

JPRS-EER-92-031
13 MARCH 1992



JPRS Report

East Europe

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SPRINGFIELD, VA 22161

19980115 044

East Europe

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Zhelev Appoints New Presidential Advisers

AU1303092392 Sofia 24 CHASA in Bulgarian 6 Mar 92
p 1

[Report by Venelina Gocheva: "Zh. Zhelev Has Found 19 Advisers for Himself, but Vacancies Still Exist"]

[Text] On 5 March it became clear who will be closest to the president during the next five years, after Dr. Zhelev informed his colleagues about the new structure of the President's Office.

The president has provided himself with a chancellery, a personal staff, and a military office [voenen kabinet] and, so far, has announced the names of 19 of his advisers. "Offers are still being sought for the posts of foreign policy, social, and ecological advisers," an authoritative source stated.

Ivaylo Trifonov remains as head of the chancellery, but the closest persons to Dr. Zhelev will be Aleksey Alekseev, chief of his personal staff, and his secretary, yachtswoman Yuliya Gurkovska (Papazova). According to personal information provided by Mr. Alekseev, he was one of the chief managers in Dr. Zhelev's election campaign headquarters; he worked as a chief assistant and lecturer in biochemistry at the Medical Academy and dealt with foreign aid before the Foreign Aid Agency was set up.

Verzhiniya Velcheva, formerly the presidential legal adviser, surmises that the appointment of a second person above Ivaylo Trifonov is probably aimed at smoothing out differences within the presidential team because it is claimed that certain of the present advisers have threatened to resign if Mr. Trifonov keeps his job.

Four military officers will sit in the new military office under its chief and adjutant general, Eng. Captain Stefan Dimitrov of the Bulgarian Navy, who previously was a deputy head of administration in the Bulgarian Army General Staff.

Dr. Zhelev is keeping his economic team, consisting of Prof. Lyuben Berov, Mariana Todorova, and Boyan Slavenkov. Places are probably also available for General Stoyan Andreev and Rumen Danov, the president's two advisers on national security, concerning whom a decree was issued some time ago.

Sources in the President's Office comment that the vice president's staff duplicated the presidential staff and increased the number of advisers. "Additions to the team are still being made, but it is not true that our staff is increasing in number," stated Valentin Stoyanov, who keeps his job as presidential spokesman.

SDS 'Decommunization' Attempts Denounced

AU1303090292 Sofia DUMA in Bulgarian 9 Mar 92 p 6

[Article by Georgi Krustev: "Mythical Communism Is Alive in the Union of Democratic Forces Trench"]

[Text] From the very beginning of its existence, the Union of Democratic Forces [SDS] established itself as a political force based on anticommunism. The euphoria of mass rallies and the first political successes resulting from them convinced some politicians that this is the best of all possible stands. "The country's decommunization" effectively became the basic slogan of their political struggle. The slogan acted as an intoxicant, but, at the same time, as a smoke screen for the voters and even for some politicians. "Decommunization" as an argument of political struggle paralyzed the capacity for sober reflection and diverted the public's attention from the real problems by focusing on ideological disputes. Evidently, we will soon realize who has the greatest advantage from such efforts to obscure the people's minds. However, it is even more important to stress that we are already observing a sobering up trend among the voters. The results of the 1991 parliamentary elections and the 1992 presidential elections showed that at least one-third of the Bulgarian electorate does not accept the alternative "communism or democracy" (namely, decommunization) as valid for our country. This also explains the increasing influence of the parties that do not identify themselves with this alternative. The parties in question are increasingly focusing their attention on the solution of pressing economic problems.

During the period of "unity based on the velvet revolution," the argument about the SDS being the only political force that firmly adheres to democratic principles was particularly emphasized. This argument was perhaps justified to a certain extent at the time. Today, however, this thesis indicates, at best, political arrogance. Without mentioning the extraparliamentary opposition, even people who are not in the least familiar with political developments will realize that hardline Communists have lost their former influence in the Bulgarian Socialist Party [BSP] and that the BSP cannot seriously be described as an undemocratic force. "Decommunization" is not even fit to be used as a political slogan today; it is simply a primitive bugbear that can no longer be frightening because people have come to realize the difference between imaginary and real dangers.

SDS policy is simply incompatible with newly existing conditions. The leadership of the SDS coalition has either not sobered up from its anticommunist intoxication, or it still believes the voters to be intoxicated. The SDS was incapable of launching an unmistakable slogan in conformity with the current situation. A slogan is not a mere appeal but should contain a concise description of the basic tasks as viewed by a given political force. This shortcoming precisely manifested itself at the recent SDS rallies and in the recent bills about state functionaries, in which "decommunization" once more appeared to be the major issue. It was strongly emphasized, and it also became evident that the SDS will not permit any "return to the past" and would even ban the BSP should this become necessary. The minister of foreign affairs talks about the danger of a state coup. A decisive

moment seems to have emerged similar to that of 1919 in Soviet Russia, when Lenin launched the slogan of the "socialist motherland being in danger." Only the formula is different today. It is evident that efforts are being made to maintain the country in a permanent state of high tension, and constant fear is spread that someone somewhere is preparing something (either a coup or a conspiracy) against democracy and its champions. The leaders of the ruling coalition appear at such moments like self-sacrificing heroes, but this role does not become them. Something more important is emerging in this context. It is the fact that "decommunization" seems to be a means of concealing the growing contradictions within the coalition itself. The contradictions are an open secret, as a matter of fact. They especially concern the country's future economic structures. For this reason, precisely, there was so much noise about privatization and restitution. Whether the compromise achieved by adopting the restitution bill prior to the privatization bill was successful—we should soon find out.

Anticommunism has been the strongest link of the different forces within the SDS over the last two years. However, like every platform based on negative concepts, the link is not very strong. The first crack appeared after the adoption of the Constitution, when the first "traitors to the blue idea" emerged. They were people who held their own opinions and refused to submit to the "radical revolutionaries." The editor in chief of the daily DEMOKRATSIYA was recently once more replaced after several appointments and dismissals. This is also a kind of crack. It became necessary to promote the notorious anticommunist Encho Mutafov. His appointment soon enough produced the expected results. The awaited articles pointing out the real enemy appeared. The minister of internal affairs added his contribution. His article, published on 26 February 1992, hardly becomes a person of his educational level and social standing, to put it mildly. A war between the 39 deputies who once upon a time went on hunger strike [in the summer of 1991] and the president, who is searching for his own field of action for the forthcoming five years, is a logical development at this stage. However, this is another question that requires separate analysis.

If the danger called communism should be imaginary, then unity can also be expected to be imaginary. It is very significant that Dr. Trenchev did not rise to the bait and is making his own policy. Despite all of the recent compliments exchanged between the Podkrepa Labor Confederation and the government, the contradictions between them are likely to increase. The stability of the government as such greatly depends on the attitude of the trade union in question.

As a result of all of this, the SDS and the Movement for Rights and Freedoms [DPS] once more launched the slogan of banning the BSP. Nevertheless, do they really want this ban? Not in the least! The struggle against the BSP as a source of threat is a vital necessity for the two organizations, at this stage. The struggle against the BSP

is, for certain leaders, the most convenient protective screen behind which to settle their own affairs, without their supporters learning too many details about them, and this applies, in particular, to certain methods of raiding the honey pot of "privatization".

As a matter of fact, the SDS has not and could not have any interest in banning the BSP for any other reasons. Even discussion of such a bill would be likely to increase the sympathy of people in our country and all over Europe for the fate of the Socialists. They would immediately find themselves in the advantageous position of being persecuted for their political convictions. As is known, the "normal democracies" do not appreciate such actions, especially considering that the new BSP leaders are well received by Western political circles. On the other hand, even if the BSP should be banned (let us admit the most improbable situation), it would be naive, at best, to expect a drastic improvement in the SDS rating or an increase in its voters. The influence of the present extraparlimentary opposition would be likely to increase, or a new political force would emerge.

The idea of banning the BSP is perhaps the last anticommunist card to be played that could be expected to promote the concentration of power into the hands of one political force.

The ultimate objective is to seize all of the power, and no less. What would be the result of this? In such a case, not only the BSP but also all of the exponents of democratic pluralism are likely to be deprived of all their strength.

BSP Appeals for Financial Contributions

AU1003104492 Sofia DUMA in Bulgarian 3 Mar 92 p 5

[Appeal of the Supreme Council of the Bulgarian Socialist Party, BSP, "to all members, supporters, and sympathizers of the party and all democrats": "Solidarity With the BSP"]

[Text] Dear Comrades and friends,

The majority of the Union of Democratic Forces and the Movement for Rights and Freedoms in the National Assembly adopted a repressive law by which they brutally confiscate the entire property of the Bulgarian Socialist Party [BSP] and its financial resources, including those collected through membership fees. The objective of this law is to economically destroy the party of Bulgarian socialists, deprive it of the opportunity to operate normally, and weaken its influence in Bulgarian society. This oppressive act is directed not only against our party, but also against all political forces that do not approve the actions of the extremist restoration rightist forces, which are fatal for Bulgaria.

Now the BSP Supreme Council and the entire party are in a very difficult financial situation. We do not have sponsors abroad or suspicious donors such as those who overtly or secretly finance our present government. We

rely on all who cherish the country's democratic future and the leftist alternative for its development.

Dear Comrades and friends,

The BSP Supreme Council earnestly appeals to you to support the party financially by transferring money to its new bank accounts:

In leva—421111685006-3 Sofia Commercial Bank.

In foreign currency—322229300-3; 421076006-301-0 Sofia Commercial Bank.

The contribution should be accompanied by the instruction: "Solidarity With the BSP" action. In addition, you can make direct contributions at the BSP Supreme Council, 20 Positano Street, Sofia and at the BSP municipal councils.

We are convinced that, at this fateful time, the workers, peasants, employees, intelligentsia, and businessmen will support us financially so that our party can continue its political and organizational activity in defending the interests of all working people in the country and Bulgaria's future.

I assure you that the funds received will be used most sparingly for the normal functioning and existence of the BSP—a great party of the leftist alternative.

Support the "Solidarity With the BSP" action massively!
BSP Supreme Council

No Evidence of BSP Involvement in Moscow Coup
AU1203180192 Sofia DUMA in Bulgarian 10 Mar 92 p 2

[Report by Lidiya Lecheva: "There Is No Document Incriminating the Bulgarian Socialist Party in the Coup Attempt in Moscow, Pugachov Claims"]

[Text] In reply to a question put to him by DUMA on 9 March, Prof. Boris Pugachov Ph.D., chairman of the group of experts investigating the causes and circumstances surrounding the Moscow coup attempt and member of the Russian Parliament's Constitutional Commission, stated that we have not come across a single document in the archives of the Central Committee of the CPSU and of the KGB that proves the involvement of the Bulgarian Socialist Party [BSP] in the state coup attempt in the Soviet Union.

Protocols from closed sessions were found during the investigation of the CPSU Central Committee archives. They speak of strong actions in relation to the Russian leadership but do not mention a coup. B. Pugachov comments on the fact that it can be seen from memoranda that passed between them that Gorbachev was prejudiced against the Lithuanian leadership by Kryuchkov, the chairman of the KGB at that time. Kryuchkov convinced Gorbachev to announce a state of

emergency in Russia and placed biased political information at his disposal that predisposed him toward a decisive change of the democratic processes. The professor assesses Gorbachev's actions in Baku and Vilnius as anticonstitutional. Pugachov claims that Gorbachev carries full political responsibility for what happened. We did not find a single document or any indication that Gorbachev knew about or participated in the coup.

The KGB's archives show how complete track was kept of the entire population. Fedorov, Akhmadullina, Okudzhava, Mikhalkov-Konchalovskiy, and Tarkovskiy were among those investigated by the KGB. The experts found Lenin's letters about physical retribution and terror against the population in the KGB archives.

Drenchev Proposes Agrarian Center for Unity
AU1303091992 Sofia OTECHESTVEN VESTNIK in Bulgarian 5 Mar 92 p 2

[Report by Khristo Karlukovski: "Milan Drenchev Takes Upon Himself the Task of Unifier"]

[Text] Milan Drenchev stated at a news conference on 4 March that the government has no clear program because the main political forces are not represented in it. On the question of restitution, the agrarian leader emphasized that the reforms must be carried out for the sake of the people and not just for particular strata of the population. For several days, a new formation has existed among the agrarian ranks—the Center for the Unity of the Agrarian Forces. The idea for its establishment belongs to Milan Drenchev, former chief secretary of the Bulgarian National Agrarian Union—Nikola Petkov [BZNS-NP]. He announced that this idea took possession of him on seeing the disunity of the delegates at the 27th Extraordinary Congress of the Nikola Petkov BZNS Agrarians.

The analysis made by officials from the two agrarian unions, champions of unification, indicates that the unification processes are very strong in the local branches. Alfatar, Smolyan, Gorna Oryakhovitsa, Varna, and many other places have just a single branch. Both green and orange Agrarians [BZNS-NP and Bulgarian National Agrarian Union-United (BZNS-e)] are members of it. They have achieved unity by weeding out disreputable members both from the BZNS-e and the BZNS-NP. This new phenomenon in the lives of the two unions has produced the conclusion that a powerful political force must be established by the followers and sympathizers of Stamboliyski's ideas. This force is objectively predestined to play the part of one of the main guarantors of the democratic processes in Bulgaria.

The Center for Unity will consult and direct the processes of unification. According to its founders, the time will inevitably arrive in the next few months for a joint unification congress that will become a court for all enemies of unification who are exploiting this agrarian open wound for their own disreputable aims.

The establishment of united branches will make a single agrarian union. This is the path adopted by the center that will be followed unswervingly.

BZNS-e Supports Zhelev on Intelligence Service

*AU0903193692 Sofia ZEMEDELSCO ZNAME
in Bulgarian 5 Mar 92 p 1*

[Declaration of the Bulgarian National Agrarian Union-United Permanent Board: "With Confidence and Certainty in Victory of Democracy"]

[Text] During the time democracy takes its initial steps, we are especially sensitive to steps that could contribute to the destabilization of our sociopolitical and economic life. Therefore, the Permanent Board of the Bulgarian National Agrarian Union-United [BZNS-e] and all allied Agrarians most categorically support the position of the president of the Republic of Bulgaria in connection with the fate of the National Intelligence Service. We are convinced that this service must not depend on any party formations. It should be subjugated only to the president, directly elected by the people, to be able to successfully implement its all-nation tasks. This is even more imperative at the present moment, when our people need unity and security to be able to more efficiently and quickly implement the economic and political reforms, which cannot be postponed.

All attempts at personal confrontation and imposing political solutions that jeopardize the process of democratization in our country must decisively be blocked in a timely manner.

Time does not wait. A lot of responsible work at all levels is waiting for us in all spheres of life. We can achieve success only if we overcome narrow party interests and subjugate them to the interests of society and Bulgaria!

4 March 1992

Democratic Center's Stance Defined

AU1203120092 Sofia DUMA in Bulgarian 9 Mar 92 p 6

[Interview with Green Party Chairman Aleksandur Karakachanov by Dora Chichkova; place and date not given: "Riffraff Like Us Always Posed a Danger to Dictators"]

[Text] [Chichkova] Would you first explain why you agreed to give an interview to DUMA?

[Karakachanov] It is because, for us in the Bulgarian Democratic Center [BDTs], both the Bulgarian Socialist Party [BSP] and the Union of Democratic Forces [SDS] are political opponents. We consider that we are a democratic alternative to both. Accordingly, I am equally willing to answer questions from DEMOKRATSIYA, if it is bold enough to publish my replies.

[Chichkova] In two successive SDS declarations, your name was linked to a plot against democracy, and, on the

"Panorama" television program, Stoyan Ganev described the statement by your party's representative as an admission that a state coup was being planned. How do you explain the fact that, within a few months, you have progressed from being "riffraff" to people who pose a danger to the government?

[Karakachanov] "Riffraff" like us have always posed a danger to dictators. This is why, prior to 10 November 1989, the government concerned itself with us instead of with Stoyan Ganev, who fitted into the system very well. The plot issue has already become banal. If any scenario does exist, there is only one—let us not waste time discussing what others there may be. This is a favorite trick of any party in power that is unable to govern without dreaming up scenarios of plots. I wonder where Mr. Ganev's incompetence ends and his open demagoguery begins. He is a past master at confusing the two.

[Chichkova] So far, you have demanded the resignations of three ministers—Stoyan Ganev, Yordan Sokolov, and Nikolay Vasilev. Are you following the principle of eliminating them all one by one?

[Karakachanov] No, this is not the principle. We consider that the entire Cabinet should resign, given that it has demonstrated its incompetence. However, we want to concentrate attention on certain ministers who, apart from being incompetent, are also proving to be dangerous. The main activity of the executive power is to do nothing. The fact that they have no program shows that they do not know what to do. Therefore, they also lack any legislative initiative. The overall stagnation of production, for which, of course, reasons also exist outside the government, is made worse by the government's inaction. Indicative of this is the very fact that Filip Dimitrov managed to see the pope three times, yet has been unable to visit Ukraine to solve our electric power problems. The government concerns itself with everything except its own obligations.

[Chichkova] Your party, a founder member of the SDS, was the first to cry "Down with the SDS!" How did this come about?

[Karakachanov] It was because the SDS betrayed the democratic principles in whose name it was formed. The SDS has altered its goals. At the start, we worked together for the nation's prosperity, but, at the moment, a group is in control that only wants to ensure its own prosperity and to restore everything to the state in which it existed before 9 September 1944. This group is ready to ruin the country's economy for the sake of its personal interest.

[Chichkova] The Green Party, however, was one of the first to demand the restitution of property.

[Karakachanov] We insist on this even now but are against the restoration of property in an uncontrolled manner, dictated solely by personal interests. In a certain time, this policy will lead to a situation in the country in which 10 percent of the people are rich and 90 percent

are poor. We are turning into a banana republic. This is our strongest charge against our former colleagues: They stopped the privatization bill, which could have been adopted nine months ago, and thus halted the reform. Everything else—the scandals about the personal files and informers—is only to deceive people who do not understand. The great difference between us and people like Stefan Savov, Markov, and Yordanov, who are now in power, is that we want Bulgaria to have a strong middle class.

[Chichkova] What is your view concerning the amending of the laws you helped to draft in the former Grand National Assembly?

[Karakachanov] These amendments are aimed in the direction that I have just mentioned—namely, the interests of a small group of people. If one of them used to own a shop, they push through a law to restore the ownership of stores. If they then find out that someone else used to own something else, they rush through an appropriate law. Our entire agriculture may collapse, but they will not pass a land act that is not exactly to their liking. As for the privatization bill, they are still chewing it over because, at the moment, they have no advantage to gain from it.

[Chichkova] On a considerable number of issues, the Green Party holds the same positions as those the BSP is trying to defend in parliament. Is it not somewhat strange for you to oppose the parliamentary opposition?

[Karakachanov] The BSP may say that it pursues the same aims, but what is more important is its ability to defend them. In our view, the BSP is incapable of forming a real opposition because the interests of its active membership do not correspond to its declared aims. As for those aims that do correspond to ours, it is unable to achieve them in practice. One of the most active groups that used to support the BSP was the so-called economic *nomenklatura*, but it is now going over in droves to the SDS. Its other main support—the old Communists—consists of people who carry no weight in society; they cannot persuade anyone to follow them.

The BSP cannot adopt a firm position in parliament. It does not even dare to leave parliament because then it would be accused of sabotaging the reform. The BSP is caught in a trap it set itself. However, the SDS still has the moral justification to say: "We will not listen to them," and it will use this advantage to the utmost.

For these reasons, our country needs a strong opposition, which the Green Party and the BDTs are called upon to provide.

[Chichkova] Do you believe that the parties of the BDTs could form an effective opposition to the present parliamentary majority?

[Karakachanov] This is a good question. However, a more important question is why parliament has taken its

present form. Here the SDS and the BSP share a common interest in preventing the entry of a competitor. While they played this game of theirs, the Rights and Freedoms Movement [DPS] slipped in through the middle. Thus, national interests are being sold down the river for the sake of party politicking. This was very well illustrated by a "Panorama" television program in which Premyanov [a BSP deputy] said: "We will publish the compromising materials," to which Sugarev [an SDS deputy] retorted: "We will ban you." Premyanov then said: "All right then, we will not publish the materials after all."

I am certain that the SDS will never really ban the BSP. It can do so only in words because, otherwise, the two-party system for which Filip Dimitrov argues would collapse. The SDS could never find a better partner than the BSP—it can spit on the BSP as much as it likes. On the other side of the coin, what is more convenient than being an opposition that can point to the SDS and say: "Look at how undemocratic they are?" Indeed, they are sufficiently stupid as to be undemocratic. By pointing to a group of unrestrained hooligans, you consolidate the members of your own party. There is no need to worry about making a parliament that brings benefit to the entire nation. The biggest winners from all of this are the BSP top brass, the DPS as a party, and those members of the SDS who want to get their properties back. No one else gains from this.

[Chichkova] Do you not seek the blame for your defeat in the parliamentary elections solely outside yourselves?

[Karakachanov] It is our own fault that the SDS Center and the SDS Liberals failed to unite before the elections. However, we have done everything possible to avoid being overcome by the blue tidal wave that has overwhelmed the SDS. We found no one who would support us. People did not realize what was happening, but they are beginning to understand now.

[Chichkova] This sounds like saying that "the correlation of forces is changing"—the words used by the SDS last year when it demanded parliamentary elections. Now, however, they see in this "a plot against the government."

[Karakachanov] I do not think we need elections now, although they accuse us of wanting them. Bulgaria will need elections when they bring it something new. For the time being, they will continue to foster the familiar hysteria in order to preserve the status quo. However, people are gradually changing their thinking, as a result of the economic crisis, which will get worse. If the second government falls as well—and there is a likelihood of this—I do not know what the ruling group will do.

[Chichkova] Do you see any way of reducing the polarization in society?

[Karakachanov] One way is to lessen the effect of the blue and red poles by creating a strong center. The center already has an existing electorate; this can be seen from

the elections. They are the people who voted for Zhorzh Ganchev, Sendov, and Dimitur Popov, and make up over 20 percent of the electorate. They do not want either the BSP or the SDS. They are sober thinkers and can unite the nation.

[Chichkova] However, how will you attract them to you?

[Karakachanov] The center has one "weakness"—it cannot attract people by demagoguery. However, our strength lies in the fact that we can say what we like. In contrast to some people in the BSP, we have no wish to delay the processes. In contrast to the SDS ruling group, we do not want Bulgaria to be set back 50 years. We want to preserve the structure of the state, to defend its integrity, because this is indeed a burning issue: There is a real danger of destroying the country's structure in the economic, political, and, most of all, ethnic sense. It is important for us to find a political consensus on the main national issues. Such a consensus was achieved with regard to Macedonia, but we have still not managed to agree on other issues. The Center will concentrate its efforts in this direction.

Gypsies Protest Against Social Discrimination

AU1103191692 Sofia DUMA in Bulgarian 9 Mar 92 p 2

[Report by Vanyo Stoilov: "Gypsies Demonstrate Under the Slogan 'We Are Hungry'"]

[Text] We are hungry, we have good reasons to protest, and the state treats us like a stepmother, the Gypsies from the municipalities of Kharmanli, Simeonovgrad, Lyubimets, and Sliven stated at their rally held in Kharmanli, which was organized by the "Roma" Association.

The participants in the meeting adopted a declaration to the president of the Republic and the chairman of the Council of Ministers, in which they complained about their unjust treatment in the past and today. We want jobs. This was the major demand of the Gypsies, who do not wish to be an additional burden for the state budget or stand in line for the charities of the "Social Welfare" Institution.

NACHALO Resumes Publication After 6 Months

AU1303090692 Sofia DEMOKRATSIYA in Bulgarian 6 Mar 92 p 2

[DEMOKRATSIYA staff report: "The Second Beginning of NACHALO"]

[Text] After a compulsory interruption of five months, the NACHALO newspaper will again appear today. It will reflect topical aspects of our country's political, economic, and cultural situation. The authors will analyze the possibilities of further manipulations with the power supply restrictions issue, as well as the attempts to mask the active process of transforming the Bulgarian Socialist Party's press by developing a noisy campaign of

indignation in connection with the intention to nationalize the property of the relevant publishing houses.

The newspaper will review the issue of who is the real owner of the agricultural land and what type of peasant cooperative suits the market tendencies. Another interesting article uses the thesis of viewing politics as a game and analyzes the political simulation of the "groups" that split from the Union of Democratic Forces. The republic versus monarchy "dilemma" is reviewed within the context of a political speculation. The position of the authors of the Privatization Bill is also presented.

The "Contemporary Archive" rubric will carry excerpts from documents, the parliament's minutes, and conferences.

Value of Historical Monuments To Be Assessed

AU1103194092 Sofia DUMA in Bulgarian 7 Mar p 2

[DUMA PRESS report: "Expert Commission To Be Consulted by Municipalities Before Demolishing Statues"]

[Text] A declaration from the Ministry of Culture states that the ministry respects the division of powers and will not interfere in the municipalities' decisions on which monuments to retain and which to eliminate from our historical and cultural heritage. Numerous protests from citizens were received by Mrs. Konstantinova's department as a result of the recent noisy campaign to demolish the monuments to the Soviet Army, "Alyosha" [memorial to Soviet soldier], and the Mausoleum. However, at the same time, the ministry is prepared to give local authorities expert help and, to this end, has established a commission consisting of authoritative specialists to assess the cultural and artistic value of buildings and memorials the municipal leaders aimed to remove.

Ministry Avoiding Responsibility for Monuments

AU1203092892 Sofia DUMA in Bulgarian 9 Mar 92 p 8

[Article by Boris Dankov: "Monuments Are Being Demolished, the State Is Normal"]

[Text] On 7 March, readers became acquainted with the so-called declaration of the Ministry of Culture in connection with the citizens' objections and protests regarding the demolition of monuments and the intended demolition of the "Alyosha" memorial in Plovdiv, the mausoleum, and the Monument to the Soviet Army. This document is unique not only in content (which is a first class example of seasoned bureaucratic style) but also in its entire attitude to our national historical heritage. The declaration defines the monuments as "symbolic elements" that can either be "supplemented or eliminated." Invoking its "democratic principles," the ministry nimbly hands over to the municipal authorities the entire job of looking after the monuments. By "wriggling out" of it in this way, the dirty work of squaring accounts with the politicized

culture of the past has been left to the clerks of the Union of Democratic Forces-Movement [SDS-Movement].

The only thing we do not know is why Dr. Elka Konstantinova's team has forgotten the Council of Ministers' Decree No. 22 of 4 February 1992 that defines the main functions of the ministry. This states that the ministry "exercise control and care over the preservation and maintenance of the monuments of culture," which includes their protection.

If it were a question of some totalitarian decree from the recent past, we would certainly have understood the "forgetfulness" of the dark-blue champions of culture. However, the fact that they "forget" documents from their own government is unprecedented.

As a matter of fact, this is not true! In any normal state, the fate of the historical monuments is the concern and responsibility of the national cultural department! This begs the question—what kind of state is ours?

Role of 'Special' Communications Department

*AU1003124392 Sofia BULGARSKA ARMIYA
in Bulgarian 4 Mar 92 pp 1, 3*

[Interview with Lieutenant Colonel Velcho Velchev, head of the "Special" Department of the Committee of Communications and Data Processing, by Major Volodya Stoilov; place and date not given: "Eavesdropping Is Not One of Our Jobs"]

[Text] [Stoilov] There has been criticism recently in connection with officers working outside the Ministry of Defense. Lieutenant Colonel Velcho Velev was kind enough to answer my questions about the work and duties of the "Special" Department under the Committee of Communications and Data Processing and about relations between the Ministry of Defense and the committee. Could you describe the duties of the department you are in charge of?

[Velev] I will begin with the wrong idea that many people share, namely that the country's defense in the event of war would be the exclusive task of the Army. In the circumstances of a military conflict, the whole country is involved, and all citizens are expected to participate in defense operations in accordance with the current needs and the functions entrusted to them. The job of our department is to prepare all means of communication so that they function perfectly in the event of war. Therefore, Decree No. 114 of 9 June 1991 describes our activities as "the implementation of special operations in connection with guaranteeing the functioning of the national communications system for defense and state security purposes in circumstances of armed conflict, natural disasters, and major industrial accidents."

