, democratic manner. Perhaps such a constitution can be achieved without a constitutional convention, under the condition that the existing procedure for changing the Constitution, which is extremely complicated and infeasible in practice, be replaced by a normal revision procedure. If a political understanding on this point is achieved between the strongest parties after the federal elections, then in the foreseeable future we could have our first democratic constitution in 50 years.

[Box, p 10]

Serbia and Montenegro

[Antic] You constantly refer to Serbia and Montenegro, but say nothing about the new state called Yugoslavia?

[Kostunica] That is not coincidental. Serbia and Montenegro existed as independent states beginning with the

Congress of Berlin, and thus going into the creation of the first Yugoslavia. It is natural to preserve this name if they are all that remains of Yugoslavia. The name Yugoslavia made sense and was justified at a time when other nations, the Croats and Slovenes, belonged to this state. Perhaps the best name for the first Yugoslavia was in fact the Kingdom of Serbs, Croats, and Slovenes. Without the Croats and Slovenes, the name Yugoslavia is deprived of its original, i.e., real meaning. In this remaining part of that former state, in which there are no Croats and Slovenes, it is normal that the name of this state not be Yugoslavia, but rather Serbia and Montenegro. By using the name Yugoslavia, the regime of Slobodan Milosevic simply wants to hide its greatest political failure. Only a year ago, the guiding principle of Milosevic's policy was the promise that all Serbs would live in one federally organized community of states under the name Yugoslavia. All that has remained of this is the name, and through this name they want to create the impression that the political promise has been kept. Besides, the name Yugoslavia brings with it a half a century of ideological, communist baggage (the second Yugoslavia lasted twice as long as the first one), which can hardly gladden the hearts of the citizens of Serbia and Montenegro.

[Box, p 10]

Changes at POLITIKA Cannot Be Stopped

[Antic] Finally, the question that I ask everyone whom I interview. What is your view of the attempt to nationalize POLITIKA?

[Kostunica] We are talking here about an attempt to apply a form of party control over the media, which works exceptionally well in the case of Radio-Television Serbia, to the printed word. This was done at a time when the difference between a controlled medium and a medium beginning to wrest free of that control was becoming apparent. Regardless of the fact that the printed word, especially under conditions of economic sanctions, impoverishment, and inequities in the political culture, has less effect than images from the television screen, it turns out that the ruling regime in Serbia wants to ensure control over all the leading media on the eve of the upcoming elections.

This attempt did not succeed in the way in which it was conceived. The current compromise has its shortcomings, but in any event it is temporary. Keeping in mind the true nature of the government and of its standard-bearers in Serbia, it is hard to imagine that this sort of halfway solution could be acceptable to them: strictly controlled Television and a POLITIKA that is tearing free. I think that the government sees the current situation at POLITIKA as the calm before the storm. And certainly a storm that they will try again to stir up.

In the somewhat longer or shorter term, we all know what the outcome is. The POLITIKA example should have an effect on Television as well, based on the

principle of related judgments. Changes of this kind cannot be stopped. It is hard to halt the "infection" known as freedom or liberation, and impossible to eradicate it.

Yugoslav, Serbian Minority Parties in Macedonia

Party of Yugoslavs

92BA1440A Skopje NOVA MAKEDONIJA
in Macedonian 11 Sep 92 p 10

[Letter to the editor from the Party of Yugoslavs in the Republic of Macedonia, Bitola branch: "Democrats Who Are Not Democrats"]

[Text] In connection with attendance at the London Peace Conference on Yugoslavia by the PDP [Party for Democratic Prosperity], the general secretary of the Ilinden-Free Democrats Party, in a subversive, dishonest, rude, and undemocratic way, and profiting from freedom of the press, is trying, with his statement, to identify the Party of Yugoslavs in the Republic of Macedonia with the PDP, although there is absolutely no connection between these totally dissimilar parties.

The Party of Yugoslavs in the Republic of Macedonia is not a foreign party. Under the conditions of democratic pluralism, it is a party of members of the Macedonian nation, open to other people, as well, regardless of ethnicity, faith, or language, to citizens who sincerely favor a federative state union and a modern legal and democratic federation in the true meaning of the term. We believe that federalism is the most advanced type of contemporary state, if it is consistent with human nature. Other than this belief that we hold, we are not struggling for power or thinking of any struggle with arms, not do we preach hatred, intolerance, chauvinism, national exclusivity, or bloodshed for the sake of such dangerous, neo-Nazi, and neofascist ideals because neither our program nor our hearts contain such spiritual channels that lead to civil war. To us, all citizens in Macedonia are equal as long as they respect the laws of ethics and coexistence.