[Stoilov] In that case, what is supposed to be so special about your "Special" Department?

[Velev] Despite its name, our department has nothing to do with the work of the Ministry of Internal Affairs. We are often accused of eavesdropping—that is, of tapping telephone lines. This is not within our competence, and such activities are prohibited by the Constitution, as a matter of fact. Our task is totally different; it consists of guaranteeing reliable communications not only for the Army and the state apparatus, but also for major economic institutions in case of war. A country without communications has lost the battle in advance.

[Stoilov] Does this mean that your activities consist of preliminary work to ensure that communications function reliably in war and peacetime?

[Velev] Our national communications system is expected to provide for 20,000 additional communications channels for special emergency situations, which is from five to seven times more than the channels functioning in peacetime. Let us take the present structural changes at the Ministry of Defense as an example. They involve changes in the deployment of troops and in the subordination conditions that will transform the total structure of the administrative system, which should be provided with reliable communications. The situation requires new communications channels or changes in the old ones. The same applies to the country as a whole—several ministries have been eliminated, others have merged, okrugs became oblasts, and we still do not know what the future territorial organization will look like. Research has shown that communications are mainly oriented toward administrative relations. However, the large urban centers are the most vulnerable places, and their postal services would be the first to be destroyed in the event of war. Therefore, in certain areas, underground communication installations were built. The equipment is not permanently used in peacetime, and the lines are not used for regular communications. In emergency circumstances, however, (such as in case of war, natural disasters, or industrial accidents), for example, they would be activated. Our current problem is that we expect to train personnel capable of handling the equipment in question. In Sofia, for example, we have installed approximately 12,000-13,000 communications channels. In the event of war, they would not be used for civilian purposes, and all other communications traffic would be diverted. For this reason, we are holding periodic training exercises for the staff designated to handle the equipment in the underground communication installations.

[Stoilov] Are you concerned with protecting state and military secrets?

[Velev] This is our specific duty, stemming from Decree No. 114 of the Council of Ministers. On the basis of a list approved by the National Assembly, which contains a number of data, facts, and objects described as state and military secrets, we are compiling a list of communications and are strictly watching over its observance. I would like to point out that we are also responsible for the technical aspect of the question. We must always be

aware of the fact that communications are the most widely exposed and accessible targets for technical intelligence.

Military Manufacturers Threaten Strike Action

AU1203083292 Sofia DUMA in Bulgarian 7 Mar 92 p 2

[DUMA PRESS report: "The Military 'Podkrepa' Gives the Order: 'Draw Your Sabers!'"]

[Text] Only effective strike action can help. This is the opinion of Podkrepa Labor Confederation representatives from the military industrial structures under the auspices of the Ministry of Industry and Trade and the Ministry of Defense. On 6 March, they attempted to unite their approximately 10,000-strong membership into the "Otbrana" [Defense] Federation, allied to the Podkrepa Labor Confederation. The reason for possible strike action is the government's refusal either to take over the burden of the 2.2 million leva debt from the military manufacturers, or even to consider rescheduling it.

We have already gone bankrupt. Now it is the government's turn, an outraged trade unionist threatened.

Bank Employees Express Support for Their Manager

AU1103184192 Sofia DUMA in Bulgarian 9 Mar 92 p 2

[DUMA PRESS report: "Bank Employees Protest Against Decommunization"]

[Text] The trade union leadership of the Economic Bank personnel expressed the staff's alarm and concern at the possibility that the Law on Banks and particularly the article dealing with decommunization might destroy the careers of perfectly capable and highly trained professional bankers.

The protest declaration is related to the particular case of Tsvetan Petkov, the Economic Bank's present chairman. We are resolved to have recourse to all forms of protest for the sake of justice, the personnel declare. We would like to remind everyone that Mr. Petkov coped with an almost unbearable situation that emerged as a result of the country's general difficulties in 1990, the protest declaration reads. According to the trade union members, the chairman started his career as a simple bank teller and went through all stages of the banking profession. Today he is considered one of country's most outstanding experts.

Tsvetan Petkov was a candidate member of the Bulgarian Communist Party [BCP] Central Committee, but this was a necessity stemming from the former leaders' wish to be represented by outstanding specialists in all spheres, the protest declaration, which was adopted at a general meeting of the Economic Bank's personnel, states. The declaration was supported by the staffs of the bank's 12 branches all over the country.

Miklos Denies Rumors of Delay in Privatization

*AU0603145792 Prague HOSPODARSKE NOVINY
in Czech 5 Mar 92 p 2*

[Report signed "zi": "Only Flawless Projects"]

[Text] Until now, Ivan Miklos, minister for the administration and privatization of national property, has signed approximately 40 privatization projects, and in the near future he will sign some 200 more.

Yesterday at a news conference in Bratislava Minister Ivan Miklos responded to an observation that the project approval, particularly regarding coupon privatization, lags behind when compared with the progress in the Czech Republic. According to him, one cannot speak of delays because he signs only those projects in which all shortcomings have been eliminated. The Slovak Privatization Ministry has not adopted the method of so-called conditional approval, hence, on the surface, the number of projects may seem lower. In principle, however, the goal for all the projects approved by the ministry is that they conform to the registration court conditions.

The minister also responded to some comments on the ministry's work, which were voiced in connection with last week's proposal in the Slovak parliament on recalling him. He pointed out, for instance, that the claim of insufficiently methodical operation of the Slovak Republic Ministry for the Administration and Privatization of National Property in processing the privatization projects is inaccurate. Most of the errors in the privatization projects are a result of not complying with the prescribed compulsory accessories to the project according to Article 6 of Law No. 92/91. At the same time, the definite text of this generally binding legal norm has been known since February 1991.

Section Director Ludovit Kanik delivered a report at yesterday's conference on the progress of the small-scale privatization in Slovakia. Overall, approximately 8,000 businesses have been privatized during the past year, and thereby the small-scale privatization is virtually complete.

Regarding the preregistration of the substitute cards [issued because of the privatization coupon books shortage], employees of the Computation Technology Enterprise announced that they will remind people by letter to register the coupon book to be able to participate in the preliminary round of the coupon privatization.

Slovak Cardinal Defends Tiso, Self-Determination

*AU1203114392 Bratislava NARODNA OBRODA
in Slovak 6 Mar 92 p 4*

[CSTK report: "Korec Defends Tiso: 'Not Even Today Can the Truth Be Expressed Aloud'"]

[Text] New York—Addressing a news conference in New York, Cardinal Jan Chryzostom Korec, the resident

bishop of the Nitra diocese, defended Jozef Tiso, president of the former Slovak State (1939-45), who was executed [as a war criminal] in 1947. This was stated by the APA agency yesterday, with reference to a report by the Catholic Kathpress agency.

According to this source, at the end of his visit to the United States, Korec deplored that "for 40 years it was impossible to learn the truth about Tiso and even today, even though we live in freedom, the truth about Tiso cannot be expressed aloud."

In connection with the deportations of tens of thousands of [Slovak] Jews after 1942, Korec said that "Tiso was not able to prevent the Nazis from doing what they wanted to accomplish in Slovakia. Twice he even wanted to resign from the post of president, but the representatives of Jewish organizations themselves asked him to stay because they feared that, under the rule of someone else, events could take an even worse course."

Korec also commented on the possible independence of Slovakia. He said that this issue must be decided by the parliament or by referendum. "The right to self-determination applies from the North Pole to the South Pole, and must therefore apply to the Slovaks as well," he stressed.

VEREJNOST To Be Issued by New Publisher

*AU1003152692 Prague TELEGRAF in Czech 7 Mar 92
p 2*

[Report signed (jr): "A Parting of Ways Today?"]

[Text] Bratislava—The staff of the daily VEREJNOST, whose political publisher is the Civic Democratic Union-Public Against Violence [ODU-VPN], have decided against this daily's continued publication. They made this decision on the basis of an offer from a new publisher who has promised to publish a federal daily. VEREJNOST staff rejected a promising rival project put forward by a Hungarian businessman because of its ambiguity. According to Peter Tatar, chairman of the ODU-VPN Deputies' Club in the Slovak National Council, the party has decided to continue publishing this daily despite the fact that only one member of its staff is willing to comply with its requirements. The question remains whether a few people from the ODU-VPN press department will manage to prepare the next issue on 8 March.

"I think it is unnecessary for us to squabble so much when separating. I had hoped that our separation would be civilized right to the end," said current VEREJNOST Editor in Chief Milan Richter. Many millions of korunas, which the ODU-VPN is presently incapable of paying, have not been paid into the account of the contract publisher, the Slovakopress shareholding company. Publishing further issues with a print run of 11,000 per day would mean a considerable increase in losses and debts.

Ivan Rajecky, head of the editorial office for domestic political issues, has already referred to the intolerable party diktat and the assertion of a directive method of management on the part of the ODU-VPN with respect to journalistic freedom of expression in the aforementioned daily.

VEREJNOST Closes; TELEGRAF To Open

AU1103111392 Prague TELEGRAF in Czech 9 Mar 92 p 3

[Report signed (jr): "VEREJNOST Is Closing Down"]

[Text] As VEREJNOST Editor in Chief Milan Richter informed TELEGRAF's editorial management team yesterday, the newspaper will appear today for the last time.

The reason is that on Friday the entire staff—with the exception of one—of the only right-wing daily in Slovakia submitted their notices to the contract publisher Slovakopress because they want to participate in the publication of a new federal daily that will become TELEGRAF on 1 April. It will begin with a print run of 60,000 copies and be published completely in Slovak (while maintaining the TELEGRAF graphic design and method of reporting) directly in Bratislava.

The Civic Democratic Union-Public Against Violence Party [ODU-VPN], as VEREJNOST's publisher, proposed that the staff accept a project which would compete with TELEGRAF that was suggested by a Hungarian editor. This was rejected, however, by an overwhelming majority at a staff meeting as being ambiguous. The continued publication of VEREJNOST has proven to be almost out of the question as, despite its quality, an ever-declining print run (11,000 issues last time) has increased Slovakopress claims against the ODU-VPN. They have now reached many millions of korunas.

On Friday the ODU-VPN press spokeswoman decided, against the wishes of the VEREJNOST staff, to issue another edition. On Saturday she contacted Richter to ask for help, when she realized that it was impossible to publish the daily without assistance from the current editors. The editor in chief mobilized the editorial office's forces, who agreed to work on one more issue provided that it would definitely be the last one and they would be able to transfer to a new publisher.

On Wednesday 1 April Slovak Republic citizens will see a new right-wing daily on the newsstands. It will not be connected by an "umbilical cord" to the ODU-VPN, but merely consider its task to keep Slovak readers truthfully and impartially informed on what is happening around us.

Porubjak Discusses VEREJNOST Closure

AU1103120992 Bratislava NARODNA OBRODA in Slovak 9 Mar 92 p 2

[CSTK report: "VEREJNOST Has Ceased To Exist"]

[Text] Martin Porubjak, chairman of the Civic Democratic Union-Public Against Violence [ODU-VPN], told a CSTK correspondent yesterday that, as a result of VPN transformation into the ODU political party, the daily VEREJNOST, which was founded by the VPN 15 December 1989, is ceasing publication. VEREJNOST will bid farewell to its readers with its last issue 9 March. Porubjak explained this decision by saying that the party press has lost its *raison d'être* worldwide. Slovak political views [as published] should be represented in the Slovak version of the new federal daily TELEGRAF which will appear 1 April. Asked about the fate of our colleagues from VEREJNOST, Porubjak said that all of them will be dismissed. The best will be hired on a competitive basis by TELEGRAF.

Mortality Rate Exceeds West European Level

92CH0359A Prague DOKUMENTACNI PREHLED in Czech 30 Jan 92 pp H/19-21

[Unattributed report: "Mortality in CSFR"]

[Text] At the beginning of the sixties, Czechoslovakia was one of the European countries with a low mortality rate; we were even ahead of our neighbors FRG and Austria. From about the middle of the sixties to the end of the seventies the situation remained stagnant, in some years it worsened, and only since the eighties has there been a slight improvement. Yet even despite this improvement CSFR kept falling even farther behind, because in West Europe mortality has been decreasing at a much faster rate.

At present, the average life expectancy (i.e., age which a person would reach if mortality were to stay at its present level) of men in West Europe is between 70 and 75 years, in CSFR it is 67.8 years. Women's life expectancy in advanced countries is 77 to 80 years, whereas it is 75.3 here. In the second half of the eighties, CSFR was in the 23d place for men and the 22d place for women among the 27 European countries compared.

Influences

Mortality is influenced by three basic factors: health care, life style, and environment. Routine data on health care released in the past indicated that the level of medical care is good and constantly improving. The opposite is true, however. The data given were quantitative, which say anything about how effectively the available means were used, or about the quality of the medical care and its final effect—the mortality rate. The ratio of physicians to population includes also physicians who work in administrative positions or abroad, as well as female physicians on maternity leave. Nowhere is

there an evaluation of their professional qualifications. Technical and diagnostic equipment in hospitals is poor.

Another factor that has an impact on mortality is the life style of the population, particularly its eating habits. The actual consumption of food highly exceeds the recommended amounts. Responsible for this are the traditional eating habits as well as the inadequate supply of proper foods at affordable prices and throughout the year. As a result, 48 percent of citizens of the productive age are overweight and 16 percent suffer from high blood pressure. Nor does the way leisure time is spent contribute to a healthy life style. That is because 35 percent of the population do not engage in any physical activity. The kind of work people are doing is also important as far as mortality is concerned. The majority of people in Czechoslovakia are still working in industry, whereas in the advanced countries jobs have shifted to the service sector. The organization of work is poor, working hours have not been reduced for decades. People are under great strain from their workload, and women's free time is for the most part devoted to their second shift—shopping, housework, and child care.

Environment also has a considerable effect on mortality. A systematic polluting of all components of the environment, i.e., water, air, and soil, has a cumulative effect on the health of the majority of our population.

Mortality by Age and Region

In analyzing mortality, the first and often the most important indicator is infant mortality. In advanced countries infant mortality has declined and amounts to only a fraction of all deaths. In CSFR the mortality rate of infants and newborn has decreased less than in other European countries. In the state-wide average during 1989, there were 7.8 deaths of newborn (death up to 28 days after birth) and 11.3 deaths of infants (death up to 1 year of age) per 1,000 live births. The best situation prevails during childhood years, when it is at the level of the European average. A similar situation exists among adults up to 30 years of age.

Very unfavorable situation in the mortality rate exists during the middle and the advanced age, where in some

age groups mortality is almost double of what it is in Austria, which does not belong among the best in Europe by any means. The Japanese mortality rate is half of ours.

In Czechoslovakia there are two extensive regions with a substantially shorter average life expectancy: in the Czech Republic they are the basin areas (districts Tachov, Cheb, Sokolov, Karlovy Vary, Most, Chomutov, Teplice, and Usti nad Labem), and in the Slovak Republic the areas along the border with Hungary (districts Dunajska Streda, Komarno, Levice, Lucenec, Velky Krtis, Roznava, Rimavska Sobota, and Trebisov). In both regions the average life expectancy of men is between 64 and 66 years, and of women between 72 and 73.5 years. The causes of the high mortality rate in northeastern Bohemia lie mainly in the ecologically extremely devastated area with a high number of people doing manual work in operations that are harmful to health.

The Slovak districts with the highest mortality rate are somewhat outside the sphere of interest, and it is quite difficult to determine the causes of such high mortality rate. These districts are to a considerable extent (sometimes even exclusively) populated by Hungarians. There is an obvious relationship to the factors that are at work in Hungary itself, which has the second highest mortality rate in Europe. Playing a role is the overall life style (nutrition, the way leisure time is spent, as well as psychological makeup) which outweighs the positive factors, such as a good ecological situation and social stability. In CSFR there is no large area that could serve as a model for lowering the mortality rate.

Approximately 90 percent of all deaths in CSFR have been for a long time attributable to four categories of causes: vascular diseases (55 percent), neoplasms (20 percent), diseases of the respiratory system (7 percent), and external causes (7 percent). Deaths from vascular diseases and neoplasms have remained for a long time at a very high level. Our situation is characterized by the international comparison of the standardized mortality rate from 1984 to 1986. Whereas in Sweden there were 772 deaths per 1,000 population, in France 787, and in Germany 853, in Czechoslovakia the number was 1,201.

MSZP Official on Party Tasks, Prospects

*AU1103124792 Budapest MAGYAR HIRLAP
in Hungarian 7 Mar 92 p 9*

[Interview with Imre Szekeres, executive deputy chairman of the Hungarian Socialist Party, by Dezso Pinter; place and date not given: "The Opposition Is Not Helpless"]

[Excerpts] Could extremists gain power in Hungary? Is excessive division threatening this society? It is difficult to clearly realize when an extremist trend turns from being of minor political importance into a force that shapes policy.

Some strata could emerge in Hungarian society that fail to see that they would advance as a result of hard work—if they have work at all—and, therefore, their situation could become hopeless. I am not afraid of extremist politicians as long as there is no such social basis—Imre Szekeres told *MAGYAR HIRLAP*.

[Pinter] The Hungarian Socialist Party [MSZP] has been described lately as a party whose voice has become louder, as if the party had strong confidence in something. What is that?

[Szekeres] We speak in the same tone, but people pay more attention to us, probably because they feel our professional expertise and our endeavor to improve things; in other words, people are now aware of our activity of responsible opposition. [passage omitted]

[Pinter] You speak of opposition without any differences. By this, you give the impression that the opposition has a uniform stand and it also has a uniform alternative. I do not think that this is the situation.

[Szekeres] By opposition, I mean the forces that are not in the government; at the same time, there is a huge difference among the various opposition parties in Parliament. I stress this because the MSZP, the Alliance of Free Democrats [SZDSZ], and the Federation of Young Democrats [FIDESZ] do not have the same ideas and goals. Besides, three different concepts are emerging in Hungary today: a conservative, a liberal, and a social-democratic one. The political forces with liberal and social-democratic views are in opposition and, in addition to differences, there are also similarities between them. They have similar views on democracy, individual freedom, and local government, but they are trying to implement totally different social and economic ideas. We envisage an economic restructuring in Hungary in which everyone has a chance; in other words, we want to include guarantees into the modernization process. In this, we differ from other opposition parties in parliament.

[Pinter] Based on sober political considerations, the MSZP cannot become a determining political factor without allies. Despite their louder tone or a better reception by the society, the socialists cannot count on

spectacular results in the near future. According to some opinions, their situation is hopeless.

[Szekeres] I do not think so at all. Obviously, many chaotic things surface in this transitional period, but the people are quite aware of what is going on in the country. They will express their opinions at the next parliamentary elections and they will reorganize the political forces. If we continue to have a positive image about our political activity, more people will vote for us, and our influence will increase. As for the alliances, there will be a coalition government in Hungary for a long time to come. There is not a political force strong enough to govern the country alone. The question is what kind of coalition will emerge after the next elections: one similar to the current coalition, a possible grand coalition based on the Hungarian Democratic Forum [MDF] and the SZDSZ, or a social-liberal coalition. In any case, we, like others, will need allies.

[Pinter] What political forces do you consider as potential allies?

[Szekeres] Public organizations and groups that failed to assert their interests at a political level, like various trade unions, youth groups, environmentalists, women's movements, etc. In my view, these are our natural allies, and not some political parties. It is another matter that political parties must obviously cooperate in a government. [passage omitted]

[Pinter] In your view, what changes does the fact that the elections are slowly approaching bring to Hungary?

[Szekeres] The events of the coming two years will depend on the attitude of the government and of the governing parties. If I were in their place, I would strive to achieve a consensus and govern Hungary as an integrating force. There is only one way for a government to serve most of the citizens, namely to convince them that whatever it does is useful for the people. There is still a chance for the various political parties with different viewpoints to solve the outstanding issues by coming to an agreement. [passage omitted]

Leaders of Hungarian Minority Interviewed**Zaszlos Praises Carnogursky**

*92CH0339A Budapest NEPSZABADSAG in Hungarian
22 Jan 92 p 6*

[Interview with Gabor Zaszlos, deputy chairman of the Slovak National Council and leader of the Independent Hungarian Initiative, by Agota Sebok; place and date not given: "The Road for Ethnic Minorities in Europe"—first paragraph is NEPSZABADSAG introduction]

[Text] Before November 1989 we did not even dream that an ethnic Hungarian would one day become a deputy chairman of the Slovak parliament [Slovak National Council] and a deputy prime minister of the Slovak government. Gabor Zaszlos's political career

started off practically overnight, with his election as a deputy chairman of the Slovak National Council.

[Zaszlos] The Independent Hungarian Initiative offered me a seat in the Slovak National Council under incredible circumstances. The velvet revolution was in full swing when they [officials of the Independent Hungarian Initiative] visited me one evening and asked me point blank whether I would accept a seat in the Slovak National Council. I felt that this was not a question of accepting a seat on a municipal or district council, and therefore I asked for time to consider the offer. To my complete astonishment, I was also informed an hour or two later that I would not be merely a "simple" deputy, but would also be offered the post of a deputy chairman of the Slovak parliament. Thereupon in February I was coopted into the Slovak National Council; and at its second sitting I was elected a member of its presidium and a deputy chairman.

[Sebok] Revolutionary momentum and zeal characterized that period. The people were gripped by emotions. All the concomitants of social change manifested themselves on the streets, in the squares, and in interpersonal relations. How was all this reflected in the parliament's work?

[Zaszlos] Mr. Schuster was the Slovak parliament's chairman at that time. The parliament then was like a ship tossed about on a stormy sea, but he steered it with a firm hand until the June elections. He was able to establish direct contact with every member of the presidium, and we could safely count on his help. Our workload was enormous, and deliberations extended far into the nights.

[Sebok] In addition to being a deputy chairman of the Slovak National Council, you were also chairman of its Committee on National Committees and Minorities.

[Zaszlos] Because we expected the system of national committees to disintegrate, we drafted amending legislation and set up a committee that could deal meaningfully with the lot of the national minorities, with the ethnic groups and human rights as well. Although the euphoria still prevailed and it was relatively easy to form such a committee, we nevertheless attribute credit for its creation to the Independent Hungarian Initiative.

[Sebok] In June, you ran on the Public Against Violence-Independent Hungarian Initiative ticket. By then you already had had a taste of power. Although, I suspect, during the first six months of freedom your principal experience was how much unfinished business our predecessors had left behind. What was your objective in running in the election?

[Zaszlos] I had not expected to move my base of operations from parliament to the Slovak government. Vladimir Meciar, the prime minister-designate at the time, set a condition for the Independent Hungarian Initiative: it could run as its candidate only a persons who had a law degree. We reached an agreement within

the Independent Hungarian Initiative, and I accepted the candidacy. For the post of parliament's deputy chairman we nominated Laszlo A. Nagy, the current president of the Independent Hungarian Initiative.

In the Meciar cabinet I was deputy prime minister and chairman of the Council on Legislation. I oversaw the Ministries of Control and Justice, and the newly created portfolio of the Environment Commission [Ministry].

[Sebok] The political waves peaked in April, and the Slovak National Council's presidium recalled Meciar as prime minister.

[Zaszlos] Generally speaking, enormous political tensions characterize the government's work. The previous government was hamstrung by a lack of confidence. Relations among cabinet members became more open when Jan Carnogursky entered onto the scene. Although the differences among the political parties and movements have intensified, I feel more comfortable in the reorganized cabinet. Though Prime Minister Carnogursky, by his own admission, is a master when it comes to donning or using a mask, my experience is that he consults cabinet members and listens to what they have to say. I feel that my work is meaningful. That is an incentive without which such demanding work would hardly get done.

The pace of work in the Council on Legislation is perhaps unprecedented in the history of legislation. In 1990, 602 laws appeared in ZBIERKA ZAKONOV.

[Sebok] The press and the opposition are highly critical of the drafting of legislation. Mainly because its concept is not entirely clear to them, I suspect.

[Zaszlos] As chairman of the Council on Legislation, my task is to organize and coordinate the drafting and enactment of legislation. The council being the government's advisory body on legislation, we have to see to it that the legislative bills are in accord with the Constitution and with the statutory regulations that are in force.

We are living in a transitional period, and the government is at the peak of a power pyramid that is full of labyrinths and traps, in which even the best intentions can become lost or be torpedoed. Society is sick, both economically and morally. As an executive branch of constitutional power, the government must help to extricate the country from its crisis, or at least to plot the way toward a market-oriented civil society. By the time the government's decrees and resolutions reach the public through the ministries' bureaucratic maze, they have departed from the government's original intentions.

[Sebok] The nationalistically charged political parties and movements are obstructing the positive efforts at every step.

[Zaszlos] One of Czechoslovakia's characteristics is that it is a federation of two republics, which makes the

extent of each member-state's sovereignty and independence a sensitive issue. Considering the Slovak aspirations to independence, awareness of Slovak national identity has exploded onto the scene with considerable force in the issue of a constitutional arrangement, of power sharing between the two republics mutually as well as between them and the federation. The Czech and Slovak parliaments [National Councils] and Governments, and even the president of the [federal] republic have been focusing their attention intensely on this issue for months. The fact that Vaclav Havel has used every available means to start and coordinate talks among the political representatives of the two republics and of the federation, informally at first and then within an institutionalized framework, proves that he was perhaps the first to recognize the importance of settling this question, preferably without conflicts. Regrettably, none of the parties has the political will to come to a mutual agreement that would maximize the extent of the republics' independence and their right to self-determination, in accordance with the international principles underlying the right to self-determination. Talks between the presidiums of the two national councils have reached a dead end, a stalemate. There have been several significant statements in favor of preserving the 73-year-old common state, of preventing its dismemberment. With the help of a press that strongly influences public opinion, Slovakia is leaning toward the idea of an independent republic. National awareness finds itself in the gravitational field of emotions, rather than of reason. It is alarming that this issue is scuttling even the ruling coalition. It is not certain that the coalition will survive the constitutional question's resolution.

[Sebok] Parliament must convey the political will of the voters.

[Zaszlos] Several political parties and movements in our parliaments have drifted away from their programs. They are representing the narrow interests of their respective movement or party, and even personal ambitions, rather than the will of their constituents. Unfortunately, the likelihood is very small that the parliaments, in their present composition, will be able to enact a constitution that requires passage by a two-thirds vote. That is what President Vaclav Havel has warned us about.

The purpose of the process of integration taking place in Europe is to attempt sensible cooperation in partial areas—even at the cost of transferring a proportion of sovereignty to a newly created, supranational and suprastate entity—when either questions of customs duties or other social and economic problems can thereby be solved with greater economic efficiency. I could mention the Hexagonale or the multiplying customs unions as examples. In many areas it is more sensible to cooperate, to relinquish a part of independence, than to dominate some partial area more expensively, to exercise and fulfill some function of the state.

[Sebok] And what about the ethnic minorities?

[Zaszlos] We all have anxieties about our survival as ethnic minorities. The existence of three political movements and of a political party on the palette of the [Hungarian] ethnic minority's politics proves that the results of the past period are not indifferent to this ethnic minority; that, along the lines of entire society's subdivision, it has indeed been able to choose a political party or movement to its liking. I am especially pleased that the ethnic minority distinguishes itself in very specific and varigated ways, by enforcing or strengthening the basic principles of democracy and humaneness beyond the fundamental human rights; and by seeking and accepting a role in shaping its sense of ethnic identity. And like articulate society, the ethnic minority is not uniform either. Without denying its own sense of awareness, it wants to participate in, and to assume responsibility for, strengthening the system of democratic institutions. The fact is that, naturally, also the Hungarian and non-Hungarian ethnic minorities must consider anew the internationally recognized principles of their right to self-determination, and must rethink their situation in the case of a nation-state that might be formed by other than constitutional means. In that case it would be the most naturally ethical and lawful thing for the ethnic minority to formulate the conditions for its own survival. Europe's modern history—or its current revolutions, if you prefer—has refuted all actions exclusively on a national basis. It will probably be regarded as a truism if we say once again that Europe is integrating, but integration is the only guarantee for the development of East and Central Europe.

[Sebok] Thank you for this interview.

Mihalyi Molnar on Tensions

92CH0339B Bucharest ROMANIAI MAGYAR SZO
in Hungarian 1-2 Feb 92 p 4

[Interview with Laszlo Mihalyi Molnar, deputy of the Czech and Slovak Federal Assembly and member of the Coexistence Movement, by Denes Molnar in Prague; date not given: "All This Requires a Passionate Heart and a Cool Mind: A Message From Prague, in Hungarian"]

[Text] [Denes Molnar] While I as an artist am painting your portrait, I will ask you as a deputy of the Federal Assembly in Prague to introduce yourself to our Transylvanian readers.

[Mihalyi Molnar] I am Laszlo Molnar Mihalyi, in private life a teacher of the Hungarian elementary school in Szepsi (Moldova nad Bodvou) and the elected principal of the local Hungarian secondary school. I won my seat in the Federal parliament [Federal Assembly] through the Coexistence Movement whose members are ethnic Hungarians, Poles, Ruthenians, and Germans.

[Denes Molnar] I am looking at your movement's lapel pin: a red tulip within a white circle against a green background. And the text is multilingual. Tell me, how

do local officials react to this combination of colors [Hungary's national colors] and to the multilingual text?

[Mihalyi Molnar] Well, they hate it, but there has not been any particular or spectacular trouble here. If our lapel pin were different, they would find something else to object to. The Slovaks regard it as a Hungarian invasion, an intent to Magyarize, when more ethnic Hungarian children than Slovak children apply for enrollment in a school, although only one out of every three Hungarian children or about 30,000 in all are able to attend school with instruction in their native language. But there are also localities with mixed populations where barely half of the Hungarian children are able to attend schools with instruction in their native language. Less aggressive than Slovak nationalism, Czech nationalism has been the more effective. The previous political system closed many Hungarian schools, and they are not being reopened even now at the Hungarian parents' request. For the time being, we have been able to set up only two [types of] separate Hungarian schools.

[Denes Molnar] They are the elementary and the secondary schools. But what has become of Jokai University planned for Komarom [Komarno], and of the separate Hungarian branch of the Teachers' College in Nyitra [Nitra]?

[Mihalyi Molnar] These plans have not materialized, due in part to the resistance of Slovak circles, and in part to the treachery of the Independent Hungarian Initiative.

[Denes Molnar] The town of Szepesi (it was called Szekeresfalu in the Middle Ages) is near Kassa [Kosice]. Polish craftsmen are now renovating the Dome where Ferenc Rakoczi II is buried. The Hungarians of Kassa are proud of the fact that their city had twice been the capital of Transylvania. You people also know much about Eastern Transylvania, much more than we know about the Felvidek [prewar Upper Northern Hungary]. How are your links to the motherland? I know that the forint and the koruna are mutually exchangeable in both countries, without any limits. I have seen very many Hungarian books in the homes, and you will always find the latest newspapers from Hungary at the news vendors. The strip along the border used to be plowed up, but now it is overgrown with grass and children are able to walk on it.

[Mihalyi Molnar] The border here was never a strict one. The importation of Hungarian textbooks is not against the law, and they may be used also in schools if the teacher complies with the specific requirements. The teacher may freely choose up to 30 percent of the curriculum.

[Denes Molnar] What is life like in Czechoslovakia today when President Vaclav Havel's picture hangs in the classrooms? Although every Slovak political party is nationalistic, half of the former ruling party is now in opposition. But for the few Hungarian deputies voting with it, the government would fall immediately. Most

recently, a motion to consider Slovakia's independence was one vote short of passage.

[Mihalyi Molnar] Although we now have freedom of conscience and freedom of thought, our rights are on the same level as before the change of political systems.

[Denes Molnar] Let me ask you something else. Is there any programming in Hungarian on Slovak TV?

[Mihalyi Molnar] Although it had been obstructed for a long time, TV transmission in Hungarian has now resumed. Of the 30 minutes a week reserved for ethnic minorities, 20 minutes are in Hungarian and 10 minutes in Ukrainian. In view of the fact that the proportion of ethnic Hungarians is 10 percent, that is not much.

[Denes Molnar] Natural assimilation has been very effective in Slovakia and Yugoslavia. Here, after 70 years, only half of the one million ethnic Hungarians are left. In the census taken this year, many of them gave their nationality as Slovak.

[Mihalyi Molnar] That is still a consequence of processes which took place under the previous political system. Nevertheless, the change of political systems has made itself felt. In the town of Szepesi, 49 percent of the enumerated residents gave their nationality as Hungarian this year, as compared with 40 percent 10 years ago. There are localities where 36 percent of the residents gave their nationality as Hungarian, but 90 percent gave Hungarian as their native language.

[Denes Molnar] Then they are actually Hungarian-speaking Slovaks. Just as in Romania at one time, we were regarded as Hungarian-speaking and -writing Romanians. But how were the Gypsies enumerated in the census?

[Mihalyi Molnar] There was now a separate box for them. As a result, the number of ethnic Hungarians and the number of Roman Catholic Slovaks both declined. Although the Gypsies do not intermix, they profess to be Slovaks in the Slovak villages, and ethnic Hungarians in the Hungarian settlements. This year about a fifth of them identified themselves as Gypsies.

[Denes Molnar] From your passports and other documents, it is hardly possible to determine your nationalities. Is it true that they changed the spelling of your names?

[Mihalyi Molnar] Yes, officials arbitrarily changed the spelling of surnames. In the 1950's they did not enter the Hungarian first names. Even after that, it took a lot of trouble to get the Hungarian first names entered. The plans for assimilation were laid already in 1943-1944, with Husak's participation. First, under the pretext of a population exchange, ethnic Hungarians were resettled in Hungary and in Bohemia. My father was doing forced labor in Bohemia for four years, from where 3.5 million ethnic Germans had been expelled to Germany, with only 15 kilograms of belongings each. Then assimilation continued under the pretext of regional planning and

industrialization. The historical counties were replaced with territorial units carved out along the rivers, so that everywhere the Slovaks were in a majority. Only Slovak schools were established in the systematized district-center communities. Thus the number of Slovaks doubled, and the number of ethnic Hungarians was halved. Large industrial plants were built along linguistic boundary lines, so that Slovaks would move there.

[Denes Molnar] Yet nationalism is not typical of the regions with ethnically mixed populations. The extremists are living where there are no ethnic Hungarians. You people did very well in the municipal elections. Coexistence and the Hungarian Christian Democratic Movement got 85 percent of the votes.

[Mihalyi Molnar] We scooped the municipal elections. We have more than 100 mayors, and over 13,000 of the seats on municipal councils.

[Denes Molnar] Ethnic Hungarians have three political movements in Slovakia. When will they have a unified political party? After all, Coexistence does not have members and does not collect dues; it only has organizations and candidates. The Independent Hungarian Initiative barely has any members at all and is merely a mouthpiece for the ruling party.

[Mihalyi Molnar] The Hungarian People's Party is now in the process of organizing itself. It wants to be a continuation of the United Hungarian People's Party that had existed between the two world wars. Its leader had been Janos Esterhazy. He and his party had fought very hard for the cause of the ethnic Hungarians, for their rights as a national minority. The People's Party takes the change of political systems very seriously and envisages a country without the old structures.

[Denes Molnar] How extensive has the reversion been in your country?

[Mihalyi Molnar] Those who belonged to the power elite grew rich, are in good positions even now or have started businesses. They have money and acquired businesses through privatization. The Compensation Law also helps them, because it does not go back farther than 1948. In other words, compensation is paid only from the time the Communists had come to power. But ethnic Hungarians had been deprived of their property before they were resettled.

[Denes Molnar] What does one hear about the Sudeten Germans?

[Mihalyi Molnar] The Compensation Law does not apply to them, only to those from whom property was taken away that had been left behind by the Sudeten Germans. The Germans would gladly return and buy back the property they would have inherited, and the land on which they were born. After all, their backpacks now contain hard currency, and not just a toothbrush. That is a delicate question in Czech-German relations.

[Denes Molnar] How do you people regard Slovak efforts to become independent?

[Mihalyi Molnar] A unified Czechoslovakia offers ethnic Hungarians better prospects. It is better if decisions regarding our lot are made in Prague, where Czechs are in a majority. They are more understanding toward us. Most Slovak circles at present are openly nationalists and chauvinists. They would like to squeeze out all the minorities from the territory they regard as independent Slovakia. They would gladly achieve that through resettlement and by force if necessary.

[Denes Molnar] In your opinion, is there any similarity between our countries? Or with the lot of ethnic minorities in other countries? In Ukraine, for instance, self-determination and autonomy for the ethnic Hungarians of Karpatalja [Transcarpathian Ukraine] appear very feasible, whereas in Transylvania that would be entirely out of question.

[Mihalyi Molnar] Yes, it is conceivable that [Romania and Czechoslovakia] discussed us directly. Shades of the Little Entente. Probably the common historical enemy warranted such talks. They must have compared notes on whose methods were the more effective. The secret services, too, might have cooperated in the past. The poison, administered in small doses, was more effective in Czechoslovakia than in Romania, where it was administered openly, like a slap, with a harsh effect. Therefore also the recovery from it was faster. There is a close resemblance between the parallel events of 1990, between the eerily similar activities of Vatra Romaneasca and of Matica Slovenska. The slogans of the Slovak National Party and of the Romanian National Unity Party are also the same: the Hungarians are Magyarizing, and Greater Hungary wants to annex us. In other words, the diversion is the same. All this requires a passionate heart and a cool head. The ranters must restrain themselves. At the time of the events in Marosvasarhely [Tirgu Mures] we saw into what antagonism can degenerate.

[Denes Molnar] You people have a movement with traditions of long standing. With your cultural camps, your drive to learn about the history and geography of the motherland, and your cultural organizations, the change of political systems did not catch you unprepared. I would like to know what is your message for the ethnic Hungarians of Romania, for our representatives and senators?

[Mihalyi Molnar] They should preserve their unity and bear in mind our slogan: Coexistence! The poison of nationalism ought to be set aside, because the cooperation between Vatra and Matica is obvious. Only tolerance, understanding and patience can produce results. It is often necessary to return good for evil. We have to talk with everyone. With some, in order to understand them. With others, to convince them and to find out their opinions. When they want to disperse us, they close our schools. If we want to remain here, we must reinforce our

schools, develop education and deepen our culture. I have three children. The school board and the teachers elected me principal. My mandate as deputy will expire in May. After that I do not wish to pursue this type of activity, although we will be living politically even then. To quote the poet Jozsef Dinnyes: "I would like my country without borders."

My message reads as follows: Our situations here and in Transylvania are similar in many respects. After the historical prelude: in 1918, 1945, and 1989. Our opponents and ill-wishers likewise hold similar opinions of us. It would be worthwhile to discuss our problems at a joint conference. That would also enable us to act as intermediaries between the parliaments of the two countries. For, hopefully, both countries have started off in the same direction, in accordance with their intentions. We could improve our prospects of survival also in this manner. Naturally, we aspire to more than just simple survival: to a Europe without borders.

My addresses and telephone numbers are: Laszlo Mihalyi Molnar, Federal Assembly, Prague, telephone number (2)-2103; Pozsony (Bratislava), Coexistence, (7)-59633; Szepsi (Moldova nad Bodvou) 04501, 16 Iskola utca, phone number 943-3428.

Parliamentary Debate on Retribution Law

92CH0326A Budapest KRITIKA in Hungarian
25 Jan 92 pp 11-13

[Contributions from representatives of six political parties to the October 1991 parliamentary debate on the proposed law dealing with crimes left unpunished by the communist regime]

[Text]

Dr. Zsolt Zetenyi (MDF) [Hungarian Democratic Forum]:

... Of the monstrous crimes committed against our nation and democracy we have only focused on the most blatant and appalling violations of our basic sense of morality and justice. At the same time we seem to have taken the position that several, and perhaps a great many, acts of crime should be left immune to punishment. For compelling political reasons, however, we cannot afford to shy away from unearthing the crimes of the defunct system, or from assessing the guilt of the criminals. We simply cannot afford to ignore the issue.

We are compelled to act by our own conscience and also by Hungarian history as these crimes are a part not only of our past, but also of our present and future. It is precisely for this reason that we must clear the way for the prosecution of heretofore consciously ignored capital crimes in a fair and just manner, as capital crimes fall within the purview of the judiciary. This is how citizens of constitutional states everywhere see it, even in places

where the statute of limitations is not a known institution because the constitutional system there does not guarantee it.... (2 Sep 91)

... Do we have the right to forgive those who have shown no remorse? Those who to this day have refused to accept responsibility for the enormous and incalculable losses they caused the Hungarian people?

Involvement in day-to-day politics, playing the daily political chess games are not our only, exclusive, primary and incessant functions; we also have obligations to the Hungarian people and our own conscience. Have you stopped to think what would happen if the silent occupants of parcels No. 301, 298, and others, the residents of nameless cemeteries and unmarked graves suddenly rose from the dead; if the martyrs mowed down by machine-gun fire, the mothers, who with their children in their arms had come to march peacefully, demanding democracy on this very square only to be left lying in pools of blood, brutally slaughtered, returned to life and asked: Was this the kind of democracy we had fought for? Would they accept our word that we have been simply unable to identify the culprits or determine the magnitude of their crimes?... (8 Oct 91)

Imre Mecs (SZDSZ) [Alliance of Free Democrats]:

... We have been liberated, our writers are now free to open up their desk drawers. And the drawers have been opened. But how many manuscripts do they contain from 1959, the year in which we were sentenced to die? Where are the products of the Hungarian intelligentsia? Where are the accounts of "human tragedies"? Where are the new "Bards of Wales"? The fact is that we have not even seen a single "pioneering" effort. These are the really troubling questions we need to be asking, the real serious problems facing us. I believe that by voting at this time to adopt the draft law put before us we would be obstructing and hindering the process of finding answers to these questions. For where are the real culprits? Let us stop and think for a moment. Who were Imre Nagy's murderers? The entire Central Committee, save two members, had voted to hold him responsible; only two honest people in that entire body refused to go along. Were the committee members also receiving instructions from somebody? etc. The entire system was involved. Thus we need to—or should—judge the system as a whole. More is at issue here than what the Marko street [prison] could handle. The problem must be addressed within its historical context, much more carefully, thoroughly and scientifically than the way it is proposed here.... (15 Oct 91)

Attila Nagy (MSZP) [Hungarian Socialist Party]:

... I would respectfully like to remind my fellow representatives that in this democracy, too, the Interior Ministry and the police are controlled by one party. And if we add to these the Ministries of Foreign Affairs, Finance, Economy, Defense and National Security then, I would suggest, that we had better shudder at the

prospect of this government attaining absolute power. In a democracy it is not the type and number of ministries a party controls that determines the strength of its grip on power, but rather its inner characteristics. For democracy is a manifestation of political freedom that may bring into existence its own enemies.... (15 Oct 91)

Dr. Gabor Fodor (FIDESZ) [Federation of Young Democrats]:

... The question of justice and retribution may be resolved within the framework of the constitutional state. We need not step outside the well defined parameters of constitutionality to find a satisfactory solution to this problem.

The first question we must obviously ask as we begin weighing this matter is whether or not the government has already done everything it could using established procedures. Has it, for example, supported nonjudicial fact finding efforts, present day research and higher quality journalistic research? (Janos Varga: "Journalist...?") Has it taken any steps to ensure that the regular courts move before the expiration of the statute of limitations to punish those who can be punished on the basis of laws currently in force—for this is also a part of the process—and in cases where the law can no longer touch the perpetrators because of the passing of time, has the government done everything it could to compensate the victims who are still living? Everyone knows that the answer to the above is no because none of this has been done, at least not satisfactorily. The problem is not that the government has exhausted its traditional options and is only turning to extraordinary measures because it has found those options to be inadequate. The fact is that it is guilty of gross negligence in this area, which is perhaps why it is opting now to resort to—one might say—revolutionary means.... (15 Oct 91)

Dr. Tibor Zimanyi (MDF):

... Other than the fact that the perpetrators would be identified by name, the punishment would be largely symbolic. This is the draft law that has caused the opposition, its backers among the press and certain radio programs aired in prime time to keep harping about revenge and retribution. It is not for me to try to explain to people in the publishing and public broadcasting business the difference between revenge and retribution. The debate over this draft law has prompted a massive campaign of criticism. Some of our papers are practically over-saturated with ramblings about constitutionality and legality, interestingly always taking the side of and supporting the criminals. What about the victims executed, beaten to death, riddled with bullets on a hospital bed in Szentes, murdered in Gyomro, or slain by gunfire in 1956? When will the bell toll for them? When will their memory stir up such emotions? Doesn't constitutionality also apply to them?... (29 Oct 91)

Gaspar Miklos Tamas (SZDSZ):

... Although the Nurnberg trial cannot be characterized to have been a miscarriage of justice, for no one can dispute the fact that the principal Nazi criminals had committed the crimes they were charged with, I oppose administering justice by special tribunals, and I would like to say a few words to explain why. First of all the Nurnberg trial and the kind of people's court trials they also used to hold in Hungary, violate the long-established legal doctrine according to which no person shall be deprived of the right to be tried before a competent court. But beyond the violation of this doctrine, there is also a moral and political dimension to this issue which I would like to expand on, and which I consider to be extremely important and relevant in light of the fact that we are talking about similar matters: crimes against the people. We all agree that these were indeed crimes against the people. These extraordinary judgments—i.e., the Nurnberg trial, the people's court verdicts and others—were, as we all know, intended to serve as lessons for the world. The problem is that these lessons have never achieved their desired effect. Not when we consider the actual impact of the grand spectacle staged against Nazi Germany by the victorious powers to underscore the enormity of the crimes they had fought against, and thereby to show that the war they had waged was both just and moral. Hard as they may have tried, however, they were unable to put to rest the impression that this was very simply a case of the victors sitting in judgement over the vanquished.... (29 Oct 92)

Dr. Bela Kovacs (FKgP) [Independent Smallholders' Party]:

... Esteemed Assembly! As we debate this very painful issue, let us ask ourselves whether we want the scoundrel or the judge to decide what a verdict should be. (Interjection: Rotten scoundrels!) Many have developed a tainted perspective as Kadar and his mercenary pen-pushers had worked relentlessly to convince the public to stop stirring up the past and focus on building the future instead. But why should they be afraid of the past? After all some of our journalists at least must have learned in school that history was life's source of knowledge. We must learn from history. The errors in judgement people make are often due to the fact that they have not learned from history or that they have been persuaded to forget. (29 Oct 91)

Gabor Ivanyi (SZDSZ):

... There are certain values, my fellow representatives, which can only be brought to the surface by digging very deep and making great sacrifices. Only those who have made it to shore from inside the dreadful whale can really understand the meaning of Jesus' enigmatic words: "Fear not those who kill only your body, for thereafter they can bring no more harm upon you!" Or the following: "He who suffers in body shall be delivered from sin!" I believe that our new, free and democratic Hungary is strong, noble-minded, confident and charitable

enough to forego resorting to hasty retribution, or as it is better known, to revenge.... (29 Oct 92)

Dr. Imre Konya (MDF):

... The reason why this law must be passed is precisely to distinguish between the guilty the innocent, and also between criminals, sinners, collaborators, cooperators and those who simply wanted to stay alive. Never again will we accept being called a guilty nation; ours is not a guilty people, nor is it a vengeful one, for when in the morning of that fateful 3d day of November that certain national guardsman declared that an independent Hungarian court would be deciding who was guilty and who was not, and that they would not harm anyone, everyone there agreed.

The Hungarian people did not take revenge even when, caught up in its revolutionary zeal, it could have felt that revenge was justified. Even then it was guided by the spirit of legality and restraint. Ours is not a vengeful people, but we will also not allow ourselves to be deluded by—purportedly not politically motivated—ideas disguised as expert advice.... (29 Oct 91)

Ferenc Koszeg (SZDSZ):

... My biggest problem with this draft is that I feel it has extremely volatile boundaries. They are volatile because it is very difficult to say what is not considered political persecution. And if we examine carefully the text of the draft law and look at the definition of disloyalty, together with the time frames specified, then I believe we will find that under the laws that were in effect back then, for example, even the earlier mentioned Kalman Keri was guilty of disloyalty. I do not think that anyone would even consider holding him responsible for this today in light of the fact that everything he had done, he did in the interest of getting us out of the war; yet back then any functioning Hungarian court would have been certain to convict him. So if we now moved to eliminate the statute of limitations, then this action may even become punishable. Or let us take the category of treason, and the provision in the 1961 Criminal Code designed to protect the interests of the Hungarian People's Republic against establishing contacts with a foreign power. The entire Hungarian opposition fostered such liaisons, for example, when they asked Radio Free Europe to broadcast certain news items, and according to the prevailing views their actions could have been condemned as spying or treason. So how can we have a law that must be twisted and turned in order to ensure that it does not apply in such instances?!... (29 Oct 91)

Istvan Vitanyi (MSZP):

... What we can do is promote processes that strengthen society's ability to judge fairly. I am certain that the multitude of legal procedures that would spring from this law would not help promote such processes, for I must also agree with the speakers before me, who said that the Hungarian people—and I hope the word "people" is not objectionable to anyone within this context—was not a

revenge-seeking lot. Besides studies, we also have mountains of direct experience to show that what Hungarian society is interested in, in general and first and foremost, is progress and the present; it wants to settle the past justly, without necessarily seeking revenge. It is not court trials that it is seeking, but ethical judgements. To promote ethical judgements we must adhere to the mechanisms designed for that purpose in political life, as well as in science, in publishing and the regular process of civil society.... (29 Oct 91)

Dr. Victor Orban (FIDESZ):

... I believe that there are those who will forgive because to them this is a private matter, and there are also those who will not, for the same reason. And those who will not forgive cannot be condemned, as there are certain things that can never be forgiven. It is a private decision to choose never to forgive the taking of a son from his father or the slaying of one's mother, for example. But I believe that in drafting our laws we cannot allow ourselves to be influenced by such sentiments. One thing, and one thing only should be allowed to influence us: the determination to work within the bounds set for us by the established Hungarian laws in finding a legal solution to this problem.... (29 Oct 91)

Istvan Csurka (MDF):

... As Bela Mizsei has pointed out, there are enormous and flagrant examples of injustice out there when we compare the quality of life enjoyed by the living standards of the perpetrators of crime with the living standards of the victims. This is what is at issue here. It is not the results of a single opinion poll that we need to consider, but the widely held sentiment among people everywhere around the country who are eagerly awaiting this law. What they want is not guarantees of punishment, but an assurance that in this respect, too, we have finally broken the real, the economic power of the ruling elite that had usurped power in the distant past, and that with its moral control also broken, we can now proceed to effect even more profound changes in our political system.... (29 Oct 91)

Miklos Haraszti (SZDSZ):

... Mark my word that the only real consequence of this law, with respect to the present and future, is that Hungarian judges will start weighing their verdicts in terms of their political intentions. After all, they will have no real, provable, factual, tangible or other basis for determining, to use Ferenc Koszeg's example, why I should not be convicted for something I had done before the expiration of the statute of limitations, even though it was a valid law back then, and why someone else should. Or why is it a lesser crime to have sent Hungarians into Czechoslovakia than it is to have called the Russians into Hungary when both orders were issued by the same quislings; and in any case, why should these crimes be allowed to become obsolete? And why aren't the actions of Andras Hegedus, who had no objections to

anything back then, considered obsolete? And so on.... Only influenced by political intentions will the courts be able to draw such distinctions. And this will be the first time—make a note of this for the record—the very first time, that the Hungarian parliament, the new Hungarian constitutional state will be trying to stampede Hungary's courts into issuing verdicts on the basis of political intentions and nothing else, with one eye on who is watching over them, thus becoming capable of resorting to other abuses as well.... (29 Oct 91)

Dr. Gabor Fodor (FIDESZ):

... If we should adopt this proposal, and if the Constitutional Court should also determine that it does not violate the constitution—which, I repeat, I would be very skeptical to hear because I am convinced that it does—then the matter may be taken before the European Human Rights Tribunal, where the court would obviously render its decision, as I have already suggested, on the basis of Article 7 of the Human Rights Convention, for it would be the ideal case for testing that provision. If that happens Hungary could find itself in a precarious situation or become tangled up in a controversy, which I believe politically we can ill afford. The controversy will stem the fact that for the first time in this region, Hungary could find itself in confrontation with the European Council and with generally accepted European legal norms, and risk serious damage to its political prestige.... (4 Nov 91)

Dr. Ferenc Kulin (MDF):

... To expect these trials to bring an end to critical examinations of a given historical period would be little more than self-deception and delusion. What we really want is to bring into view and ancient sin, one which requires no further investigation or study, for treason is already recognized as one of the most serious crimes one can commit. At the same time, we wish to refrain from prying further into the circumstances under which certain individuals have chosen to take this kind of a truly tragic course of action. In other words, we want to put a halt to further investigations into people's past, but more importantly, we hope that the verdicts brought in such cases will be forward-looking and easier to apply in the future.

What I am saying simply is that the list of politicians who may be condemned for treason will be augmented by a list of individuals who very close to the time of the event, or somewhat later, struck a deal with the traitors, or so-called traitors.

I would caution us to be careful not to charge those who entered into such deals after the spring of 1957 with the crime of parleying with traitors. For striking deals and compromising with traitors is not much less of a crime than treason. The point is that potentially this law may, with one ceremonious, solemn and sweeping act, severely censure not only the main culprits, but also a great many others who joined them in a compromise, not

necessarily out of an intent to sell out the country, but driven by the realization that there was no way to preserve values of virtue and high principle, and that there was but one law that governed, the law of survival. It was the law of survival that dictated compromises starting from the spring of 1957, until I cannot even say when. I would not want this generation to have to admit and submit to the charge of complicity in treason.... (4 Nov 91)

Dr. Jozsef Geczi (MSZP):

... The fact that it is virtually impossible to prosecute cases after nearly 40 years on the basis of actual evidence, and that such cases leave wide room for subjectivity and lapses of memory is, from the legal standpoint, of primary, and from the political and moral standpoint of tertiary importance.

Therefore, I would say that while it may be secondary and tertiary from the moral and political points of view, we must also keep in mind that this draft is intended to become a law, which will become a procedural rule, which in turn will evolve into a procedure; and as soon as it affects a real person, even a question of the tenth order will suddenly become a matter of primary importance.

And another thing: It is obvious that conceivably there could have been similar acts perpetrated even after 1963, although to my knowledge there could not have been too many, the post-1963 era does not justify extending the scope of the law also to this period.

There is especially no real reason to set off an avalanche of denunciations, investigations and other measures for those years. As far as the post-1971 period is concerned, in those cases actions still may be brought within the normal limits of the statute of limitations.

1949 Judicial Procedure Unconstitutional

*92P20165D Budapest MAGYAR KOZLONY
in Hungarian No 11, 30 Jan 92 pp 206-211*

[Summary] Budapest MAGYAR KOZLONY in Hungarian pp 206-211 carries the full text of Constitutional Court Decision No. 9/1992.

Effective 31 December 1992, the Constitutional Court has declared unconstitutional the judicial institution of "challenging the legality of action," with an immediate effect struck down all related criminal procedural rules that presently disadvantage criminal defendants, and ordered a review of all criminal proceedings in which defendants had been adversely affected as a result of the application of this legal procedure.

France was first to introduce this legal concept in the aftermath of the French Revolution. Its purpose was to restrict the effect of excessive judicial pronouncements. Belgium, Austria, and Italy adopted similar procedures during the 19th century. Hungarian law adopted the concept in 1896 and broadened its meaning in 1911. Its

purpose was to ensure the uniform application of laws by courts, and it worked only in favor of defendants.

The meaning and effect of this legal process had changed in 1949 when Hungary adopted Soviet legal procedures. Previously the procedure had been used in exceptional cases only, and only to ensure the uniform application of laws. Under the new system the procedure served to ensure the legality of action—as interpreted by the communist system—while uniformity was achieved on the basis of precedent, the leading case adjudged under communist rule. Thus, as construed under communist rule, the goals of achieving uniformity and legality of action mixed in a way in which neither of these goals were to be achieved on a constitutional basis, moreover, the two goals were in conflict with each other. As a result of this, the procedure became a routine appeals mechanism which enabled the pronouncement of more severe sentences after the exhaustion of normal judicial remedies. A 1950 decree broadened the application of the concept to civil cases.