The free democrats, however, have proved that they are not democrats because they have not accepted the basic principle of democracy: pluralism. They claim that they are exclusively concerned with the destiny of Macedonia, which is our fatherland as well. For that reason, they have no right to deprive us of that country and turn us into foreigners. If they are looking for a fight, afraid of their own ideology, let them struggle against both us and others but with words, verbally, in a democratic and cultured manner, with the standards of ethics and humanism, exclusively with words, and with writings backed by reliable facts, and thus prove that their programmatic and political party objectives are better and loftier than the objectives and programmatic stipulations of the other parties. Only in such a case could they call themselves free democrats. If they keep up with their slander, calumnies, insinuations (like cuckoo's

eggs), and gutter talk, they should as of now tack on the particle "non" to the word democrats (thus becoming free nondemocrats).

Finally, a moral admonition: If we members of the Party of Yugoslavs in the Republic of Macedonia sink, God forbid, to the level of their political and democratic standards—something we shall not do—we could quite easily label them as being some kind of dirty foreign party. This would satisfy the right-thinking people.

Serb-Montenegrin Association

*92BA1440B Skopje NOVA MAKEDONIJA
in Macedonian 11 Sep 92 p 2*

[Statement by Bozidar Despotovic, chairman of the Association of Serbs and Montenegrins in Macedonia: "Demanding Their Rights Democratically"]

[Text] *We must distinguish between the Association of Serbs and Montenegrins in Macedonia and the Democratic Party of Serbs in Macedonia.*

Yesterday, Bozidar Despotovic, chairman of the Association of Serbs and Montenegrins in Macedonia, spoke to the information media on the role of the association. He said that the Association of Serbs and Montenegrins in Macedonia has repeatedly stated that, above all, in the Republic of Macedonia, the human, ethnic, religious, cultural, and educational rights of the Serbs and Montenegrins are not respected, which is why, as the center of these two nations in the Republic, the association will continue to use all legitimate and democratic opportunities to implement those fundamental rights that so far, regretfully, have not been observed.

The Association of Serbs and Montenegrins in Macedonia has its own status and program, which, in registering the organization, were submitted to the Republic authorities in Skopje and within the framework of which the association, as in the past, will continue to function. Therefore, the association can neither be identified nor wishes for anyone to identify it with any other party or other political demands that do not agree with its program. For that reason, the Macedonia media in particular must differentiate between the Association of Serbs and Montenegrins in Macedonia and the Democratic Party of Serbs in Macedonia.

Repeated anti-Serb statements in the Macedonian media, as well as the anti-Serb hysteria among the public, particularly after the publicity given to the fictitious

demand for an alleged establishment of a "Serbian republic" within the borders of the Republic of Macedonia by the Serbian and Montenegrin peoples in the Republic, could only benefit the enemies of the Serbian, Montenegrin, and Macedonian peoples, but not in the least the real interests of these three fraternal and closely related nations. It is a well-known fact that the Association of Serbs and Montenegrins in Macedonia has never formulated, nor does it have the intention of formulating, demands for a line of state demarcation between the Federal Republic of Yugoslavia and the Republic of Macedonia.

Democratic Party of Serbs

*92BA1440C Skopje NOVA MAKEDONIJA
in Macedonian 11 Sep 92 p 2*

[Statement by the National Party of Macedonia: "Laying the Groundwork for Military Intervention"]

[Text] *The aim of the position taken by the Democratic Party of Serbs [DPS], as stressed in Kumanovo, is to destabilize the Republic of Macedonia.*

In the matter of the demand voiced by the DPS in Macedonia at the party's meeting in Kumanovo, and the organization of a referendum on the autonomy of Serbs in Macedonia, as well as of establishing closer ties between that party and the Seselj radicals, the National Party of Macedonia has made an announcement expressing its deep regret regarding the views voiced at the meeting of the High Council of the DPS.

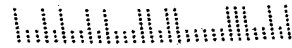
We emphasize that all such expressed statements are inaccurate and that their usual aim is to destabilize the Republic of Macedonia and lay the groundwork for military intervention. No single citizen in the Republic has been discriminated against, least of all the Serbs. There has not been a single specific case indicating that any constitutionally guaranteed right has been violated. The National Party of Macedonia, the communication states, calls upon all citizens of the Republic of Macedonia who are of Serb origin to not believe the cheap provocations of the DPS because the destruction of the Republic of Macedonia and the promotion of hostility with the Macedonian people are not in their interest. The national minorities in the Republic of Macedonia enjoy a high degree of civil and minority freedoms and rights. The Republic of Macedonia is prepared to enhance such rights and freedoms to an even higher level. By referring to Seselj, the Serbs in Macedonia will certainly not make any contribution to this effect but, instead, could trigger a war in which we would all be the losers.

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