The Court found that this legal procedure provided arbitrary and unlimited power to the president of the Supreme Court, and that defendants in such proceedings had no rights whatsoever. The petitioner in this case objected mostly to the fact that the use of this legal procedure constituted a discretionary right that enabled the enforcement of illegal decisions rendered by courts, and that the president of the Supreme Court and the supreme prosecutor were able to decide in such cases without having to provide supportive arguments.

The decision is based on Paragraph 2 Section (1) of the Constitution, which provides that “The Hungarian Republic shall be an independent, democratic constitutional state.”

National Security Law To Be Revised, Tightened
92CH0368B Budapest HETI VILAGGAZDASAG
in Hungarian 8 Feb 92 pp 76-78

[Article by Gabor Juhasz: “Proposed Rules for Secret Services; Our Dear Audience”]

[Text] The government would like to expand the legal framework in which surreptitious wiretapping, house searches and other so-called special means could be applied in order to produce better results in the fight against growing crime, and to enable the security services to operate more efficiently. At the same time, the proposed rules would also provide a greater degree of legal protection for citizens.

In conjunction with the proposal to tighten the provisions of the Criminal Code of Laws, the government has also proposes to amend Law No. 10 of 1990 providing provisional rules for the authorized use of special secret service means and methods. If approved by parliament, special means (e.g. surreptitious wiretapping, house searches, opening of the mail) could also be applied relative to kidnapping and threats of endangering the public in the future—both of which are to be newly classified as crimes—as well as with respect to drug abuse.

The terse legislative intent supporting the proposal reveals only this much about the thinking of its framers: “The effective persecution of these crimes depends on whether the authorities receive permission to use secret service means and methods in the course of exposing such crimes.” (Correspondingly, the amendment to Law No. 10 of 1990 would take effect concurrently with the amendments to the Criminal Code of Laws.) Compared to these changes, however, some far more substantial changes may be expected in regard to the deployment of Hungarian national security services and to the use of special means in Hungary.

It has been known for months that a proposed law concerning national security and the police has been drafted; the former has already been submitted to representatives, the latter is soon to be submitted to parliament. These two laws are subject to adoption by the affirmative vote of two thirds of the representatives present and voting; as presently planned, the force of these laws would significantly expand the authority of the four security services (see our table) and of the police to use special means and methods.

The National Security Organs of the Hungarian Republic

Civilian Organizations		Military Organizations					
Supervisor: Minister Without Portfolio Andras Galszecsy		Minister of Defense Lajos Fur					
Information Office (IH)	National Security Office (NBH)*	Military Intelligence (Information) Office (KFH)	Military Security Office (KBH)*				
Director in Chief: Major General Kalman Kocsis (since 1 Dec 91, prior to that in an acting capacity)	Director in Chief: Major General Sandor Simon (since 1 Dec 91, prior to that in an acting capacity)	Director in Chief: Major General Janos Kovacs (since 1 Oct 90, as head of the predecessor organization since 1 Oct 89)	Director in Chief: Major General Karoly Gyarak (since 24 Sep 90)				
1992 State Budget Funding (in millions of forints)**							
Salaries and Wages	421.8	Salaries and Wages	1,474.2	Salaries and Wages	971.0	Salaries and Wages	171.0
Social Security Contribution	180.3	Social Security Contribution	633.9	Social Security Contribution	350.0	Social Security Contribution	74.0

The National Security Organs of the Hungarian Republic (Continued)

Civilian Organizations				Military Organizations			
Supervisor: Minister Without Portfolio Andras Galszecsy				Minister of Defense Lajos Fur			
Information Office (IH)		National Security Office (NBH)*		Military Intelligence (Information) Office (KFH)		Military Security Office (KBH)*	
Director in Chief: Major General Kalman Kocsis (since 1 Dec 91, prior to that in an acting capacity)		Director in Chief: Major General Sandor Simon (since 1 Dec 91, prior to that in an acting capacity)		Director in Chief: Major General Janos Kovacs (since 1 Oct 90, as head of the predecessor organization since 1 Oct 89)		Director in Chief: Major General Karoly Gyarakai (since 24 Sep 90)	
Maintenance and Operations	741.1	Maintenance and Operations	736.5	Maintenance and Operations	524.0	Maintenance and Operations	69.0
Fixed Assets Acquisition	90.2	Fixed Assets Acquisition	497.7				
Fixed Assets Renewal	10.9	Fixed Assets Renewal	150.0				
Institutional Investment	85.0	Institutional Investment	177.0				
Housing Construction	15.0	Housing Construction	23.0				
Total	1,544.3	Total	3,692.3	Total	1,863.0	Total	314.0
Functional Scope***							
Information acquisition and processing; prevention of foreign secret service activities; national security facilities protection; protection and control of persons from a national security standpoint; professional direction and supervision of cipher activities		Prevention of foreign secret service activities; prevention of crimes, activities which endanger national security; national security facilities protection; protection and control of persons from the standpoint of national security; control over immigrants and persons seeking refugee status; control over "security document protection"		Military information acquisition; prevention of foreign secret service activities in the military field; security protection and control of military personnel		Prevention of foreign secret service activities in the military field; prevention of crimes, activities which endanger national security in the military field; national security protection of military facilities; national security protection and control of military personnel; control over "security document protection" in the military field.	

* Tasks assigned to the NBH and the KBH may be performed within the territory of Hungary only by these organizations.

** Civilian organizations receive directions through the Office of the Prime Minister, military organization through the Ministry of Defense.

*** Based on the proposed national security law (abbreviated).

Thanks to the Dunagate scandal of early 1990, the legitimate use of special means and methods is rather limited and may be applied only within the scope specified by law. In the situation that evolved as a result of illegal wiretapping and surveillance action performed by the III/3 group directorate of the then Ministry of the Interior, the use of special means and methods had been restricted by law as recommended by the Nemeth government, and by a provisional law (and a decree) hastily written in the final days of the previous administration, just before the elections. These had been left to the Antall government.

The 1990 requirements continue to survive today in an essentially unchanged form. The most important provision in these legal provisions is that the security service (and criminal enforcement police) officials may use special means and methods (data collection by technological means, control over the mails, surreptitious entry into private homes) only with the permission of the minister of justice. [Present Minister of Justice] Istvan Balsai is trying to free himself of the responsibility of granting such permissions; to accomplish this, the use of

special means should have the blessing of an organ independent from the executive power (courts) and the "efficiency" of the use of these means would be increased if more judges were to deal with these matters, he claims. (Security services would have to request such permission from the Budapest Court, while the police would have to apply to specially designated judges at the respective county and Budapest courts.)

The basic principle of the change—the introduction of judicial control—should obviously be acceptable to all political forces, although one could venture to say that the minister of justice would retain some influence over granting such permissions as a result of the selection and appointments of heads of courts (HVG 9 Nov 91). The other argument—efficiency—is less convincing, because thus far it has always been possible to reach the minister of justice with such petitions, according to official statements, at least. (On occasion, the minister has been called out from cabinet meetings.) At the same time, however, there should be no doubt that if the permissible scope of applying secret means was to be defined broadly, the number of requests for permissions would

increase. (No information has been provided concerning the number of instances in which the minister had authorized or refused to authorize the use of secret means, but it has been said—and this is the official expression—he had granted as many permissions “as have been necessary.” According to the rules, only the members of the National Security Committee in parliament, sworn to secrecy, would be able to learn substantially more than what the official expression has conveyed.)

At the same time, the already prepared legislative proposals would also enable the temporary use of special means without prior permission. From the standpoint of the security services this would mean that for example, the director in chief could issue an order to conduct wiretapping, provided that a delay would “obviously violate” national security interests, while simultaneously submitting a petition for a permit to the courts. The “permission issued by the director in chief” would be valid only until a judge reaches a decision, and thus, in such “urgent” cases the three days allowed for courts by the general procedures to deal with these matters appears as rather long. In addition to the directors in chief of the security services, similar authority would also be granted to county (Budapest) police chiefs regarding certain criminal activities (HVG 9, 16 January 91).

The proposed national security law would also grant an entirely exceptional authority to the two secret services: It would authorize the National Security Office and the Military Security Office to conduct so-called “preliminary investigations” based on “suspecting” certain grave criminal acts specified by law (e.g. crimes against the state and humanity, violations of state secrets, scaremongering), and to transfer such cases to the police if the suspicion proves to be substantiated. (A “substantial reason to believe” [that a crime has been committed] already constitutes a general criterion for starting an investigation.)

In addition to sanctioning preliminary investigations, the proposed national security law also seeks parliamentary blessing of “network personnel.” The secret services would be authorized in a rather broad array of workplaces to prescribe that their people be hired, provided that the head of the workplace is simultaneously informed of this fact. In essence, the only organizations that would be exempt from such practice would be social organizations (e.g. parties, clubs and trade unions), the churches, organizations involved in the administration of justice, and the higher level (not executive) organizations of the state and of local governments.

In addition to all this, the new national security law would establish a new complaint procedure for persons whose “rights or lawful interests have been violated by the activities of national security organs,” because the framers of Law No. 10. of 1990 had forgotten to make such provisions. Complaints would have to be submitted to the supervising ministers (at present to Andras Gal-szecszy regarding the civilian services, and to Lajos Fur

with respect to the military services), and the ministers would be obligated to render a decision in each case within 15 days. Such decisions could be made the subject of judicial review, according to the proposed legislation. The minister would forward the complaint to the supreme prosecutor if the case involved the use of special means authorized by a court. The proposed legislation states that the supreme prosecutor could challenge the legality of the prior judicial action if he found that the permission stood in violation of laws. This provision will definitely have to be revised because last January the Constitutional Court struck down as unconstitutional the procedure of challenging the legality of action, i.e., some other legal remedy must be sought.

In addition to protecting citizens, the framers of the proposed legislation also remembered to protect the services, of course. In essence, all data pertaining to the secret services would be classified as state secrets (e.g. the names of volunteer helpers, or the very fact that someone had requested data from a certain organization). And this would mean that the time of the Vegvari's and of the great revelations has expired. Along with the proposed penalties pertaining to state secrets (HVG 25 Jan 92) it seems as unlikely that anyone would dare to publish in Hungary some essential secret service information in the future, and a new Vegvari would most certainly end up in prison.

Youth Leader Refutes Remarks About Media

*LD0903110392 Budapest Kossuth Radio Network
in Hungarian 0600 GMT 9 Mar 92*

[Excerpt] Zsolt Szerej, an official of the Youth Democratic Forum, telephoned us during our broadcast. Here he is:

[Begin Szerej recording] Well, I have to refute the allegations of MAGYAR HIRLAP, that is to say, the reports that have appeared in MAGYAR HIRLAP and NEPSZABADSAG in connection with the “Evening Balance” [TV program]. The minister did not say anything of the kind, nor did those who were present. I very much regret that allegations of this kind are made about this kind of seminar, this kind of lecture, and that they repeatedly stir up those passions that are creating tensions between the government and the press at the moment. [passage omitted] [end recording]

Minister Describes Radio, TV as ‘Enemies’

*LD0903100792 Budapest Kossuth Radio Network
in Hungarian 0600 GMT 9 Mar 92*

[Excerpt] As everybody knows, Hungarian Television and Hungarian Radio have for weeks now been standing in the crossfire of government party attacks. [passage omitted] The media were also a topic at a political meeting in Komlo at the weekend.

According to Balazs Horvath, the most dangerous enemies of Hungarian democracy are Hungarian radio and

television. The minister without portfolio, speaking before some 30 people taking part in a weekend session of the Youth Democratic Forum, described radio's morning press review as a repertory of deceits. Balazs Horvath, in the presence of "Newsreel" chief editor Istvan Palfi, recommended to the young people that they do not watch the "Evening Balance" and that they do not read NEPSZABADSAG.

MAGYAR HIRLAP and NEPSZABADSAG carry reports about the Komlo meeting. MAGYAR HIRLAP has the information that the President of Hungarian Television [Elemer Hankiss] could be suspended from his post in a matter of a few hours even. According to the paper's informers, the attacks by the rightwing of the Hungarian Democratic Forum could impel Prime Minister Jozsef Antall to take the step of suspending Elemer Hankiss's employment for 30 days, according to the legal provisions in force. Hankiss himself, in NEPSZABADSAG, has described the speculations as an absurdity.

Antall Sees Grounds for Hope in Economy

AU0503134692 Budapest MAGYAR NEMZET
in Hungarian 29 Feb 92 pp 6, 11

[Interview with Prime Minister Jozsef Antall by Attila Kristof; place and date not given: "The Government and Its Head"]

[Excerpts] [passage omitted]

[Kristof] Looking back in time, have the conditions for an effective government improved or deteriorated?

[Antall] It is difficult to give a clear answer to this question. If someone looks at us from the outside, he must definitely see that the parliamentary democracy in Hungary has become consolidated in a short time and it is working properly; the Hungarian parliamentary democracy is the strongest in the area. As for our economy, in the monetary sphere, we can see that our hard currency reserves today are four times bigger than at the time when we formed the government. Inflation, something we are trying to reduce this year, has turned out to be better than many people expected. The increase of our foreign trade turnover is a positive sign too. Looking at it from outside and thoroughly analyzing the real economic processes, both the financial and budget matters, all these factors can be regarded as positive results. At the same time, life has become more difficult in Hungary for some people and some groups of people because of an increase in unemployment, a decrease in real wages, and the problems deriving from the restructuring of the entire society. [passage omitted]

[Kristof] Are there things that happened in the past 22 months and things that did not materialize in harmony with your expectations and concepts?

[Antall] I think that, under the circumstances, the government activity is relatively good but, naturally, it does not fulfill my personal set of demands. The following is

a generally accepted slogan in politics: "We know what we should do, and we are doing what we can." The public views all this critically but, I think that patience, understanding, and appreciation can be seen in the opinion of an increasing number of people.

[Kristof] I also noticed the existence of such signs: People are regarding the government activity with greater understanding than one year ago. However, the opposition often claims that this is an aggressive and centralizing government that endeavors to occupy power positions.

[Antall] Of course, this is not true. First of all, this government is engaged in privatization, rather than centralization. After the many decades of communist dictatorship, almost the same "nomenklatura" has power positions in directing the various employer and employee organizations, and the new government or the new political parties have no possibility whatsoever to "occupy" anything. As for centralization, this is simply one of the "magic" words stubbornly repeated by the opposition and part of the press: centralization, government influence, power influence, authoritarianism, etc. I am sorry, but I generally prefer to work with people whom I trust, whom I regard as good professionals, and whom I regard as honest, and I do not want to see the confidants of the other sides near me. [passage omitted]

[Kristof] Is there any hope of any change in the near future in the areas in which the state seems to be weak, like the police, public security, health care, army, environmental protection, and education?

[Antall] First of all, it is not the state that is weak, but the state's financial resources are limited. We need money for a modern and effective army. A well equipped police needs well-paid people and good equipment. The same applies to public education and health care. This is a vicious circle: We need well-trained people for an efficient economy, and economic development needs public security and order. [passage omitted]

[Kristof] Could you summarize your opinion about Hungary's current situation in one sentence?

[Antall] Hungary is in a difficult situation, and I am convinced that we will overcome this difficulty.

[Kristof] People will probably feel the positive effects of the expected prosperity from the end of 1992....

[Antall] People will have to feel that. At the same time, one should not disregard the fact that there is a recession in the United States and Canada, too. Is it possible to disregard the fact that the republics in the former Soviet Union are actually insolvent and are receiving emergency aid by means of an airlift? Is it possible to disregard the fact that Poland and the CSFR, our two natural neighbors, do not even account for two percent in the Hungarian foreign trade turnover? Hungary could simply not avoid the rapid economic collapse that occurred in this part of the world. The consequences of

the necessary economic restructuring affect many people, and all this has a serious effect on Hungary's internal life. However, if the Hungarian economy is already bearing the burden of free prices and the reduction and subsequent elimination of government subsidies, while the forint has actually strengthened, these facts give grounds for hope. [passage omitted]

New Head of Babolna State Farm Interviewed

*92CH0335A Budapest MAGYAR HIRLAP
in Hungarian 27 Jan 92 p 6*

[Interview with Zoltan Bogardi, director of the Babolna state farm and parliamentary representative of the Hungarian Democratic Forum, by A. Janos Szilagyi; place and date not given: "Zoltan Bogardi at the Helm of Babolna: Not a Political but an Economic Decision; The Hungarian Democrats' Real 'Belgian'"]

[Text] Many were undoubtedly surprised to hear that Zoltan Bogardi, a member of the MDF [Hungarian Democratic Forum] presidium and parliamentary representative, has been named to head the Babolna agricultural complex.

[Szilagyi] Was your appointment a political or an economic decision?

[Bogardi] Our present situation calls for economic decisions. I am convinced that a cool-headed outsider with a general understanding of the overall trends of the economy, who has no previous ties with the complex, can make better decisions than someone who has already committed himself to breeding broiler chickens, Arabian horses, or laying-hen hybrids. Nearly 8 billion forints in assets are at stake here, situated on 25,000 hectares of land. I believe that every economic decision is also a political one, hence to say that mine was a political appointment is without foundation. Every government would like to have people in key positions who are committed to and believe in its economic policies, and this is no different in Hungary. So I look at my appointment not as a political, but as an economic decision.

[Szilagyi] Did you have any previous contacts with the Babolna farm, and are you familiar with their circumstances?

[Bogardi] I have never worked in Babolna before. I graduated from an agricultural technical school and hold a degree in horticulture, so I have a good understanding of the agricultural sector. The fact that I am not closely familiar with the specific conditions of the Babolna farm should not be a big problem. My task will be not to exercise economic control but to effect political and economic decisions at the helm of our board of directors that will determine what part of Babolna will remain in

state hands, which parts will the complex retain majority control over, and which portions of it will be privatized, i.e., placed under 100-percent private ownership. What this requires is not a knowledge of Babolna, but a general understanding of basic economic principles. I believe that I have been involved in shaping the agricultural policy of the MDF and the government long enough to be qualified—with the help of a skilled team of experts—to provide the leadership necessary to make these kinds of decisions a reality.

[Szilagyi] At the national conference of the MDF held at the end of last year, many were surprised at your ability to stave off a challenge from Etelka Pataki (Mrs. Barsi) and secure reelection to the MDF presidium. What is your function within the presidium of the party, and why are you not asserting yourself more forcefully?

[Bogardi] The tellers of political fortunes were not at the height of their profession when they prepared these analyses. For I had clearly had the support of the countryside as well as some of the Budapest districts. As the balance of support became clear several counties assured me that they would like to see me elected to the presidium. Moved by this level of trust I could not very well relinquish my membership in the presidium. As far as the reasons for not being heard are concerned, because of my involvement in the budgetary debate, so far I have not been able to actively participate in the meetings of the presidium. I do, however, intend to forcefully represent the interests of agriculture within the party leadership.

[Szilagyi] The public knows very little about your political beliefs. Which political course do you consider yourself to be the most closely affiliated with within the MDF?

[Bogardi] I think that within my party I am a true "Belgian," in that I am neither a populist-nationalist, nor a liberal; I profess some of the beliefs of both schools of thought.

[Szilagyi] You are a member of the presidium of the MDF, and at the same time also a parliamentary representative, delegated by your party to serve on the economic committee. How will you be able to fulfill all of these functions?

[Bogardi] At this point I cannot not tell you which responsibilities I will have to relinquish and which ones I will have time for. I definitely want to quit my membership in the economic committee, and I do not intend to join the agricultural committee.

Naturally, having to do all of these things at the same time does cause some problems. For now I do not know what additional burdens my new appointment will entail.

Alarming Defense Industry Debts Reported

92EP0215A Warsaw GAZETA WYBORCZA in Polish
11 Feb 92 p 15

[Article by Dorota Sajnug: "Defenseless Arms Industry"]

[Text] Everybody in Poland agrees that the defense industry must exist, although not as extensive as before. Employees of this industry are protesting, yet no decisions are being taken as to the future of the sector. In the meantime, the debt of these enterprises may grow by 100 percent, by the end of June. If this happens, nothing will save them.

Military equipment is produced in Poland by approximately 80 plants. In 1990, enterprises still managed to sell 12 trillion zlotys [Z] worth of equipment and munitions. A year later orders dropped by one seventh, while the cost of plant maintenance was higher than goods produced by them by over Z68 billion.

The year of the Polish defense industry's agony was 1991. In the first half-year, production continued, because enterprises had inventories left from previous years and were completing previous orders. In the second half-year, however, several enterprises had to stop production because of a lack of finances. Some of them did not have enough money to pay salaries to their employees.

The Ministry Is Waiting; the Russians Are Not Paying

In 1990, over 70 percent of production in our arms factories and almost 90 percent of that in aviation plants was still exported to the USSR. Since the transition to dollar settlements with the Soviet partner, however, the golden times have come to an end. The Soviet contracting partner did not pay for the last portions of ordered and delivered equipment, worth over \$160 million. Polish factories had to incur high levels of debts in order to complete this particular production. Until now, these debts have not been paid.

Until 1991, the Ministry of National Defense [MON] placed orders and paid for the equipment supplied. Factories knew they had a guaranteed market for their products, and they did not concern themselves with quality or prices. Today, enterprises are still awaiting military orders and demanding that the government guarantee enough orders for them to survive.

The preliminary budget allocates Z5 trillion 28 billion to MON. According to MON representatives, the ministry will be able to buy only 2-3 percent of what the factories could produce. From the allocated funds, the ministry will also have to pay for last year's supplies.

Whom To Trade With?

Until now, only a few enterprises succeeded in signing contracts with Western partners. These are mainly orders for parts, and not complete equipment.

It is increasingly difficult to find clients wanting to buy Polish arms. It would probably be possible to sell them to poorer countries, especially those that are at war. In 1990, we still signed contracts to export arms to Iraq and Yugoslavia. But in 1991 both countries were black-listed, and arms exports to them were banned. Neither may we export arms to Afghanistan, Burma, Somalia, Salvador, Mozambique, Sudan, and Taiwan. To ship "special equipment" to Israel, Iran, Syria, Libya, and South Africa, enterprises need the consent of the Ministry of Foreign Affairs.

Not all the states are as strict as we. To give an example, Czechoslovakia sells tanks to Syria. Earlier, the Labedy factory had signed a contract with this country for several hundred tanks. Since the conflict in the Middle East exacerbated, the Ministry of Foreign Affairs banned exports to the area. Labedy has lost billions of zloty.

To Transform and Privatize

In October 1991, the Ministry of Industry requested the Krakow consulting firm Proxy to prepare a plan for the restructuring of the defense industry. Much ado was raised recently on whether the firm was actually granted appropriate permission from the special services. The proposed restructuring plan was also criticized. It remains, however, the only existing rescue plan for the defense industry.

Proxy experts are of the opinion that it is necessary to discontinue administrative management of the defense industry. The Army should itself select manufacturers who offer the best quality and prices. Enterprises would, then, have to compete. The consulting firm proposes a quick transformation of all arms factories into state treasury companies, and a subsequent privatization of some of them. Naturally, the state could guarantee its own control over the industry by securing for itself appropriate packages of shares in particular enterprises.

Proxy considers four factories fundamental to state defense. They are: Skarzysko's Mesko, Pionki's Pronit, and Warsaw's Optical Equipment Manufacturing Center, and Radwar. They should remain totally in the hands of the state. In another 30 firms, the state should keep 51 percent of shares in order to maintain government control over the whole sector.

According to experts, at least three concerns should be created: munitions, armored equipment, and aviation. None of their factories would receive funds from the state.

"The principal factory in the armored equipment concern would be Labedy," says Jolanta Kramarz, vice president of the firm, and adds that the situation in this particular branch is the worst. "If these factories do not find markets for their products, they will go bankrupt. To convert themselves to civilian production, these enterprises will need minimum three or four years.

In the munition concern, the principal role would be played by Mesko in Skarzysko, and in the aviation, WSK [Transportation Equipment Plant] Rzeszow, Warszawa Okecie, Mielec, Swidnik, and Hydral-Wroclaw. The remaining enterprises would maintain close cooperation with them. They would also have to considerably limit military production. "Only eight factories are able to maintain operation using their own resources. The rest have to be helped," says Jolanta Kramarz.

Proxy has found five banks which have agreed to finance the defense industry. They will extend Z1.2 trillion to the industry this year, on condition that the government restructures this sector.

Proxy representatives do not want to voice opinions on the aviation concern. The first stage, i.e. the evaluation of aviation enterprises and a program outline, was presented by them to the ministry in the middle of December. As of now, nobody has asked them to continue.

Inaction Is Costly...

The firm calculated that if the complex restructuring of the defense industry were carried out according to the firm's plan, the industry would still earn about Z600 billion this year. If no actions are taken, the state will have lost Z650 billion by the end of June, and enterprise debt will have risen, on the average, by 100 percent.

The defense industry employs over 100 thousand people. For part of them, forecasts for the future are not too optimistic. In the best event, 30 percent of employees will have to go from this sector during the next few years.

A change in the production profile will not solve the problem either. Most factories are not able to convert to civilian production. The specialized equipment they use is only suited to manufacture arms.

...Yet the Ministries Procrastinate

In many cases whole towns live off arms factories. If, for example, Pronit in Pionki were to collapse, or the factory in Niewiadowo, or Mesko in Skarzysko, most inhabitants of these towns would be left without jobs. The government, however, has no rescue plans at present for regions threatened with mass unemployment.

Protests at arms factories have gone on for a year. Many factories have limited their production, employees are given compulsory leaves, and most people earn about Z600,000-Z800,000 per month. Protesting employees demand that the government determine the principles of the new defense policy and present a restructuring plan for the arms industry.

The fate of arms enterprises is determined by a few ministries. Each one is trying to avoid making a decision. The Ministry of Industry has done nothing for two years, even though its representatives agree that only some arms factories can be saved. MON maintains that it cannot estimate the amount of this year's orders, because

it will depend on the resources allocated to the ministry from the budget, and the budget has not been adopted yet. Moreover, it does not know what equipment will be needed, since the so-called defense doctrine has not been adopted yet. The Ministry of Foreign Cooperation cannot say if it will ever be able to recover the money invested by enterprises into exports to the former USSR. The Ministry of Finance, on the other hand, explains it has no money.

"There is little time left," people in arms factories are saying. "Three months at the most, maybe half a year. After that, this industry will cease to exist."

CUP Official Outlines Economic Policy

92EP0224B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 8 Feb 92 p 1

[Article by Katarzyna Jedrzejewska: "Exports Are the Driving Engine; The Economic Program of the Government"]

[Text] During the economic forum organized by the Club of Entrepreneurs under the Center Accord and the Circle of Economists, Managers, and Businessmen under the Center Accord last Friday (7 February) Halina Wasilewska-Trenkner, secretary of state of the Central Planning Administration [CUP] presented the forecasts and intentions of the government regarding the economy.

An outline of the government's economic program has already been at least twice before presented by the head of the CUP—at last Tuesday's session of the Council of Ministers and during Thursday's talks with Solidarity. The final version of the program will be put forward by the government on 11 February.

After meeting with the entrepreneurs and economists, H. Wasilewska-Trenkner told RZECZPOSPOLITA the following:

—On proexport policy: "The principal aim at present is to stop the recession. The assumption is that the driving engine will be the export enterprises. That is why the government intends to support the institutions which will reduce export risks (e.g., institutions insuring export loans). The possibility of granting interim credit and loan assistance to export enterprises until they receive payments from their foreign customers is being considered. A version of refunding the duties levied on raw and other materials used in production for export is under consideration.

"Proexport production is also to be promoted by a broad advertising campaign in favor of Polish goods abroad. We also need tighter import restrictions (certificates of origin, homologations), because we cannot afford unequal rights. Our merchandise must meet specific requirements and therefore imported merchandise also should meet these requirements."

—On pro-investment policy: “We must encourage individuals and enterprises to save in order to invest. For this year such incentives are still limited, but in years to come we would like to reduce the income tax rate and introduce tax exemptions for reinvested income.”

—On industrial policy: “Our goal is equal treatment of [state and private] sectors. This concerns chiefly revising the rules for the taxation of state enterprises. We believe that the time has come to isolate price-linked wage indexation from the practical changes in wages that should be introduced at enterprises. We shall try to gradually ease wage restrictions. We also intend, even before this year is over, to reduce the assets tax [the “dividend” payable to the state budget by state enterprises]. Thus while this tax or dividend is at present levied on enterprise assets, in the future it should be made contingent on profits, but only after state enterprises are managed like private enterprises. This means first the creation of the State Treasury and the commercialization of enterprises [conversion to treasury companies] and then the conversion to a dividend on profits.

“In 1993 we would like to abandon both these instruments, the *popiwiek* [tax on ceiling exceeding wage increases] and the dividend [tax payable by state enterprises to the state budget], in measure with the changes in the organization and structure of ownership of state enterprises. We believe that some of these enterprises will remain state owned for at least four years, especially the fuel energy and transportation subsectors. This also applies to the steel industry, which requires modernization, because at present that industry is inefficient and environmentally harmful. The modernization has to be guided centrally, because it requires both big money and, at times, painful political decisions.

“We realize that some of the enterprises are bound to go under. The balance sheets for 1991 have not yet been drawn up, but already the November statistics indicate that about 35 percent of all enterprises (and not just the state ones) are money-losers.”

—On credit policy: “We would like commercial credit to be just a mite higher than refinancing credit. An additional complication at present is that both the state budget and the enterprises are competing for the same amount of available credit. We want therefore to fix reasonable terms for this competition. This does not warrant hoping for a low interest rate, but that rate should not be exorbitant either, because then it would stimulate inflation. The interest rate on refinancing credit, which is the initial influencing factor, should be fixed at a level at which interest rates on commercial loans would lie within rational limits and not spur inflation. Interest charged on commercial loans should be, moreover, made more contingent on the risk factor involved.”

—On the inflation: “The reduction in production cost which we shall be aiming at will serve to rein in

inflation. We believe that this year inflation will not reach more than 35 percent. CUP calculations indicate that if we succeed in halting inflation and persuading the public to consume not more than it did in 1991, an initially small but rising pace of economic growth—verging at 2 to 2.5 percent a year—is feasible. Let us hope that after 1995 that pace will intensify.”

—On public finance: “The present-day material situation, the state of public awareness, and the sensation of an impending threat cause the extent of welfare applications to rise steeply. That is why we want above all to provide the opportunity for everyone to derive an income and at the same time to help the neediest.

“In addition to the social services financed by the state we must encourage the growth of services no longer directly financed from the state budget. If we continue to fund these services exclusively from the state budget without revising the manner of their distribution, we shall have fewer and fewer such services.”

Newly Adopted Economic Legislation Highlighted

92EP0228A Warsaw ZYCIE GOSPODARCZE
in Polish No 6, 9 Feb 92 p 4

[Article by Pawel Badzio and Agnieszka Gutkowska:
“Life and the Provisional Budget”]

[Text] The essence of work on the provisional budget and accompanying laws boiled down to maximizing budget revenues, limiting budgetary expenditures, and establishing the sources of financing. In the opinion of many, these legal acts dealt with systemic changes to a relatively small degree, though one might express doubt whether this was in fact the case.

For the level and structure of budget expenditures are, in themselves, systemic change. This is best shown by the fact that, in recent years, the maintenance of a comparatively constant level of budgetary expenditures brought with it a lessening of expenditures for investments (from 5.5 percent of gross national product in 1987 to 1.9 percent in 1991), which means that the ability of the budget to affect the economy decreases diametrically. Just like the limiting of certain expenditures, so too the suspension of the indexing of pay in the budgetary sphere would seem to be a change of systemic consequences.

After the “storm over the provisional budget,” it is time to draw up a balance of the most important benefits and strains on the budget resulting from the adoption of these laws, and also of the costs which society will have to bear in the present situation. This balance will be purely formal in character; it will not pretend to predict the consequences of the adoption of these laws beyond those which were mentioned in the speeches of reporting deputies.

1. The law on principles of state financial administration (adopted by a vote of 209 to 46, with 59 abstaining) establishes the sources of financing the budget deficit by:

- Authorizing the minister of finance to issue four types of state bonds in the amount of up to 15 trillion zlotys [Z].
- Allow the indebtedness of the state budget to the National Bank of Poland to rise, through the sale of short-term treasury bonds.
- Increase the deficit of the state budget to the total of the contracted foreign credits (\$200 million).

At the same time, this law decreases budgetary expenditures by the above-mentioned suspension of the indexing of pay in the budget's domain, and simultaneously increases revenues by collecting social insurance contributions from prizes and bonuses from after-tax income, and by executing obligations made toward the treasury by legal persons who had the responsibility of making payments to the now-defunct Central Fund for Scientific and Technical Development.

The law also calls for the payment of only 25 percent of the yearly prize from factory prize funds, and increases control over the transformation of economic units into extra-budgetary economic units, through the participation of the minister of finance in such decisions.

2. The Law on the Change of the Law Entitled "Budgetary Law" and Certain Other Laws concentrates on expenditure cuts, as follows:

- It departs from the separate principles of calculation of allowances for apartment and social funds.
- It abandons subsidy of the Employees Vacation Fund.
- It abandons the amortization of apartment credits granted within the framework of agreements concluded to the end of 1989, and concerning investments not completed by 31 March 1992. The financial effect of this entry will be, according to some calculations, that the cost of a 60-square-meter apartment will be close to Z0.5 billion (in about two years).
- It increases the contributions of individual farmers to the pension fund by 5 percent. The period of being subject to old-age insurance is formally lengthened if the farmer or his wife paid the yearly contribution in the amount of at least 120 percent of the average basic [monthly] pension (and not, as until now, 100 percent of this value). These changes were aimed at eliminating the disproportions in payment of pension contributions, which came to about Z54,000 in the case of individual farmers, and about Z700,000 in the employee system.
- It abandons payment by budgetary sphere units to the State Fund for Rehabilitation of Disabled People.

3. The law on income tax from legal persons, according to the words of reporting deputy Wojciech Arkuszewski, is not a great tax reform. The enactment of the new law is a consequence of other changes in the legal infrastructure—among others, the law on income tax from physical persons—and is in agreement with the requirement

of setting legal regulations in order. In comparison with the law now in effect, of 31 January 1989, it proposes that all income of legal persons and organizational units which do not have legal status be subject to taxation, regardless of the source of that income, with the exception of proceeds from typical agricultural production, proceeds from forestry, and those resulting from activities which cannot be the subject of a legally effective agreement.

Proceeds from typical agricultural production will remain in the domain of the agricultural tax.

The law discontinued tax relief previously in effect for auxiliary units of establishments financed to date from the budget. (In the justification, we read that the activity of subsidiary farms has a purely economic character, and there is no economic justification for applying tax preferences toward them, especially since more and more enterprises are trying to transform themselves into this legal form, with the goal of avoiding tax burdens.) An analogous exclusion from tax preferences concerns schools of higher education, research and development units (if their income is not earmarked for statutory purposes), and taxpayers conducting agricultural activity (getting at least 60 percent of the general sum of their receipts from that activity).

Exemption of income from share in the profits of legal persons was also abandoned in the law, but in a way which eliminates any danger of double taxation in the case of taxpayers receiving income in the country and abroad (tax paid in a foreign country is deducted).

At the same time, taxpayers who receive income in Poland from dividends and from share in the profits of legal persons having their headquarters in Poland pay a tax in the amount of 20 percent of proceeds so derived. This tax is deducted from the tax established for income which is taxed at a rate of 40 percent. Such a mechanism makes it possible to avoid double taxation of the income of legal persons, and at the same time guarantees that such income within the country will be covered by taxation.

The raising of the tax on unjustified income to 75 percent was a spectacular achievement.

The acceptance by the Sejm of several amendments easing government strictures in social policy is a success. The proposition of the government draft of the law on the change of the labor code and several other laws passed with minor amendments. They do not, however, in the opinion of Minister W. Misiag, infringe upon "the projected internal consistency of the provisional budget. They are as follows:

1. In the law on revalorization of pensions, the changes proposed by the government included (among others) the restoration of the principle of not suspending disability pensions awarded as a result of work accidents or work-related sickness if the pensioner begins to receive income; and raising, from 800,000 to 1 million, the

amount guaranteed in the case of a pension lowered on the basis of the revalorization law. These were accepted without reservations by the Social Policy Commission and by the deputies. Other changes turned out to be strongly controversial. This was mainly in regards to a change in the frequency of valorization of pensions, and the wage growth indicator by which revalorization would take place.

Ultimately, the Sejm voted through a valorization occurring every four months (the government proposed semi-annual). The valorization indicator, meanwhile, was raised (in accordance with the government's submission) from 105 percent to 110. This means that revalorization will take place when wages rise at least 10 percent in a quarter.

2. The government also proposed changes in Article 27 of the law of 1982 on employees' pensionary provisions. Here, the Sejm approved the government's proposal that the Council of Ministers, and not the minister of labor and social policy, issued the decree on the matter of early retirement.

Opposition was aroused by the proposed obligatory lifelong reduction in the pension of an early retiree, proportionally to the number of months lacking to the so-called normal retirement age. The commission recommended a compromise solution: pension reduction only until the normal retirement age is reached. Such cases often concern people forced into early retirement by, for example, a factory closing or group layoffs. Moreover, these people often have long years of service, surpassing the legal minimum (20 years for women, and 25 for men). A minority motion similar to the government's, demanding a permanent pension reduction and its suspension during such time as the pensioner receives income from employment or other compensated work, was also voted on. The deputies rejected the minority motion (248 against, 15 for, 27 abstaining).

3. Changes in the 1989 law on so-called group layoffs consisted of a complete liquidation of the compensatory supplement, and deprivation of severance to those laid-off employees who have other significant sources of income. (Full-time employment in another factory; pension if the employees worked half time [for example] in the factory laying them off and conduct economic activity on their own or have a farm of more than five hectares.) In accordance with the government proposal, an employee whose spouse receives income equal to more than twice the average [national] wage would also not be entitled to severance pay. The deputies voted through the liquidation of the compensatory supplement (165 for, 86 against, 46 abstaining) and the proposals concerning deprivation of severance pay, with the exception of the last case.

4. As the result of changes in the 1991 law on employment and unemployment, unemployment benefits are limited and made uniform (at a level close to the former

minimum benefit). Presently, benefits come to 36 percent (about Z750,000) of the average [national] wage, regardless of the most recent income of the person collecting benefits. The commission recognized the necessity to depart from the previous regulation of benefits (70 percent of the most recently received wages for the first three months, 50 percent of the same for the next six months, then 40 percent after the first nine months), recommending a compromise solution (50 percent of the last received wage for the first three months, then 40 percent of the same).

Benefits can be collected for twelve months. The right to benefits is lost after the second refusal to accept a proposed job, as before (the government proposed that this occur after the first refusal). For the acceptance of this softened (in comparison to that of the government) version, 178 deputies voted in favor, and 128 against. In a second vote, after a recapitulation of the first, the government amendment making training benefits (paying unemployed during training for a trade, or retraining) uniform and lowering them to the 115 percent of ordinary unemployment benefits was also accepted (the commission wanted 130 percent).

5. A compromise solution was reached in the question of valorization of wages in the budgetary sector. The Sejm agrees to the government proposal to withhold valorization of this sector in the first quarter (the Constitutional Tribunal brought action against the Sejm's decision). A minority motion, that wages in the budgetary sector in 1992 reach the level of wages in the goods-producing sector, was rejected. (The last valorization was almost a year ago. In 1991, the relation of average wage in the budgetary sector to the goods-producing sector was 87 percent, instead of the legally guaranteed 103 percent; it fell to 72 percent in the last quarter.) It was established that employees' wages will be regulated in the budget law.

6. Combined commissions (Legislative and Social Policy) rejected "without detailed hearing" those articles of the government draft which denote the introduction of permanent changes in labor and social insurance legislation, and are not directly connected to the provisional budget. This concerns the changes in Article 92 of the labor code concerning (in the regulations of specific laws) the right to wages or benefits in connection with sickness or maternity. The commissions acknowledged that the government will present those changes in separate articles, after consultations with the trade unions.

In conclusion, it is worth making a list of those acts which will have the greatest financial effect in the first quarter of 1992. They are as follows

- The raising of the transaction tax rate and the broadening of the scope of collection (a decision beyond the above-mentioned laws) = Z5 to Z6 trillion.
- Suspension of valorization in the budgetary sector = Z3 trillion.

- Distribution of payments from factory prize funds = Z3.3 trillion.
- The raising of payments for central heating and hot water = Z1.0 trillion.
- Raising of contributions for social insurance = Z0.4 trillion.
- Shifting the time of valorization of pensions = Z0.5 trillion.

Acts which hit the state's social system very hard are overlooked in this table. Just the abandonment of amortization of apartment credits will be a savings of about Z9 trillion.

Not counting an increase of subsidies for labor bureaus by Z10 billion, the provisional budget was not changed (besides minor amendments made by deputies to the packet of accompanying laws). The deficit surpassing Z17.5 trillion proposed by the government and the Sejm's Budget Commission was approved. None of the amendments mentioned will have any effect on the shape of the state budget, though some will affect its expenditures.

Coal Industry Lobby on World Bank Proposals

92EP0230A Warsaw ZYCIE GOSPODARCZE
in Polish No 6, 9 Feb 92 p 9

[Article by Wojciech Blasiak: "Eliminate the Disincentives; Coal Politics"—first three paragraphs are ZYCIE GOSPODARCZE commentary]

[Text] Barely every 10th Polish black coal mine is close to operating in the black. Is therefore our mining industry doomed? The views of our mining lobby are presented in the article below, which was sponsored by the Upper Silesian Mining Chamber, and whose author claims that the future of the extractive industry is promising, provided that the government revises its current mistaken policy toward that industry.

Decisions to shut down mines are bound to involve considerable financial outlays on restructuring, along with proactive government intervention, as was found by the British. In Germany coal extraction has been cut in half, but even maintaining it at such a lower level requires substantial subsidies. These matters are discussed by the authors of three other articles published on this page and the next.

In 1990 Poland accounted for 4.9 percent of the world's output of black coal, thus ranking as the fifth largest producer. Thus, it is not surprising that the question of the future of our coal mines remains so crucial. (The Editors)

The mining of black coal was and remains one of the most profitable branches of the Polish economy, despite the ongoing decline in productivity since 1979. Consider that the actual mean extraction cost per GJ [Gigajoule] in 1990 was (according to June 1990 data) \$0.85, whereas for British mines it amounted to \$2.70 in fiscal

year 1988-89. For underground mines in the United States this cost amounted to \$1.50, and for the modern Australian underground mines, \$1.00.

In the light of the above figures it can be seen that the performance of the Polish black coal industry has been extremely favorable, despite the unfavorable economic situation and poor technical condition of its mines. That situation has been extremely disadvantageous owing to the restrictive policy applied by the government toward mining both in 1990 and in 1991.

Contrary to Official Statistics

Mining has been subjected to an economic and financial drain which is facing it with a formal bankruptcy. This economically paradoxical situation arose owing to the failure to revise the administrative prices of coal, which are excessively low compared to its extraction cost.

At the same time, moreover, controls on the prices of the products provided by all the suppliers of the mining industry have been removed. As a result, coal extraction became unprofitable.

The resulting losses and depreciation of facilities were not offset by subsidies. That is because the subsidies from the state budget were slashed and arbitrary, being based on subjective criteria. They were moreover paid to the mines irregularly and tardily, which in its turn forced the mines to borrow more money from the banks at exorbitant interest rates, thus augmenting mine indebtedness.

All this has been taking place in the presence of a recession caused by the government adjustment [shock therapy] program termed the Balcerowicz Program.

The recession has drastically reduced the demand for coal. At the same time the Polish government has been curtailing coal exports, which was a factor in the decline in coal extraction by nearly 30 million metric tonnes in 1990 alone. Yet coal mines have fixed overhead expenses accounting for 60 percent of their overall extraction cost. Given such a drastic decline in extraction, this meant, from the economic standpoint, a huge increase in unit cost.

Yet despite such unfavorable conditions, the black coal mining industry had earned roughly 33 trillion zlotys [Z], or nearly \$3.5 billion, in 1990, a surplus which was, however, concealed by the low administrative prices of coal. That surplus was clandestinely absorbed by the state budget and by other branches and subsectors of the economy, including the steady money losers. Thus the black coal mining industry willy-nilly financed the fight against inflation and at the same time was itself led down the road to formal bankruptcy and forced to drastically slash its own investments in new extractive capacities.

A way out of this highly unfavorable situation, along with adapting this industry to the operation of the market economy requires fundamental quantitative and

qualitative changes. These changes should be promoted by the economic policy on restructuring, privatization, and changes in the tax system.

The basic orientation of the economic policy on restructuring, privatization, and changes in the tax system should be to provide the mining industry with conditions serving to maximally exploit its entire potential. The starting premises of the economic philosophy reflected in the present article are thus completely at variance with that of the restructuring project drawn up by World Bank experts. That is because identifying the actually money-losing mines with the object of shutting them down is not our point of departure. Our point of departure is creating the conditions serving to maximize the social usefulness and economic profitability of mining. We are not against the need to close the regularly money losing mines and allied plants. But that is only one element of the restructuring, and not the most important one at that, in our view.

A requirement for identifying specific measures to be taken when pursuing an economic policy is the presence of a targeted longterm program for restructuring the entire economy, because only then the country's fuel and energy balance can be objectively drawn up, upon specifying the share of each of the individual energy carriers, including the domestic demand for black coal.

Black coal is a major foreign exchange earner, and hence familiarity with estimates of the nation's future balance of payments, including the servicing of the foreign debt, is needed. For only then different variants of the domestic demand for black coal and its eventual substitution with imported coal can be drafted.

Proposals

The proposal of World Bank experts that price competition, both external, with imported coal, and internal, among the domestic mines, be made the principal if not the sole proeffectiveness mechanism in mining is unacceptable. The limited role of the mechanism of price competition, and more broadly of purely market mechanisms in general, ensues from the fact that black coal is a strategic energy source and the certainty of its deliveries matters more than greater or smaller price movements. Treating coal like one of those products that can be replaced with readily procurable substitutes on non-monopolized markets is actually a cardinal and substantive mistake.

Moreover, the coal mining industry is incapable of flexibly adapting the quantity and quality of its output to the market stimuli. In this industry new investments are highly capital-intensive and time-consuming, and radical cutbacks—even including periodic stoppages—of extraction are technically infeasible. In such a situation, introducing the mechanism of price competition would cause detrimental mutual competition among Polish coal producers on foreign markets, and on the domestic market it would ruin the mines which are periodically or

regularly less profitable but which remain solvent given the existing social and economic minimum level of permanent profitability.

That is why we propose introducing the mechanism of cost competition. The government's economic policy should curtail competition among the prices of coal of the same quality and promote competition in cost in the presence of relatively stable—thanks to their controls rather than their administration—prices that would be comparable with world prices. Such cost competition would benefit the best mines more than price competition, and it will promote attaining higher net earnings owing to a low cost and a stable price.

At the same time, cost competition will not harm too much the weaker mines, because it will not cause them to shut down, unlike price competition. Then at worst the weaker mines will attain correspondingly lower or zero earnings (given properly computed minimum operating cost).

A prerequisite for an effective application of the mechanism of cost competition is an earlier introduction of rent differentials at all mines and the determination of the criteria for the permanent insolvency of mines, including the minimum cost of coal extraction. Another such prerequisite is issuing tax regulations that would, on the principle of parity, prevent the state budget from appropriating the profits earned by the mines owing to a reduction in their operating cost.

Let us add that the long-term determination of criteria for permanent insolvency of mines and for the minimum cost of extraction requires considering not only the world coal prices but also the long-term forecasts of energy demand and foreign exchange needs, regional assessments of effects and outlays, and also estimates of the cost of closing mines, unemployment benefits, and the cost of retraining mine personnel and creating new jobs.

The starting point for creating proeffectiveness incentives, including the introduction of a general mechanism of cost competition, has to be a rapid elimination of the disincentives created by the current economic policy of the government. In our opinion, first of all, the debts of the mines to the bank should be reduced to a minimum. How? By declaring a total moratorium on those parts of mine debts which are due to the administrative decisions of the two successive governments. This concerns liquidating both the original and the secondary debts incurred when the original losses were offset with bank loans. The remaining part of the debts should be renegotiated among the mines, the banks, and the government.

Such relativized "zero-balancing" of the debts of mines and allied enterprises should be accompanied by a substantial reduction in taxes, along with the total elimination of the taxes acting as disincentives to efficiency. The so-called dividend or tax on founding capital, which discourages technical progress and modernization, should be abolished. Similarly, the tax on excessive wage

increases, which is a major disincentive to the increase in productivity and, more broadly, in efficiency, should also be abolished.

The overall magnitude of the taxes levied by the state on mines and mining enterprises is economically unjustified and should be reduced to a level equal to that prevailing among the world's principal competitors of Polish coal. In the last two years the taxes levied on the mines have increased from 20-odd percent of the extraction cost per metric ton of coal to as much as 40 percent at some mines.

Along with the introduction of new economic and financial systems, a reform of state ownership should be commenced without waiting for privatization.

This concerns separating the powers of the owner from the powers of the management, so that state property, or in other words, public property, would not turn into "no man's" property. This also concerns changing the quality of performance of the mine or mining enterprise by involving all employees in economic decision making and creating a workforce based on modern collective teamwork and proprietary interest in production. This appears to be a new source of efficiency, judging from the experiences of the Japanese and American versions of ESOP [Employee Stock Ownership Plan].

A Different Kind of Privatization

The preferred approach to reforming state enterprises, and principally coal mines, should be an up-to-date utilization of Polish solutions dating from 1927 and of the contemporary German model of employee relations in industry, followed since 1951 in the German coal and iron and steel industries. Under this so-called *Mitbestimmung* model the representatives of both the shareowners and the workforce share on a 50-50 basis membership in the supervising councils of companies.

As for utilizing the experience of the prewar state enterprises in Poland, which used to be economically extremely efficient, this means chiefly they had genuine autonomy in using their property and assets, with the exception of land, which was the inalienable property of the treasury. By analogy with that prewar approach, the management of the mines should be appointed, supervised, evaluated, and recalled, by a supervising council. That council is to be endowed with all the principal powers of an owner, that is, it should be empowered to define the goals and designate the management strategy, select managerial personnel, and define the rules for distributing the profits earned, starting with the wage system.

By the same token the existence of the so-called parent agency has to be terminated. Instead, the Ministry of Industry would be empowered to delegate and recall at will its representatives to the supervising councils on a 50/50 basis. The mine council as the representation of the workforce self-government would also be abolished, and in return the workforce would gain the right to

appoint, through its self-government system, the other 50 percent of the members of the supervising council. The council members representing the workforce would not have to be employees of the mine or concentrating enterprise. The council chairman, as the person holding the crucial post, would be, in the event of a tie, elected with the consent of both parties through a special, detailed procedure.

In view of the specific nature of the mining industry, we would view the most desirable model to be a mixed state workforce company in which the two principal partners would be the treasury and the workforce. Forming such companies should be only an initial step on the road to privatization, owing to the participation of other investors as well, including foreign capital. As a result, further privatization would proceed in the presence of a specific owner.

A requirement for forming such companies would be the separation of the state budget from the treasury as a state institution, through the legal, economic, and organizational institutionalization of the Treasury. In view of its strategic importance to the economy, the treasury should remain a major owner of the Polish black coal mining industry. Partial ownership by the employees would be assured by introducing employee stock ownership plans coupled with a gratis or partially gratis distribution of stock vouchers to employees.

Black coal mining is a vertically and horizontally highly integrated industry. It is an industry in which mines and allied enterprises must jointly resolve many economic and technical problems. However, the existence of such common problems need not mean that the autonomy of mines and concentrating enterprises should be abolished as an element of their restructuring. On the other hand, organizational changes from the top, as proposed by World Bank experts, should be completely precluded. For the same reasons, to accomplish common objectives, mines, enterprises, and institutions have together established this year the Upper Silesian Mining Chamber. The chamber has no executive powers over the mines and enterprises belonging to it, and it merely provides them with services relating to the need to resolve the common problems of the mining industry as a whole.

A new institution, the Mining Bank, simply has to be created in order to build the economic infrastructure for restructuring the mining industry. The founders of such a bank should be mines and allied enterprises as well as the Upper Silesian Mining Chamber itself. In particular, an important objective of that bank would be to procure foreign capital for modernizing and expanding the mining industry. In the long run, the Mining Bank should take over the handling of retirement-pension and insurance deposits for the mines and allied enterprises and institutions.

(NOTE: The article by Dr. Wojciech Blasiak of the Upper Silesian Mining Chamber, published above in a

slightly abridged form, has been discussed and accepted by the workforces of all the 54 enterprises associated with the Chamber.)

National Economic Performance Institute Described

92EP0229B Warsaw ZYCIE GOSPODARCZE
in Polish No 6, 9 Feb 92 p 17

[Unattributed article: "What the National Economic Performance Institute Does"]

[Text] The National Economic Performance Institute [IFGN] is a scientific research center in the area of theory of functioning of the economy, with particular emphasis on the problems of administration and of the mechanism of market functioning. The development of a theory of economic systems and criteria, conditions and evaluation of economic effectiveness is an essential achievement of the IFGN. In the course of research, essential results were achieved in the area of identification of conditions and possibilities of the application of the market mechanism—as a system of regulation which leads to a fundamental improvement of the effectiveness of the economy (fulfilling the three basic criteria of effectiveness, namely: tendency toward equilibrium, innovativeness, and management effectiveness)—in the Polish economy.

The Institute played a central role in the area of integration of research groups from various economics schools; it creates an arena for the exchange of opinions, and publication possibilities for representatives of various orientations of the economic disciplines. It serves economic practice through expert activity, consulting, seminars, and conferences.

The newest directions of research encompass the following groups of problems:

- Dilemmas of transformation of the centrally planned economy into a market economy.
- The exogenous conditions of the new economic order.
- The principles and instruments of state intervention.
- The adaptability of market units to new conditions of management.
- Property transformations—the conditions and forms of privatization.
- Problems of the labor market—elements of employment policy and social policy.

Representatives of enterprises, institutions, and organizations actively take part in IFGN research not just as suppliers of information ([through] interviews, questionnaires, and opinions), but also as coaccomplishers of certain parts of the research, for example, descriptions of economic events. The invitation of economic practitioners to conferences and scientific seminars is a firm tradition in the activity of the IFGN. Their participation in work and discussion makes it possible to verify the scientific means of conceiving economic events and processes, thus enriching the whole course of research

behavior. As a rule, the syntheses from conferences and seminars are relayed to interested units of economic practice.

In November 1989, an evaluation of the "Outline of the Economic Program" (accepted by the Council of Ministers in October 1989) was prepared on the basis of a discussion organized by the IFGN, and the written remarks of research workers.

The traditional form of the Institute's activity is to make the results of research and work systematically accessible to researchers and students as materials utilized in the didactic process. For it holds to the principle that a good teacher, giving knowledge to students, constantly enriches it with the latest scientific research. The research results also serve people preparing master's, doctoral, and habilitatus theses, and textbooks.

Economic Institute Report on Reform Adjustments

92EP0229A Warsaw ZYCIE GOSPODARCZE
in Polish No 6, 9 Feb 92 p 17

[Article by Witold Wlodarczyk: "Dilemmas of Transformation"]

[Excerpts] Last December, the National Economic Performance Institute organized a scientific conference on the role of the state in the process of transformation of the Polish economy into a market economy. The inspiration for the conference was the completion of study of most of the topics in the course of the Institute's normal activity and of so-called grants, and the need to verify the results of these studies with the opinions and experiences of representatives of economic practice. [passage omitted]

Some conference participants (Z. Fedorowicz, A. Sosnowska, J. Szczepanski) argued that, in practice, there are no investments which are so effective that they would make it possible to pay back in a real sense over half of the expenditures made in the course of a year. As a result, the process of modernization of technical equipment—so necessary for transformation of the economy—and the process of changes in the structure of production have been stopped almost completely; recessionary phenomena and cost-driven inflation are intensifying. [passage omitted]

On the basis of empirical observations of the behavior of participants in economic life, several paper authors and discussion participants (M. Rybak, J. Kurowski, M. Klimas, S. Wesolowski, T. Wojciechowski, A. Maciagowski) argued that, in the first period of systemic changes, most enterprises react to market signals (thus including demand stimuli) in a way different from models of behavior appropriate to enterprises operating in developed market economies. [passage omitted]

The adaptability of economic units to market conditions (supply and demand adjustments) does not depend only on the removal of barriers of shortage, but also other

factors, like barriers to entrance to (or exit from) the market; the distribution of production units in the market; criteria of choice which enterprises apply; the productive apparatus's ability to change; and the stability of the legal and institutional system (among others, J. Kurowski, S. Gora, and S. Wesolowski spoke about this).

Among the barriers to entrance to (or exit from) the market, the most important are considered to be the administrative blockades to freedom of competition, and capital thresholds. While most of the administrative blockades have already been lifted in Poland, capital thresholds are overcome only where the level of technology and the magnitude of necessary investment expenditures are by nature not too high.

Due to the underdevelopment of financial services and the small chances for inflow of foreign capital, capital thresholds are a basic element of the barriers to elastic supply response. [passage omitted]

The conference papers and discussion aimed toward analysis and evaluation of the process of privatization through its current consequences for management effectiveness, which does not necessarily mean that the privatization of state enterprises, the fundamental process in the period of transition from a statist economy to a private market economy, must ensure the improvement of management effectiveness in those enterprises. (J. Szczepanski and T. Wojciechowski) [passage omitted]

An interesting current in the studies of the National Economic Performance Institute on the effectiveness of the privatization process is the observation of the influence of property conversions on structural changes in industry (S. Jurek-Stepien). An empirical analysis which has been carried out has made it possible to formulate a conclusion that, despite significant development of private enterprises in Polish industry ([measured by] number of units, and the magnitude of sold production), their economic activity is directed mainly on traditional sectors of industry with low levels of manufacturing. Up to now, private enterprises are not promoters of development of sectors of strategic importance for structural transformations (as, for example, microelectronics, new materials, modern chemistry). [passage omitted]

The principal conclusions:

- Regardless of the level of acceptance of the principles of economic liberalism, the state, in creating a market infrastructure and the formal legal bases and principles of market functioning, should strive to ensure concordance of its functioning with the general order of economic life.
- The state's performance of the functions of allocation, redistribution, stabilization, and social [welfare] is the result, above all, of the market's inadequacy to resolve certain socioeconomic problems, from the failure of the market as a regulating mechanism (which in a broader or more narrow scope must be replaced by other mechanisms set into motion by the state), and the necessity of eliminating or alleviating the negative effects of the functioning of the market.

- A change in the economic strategy aimed at overcoming the recession must be based on implementing strategies to revive combined final demand (investment and consumption); the assignment of additional means (mainly credits) for modernization and investment is a condition of real revival.
- A consistent antirecession policy requires fundamental changes in monetary and credit policy. An increase in the total sum of credits, and a corresponding rise in money reserves should make an economically admissible rise in final demand possible. Restrictive actions by the central bank would be necessary only when rising demand for goods and services crosses the currency barrier (utilization of reserves) or the barrier of manufacturing capability.
- A change in interest policy, by lowering and differentiating the rate while simultaneously introducing the institution of revalorization of deposits, liabilities, and obligations, is necessary. The stimulation of enterprises' economic activity is not possible without alleviating their fiscal burdens (including the rate of taxation of profits).
- The budget policy, presently conducted in accordance with the doctrine that, regardless of the economic situation, it is necessary always to strive toward balancing the state budget, also requires revision. The decline in budgetary revenues as a result of the recession causes (under the influence of the drive to minimize the budget deficit) a reduction in state expenditures, and this, in turn, contributes to a further decline in final demand and, as a result, to a deepening of the recession.
- In a period when an economic system which functions in accordance with the logic of the market mechanism is just being formed, state intervention cannot be too one-sided (monetarist-fiscal) in character. Among other things, the development and implementation of a clear policy of structural changes (through the state's realization of its own investments as well), effective combatting of unemployment, etc. (including, among other things, through the financing of research and development projects).

Trade Union Lobby Views Industrial Policy

92EP0223B Warsaw ZYCIE GOSPODARCZE
in Polish No 6, 9 Feb 92 p 3

[Article by G.G.: "What Can Be Expected?"]

[Text] An economic policy whose goal is the transformation, and not the destruction, of Polish industry, is urgently needed. A Forum on the Defense of Polish Industry, organized by NSZZ Solidarity in the Tobacco Industry Works in Krakow, the Economic System Consulting Institute, and the editorial board of PRZEGLAD PRYWATYZACYJNY AKCJI recently took place under this slogan. Representatives of large state enterprises, from the tobacco, aircraft, arms, and pharmaceutical industries, among others, took part.

It was observed during the discussion that it is somewhat of a paradox that in the third year of the introduction of a market economy, enterprises must resort to organizing a forum, counting on their voice being heard by the decisionmakers. They hope that the new government will seriously concern itself with the fates of state industry, as Prime Minister Jan Olszewski proclaimed in his expose. The need for a strong domestic industry lobby, close to the government, to look after its interests was emphasized. However, the fact that the government's prepared economic program, like that of its predecessor, is formed in the silence of ministerial offices, without consulting the advice of managerial and enterprise circles, is unsettling.

There are concerns about whether policy toward state factories will be continued; about whether the barriers which hinder development—and in some cases simply make enterprises' existence impossible—will be removed. The fundamental threats, according to the participants of the forum, are (among others):

- The difficulty of access to credits.
- The transaction tax, which strikes Polish producers.
- The "popiwek" [tax on above-the-plan growth of wages] and dividend.
- Improper tariff policy.
- Supply difficulties.
- The limiting of internal demand as a result of contractions of final consumers.

Those attending expressed the hope that these and other factors hindering the development of the state sector would be taken into consideration in the "new" approach to state enterprises. However, one may have some doubts, considering, for example, the statement in RZECZPOSPOLITA by Jerzy Eysymontt, head of the Central Planning Administration, on the issue of the dividend and the "popiwek": "a promise of the complete liquidation of both these taxes, especially in the first half of 1992, would be irresponsible.... In the present budget situation, it is necessary to take every source of revenues into the budget into account. We will propose a change in philosophy...."

Enterprises are waiting impatiently for the new rules of the game, and for the passage of the law on the state treasury, which will settle matters of state property. They would like to know as quickly as possible what they will be able to expect in the future. Should they set themselves on restructuring, or on privatization, or just wait things out? And some will probably have to go bankrupt....

Premise, Dangers of EC Association Viewed

92EP0223A Warsaw RYNKI ZAGRANICZNE in Polish No 17, 8 Feb 92 p 3

[Article by Tadeusz Zielinski: "Poland on the Road to the EEC"]

[Excerpts] The Institute of Foreign Trade Prospects and Prices [IKiCHZ] recently organized a conference on the topic: "Poland's Association with the European Community: Chances and Challenges for Poland." Below, we present extensive excerpts from the papers presented.

Prof. E. Kawecka-Wyrzykowska, IKiCHZ

("What Chances and Challenges to the Polish Economy Does the Agreement on Association With the European Community Bring?")

The direct commercial benefits—in the sense of growth of our exports—of the agreement will not be great, because liberalization of access to Community markets was already guaranteed in 1990 by the system of preferences granted in the System of Generalized Preferences (GSP), the effects of which, by the way, were not great. The situation appears to be different in the case of textiles and steel products, toward which the Agreement ensures a greater liberalization of access than did the preferences in the GSP.

An indirect benefit is the possibility of broadening the scale of production as a result of growing exports, and thus (in the long term) improved effectiveness in management and the achievement of greater specialization. This opportunity can not be taken advantage of automatically, however. It will depend on the fulfillment of several conditions, especially on the flow of current information about new decrees and regulations, and about the strategy adopted by Polish exporters as they react to the reduction of tariffs: will they lower prices, and thus improve their competitiveness, or will they raise them?

The imbalance of protection between our market and the EEC markets will also determine the scale of benefits for our exporters. That protection is greater in the case of Poland, so Community exporters can derive more significant benefits than in the other direction, or as regards third countries. Moreover, the liberalization of the Community's extra tariff restrictions—which Poland got rid of by liquidating agricultural subsidies, for example, which is being carried out selectively and over a period of time, may also effect the lessening of our exporters' total profits.

The formation of free trade zones as a result of the agreement's implementation will also bring certain costs and dangers. The increased influx of cheaper and better-quality goods will arouse producers' dissatisfaction. Those who are most expensive and least productive will have to bear the costs of adaptation. The pressure of third countries (for example, within GATT) on Polish concessions will also rise, equalizing the effects of preferences for EEC suppliers.

Despite these challenges, the agreement will have a positive effect on nearly all sectors of the country's economy, accelerating the introduction of market mechanisms and stabilizing economic policy. The pressure of increased foreign competition will force producers to

reduce their production costs and improve quality. This, in turn, could foster a weakening of inflationary tendencies.

E. Synowiec, IKiCHZ

("The Creation of a Unified European Market: Consequences for Polish Trade With the European Community")

The creation of a unified market in the European Community at the beginning of 1993 does not create clear prospects for other countries. Neither the so-called White Book nor the Unified European Act define them. There are, however, the declarations of the EEC Commissions, which assure the maintenance of a "Europe of partners," and the obligations (especially MFN [Most Favored Nation] status) resultant from common membership in GATT. [passage omitted]

The creation of a unified market in the Community brings both chances and dangers for Polish exporters. The former will be, above all, benefits of scale achieved in the long term from the coordination of norms and standards; lower export costs as a result of the elimination of customs checks at EEC internal borders and the introduction of the SAD [Standard Administrative Document] unified documentation; and also those benefits resulting from the liberalization of the shipping services market.

The dangers are also serious: the transfer of trade to countries of southern Europe which have a structure of export similar to Poland's; a rise in competition for Polish exporters, caused by the benefits of scale in the EEC due to the decline in production costs and prices; the necessity of competing as well with Japanese American, and Southeast Asian firms, which have earlier ties to the EEC; and the possibility of an increase in anti-dumping measures.

Professor T. Skoczny, University of Warsaw

("Problems of Adaptation of Polish Principles of Antimonopoly Operations to EEC Standards")

[passage omitted] The association of Poland with the EEC will require the gradual adaptation of our antimonopoly legislation to Community regulations. This is a very complex task, since the recently enacted antimonopoly law calls for many specifications and explanations of doubts. Only then, after a detailed reconnaissance of the rules of competition in the EEC, will it be possible to conduct a comparative analysis, and to begin the work of adaptation. This work cannot simply be the copying of models from other systems; the decisions undertaken should take into consideration the uniqueness of the development of market relations in Poland.

A team to work out new or revised normative acts in this area is to be formed by the chair of the Antimonopoly

Bureau in 1992. Work on certain administrative guidelines, taking legal acts already issued by the EEC into consideration, has already begun. [passage omitted]

Notes From 'Economy in Nation' Column

24 Jan 92

92EP0207A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 24 Jan 92 p 1

[Excerpts]

PTE Expertise

Zdzislaw Sadowski, president of the Polish Economic Society (PTE), said that it will not be possible to come out of the recession by continuing to stifle demand. The authors of a report titled "Ways of Getting Out of the Polish Economic Crisis," prepared by PTE, maintain that the main goal facing the economy is revitalization of production. Its further decline can be prevented by protecting the domestic market against excessive imports, particularly of consumer goods. The report proposes that the interest rate on credits should not exceed the rate of inflation, that the financial burden of state enterprises should be reduced, and that the lowest-income groups should be protected. [passage omitted]

LOT Will Negotiate Its Debt With the Airports Enterprise

PLL (Polish Air Lines) LOT owes the Airports Enterprise (PPL) 200 billion zlotys [Z]. It is not true, however, that as of 10 February PPL will stop servicing our aircraft until payment is made, reported Jerzy Wojdylo, LOT press spokesman, when asked about this in connection with information given on this subject on 23 January by AFP. Both sides will want to meet and settle everything through negotiation, he said. LOT airplanes are accepted at PPL airports in Warsaw, Krakow, Wroclaw, Gdansk, and Rzeszow. LOT's deficit now totals Z800 billion. [passage omitted]

25-26 Jan 92

92EP207B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 25-26 Jan 92 p 1

[Excerpts] [passage omitted]

Polish Gold Stars

Gold Star color televisions will be manufactured in Poland. On 24 January, Gold Star signed a contract in Warsaw on cooperation with Curtis International, which received exclusive rights to distribute all of its partner's products on the Polish market. At the same time, the company bought a production line for its factory in Mlawa to assemble 14- to 21-inch screen Gold Star television sets. Annual output will be 250,000 sets. [passage omitted]

Integrated Farm Production

The first farms using integrated systems of farm production will be in the Leszno, Lomza, and Torun voivodships. According to Edward Majewski from the Main School of Rural Economy (SGGW), this combines organic agriculture with biological progress, modern agri-engineering, and efficient management. The adaptation to Polish conditions of management methods proven in the West will be the job of a task force in the Ministry of Agriculture, which arranged a conference at SGGW on this subject on 24 January.

27 Jan 92

92EP207C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 27 Jan 92 p 1

[Excerpt] [passage omitted]

Ravioli Made in Poland

On 25 January in People's Hall in Wroclaw the Second Food Fair Taspol '92 came to an end. Sixty-six exhibitors from various parts of Poland participated. The exhibitors included several firms, founded with mixed capital during the latter half of last year, which offered products not produced in our country thus far. In January, Melexer began to produce meat-filled dumplings of the ravioli and cappelleta type. Bestfood from Czarnowice near Gubin exhibited potato chips, some with paprika seasoning. Anis, a joint-venture company from Wroclaw, offered disposable polystyrene packaging. These products equal in quality those which are imported.

By Rail From Suwalki to Sestokai

The date on which a direct railroad connection will be available between Suwalki and the Lithuanian town of Sestokai depends primarily on the execution of engineering work by our neighbors, reported Polish State Railroads general director Aleksander Janiszewski on 26 January. The Lithuanian side is supposed to repair a 14-km section of track from the border crossing in Trokiski, through Sestokai to Kaunas. This line has not been repaired for over 42 years. One pair of local passenger trains, and freight trains will, run in the two-way traffic between Suwalki and Sestokai, probably beginning in June of this year. [passage omitted]

28 Jan 92

92EP207D Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 28 Jan 92 p 1

[Excerpts]

First Meeting of the Socioeconomic Committee of the Council of Ministers

The first meeting of the Socioeconomic Committee of the Council of Ministers (KSERM) was held on 27 January under the chairmanship of (Central Planning Administration chief) Jerzy Eysmontt. KSERM has

replaced KERM (Economic Committee of the Council of Ministers), it was reported. It was a working meeting devoted to preparations for a discussion to be held at a Council of Ministers meeting on the draft assumptions of socioeconomic policy for 1992, a document which is to be submitted to the Sejm by the middle of February. Discussed were the state's financial system (interest rate, taxes, customs duties, budget), problems connected with improving the banking system, principles of policy in relation to state enterprises, including the pace and range of privatization, and directions of social and farm policy. The committee will examine draft government documents dealing with economic and social matters in order to relieve the Council of Ministers from having to concern itself with detailed and special problems. Final decisions will be made by the Council of Ministers.

Gorzow in Liquidation

A decision has been made to put Gorzow Mechanical Equipment Plants, a branch of the former ZPC Ursus, into a state of liquidation effective 1 February. An assets management program is being prepared by the Agency for Industrial Development SA. A committee has been appointed in the Ministry of Industry and Trade to develop a program for the functioning of state enterprises created as a result of the division of ZPC Ursus. Based on the work of this committee, after 10 February, a decision will be made as to further action. Representatives of all of the trade unions in the former branch plants of the association will meet in Gorzow on 28 February to determine a joint position in the present situation. [passage omitted]

Problems With Standard Administrative Document

Private firms which offer assistance to businessmen in filling out the standard administrative document SAD, necessary for customs clearance of goods that are imported or exported, are charging from Z200,000 to Z400,000. But it turns out that even they are not sufficiently qualified, because customs officials are questioning the correctness of the forms. The situation will change when customs agencies which specialize in filling out the standard administrative document begin to function.

31 Jan 92

92EP207E Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 31 Jan 92 p 1

[Excerpt] [passage omitted]

Cooperation With Arab Countries

Trade, transport, banking and insurance—those are the fields which the participants of the First International Congress of the Organization of Arab Clubs Alalesco in Poznan referred to in speaking about the need to expand economic cooperation between Arab countries and Poland. The president of the Polish Alalesco club, Hajri Simohamed, said that the first, in Poland, international

Arab fairs, being prepared by this organization, were an important undertaking for the development of trade exchange. The fairs are planned for May, in Poznan. The offer is to include industrial and food commodities. Proposals will also be made for cooperation of Arab and Polish firms in the fields of petrochemicals, pollution control, and tourism. [passage omitted]

**POLITYKA Weekly News Roundup:
26 Jan-1 Feb**

92EP0213A Warsaw POLITYKA in Polish No 5,
1 Feb 92 p 2

[Excerpts]

National News

[passage omitted] The Sejm did not succeed in naming a president of the Supreme Chamber of Control. There were five candidates: Piotr Chojnacki, nominated by the club of the Polish Peasant Party (he withdrew his nomination); Prof. Andrzej Baberle, nominated by the Democratic Union (UD); Henryk Klata, nominated by the Christian National Union (ZChN); Jozef Oleksy, nominated by the club of the Alliance of the Democratic Left (SLD); and Zbigniew Romaszewski, nominated by the club of NSZZ Solidarity. The last candidate drew the most votes. In the fourth round, he lacked 20 votes.

The deputy proposal for a law on radio and television failed. The first proposal adopted by the Sejm was questioned by the Senate; later, when the Sejm rejected the Senate amendments, the president refused to sign it. In the next round, the proposal failed for procedural reasons; at least 15 signatures are needed in order to bring the matter up for deliberation by the Chamber; the required number was available, but at the last minute two deputies of the Christian National Union (ZChN), Wlodzimierz Blajerski and Ryszard Czarnecki, withdrew their signatures due to "pressure from voters" and because the proposal should contain a provision on "public radio and television respecting the Christian value system."

A survey by the Center for Research on Public Opinion indicates that society's mood is worse. In the opinion of 68 percent of Poles, our affairs are headed in the wrong direction; 42 percent think that in the course of the next three years living conditions will get worse; two-thirds think that the country's economic situation is constantly worsening. The highest confidence ratings are for the military (71 percent), police (59 percent), and the church (59 percent). Confidence in the trade unions increased. [passage omitted]

The population of Poland at the end of 1991 was 38.305 million and increased during the year by 122,000. That was the smallest increase in the postwar years. 62 percent of the population lives in cities. The highest population density is in Chorzow (4,500) and Warsaw (3,500).

There is excess mortality among men: The average age is slightly above the retirement age: 66.5 years (women 75.5).

Andrzej Stelmachowski, the minister of education, announced that by the end of the year he intends to restore the relation of teachers wages to the level at the beginning of 1991. It was 103 percent at that time; and in higher education 112 percent. At present the respective levels are 70 and 78 percent. The minister wants to end the examinations for higher schools over a period of three years. University studies are to remain tuition free; but there will be fees for repeating examinations and for repeating a year.

Marcin Gugulski, the government press spokesman, asked whether he intends to distinguish between journalists and risk being accused of partiality and selectivity in making information available said during an interview with a journalist for GLOB 24: "Obviously, first on the list will be the Polish Press Agency and Polish Radio and Television. Second, there is no reason to pretend, we will cooperate more willingly with honest journalists than with gangsters who specialize in falsehoods and rumors. This government, unlike other Polish governments during the last 1,000 years, encountered massive criticism right at the start." (GLOB 24, 23 January)

Gen. Slawoj Leszek Glodz, military bishop of the Polish Army, announced that there are now 62 chaplains, 33 of whom he named personally. There are 31 garrison churches, and efforts are being made to regain several more: "We must continue to expand our pastoral structure so that every division has its chaplain that is fully available to soldiers during training, in the barracks, and during off-duty hours." Every diocese and ordinary wants to have its own seminary.

Housing for a deputy costs 12 million zlotys [Z] a month. About 250 deputies and senators do not use the deputy hotel and stay in hotel rooms at the Grand or Solec, which cost Z360,000 to Z400,000 a day, twice as much as the deputy hotel. The 1992 budget for the Sejm includes Z25 billion for housing for deputies. More than Z20 billion has been earmarked for expanding the deputy hotel by another 80 rooms.

In an interview with RZECZPOSPOLITA, Jaroslaw Gugala, the new head of the first television program, told viewers that "after a long debate" it has been decided that the main edition of WIADOMOSCI will continue to be broadcast at 1930 hours as before. "I wanted to break with the 'curse of Lenin'; for people still associate 1930 with the former DZIENNIK. On the other hand, everyone is accustomed to that hour. Soon commercial television services will appear in Poland, and they could begin to take away our viewers by broadcasting news services at the traditional hour 1930." [passage omitted]

The Alliance of the Democratic Left (SLD) spent Z4 billion for the election. In the account presented to the election commission, it was reported that the signatories of the Alliance had paid Z2.8 billion; candidates Z380

million. Collections in the streets brought in Z795 million, including Z680 from sales of miniature bricks. Two individuals contributed more than Z5 million: Jerzy Urban, Z60 million and Mieczyslaw F. Rakowski, Z25 million. The largest sum, Z990 million, was spent for television time.

The organization of NSZZ Employees of the Gdansk Shipyards which has 1,500 members has adopted a resolution to dissolve itself. It is one of the largest union organizations in Gdansk Voivodship and is affiliated with the OPZZ [All-Polish Trade Unions Agreement, founded in 1984]. The cause of the dissolution is the decision of the Social Revindication Commission of the Ministry of Labor and Social Policy which ordered the return of Z484 million to the shipyard commission of NSZZ Solidarity. That amount is the calculated value of Z3.5 million which the shipyard Solidarity lost in 1983; the NSZZ Employees of the Gdansk Shipyards received that sum and claims it spent the sum on medical equipment for the plant clinic and furnishings for the vacation centers. Since the shipyard Solidarity has turned the matter over to the sheriff, practically all income to the union, including membership dues would be garnished.

The lowest wage has risen to Z875,000 from Z700,000 a month. [passage omitted]

Opinions

Leopold Ciborowski, an expert of the Academy for National Defense:

(From an article "What Protects Us," RZECZPOSPOLITA 22 January)

"The present territorial and administrative sovereignty of the Republic of Poland maintains itself only because no one has decided on aggression. That must, however, be viewed as a great abnormality and a temporary necessity. The continuation of that state is too risky. Even without entering into political considerations, nature itself shows that strong organisms have a chance to survive. Weak ones are always condemned to extinction, as history has also shown us."

Prof. Jadwiga Staniszkis, sociologist:

(From an unauthorized interview with Miroslaw Olszewski, TRYBUNA OPOLSKA 21 January)

[Staniszkis] I think that if the economy breaks down the following scenario is possible: The president takes over power and forces further reforms, only in a milder form. Their effects could not be so painful for society.

[Olszewski] On whom would Walesa depend then?

[Staniszkis] I think on circles close to the military. His recent flirting with the army establishment is cause for reflection.

Jerzy Milewski, acting minister of state for security in the Chancellery of the President:

(Interviewed by Andrzej Miklaszewicz, GLOB 24, 24-26 January)

[Milewski] The entire current group of generals in Poland earned its officer rank during the previous period, and we have no influence on that. The majority of the generals went through various courses in the Soviet Union. No one sent them to West Point. They had to submit to the rigors that were in effect. And nearly all of them belonged to the PZPR [Polish United Workers Party], as nearly everyone, including myself, belonged to the Central Council of Trade Unions prior to the formation of Solidarity. A purge in the military would be a mistake since the vast majority of these people are loyal to the government of the Third Republic.

Krzysztof Penderecki, composer:

(Interviewed by Wieslaw Kot, WPROST 19 January)

[Kot] Do you see a threat to yourself, as an artist, because of the new ideological configuration?

[Penderecki] I am a composer of religious music, but I fear a return to fundamentalism in the Polish church. I stood with the church when it raised the spirits of a repressed nation, but now it is hard for me to take the same attitude. I see how in the new situation elements of triumphalism revive in it. The church is putting ever more, new demands upon the faithful, forgetting it is dealing with a nation repressed first by the Hitlerites, then by the communists. Meanwhile, the new evangelism in Europe should begin with itself. And the church should be closer to man, take an interest in his material well-being. The church should especially begin helping the poor and humiliated.

POLITYKA Weekly News Roundup: 2-8 Feb

92EP0217A Warsaw POLITYKA in Polish No 6, 8 Feb 92 p 2

[Excerpts]

National News

[passage omitted] The Sejm has named a new Ombudsman for Citizens' Rights. Prof. Tadeusz Zielinski (age 65), a lawyer, former senator of the Citizens' Parliamentary Club (OKP), has filled the place left vacant by Prof. Ewa Letowska. There were 225 votes for him, 15 votes against, and 63 abstentions. Professor Zielinski declared complete support and admiration for E. Letowska's efforts. [passage omitted]

"Are you afraid of decommunization?" the Sopot Institute for Social Surveys asked for RZECZPOSPOLITA. Of the respondents, 81 percent said no; 19 percent said yes. The supporters of the Alliance of the Democratic Left (SLD), Party X, and the Catholic Election Action were most afraid; the supporters of the Center Accord (PC), the least afraid. (The supporters of the Democratic Union (UD) were also below the average.

A new Association of Lawyers has been registered in Lublin. It has the adjective Christian in its name and intends to direct its activities according to the social teachings of the church and Christian ethics. The association has received the approval of Bishop Boleslaw Pylak of Lublin. [passage omitted]

A retirement purge. Professional soldiers who have reached retirement age and length of service will be released to the reserves. For colonels the age is 58; for Lt. colonels, 55; for majors and officers of lower rank, 50.

The state treasury has paid 3.5 billion zlotys (Z) for union assets taken after 13 December 1981.

On Saturday, five deputies of the deputy club of the Christian National Union (ZChN) sent a letter to Wojciech Wlodarczyk, the head of the Office of the Council of Ministers, titled "Interpellation." It contains six questions on the legal status of RZECZPOSPOLITA. In the introduction, it says: "In recent weeks, the daily RZECZPOSPOLITA has published a series of articles criticizing the government. One might get the impression that RZECZPOSPOLITA more gladly speaks with the voice of the opposition than of the government. In a situation when the majority of the dailies and other publications is unfriendly to the cabinet of Prime Minister Jan Olszewski, such a position by the daily RZECZPOSPOLITA arouses misunderstanding. It is a daily of which the state owns 51 percent." [passage omitted]

Cultural journals: DIALOG, TWORCZOSC, LITERATURA NA SWIECIE, ODRA, NOWE KSIĄZKI, RUCH MUZYCZNY, and REGIONY will still be subsidized by the state budget. The Ministry of Culture and Fine Arts, however, can only ensure funds for the first quarter of 1992. [passage omitted]

The first issue of the independent daily NOWA EUROPA has appeared. The editor-in-chief is Krzysztof T. Toeplitz. The price Z2,000. Best Wishes. [passage omitted]

Opinions

[passage omitted]

Jaroslaw A. Szczepanski, chairman of the Commission of the Center Accord (PC) for Decommunization of the State:

(Interviewed by Henryk Nicpon, NOWINY, 24-26 January)

[Nicpon] Have the members of the Center Accord's Decommunization Commission decommunized their own way of thinking? If so, how was it done?

[Szczepanski] In the commission, we realize that decommunizing oneself is a difficult process. I myself have no doubts that I will be decommunizing my mind for a long time yet, if I succeed before the end of my days. Undoubtedly, my work at the commission is helping me in this process. Both I and the other commission members hope that the fruits of our labor will also help others.

Pawel Szapiro, secretary of the Council for Polish-Jewish Relations of the president of the Republic of Poland:

(Interviewed by Zbigniew Pakula, GAZETA POZNANSKA, 21 January)

[Pakula] What led to the formation of the Council?

[Szapiro] The council was formed on 29 March 1991 and is a child of the presidential campaign. Senator Ziolkowski was among the authors of the idea. At some point in time, the president realized that he had ceased being seen as the destroyer of communism and was being seen as the man who had allowed anti-Semitism. During the election campaign, there were already instances of discomfort, even by the president. Lech Walesa, a man of unusual political flexibility, realized that he must shut up the mouths of all his supporters who were playing on anti-Semitic feelings. The entire political sense of forming the Council was to tell his supporters, "Gentlemen, let's end the Jewish subject."

Jan Lopuszanski, a deputy of the Christian National Union (ZChN):

(Interviewed by Lukasz Wyrzykowski, KURIER ZACHODNI, 24-26 January)

[Lopuszanski] If Lopuszanski is a part of the church, then the church is in the government since I am a deputy. From this point of view, I agree that the brothers in Christ are in office. But should that offend a Catholic society?! The church in some areas is striving, and I am involved in that, to gain influence. For example, it desires to have real influence on moral questions which penetrate into public, political life. Don't you think that the stamp of our Christian morality should be engraved upon that life? It must be!....

You suspect me of some kind of game. Some deputies of the left at times wonder whether I am really mad or am just pretending to be mad. I am neither mad, nor pretending to be mad. I am fighting for what is legally, historically due to the Polish people as a world view. A life in God.

PNT-cd Deputy: Union With Bessarabia in 2 Years

AU0703193692 Bucharest *TINERETUL LIBER*
in Romanian 27 Feb 92 pp 1, 3

[Interview with Prof. Vasile Geonea, deputy of the National Peasant Christian Democratic Party, PNT-cd, in the Deputies' Assembly, by Emilia Vasiliu; place and date not given: "In Two Years at the Most, the Union Could Be Achieved"]

[Text] [Vasiliu] Professor, you have recently participated, as parliamentarian and scientist, in a number of cultural events devoted to Bessarabia's unification with the motherland. What is your position in this respect?

[Geonea] I believe that right now the issue of the unification is one of the most important political problems that must be of special concern to all Romanians, all good and true Romanians. However, it should not degenerate into a means of propaganda for the members of the Unification Council or the Pro-Bessarabia Association, with a view to making political capital out of it. The union should be viewed and achieved in a spirit of responsibility, out of a sentiment of love and lofty patriotism. Likewise, we must do all we can to help the Bessarabians, because only thus can we prove that we are not motivated by mean political interests when we flaunt our beautiful intentions.

[Vasiliu] In our opinion, what are the obstacles to unification at this time?

[Geonea] Right now, the unfavorable conditions for an immediate unification are many. First of all, one should take into consideration the fact that not all [Moldovan] citizens are unionists. Many of them, half or even more than half of them, are against the unification. Therefore, one should undertake a national reeducation effort there, so to say. This requires time. Second, there are a number of outdated, communist structures over there. For instance, the Constitution of the Republic of Moldova still provides for and guarantees the three different types of ownership—state, kolkhoz, and private. Generally speaking, they still preserve the old structures, which must be changed within a year or a maximum of two for the union to become a natural process. There are also certain foreign policy obstacles at work in this matter. It would practically mean breaking off the diplomatic relations we are just setting up with the Ukraine and one thing may lead to another, even to armed conflict. Therefore, I believe that this union should not be done in a hurry, in a couple of days, since this would risk becoming a kind of professional pursuit and I know how hard it then becomes to get back to normal. One should prepare the ground tactfully, but without prolonging this period unnecessarily, since I do not subscribe to the idea that the union is a longterm affair that we should think about in terms of 20-25 years.

[Vasiliu] How do you assess the attitude of the leadership of the Republic of Moldova in this matter?

[Geonea] As you know, opinions are quite divided regarding the attitude of the current leadership of the Republic of Moldova. Some put their total trust in President Snegur, others criticize him, while others trust him only to a limited extent. As far as I am concerned, I dislike two things, namely, his recent suggestion on organizing a referendum [on the question of the union with Romania], since such a referendum would probably be disadvantageous right now and would block our road to claiming Bessarabia for a long time to come. I do not see the point of a referendum since we are dealing with Romanian lands that have belonged to us for centuries on end. Second, I wondered about his opinion that one should think in terms of 20-25 years when talking about the Republic of Moldova's unification with the motherland. If he said that out of belief, because he thinks like that, then things are serious. If he said that just to lull the neighbors' vigilance to sleep, that may be an explanation that excuses him.

[Vasiliu] Reference has been made of late to a so-called "Romanian-phobia" state of spirit among the Romanians beyond the Prut River. How do you explain this resentment?

[Geonea] This seems to be the result of the policy promoted in the wake of the Molotov-Ribbentrop pact, whereby a true psychological campaign against Romania and the Romanians was waged in the Republic of Moldova, which had become part of the Soviet Union. The young people, unaware of the previous situation when the Romanian province of Bessarabia was a part of Romania—as is known, "Bessarabia" was a name given by the Russians to create confusion in the people's minds about the three counties in the south that belonged to Wallachian voivodes of the Basarab family—accepted these distortions more easily. It is possible that this anti-Romanian propaganda still continues at this time, too, coming from the three counties in the south, where the Gagauz population wants to maintain its independence.

[Vasiliu] Parliaments can play a particular role in setting up natural relations to pave the road for unification. As a deputy, how do you see this cooperation and rapprochement between the Republic of Moldova and Romania?

[Geonea] I consider this cooperation as part of a broader context, as part of an overall assistance that we must give to our brothers across the Prut River. Of course, many might object to that—I heard lots of complaints in this respect—saying that "we also have nothing." What will a numerous and poor family do when a new child arrives? Will it kill or abandon the child or will it share with the child the little it has? Therefore, we must also share the little we have with Bessarabia, because, who else can it expect any help from if not us? Therefore, we must help them in all respects, beginning with the currency and customs unification and with the introduction of a similar legislative system. At a recent meeting I had with three Moldovan deputies (including poet Grigore Vieru),

I suggested to them—as a matter of fact, I will talk about this aspect with the presidents of our two Parliament chambers—that Moldovan deputies should attend the proceedings of the specialized commissions and the debates on our draft bills. Likewise, our parliamentarians should travel to Chisinau to provide some guidance there and urge them to make their laws similar to ours. By proceeding like that, I believe that the unification—this deeply felt desire of all true Romanians—can be achieved in two years at the most, with the political support of the world's countries, as it is in accordance with the natural course of all fully legitimate causes.

Movement on 'New Beginning,' Restructuring FSN

*AU1103111492 Bucharest ROMANIA LIBERA
in Romanian 5 Mar 92 p 3*

[Article by Bogdan Costea: "The National Salvation Front Shuttle"]

[Text] ... This is, if you did not know it, the movement "A Future for Romania," which is made up of important people belonging to the National Salvation Front [FSN]—parliamentarians, ministers, and people from the FSN leadership. The movement proposes to bring to the negotiating table all "wings" of the Front's disunity. At a news conferences organized yesterday [4 March], Messrs. Liviu Muresan, Vasile Secares, and Vladimir Pasti tried to outline the orientation of this movement. Here are some of the views expressed by the leaders of this formation about the situation in Romania and within the ruling party: Local elections revealed a decline in the electoral support for the Front. The warning conveyed by the electorate is much more serious, because it sanctions political errors with negative consequences for the population. After last year's National Convention, the discrepancy between the FSN political program and the concrete governing activity became more pronounced. The result was greater lack of coherence in the political line adopted by the FSN, failure to use two occasions for a government restructuring, inability to preserve the government coalition, and an insufficient mobilization of its own electorate. The "A Future for Romania" group believes that this is the climax of the Front's crisis, which it will either overcome or it will drastically diminish its role in the country's political activity; the transition process has reached a crossroads. This is the time to achieve a new beginning: either restoration or irreparable decline. Were the Front to lose its political initiative and to stop coordinating the reform process then that might unleash a major political crisis with consequences that are difficult to foresee and, in the long term, might pave the way for its restoration; the crisis confronting the Front is a political one. It has to be solved by political means; the unity of the FSN can be achieved by political coherence that is needed to reorganize the ruling party, and by political negotiations within the FSN. Although journalists have tried to obtain an official statement about the affiliation of the Front (pro or contra Petre Roman) it was impossible to

achieve a tangible response. With a well-rehearsed ability, the leaders of the movement eschewed that answer, as, in fact, they did the one referring to the representation of that formation. Moreover, its vice president, Vladimir Pasti, said that he did not have any knowledge about a pro-Roman wing within the Front. It seems that the status of the ruling formation will change before the Convention scheduled to be held from 27-29 March in the sense that the person whose political platform will be accepted by the Convention will not (automatically) become the national leader of the FSN. Finally, let us note that although they tried to cover up their anti-Roman attitude, it was obvious. It seems that the coming Convention will bring changes in the (still) ruling party structure.... But, let us wait and see. Rotten apples fall down by themselves.

Lack of Investment Tied to Political Situation

*AU1103144392 Bucharest REALITATEA
ROMANEASCA in Romanian 5 Mar 92 p 1*

[Article by Mircea Ciumara: "Why Do Westerners Not Invest?"]

[Text] Let us enlighten ourselves with a new quotation from the interview with the prime minister:

"We thought that Westerners would come immediately to invest in our country. They did not come, as they did not come for a long time to other countries in the same situation. They came after a certain period of time, when things began to clarify politically."

This time we agree with the prime minister. The second echelon of the nomenklatura that came to power after the December 1989 revolution thought it might fool the West. The only important thing was not to let the West realize that it is being taken in as far as Romania is concerned. The less cultured "odious" one [Ceausescu] was also able to bluff the West for some time; it was worth it to try. The West did not repeat the same mistake, however.

From what the prime minister says, it is very clear that at least as far as foreign relations are concerned, the serious situation of the Romanian economy is exclusively of a political nature. If we know the exact cause of the illness, it is easy to recommend a treatment: clarification of the political situation. Who is to blame for using violent methods instead of democratic methods in politics? The National Salvation Front [FSN]. Who is to blame for the emergence of hundreds of small and dubious parties? The FSN. Who is to blame for the parliamentary structure not reflecting the genuine structure of the electorate's options? The FSN. Who is to blame for that—and so on and so forth? The FSN. The only recommended treatment for overcoming the economic deadlock is to replace the guilty ones. It is a pity that the prime minister did not finish his thought.

When will Westerners come to invest in our country? If the elections proceed normally, without abuse and fraud, and if there is normal communication with the electorate, then the political situation will be clarified

and Westerners will come to invest. The solution is clear: Those who oppose this kind of solution are guilty of attempting to perpetuate our country's disaster.

Danger of Increased German Influence in Europe

92BA0605E Belgrade NARODNA ARMIJA
in Serbo-Croatian 27 Feb 92 p 54

[Article by Bozidar Dikic: "Danger of New Division of Europe: German Doctrine of Tutelage"]

[Text] Germany's blitz-like foray into world politics did not stop with the unification of that war-divided nation, but rather has continued with the expansion and imposition of German interests in the crucial changes and dismantling of the Eastern system, including the disintegration of the USSR, as well as the way in which the European Community was forced to intervene in the Yugoslav crisis at the bidding of Bonn, which rushed in to coerce the corrosion of the Yugoslav state through aid to Croatian and Slovenian separatists.

The unwillingness of the European Community to resist the rapid development of a "German Europe" is being exploited by Bonn's political and military leadership to further extend its influence. The West has been slow to catch on to all the risks of Chancellor Helmut Kohl's doctrine, which proclaims that "the unified Germany assumes increased responsibility in Europe and the world." Over the past few months, it has turned out to be the case that based on that pretension, Germany is rushing to draw other international mechanisms besides the European Community, which it already dominates, into its sphere of interests—the Western European Union, the CSCE, NATO, and even the United Nations—in order to use them to achieve its own pretensions.

The government coalition in Germany is making preparations for a revision of the Constitution in order to clear the way for the involvement of Bundeswehr units in UN actions outside NATO. Minister of Defense Stoltenberg disclosed the new German pretensions before the Bundestag on 16 January, citing as his pretext the finished conflict in the Persian Gulf and the recent civil war in Yugoslavia, as well as the critical development of events in the Middle East and in the Islamic belt from the Atlantic to Pakistan: "Without military means, Germany cannot adequately protect its interests in Europe and in the world." He leaves it up to others to figure out what interests around the world Germany wants to safeguard through military means. In the new Bundeswehr structure, Stoltenberg also announced the formation of a unit for rapid deployment outside NATO territory, primarily in Eastern Europe as "aid to democratic reform forces" (which relates to Hungary, Czechoslovakia, Poland, and now Croatia and Slovenia as well). Accordingly, the role of supervisor and guardian would be entrusted to the German military forces.

Kohl's doctrine of "Germany's increased responsibility in the world" alludes primarily to a military function, seeking participation by German troops in UN structures, and not only in peacekeeping actions by "blue helmets," but also in combat activities by NATO forces outside its territory. In the altered balance of world

power, the United States no longer needs the type of service provided by the Germans over the past several decades of confrontation with the USSR. But with the disappearance of the USSR, there is also no reason for NATO to exist—as noticed at the recent security conference in Munich. Although the military threat is gone due to the disbanding of the East Bloc and the disintegration of the USSR, Germany is nevertheless forcing through a buildup in its military strength, and especially an increase in its influence in NATO and the Western European Union.

German leaders are hastily trying to impose themselves in the role of supervisor-liquidator, and in this capacity they are already overseeing the dismantling of the former Soviet empire and the transformation of the other states of the former East Bloc. Minister Moellemann has carried out an inspection from Moscow to Alma-Ata. During a recent visit to Budapest, Chancellor Kohl promised German arms to the Hungarians, who are being offered NATO membership, although only "when the conflict in Yugoslavia ends" (is this not linked to the arrival of the "blue helmets"?). NATO General Secretary Werner, a former German defense minister, after an inspection of Bucharest, continued his supervisory tour through Ukraine and Moscow. The German "airlift" with which food is transported to Moscow and St. Petersburg by airplane, is being advertised as a German triumph over the wartime victor, which is now languishing in chaos and poverty. In his role as protector, Minister Genscher, after an inspection of Prague and Warsaw, turned up in Zagreb and Ljubljana as well in order to—after the assassination perpetrated against the Yugoslav state—inspect the firing range that for the second time in half a century has become a state by the grace of Germany.

The more German influence spreads across Central and East Europe, the less opportunity the French and British have to maintain the balance. They, like the other great powers, made a serious mistake when they allowed the Germans to unite without first signing a peace treaty or assuming the consequences for the damage inflicted during the Second World War, or even obligating themselves to respect the established United Nations order.

The Western powers also played the wrong card when they watched the agony and disintegration of the USSR with indifference, while losing sight of the fact that they are already facing a much more expansive German colossus that is getting out of hand.

The politicians in Bonn have not stopped at coercing the EC into recognizing Slovenia and Croatia, upon whom Germany is imposing the role of "back yard" and provincial protectorate. Simultaneous with this operation, Germany is also concentrating on other changes and turnarounds that involve far-reaching and even more dangerous consequences for the nations and people who remain in Yugoslavia.

From Bonn parliamentary circles, it is announced without hesitation that Germany, under the guise of a "pan-European security system," is developing a plan for building into the CSCE organization a "mechanism for military intervention in CSCE countries, even against the will of the country in question."

In mid-January, details of this plan, which is attributed to Minister Hans-Dietrich Genscher, who is also the presiding member of the Western European Union (WEU), were circulated from the Bundestag in Bonn. The plan provides for turning the WEU into the "European pillar of NATO," the goal being for the European members of that pact to prepare for military intervention in places where NATO is not allowed, meaning in those European countries that do not belong to the Atlantic alliance.

Through its channels, the Bundestag in Bonn announced that the Western European Union (a military organization founded in 1948 by France, England, and the Benelux countries to guard against a revived German threat) is now being turned into the "military arm" of the future European union. If the role of the United States subsides and there are reductions in the presence of American troops in Europe, then the United States could no longer "be the policeman of the world on its own." In this sort of militarily activated Western European Union, the leading role is reserved for Germany.

The state secretary of many years' standing at the Ministry of Defense in Bonn, Lothar Riel, with the support of the Bundestag, is going even further by announcing that after the disbanding of the Warsaw military alliance—in parallel with the imposition of the WEU as a military regulator—Germany must extend its sphere of interest from the far north to the extreme south of Europe. This Bonn strategist writes: "As a member of the Western military system, Germany alone can be a stabilizing factor in Central Europe, as a bridge in the center of Europe for political-economic activity towards Russia and for linking three states—Poland, Czechoslovakia, and Hungary—as well as the three Baltic republics and Finland, and then Norway and Sweden in the north and Croatia and Slovenia in the southeast."

In another interpretation of this military function for the WEU, the Bundestag has directly offered "Poland the opportunity to immediately request WEU assistance to oppose with military force any efforts by Lithuania or Ukraine to raise territorial claims." Furthermore, it has been suggested—again from Bundestag sources—"to the independent Croatia that it count on automatic military aid from the partners in the Western European Union in the event of an attack by Serbia in the dispute over the minority question." German [illegible word] are already directly threatening to send in WEU military forces, whose basic framework would comprise German troops, to any battlefield in Eastern Europe or to the Yugoslav region. Free from the control of the United Nations and CSCE, looming over the European Community, Germany is now preparing to emerge—after the possible

American withdrawal from Europe—as a central factor with a sphere of influence from the north to the south of the continent, as well as a strike force for armed intervention all over Europe.

The Germans already hold key military, political, and economic positions, from the secretary general of NATO to the head of NATO's air force in Europe; moreover, the EC budget is dependent on Germany, which pays for one-third of it, so that all the EC members are so economically dependent on Germany that they must comply with the political demands and goals of the Bonn government.

Germany, unified and empowered for only two years, has become so overbearing that not only the small European states, but also the large ones and the traditional democracies, are becoming seriously concerned about tomorrow's uncertainties.

Situation in Bosnia-Herzegovina Analyzed

92BA0628A Sarajevo OSLOBODJENJE
in Serbo-Croatian 29 Feb 92 p 2

[Unattributed article: "Teodor Gersak on Events in Bosnia-Herzegovina: The Colonels and 'the Deceased'"—first paragraph is OSLOBODJENJE introduction]

[Text] The Yugoslav military would definitively fall apart if there were war conflict in B-H [Bosnia-Herzegovina]; the erection of the "green transversal"; money printed like toilet paper; Greater Serbia would be reduced to Belgrade pashaluk; they are starving B-H in order to draw it into "Yugoslavia"; Milosevic has pillaged B-H through monetary transactions; referendum in B-H is basis for democratization.

When Teodor Gersak, speaking on a television broadcast two months ago, categorically stuck to the assertion, which he also repeated in our newspaper, that B-H will see an intensification of terrorist activity as the referendum approaches, but that the situation will not lead to war, many people—primarily workers from B-H—called him on the phone to ask him to clarify his assertion.

War in B-H Too Much for Serbia To Swallow

These people, Gersak says, are not considering certain world strategic balances, geopolitical spheres, post-Yalta Europe.... They are simply frightened people, burdened by what they have experienced in their local settings. They do not know that B-H is certainly the detonator of a Balkan, or even a European war, and even the most militant strata of the Serbian population cannot and dare not anticipate this fact. Thus, they cannot know that war in B-H, despite all the methods of political maneuvering and blackmail through political terrorism and through stepping up and intensifying it, is feared most of all by the paranoid leader Milosevic and his general Adzic. The Yugoslav military would definitively fall apart if there were war conflict in B-H; it would disappear from the

stage forever, and Milosevic's Greater Serbia would be reduced to the most ordinary Belgrade pashaluk. Unlike the war in Croatia, any war in B-H would have two additional characteristics: First, it is not possible to restrict a war in B-H to the territory of the central republic; rather, it would carry over into Serbia and beyond. And second, the focus of wartime conflict in B-H would not be the conflict between Serbs and Croats, but rather the one between Serbs and Muslims. It is precisely because of this that a war in B-H cannot be localized territorially and nationally, because the entire so-called green transversal would be erected, which runs from the Cazinska Krajina through all of B-H, Sandzak, Kosovo, western and northern Macedonia and the Albanian hinterland, and through Bulgaria into Turkey. The onset of civil war in Serbia would have unforeseeable consequences for the entire Balkan Peninsula. An important region of Europe would be destabilized, and one wonders how Bulgaria would conduct itself with regard to border territories to which it has a right based on peace treaties dating back to the Balkan Wars, how Greece would react, being completely cut off and blockaded by land, what position Turkey, the new regional big power and ideological ally of the Yugoslav Muslims, would take; and one wonders how the Muslim states (there are around 40 of them) would react, some of which are really petroleum-based big powers. War in B-H is too much to swallow not only for Serbia, but also for the entire European union, because it directly encroaches on even U.S. geopolitical and geostrategic interests in southern Europe. There is absolutely no doubt that a war, if anyone dares to begin it, would be stopped by force, looking at things rationally.

Yugoslav Military Has Fallen Apart

If we look at things irrationally, then the question that arises is how and with what Greater Serbian policy would win such a war when money is printed like toilet paper, and having been used to finance the war in Croatia, it became completely worthless after it was replaced in Serbia by money of a different color. One also wonders with whom the war would be won, because the Yugoslav military has practically fallen apart, since all that is left are commands and staffs with militant but desperate officers after two lost wars, and reserve units consisting of the mobilized, unemployed lumpen proletariat, which sells its wartime services for \$24,000, which not a single company in B-H, Montenegro, or Serbia can give them, to say nothing of an unemployment agency. The army currently amassed in B-H is made up of the dregs of society; militarily, it is inadequately organized, trained, and filled out, and it is completely lacking in morale, order, discipline, and suitable commanding officers. It would take at least two to three months for these units of the Yugoslav military to achieve the level of organization necessary for combat on the battalion level. Such as it is right now, it is incapable of beginning to organize a military operation. The only thing this mercenary army does in B-H is spend enormous quantities of inflationary money, thus forcing hunger on the

B-H population, which already lives in poverty. In the event of clashes with the population in B-H, the only goal of this sort of "army" would be wartime plunder and theft, which has been confirmed by events in Konavle, Cavtat, Slavonia....

"Log Revolution"

Naturally, the military junta has tried to convince us for a long time that the only goal of the Yugoslav military is to prevent an interethnic massacre between Serbs, Croats, and Muslims in B-H. This theory has only replaced the theory about the threat to the Serbian nation in B-H. The strategic goal of concentrating this amount of military force is to demonstrate strength and frighten the population, to win time in order to consolidate their own ranks and reorganize military units in the newly founded second army, headquartered in Sarajevo. Despite the fact that the Yugoslav military and the Greater Serbs have very much terrified the B-H population, the balance of coexistence among the three nations has not been destroyed. Plans for them to initiate fighting among themselves have failed. They continue to seek a peaceful solution. There are extremists, most of which are in the Serbian ranks, but they will not succeed in pushing B-H into war, despite the methods of "log revolution," [so-called because of the use of logs as blockades] despite the fact that they blow up coffee shops and newspaper offices, mine cars and houses, kill taxi drivers and mailmen, and shoot at passers-by. An illustrative example of this is the fact that 16 kilometers from Sarajevo, Seselj's Chetniks in Pale shoot at every car, while life goes on normally in Sarajevo, as if all of this is happening in some land of no return instead of in the city of Sarajevo. Terrorism in B-H will increase and its brutality will intensify, but there will not be war because of that. An attempt is being made, through these methods, to draw B-H into the Greater Serbian sphere of interest. B-H has been systematically disrupted in terms of its economy and transportation for a long time now. It has been militarily occupied and turned into one huge concentration camp. B-H is being starved because they think that once it is completely impoverished, it will return to "Yugoslavia." First, the port of Ploce was blockaded, which took all branches of production to the brink of disaster. Around 70,000 people were left without work; later, almost all transportation to the zones of military operations was blocked, and finally bridges were destroyed. Bosnia became a ghetto to which Serbia, after all of this, banned imports of all vital products, especially food, since B-H produces only 18 percent of the food that it needs. Military plants were withdrawn, leaving another 42,000 people unemployed, and to complete the economic and social infarct, all the leftover Yugoslav inflationary dinars were sent into B-H, while Serbia simply changed the color of the currency in its territory. All of the powerful army and paid reserves in B-H, their pockets full of worthless Yugoslav dinars, are buying up the little bit that is left in B-H. For example, the salary of a secondary school teacher is around 10,000 dinars, while the salary of a colonel with

a wartime supplement is around 250,000 dinars. B-H can hold out against this pressure for another 30 to 50 days, after which it will have to ask for food assistance. Milosevic has literally pillaged B-H through monetary transactions. It is helpful to recall that Serbia, which printed up carloads of worthless money, bought all the more important enterprises with that very money.

How To Resist the Dismemberment of B-H

B-H can be saved only if it perseveres. The only way not to be dismembered or insinuated into the Greater Serbia lurking behind the name "Yugoslavia" is for the people to declare their support for the sovereignty of their state in the referendum and to reject the offer of "sovereign constitutive nations," through which outsiders want to dismember it. The most realistic thing is for people to declare their support for their own Bosnian cultural space instead of becoming the remnants of extra-Bosnian national motherlands. This is the only way to prevent dismemberment, in which Milosevic, Tudjman, and the military are all interested. Milosevic will apply all his resources to the attempt, after the failed expansion of Serbia up to the memorandum line, to retain at least Montenegro and the majority of B-H in order to establish a bridge with Krajina, because only in that way can he survive politically. The paranoid military, afraid of fundamental disintegration if B-H breaks off as well, is fighting for its life and for its social status. Tudjman, enamored with the Cvetkovic-Macek agreement, and following failures of military policy and numerous mistakes, wants to expand Croatia in order to remain in power through the addition of the Sava basin, the region between Tuzla and Doboje, all of western Hercegovina, and the Bosnian Croats who live around Bugojno, Travnik, and Prozor. This is being demanded of Tudjman by the Croatian diaspora, which financed the entire HDZ [Croatian Democratic Community] electoral circus and put that party into power. Tudjman wants to remain president, which he has already declared publicly, but given the catastrophic price of war, he can win the elections again only if he annexes western Hercegovina to the Croatian motherland. Without the ample financial support of the diaspora (he has been promised \$5 million), Tudjman cannot survive, despite the support of Croatian Television and other news media. Still, a partition of B-H is a very dangerous and risky game. Now, after the replacement of Kljuic, who explicitly championed the integrity and sovereignty of B-H, partition tendencies are running throughout the demands for the declaration, through referendum, of the sovereignty of the Croatian population in B-H. Although Croatian policy verbally supports the integrity of B-H, the precondition is created in this way for the Croats, as a sovereign nation in B-H, to secede and join Croatia by way of a referendum. Naturally, Milosevic as well is counting on this sort of turnaround in such a stupid policy, but with the Serbian nation living in B-H. Such ambitions are practically forcing the western Hercegovians into Tudjman's arms, who is taking advantage of this to cross the threshold of an internal demarcation of borders by

agreement. Once this has happened, there is no longer any way to prevent a change in Croatia's internal borders, and in this way Milosevic would get Krajina and the occupied part of Slavonia. It is to Croatia's advantage to keep its hands off of a partition of B-H and to have its people declare their support for the sovereignty of their state. In that case, Tudjman loses western Hercegovina, and he will have to win the post of president in the elections. Milosevic loses the as much as 80 percent of the territory of B-H that he is contemplating, and loses Krajina and Slavonia, but also the post of president. The military junta falls. The status of the military can be definitively settled through haggling in Brussels, the military can be divided up, those who are responsible for our tragedy can be handed over to the courts, and decisions can be made about the social status of the others.

Right now, the next move is in the hands of the population of B-H. If militant extremists do not keep the referendum from being held, then the tormented, plundered people of B-H will decide in favor of their own state and will continue to coexist as they have for centuries. The referendum is the point at which the crazy policy of Greater Serbian-Greater Croatian expansion collapses, and is the basis for democratization.

If the entire situation turns toward the irrational sphere, then conflict will break out in B-H between the Yugoslav Army, Chetniks, volunteers, and reservists on the one hand, and the entire population of B-H on the other hand. Regardless of nationality, the majority of all nations are fed up with the madness of the army and of drunken reservists.

(The author waives his fee on behalf of neglected children.)

Milosevic Assembly Speech on Various Issues *92BA0618A Belgrade POLITIKA in Serbo-Croatian 29 Feb 92 p 6*

[Article by Ivana Anojcic, Bravislav Radivojsa, and Rade Rankovic on Serbian Assembly speech by Slobodan Milosevic: "Together in the Interest of Our Republic and Our People"—first paragraph is POLITIKA introduction]

[Text] The special session of the Serbian Assembly has ended; answering the deputies' criticisms, President Milosevic emphasized that he was doing the best that he could and that he would continue to do so, and that he would not respond to insults.

After a discussion in which 49 people's deputies participated, the meeting was addressed again by President of the Republic Slobodan Milosevic, who said:

Esteemed people's deputies, in your mutual polemics you have answered a great many questions, but I, however, will nevertheless only comment on a few of them—perhaps one each of those diverse ones. I have written

down here one political one, one economic one, one ethical one, one military one, one that is related to parliamentarism, one European one, and one personal one.

I will not respond to insults, as I have not done in the past five years either.

Political Issue

With respect to the political one—in the beginning one of the deputies raised in principle the issue of the extent to which these political issues could be settled by military force, and how we could organize this.

It seems to me that I stated very precisely in my speech how I view this issue, which is very sensitive. I think that I did so quite definitely, but I want to call attention to it because of those who are thinking along the same lines, very briefly.

The use of force, and the use of the balance of power within the framework of the rules that the modern world respects, are two different things. The former means war, and the latter—the use of the balance of power within the framework of the rules taken into account by the modern world—implies in practice, in our specific case, in this Balkan region, taking into account the overall political, economic, and cultural significance of Serbia and the Serbian people, which have a great deal of weight in this region, and consequently, not only in principle and in the broadest sense, for general reasons, but also in the quite concrete circumstances of the existing balance of power in this region, peace is a more favorable environment—peace is the most favorable environment for achieving the long-term interests of both Serbia and the Serbian people.

By the existing circumstances, I mean the situation that we have at this time, in our environment. Accordingly, peace is our oldest interest both from a general standpoint, and also from a quite specific standpoint. For this reason, one should be very careful in making this distinction between the use of force, and the use of the balance of power within the framework of the rules that the modern world accepts.

Economic Issue

Economic—I will not comment on the issues related to current economic policy, since, as you all know, they come under the jurisdiction of the government. The observation that I want to make, however, has to do with the criticism expressed in connection with completing the industrialization of Serbia—support for completing the industrialization of Serbia was even associated with some sort of obsolete model. I cannot recall what kind of characterization was used. I would say that such an attitude toward completing the industrialization of Serbia is absolutely the same as if some country that had not been electrified, for example, had an electrification program, and someone characterized it as an obsolete and antiquated matter.

No economy can skip over any stage. Serbia has to complete the process of its industrialization. This is an issue of fundamental interest for the Serbian economy, and for raising the standard of living and employment. Raising the standard of living, and raising employment, are precisely the issues that involve the vital and everyday interests of every citizen, as well as a solution to that great problem of poverty that is facing us.

Accordingly, this is a very significant and very major issue in connection with our economic future. I simply want to describe the criticism made in this regard as completely unjustified.

Ethical Issue

Ethical—in connection with the quotation from my speech that had to do with the criticism of Tito. I still think today that a historical judgment should be given on historical figures. I still think today that a judgment on historical figures cannot not be given by any hooligan methods.

I emphasize that this is an ethical issue, and I think that any behavior other than just, impartial, civilized, and decent behavior would be behavior that does not befit either Serbia or the Serbian people. Neither Serbia nor the Serbian people has any need for any different kind of behavior, and historical judgment, in my opinion, is the only objective judgment of every historical figure.

Military Issue

Military—the claim that the Army has collapsed is incorrect. In spite of all its weaknesses, in spite of the tremendous pressures, and in spite of incidents of betrayal, the Army has not collapsed; and in spite of all these tremendous problems, the Army has succeeded in defending the Serbian Krajinas.

I ask you who defended them, and who would have defended them if it had not been for that army. I think that from that standpoint, the Army should be appreciated. If we did anything different, we would be unfair to a tremendous number of Army personnel, patriots who have fought very bravely and very selflessly, and protected and defended the Serbian people in the Krajinas.

The question has been asked: What will happen to the Army? That state of Yugoslavia, that joint state, has to have an army. It will not be an army larger than the one that existed, nor will it be the same size as the army within the borders of Yugoslavia as it was. Nevertheless, some army, which must be proportionate to our size, and indeed, to the relationships of symmetry and equilibrium in the balance of power between us and our environment, has to exist in a country that wants to preserve its independence and to take care of this by itself.

Issue of Parliamentarism

Accordingly, there is no danger that everything that exists now, as someone said, will be dumped out here,

and represents some sort of burden that is unnecessary to us and that will only cause us a headache. There is no state that does not have an army. We are a state, and we will be a state, and we will have to continue to have an army until peace in this region is completely certain; and we will surely be among the last regions in Europe in which that can be observed.

With respect to this issue that concerns parliamentarism and the call for parliamentarism—in fact, we have seen that it has been demonstrated through the call for parliamentarism in this Assembly on several occasions that this parliament's position, which is fully defined by the constitution, is not clear. No one—neither the authorities, nor the opposition, nor the professional or any other public—has called into question the principle of the separation of powers, which is incorporated into the existing constitution of the Republic of Serbia, and which is incorporated into all democratic constitutions.

The Assembly is a legislative and constitution-creating body. The government conducts policy. Naturally, we also have an independent judicial system as a third function. The legislative, executive, and judicial authorities are separate.

Consequently, if someone has passed some law or some regulation with the force of law outside the parliament, the question of who has done so and how this is possible could be raised. In this principle of the separation of powers that is established by our constitution, however, policy is conducted by the government. Consequently, the issue of usurpation of that right by the government and even by the president of the Republic cannot be raised. The government is responsible to the Assembly.

This Assembly can always pass a vote of no confidence in the government. Consequently, this principle of the separation of powers has to be observed, just as it probably does not occur to anyone that that new constitution will not be adopted by this parliament. Who else would adopt it?

With respect to the constitution of a joint state, however, probably no one will deny that in general the parliament would open and initiate that process; first it is necessary to achieve a corresponding political agreement with the rest of the participants that the process should be initiated. With respect to the initiation of the process, that political agreement that was reached by the delegations of Serbia and Montenegro is not the writing of the constitution, but rather a political agreement that is the basis for the constitution-creating committee that met a few days ago, the assembly of our republic and probably likewise the assembly of the Republic of Montenegro, and for the initiation of the entire procedure.

I do not understand at all the content of the criticisms concerning the launching of the initiative and the achievement of a political agreement as a basis for the entire activity that is to begin the regulation of future relations in that joint state.

European Issue

European—the criticism concerning the quoted statement about the constructiveness of the EC seems to suffer from some kind of amnesia. You are probably well aware that the EC, in the form of its highest representatives, when it offered its good services, announced that it was doing so on the basis of the principle of noninterference in the internal affairs of Yugoslavia. It is precisely that statement that has to do with affirmation of the fact that its good services were offered while observing the principle of noninterference in the internal affairs of Yugoslavia.

It is well-known that the EC has made a great reversal, and exceeded the mandate that was entrusted to it on the basis of good services, and changed its position; it established, and presented that ultimatum that we rejected, with an explanation that contained that very fact that they had exceeded the mandate based on good services and that it was no longer any basis at all for accepting such interference.

And then we naturally had a different position, following the circumstances that occurred. Consequently, our position both before and afterward corresponded to the position taken by the EC—in the first step, the constructive one, with the declaration on noninterference in the country's internal affairs, when we could naturally affirm this, supporting that approach, and in the second step, the completely malicious one, when we also took our position in accordance with that.

I do not understand how it is at all possible that one could not see and keep track of this from at least a superficial reading of the press.

Personal Issue

And finally, personally, the criticism about rare appearances. I do not think that the problem of appearances is a substantive one; I even think—I swear—that I even make more public appearances than necessary. And as far as addressing the Assembly is concerned, precisely under the conditions of a separation of legislative, executive, and judicial powers these rare appearances before the Assembly are not only normal for a president, but are also the practice in all states that have parliamentary democracy and that are based on that principle of the separation of powers.

Consequently, I think that what we have done, both everyone in his own position and together in the interest of our republic and our people, is more important than any appearances. This should therefore be demonstrated by actions, as one of the deputies said, and not by appearances, boasting, and fault-finding.

As far as I personally am concerned, I make an effort to do the best that I can, and I intend to continue to do so as before, that is, I do not have any intention of changing anything in this regard.

And one more observation regarding the criticism expressed here—why I stood during the anthem “Hej Sloveni.” I want to say that I am honored to stand during the anthem “Hej Sloveni”—Milosevic stated in conclusion.

Non-Slovenes First To Be Affected by Crisis

92BA0564A Ljubljana DNEVNIK in Slovene 18 Feb 92
p 3

[Article by Alenka Brezovnik: “The Trains Are Heading South”—first paragraph is DNEVNIK introduction]

[Text] With our own social crisis, foreign workers are the last thing we care about; at the end of February, the thorny path to obtaining work visas will begin for many of them.

Ljubljana, 18 Feb—Non-Slovene workers, who were registered for permanent residence in Slovenia as of the day of the plebiscite, 23 December 1990, and who have also resided in it continuously, have so far gained citizenship rather easily, if, of course, they submitted the application in time. Those who did not decide on Slovene citizenship for one reason or another have become foreigners as of the end of 1991, and their fate will become uncertain as early as the end of February.

Along with the fundamental constitutional document, the law on citizenship and the law on foreigners were passed on 25 June 1991. The latter requires that a visa, issued on the basis of a valid travel document, is necessary for entry into the state of Slovenia. A foreigner must then request a work visa, which is valid as long as the travel document is. Before the expiration of the work visa, a foreign worker who has regular employment must request a permit for temporary or permanent residence. If he is left without the funds to support himself, i.e., without employment, he can lose the right to temporary residence. All of these obligations await workers from other republics who have not requested Slovene citizenship by 27 February, two months after the expiration of the deadline for obtaining citizenship.

In a law-governed state, a law on the employment of foreigners would have to be passed before that, but only a draft has been adopted by the Assembly. It is not yet known when the government will prepare a proposal. During the first days of March there will be another regular meeting of the Assembly, but this law is not on the agenda. It may happen that this legal gap will be exploited at some enterprises and technological surpluses will be elegantly disposed of.

There are about 160,000 people in Slovenia who have neither citizenship nor work visas, since the legislation has not yet been settled. Most of them are employed in construction and municipal services. The former is particularly facing a serious economic crisis. Tone Majzelj, secretary of the Ljubljana SSS trade union of construction workers, says that the number of people employed by SCT has been cut to 5,600. As they were told at talks

with the trade unions by SCT chief director Ivan Zidar, this number is planned to be reduced to 3,700 employees, so that the income per employee would amount to 130,000 marks per year, which is the lower limit that can be economically justified in Austria.

A total of 1,200 SCT employees will be going to the Employment Institute. There were 780 dismissed last December, 170 in January, and 30 in February; in March, 70 are to leave, 50 in April, and about another 100 in May and June. Tone Majzelj added that the trade union did not have anything against technological surpluses, but that the proceedings had to be carried out legally, and that the legislation had to be fully observed. The trade union's legal service received appeals from 40 workers as soon as they received the technological surplus decision, and we know that about 170 of them missed the appeal deadline or did not know how to utilize that opportunity. For some of them, proceedings are already under way before a court of associated labor.

The difficulty is that SCT, according to Majzelj, is not observing any of the provisions in the rate portion of the collective contract for construction; instead, it is following its own documents, according to which the amounts are much lower. At a meeting, which was also attended by Dusan Semolic, president of the Free Trade Unions, Jernej Jersan, secretary of the construction workers' trade union, and union members from SCT and the region, in addition to Zidar and his colleagues, SCT promised that it would start adhering to the collective contract in accordance with the balance sheet adopted. The difficulties, to be sure, are very serious, since many construction sites were suspended when the market was lost and there was no influx of capital. Closing construction sites is so expensive that at times it is more profitable to pay minimum wages and keep a few people there.

The number of people employed in the construction industry has declined from 80,000 to less than 50,000 employees; in spite of this, about 30-50 percent of the workers are still surplus. The former Mecca in the construction industry no longer exists. Of course, the Slovene construction industry has mostly not carried out independent work abroad. It was mostly state business through military firms. Majzelj says that that our construction industry was responsible for projects through the SDPR (Federal Directorate for Agriculture and Development) [usually rendered Federal Directorate for Supply and Procurement]. When the disputes with Serbia began, the Slovene builders lost all their credit ratings and had to withdraw from those construction sites. Only a few civilian projects were left.

Almost all the Slovene construction enterprises are in serious financial straits. The Grosuplje SGP [General Construction Enterprise] has broken up into 12 firms under a holding system, and consequently it had fewer surpluses of workers. The problem has been handled gradually, but in the same way as SCT. Another difficulty has arisen, however. According to Majzelj, workers

in bachelors quarters were being charged the market price, so that, for instance, four people in a room were paying more than for renting a one-room apartment in Ljubljana. There is not enough left from their low wages for them to be able to visit their home republics, just to send money home, as they do sometimes, since it was precisely for that reason that they came to Slovenia. According to those workers, however, they do not want to be away from their homes, since they built them themselves and have also contributed money for them from their wages for all these years.

Workers from the south will be most affected by the missing legislation. According to the law on employment, enterprises should have issued employment contracts to their workers by 1 July 1991, but no one will be held accountable if they have not done this. The law does not provide for sanctions. SCT, for instance, has utilized article 105 of the law on employment, according to which an organization being appealed against does not have to respond to an appeal. Consequently, workers do not have any other choice but to turn to a court of associated labor, as the court of second instance. We still do not have any judicial practice concerning how a court is to act in these cases, and consequently it will be necessary to wait, first of all, for the first legally valid decision. Until then, they do not have any other choice but to go to the Employment Institute. According to the draft law, foreign workers can hold a vacant job only if there is not a single Slovene among those seeking to be hired for the same job. Opportunities will thus be extremely slight. At enterprises, they will be the first on the list of technological surpluses, and even if the enterprises act according to the legislation, they can be gotten rid of through legal maneuvers. Tone Majzelj told us that that at IMP [Industrial Installation Enterprise] PROMONT, the decisions were sent out just before the New Year's holidays; anyone who did not respond immediately naturally missed the deadline for appealing. This time, they were Slovene workers.

[Box, p 3]

House Without a Home

Many workers came to Slovenia in order to earn a living, and the policy at that time, which left the door wide open to them, supported this. Times have changed. The workers who worked here for years and years, and sent most of their earnings home and built houses in their native regions are facing a dilemma. If they have taken Slovene citizenship, their houses in Serbia will be taken away from them. Their legislation, specifically, does not allow foreigners to own property. If they have not applied for Slovene citizenship, their employment is not secured. Tone Majzelj says that recently there have been eight suicides....

[Box, p 3]

Instead of a Passport—Mobilization

Foreigners employed in Slovenia will need a passport for a work visa, of course. Among the thousands of workers who were employed back in Yugoslavia, many of them do not have a passport, or else it has expired. In the combat areas they cannot get one, and in the Serbian part of Bosnia-Herzegovina, they do not even dare to visit their hometown. If they applied for a passport, they would be mobilized immediately.

Christian Democrats Seek New Alliances

92BA0586A Ljubljana DELO in Slovene 26 Feb 92 p 2

[Article by Majda Vukelic: "Christian Democrats Support New Alliances"]

[Text] Ljubljana, 25 Feb—At the Christian Democrats' press conference today, Lojze Peterle emphasized that the reconstruction of the government should be carried out even before the elections, since the present tension does not lead anywhere. Specifically, many tasks still need to be carried out before the elections, including also the passage of extremely important legislation, just as the legislation on companies. The coalition is now dealing with the replacement of three ministers, and the prime minister should have its position on this by the end of this week. Lojze Peterle does not think, however, that he would link the resignation of the controversial ministers to his own in any case.

Peterle also added that at the next meeting of the coalition a decision would be made on expanding it, in order to get out of the present crisis by that means. The Christian Democrats also do not support the idea of a government of national unity, since that would be a longer way out of the present government and parliamentary crisis.

In any case, the Christian Democrats support holding elections as soon as possible, stated Ivan Bizjak, a member of the SKD [Christian Democratic Party] executive committee. They are accepting a proportional electoral system, even though they are thus deviating from the principle that the elections of representatives of individual areas should be as direct as possible. They do not intend to yield in any event, however, on the issue of the threshold for entering parliament. They think that three deputies are the minimum that should be adopted.

With respect to passing the legislation on pensions and cooperatives, and the law on transforming the ownership of enterprises, the party thinks that the first two can be passed soon, whereas the property law could be submitted as a bill for Assembly proceedings. Regarding this year's budget, the SKD thinks that first of all it is necessary to clarify what the scale of public spending is like in terms of a comparable base, as Janko Dezelak, a member of the SKD economic council, explained. At

this time, having the state incur debt is certainly not a good solution, and the revenue side of the budget is likewise problematic.

In the Assembly, the Christian Democrats will also demand a report on who is responsible for the partial destruction of the police archives.

Status of Former Serbian Ministers

92BA0583A *Belgrade POLITIKA in Serbo-Croatian*
22 Feb 92 p 13

[Article by B. Radivojsa: "What the Former Serbian Ministers Are Doing"]

[Text] Last December, Radoman Bozovic took over 11 members of the government from the Zelenovic cabinet. The rest, 14 of them, were not reappointed, so we asked the responsible people in the government departments and ministries where the former ministers are now?

Dragutin Zelenovic and five ministers, we were told, filed application to exercise their legal right to employment for six months in government bodies and agencies. In practice, this means that Dr. Zelenovic and these ministers remain unassigned for the time being and will receive the salaries which they had at the time when they left their posts (the amount is not indexed to inflation).

Deputy Prime Ministers Also Unassigned

Aside from Zelenovic, who recently filed such an application, that right is also being exercised by Predrag Todorovic, former minister of justice, Mile Pesic, former minister of transportation, Miodrag Janic, housing and municipal service affairs, Tefik Lugici, former trade minister and people's deputy, and Dr. Djordje Jovic, former minister for science and technology.

The other eight ministers of the former government have returned to enterprises or institutions from which they came to hold important posts in the government. They are three deputy prime ministers: Dr. Budimir Kosutic, Dr. Nikola Stanic, and Slobodan Prohaska, as well as the former ministers: Tomislav Simovic (defense), Veljko Simin (agriculture), Dusko Matkovic (industry), Radomir Saranovic (culture), and Ratomir Vico (information).

According to information available in government departments, the deputy prime ministers immediately went back to the collectives from which they had been absent less than a year. Actually, they had leave of absence from their parent institutions. Dr. Budimir Kosutic went back to the School of Law at Belgrade University, where he is a professor teaching the introduction to law. Nikola Stanic is again in the National Bank of Serbia, where he was deputy governor, and Slobodan Prohaska, who resigned even before the entire government fell, went back to "Geneks." In government departments, incidentally, they do not have information

on whether the stories are true that Prohaska also has some private "business." They say that that is affair of "Geneks" and Prohaska.

Ministers as Directors

Five former ministers also went back to the "grass roots." In actuality, Dusko Matkovic, former minister for industry, is again in the economy, but as director not of "Obuca" in Belgrade, but of the Smederevo Metallurgical Combine. Colonel General Tomislav Simovic, until recently minister of defense in the Serbian government, first resumed active service in the JNA [Yugoslav People's Army], but, so we were informed, he has recently applied for his pension.

Veljko Simin, former minister for agriculture, who was at the same time a people's deputy, is again director of the Business Community "Hibrid," while Radomir Saranovic, minister for culture, has resumed his work as professor in the School of Dramatic Art at Belgrade University. Finally, Ratomir Vico, former minister for information, and before that general director of Radio-TV Belgrade, has gone back "home." In the government departments, they do not have information on the jobs to which the former ministers were assigned and whether they have already been assigned, because the important thing for the state is that it no longer has any particular obligation toward them.

For most of the former members of the republic government, that return to the "grass roots" was easy because these were people who had come directly from there to ministerial posts and, in addition, they were members of the government of Serbia for an unexpectedly short time, less than a year.

Bosnia Serbian Leaders on Lisbon Talks

92BA0618B *Sarajevo OSLOBODJENJE*
in *Serbo-Croatian* 27 Feb 92 p 4

[Unattributed interview with Momcilo Krajisnik, Serbian Assembly president, and Radoslav Brdjanin, vice president of the Bosnian Krajina Assembly; place and date not given: "Everyone Has His Own Krajina"]

[Text] In connection with the unclear situation within the ranks of the SDS [Serbian Democratic Party] following the Lisbon talks, we asked the same question of Momcilo Krajisnik, president of the Serbian Assembly, and Radoslav Brdjanin, vice president of the Assembly of the Bosnian Krajina AR [expansion not given].

[OSLOBODJENJE] How do you personally view the agreement in Lisbon?

[Brdjanin] As far as the SDS representative is concerned, the Lisbon agreement is humane and well-intentioned, but I feel that the SDA [Party of Democratic Action] and the HDZ [Croatian Democratic Community] deceived the Serbian people again (and many people in Krajina share this feeling with me), solely in order to create their

sovereign Bosnia-Herzegovina sooner and more easily. My feeling is also confirmed by the recent vote by all the deputies in the Assembly of the Bosnian Krajina AR against it, because one cannot speak of any indivisible Bosnia-Herzegovina without mentioning Yugoslavia in any context at all.

[Krajisnik] The conference on Bosnia-Herzegovina that was held in Sarajevo and Lisbon represents great progress in finally settling the Bosnia-Herzegovina crisis. I am not happy that we have left the fate of both Yugoslavia and Bosnia-Herzegovina in the hands of the EC, and that we are seeking a solution abroad, when obviously the solution must nevertheless be a consequence of an agreement among the three national communities in Bosnia-Herzegovina. Progress can be seen in the fact that the problem has finally been identified and that the place of the conflict in Bosnia-Herzegovina and the participants in it have been identified. All of the illusions that the conflict in Bosnia-Herzegovina is between the civil and national options, or among the parliamentary parties, and that the conflict can be resolved along those lines, have been removed. It has been clearly stated that the conflict is among the three national communities that live in Bosnia-Herzegovina, and their different approaches to the Bosnia-Herzegovina crisis.

At the conference in Sarajevo, an attempt was made to orient the problem toward the wrong conclusion—that it has to do with problems among the nine parliamentary parties. It was clearly noted in Lisbon that the problem is only among the main participants in the government, i.e., among the three national parties and the three national communities. By virtue of the very fact that we oriented the discussion toward the area and the participants that can resolve this, a sound basis was created for a final solution of the problem.

The material being utilized in public, according to which Bosnia-Herzegovina is seen as an independent state with all the attributes of a state (an army, currency, etc.) is only an EC proposal, and by no means involves a final agreement. Only three principles have been agreed upon. All three delegations agreed that it was in the common interest that Bosnia-Herzegovina not be split up and that it remain united, without prejudicing whether Bosnia-Herzegovina would become an independent state. In the second place, an agreement was reached that it was necessary for Bosnia-Herzegovina to be transformed in an organizational sense, primarily on a national basis, normally, and taking into account the territorial, historical, and other foundations. The purpose in accepting the previous two principles was, on one hand, to confirm the real situation of a cantonized Bosnia, and to discount the possibility of one people's ruling another. In that way Bosnia-Herzegovina would be transformed and remain united, but it would be restructured in accordance with the will of all three peoples.

[OSLOBODJENJE] Are there differences between the republic and Krajina SDS leaderships with respect to that agreement?

[Brdjanin] There are no differences, nor is there any thought of a schism in the Bosnia-Herzegovina SDS, but we in the Krajina naturally view certain things a bit differently, since we and our children are defending the western borders of the Serbian entity, and no one can just "turn his back" on the dead and the graves here. It is amazing that all Serbs do not fully understand this, and that is the reason for the idea that real Serbs, real Muslims, and real Croats do not exist in Sarajevo, but that instead there is some "fourth nation" there. That is why there is only one option, according to the people of Krajina: the Serbian Republic of Bosnia-Herzegovina should "arise" from two cantons—one consisting of Krajina, northern Bosnia and Semberija, and the other of eastern Herzegovina, Romanija, and Birac. Consequently, we stand behind the SDS and the Council of Ministers of the Serbian Assembly of Bosnia-Herzegovina, but Sarajevo cannot be the center of that republic; it can only be a Serbian Banjaluka.

[Krajisnik] The results that were achieved in Lisbon elicited various reactions in all three national parties, but especially among members of the Serbian and Muslim peoples. The reason for this was different interpretations of the Lisbon agreement, which elicited particular reactions in the Bosnian Krajina.

[OSLOBODJENJE] How realistic is the announcement of the formation of a Serbian Republic of Krajina?

[Brdjanin] There has been a great deal of manipulation concerning this, but I think, for instance, that one deputy in the Serbian Assembly of Bosnia-Herzegovina from the area of the Bosnian Krajina region should have already submitted his resignation, because he did not convey the will and desire of the people in that assembly. The pulse of the Krajina Serbs "beats" that we do not want to live in any sovereign Bosnia-Herzegovina whatsoever, as Mr. Mahmutcehajic, in last night's Sarajevo TV broadcast, sees it in a future "federation" with the NDH [Independent State of Croatia]. And, you see, if that "pulse" of ours is not fully felt by the Serbian Assembly of Bosnia-Herzegovina, we will make the intention of declaring a Serbian Republic of Krajina quite realistic.

[Krajisnik] It is true that radical activities have been announced in the Bosnian Krajina if Bosnia-Herzegovina is proclaimed an independent state. That is a reality, and the leaders of the SDS will have to make a tremendous effort to provide the right interpretation of the agreement that was achieved, in order to avoid reactions to certain immoderate statements from participants in the negotiations.

[OSLOBODJENJE] How numerous and how influential are the extremist groups that Karadzic mentions in the letter to Cutiliero?

[Brdjanin] It is not true at all that there are extremist groups, and thus one cannot speak either of their numbers or any influence of theirs. This is especially true since, for instance, the Assembly of the Krajina AR has 119 deputies, and all of them, without a single exception, voted against. Perhaps these insinuations involve an echo of the past, of the communist times when something like that was called "outside deception" or "extremist factionalism." Consequently, on 29 February, unless our demands have been satisfied before then by the Serbian Assembly of Bosnia-Herzegovina, we will proclaim a Serbian Republic of Krajina—since how can one understand that no one is bothered in those "Lisbon agreements" by the 16,000-18,000 armed members of the HOS [Croatian Armed Forces] in western Herzegovina, or the up to 30,000 Muslims organized and armed throughout the entire republic, but the JNA [Yugoslav People's Army] is being constantly singled out? They actually want to "expel" it into Serbia, and what is even worse, "disband" it, but we in Krajina will not allow this. Let Sarajevo and Sarajlije make some "new Olympiad" for themselves (I am thinking of the blue helmets), but let them not spit on the graves of the people from Krajina who have died in this war.

[Krajisnik] It is true that there are certain groups whose members do not belong to the SDS, and who even advocate positions that are contrary to the overall policy of the SDS and the interests of the Bosnian Krajina. Nevertheless, we cannot call those groups extremist, but we can note that they are not under the control of the SDS of Bosnia-Herzegovina. Their activity cannot be underestimated, but it cannot be called treasonable either. It is simply a different approach that is harmful to the Serbian people and the Bosnian Krajina. All of this, however, is a result of uncoordinated activities and a lack of correct information.

[OSLOBODJENJE] How do you see the course of future negotiations in the wake of Lisbon?

[Brdjanin] I personally think, and time will confirm or refute this, that the Lisbon agreements and, in general, these agreements among the representatives of the SDA, HDZ, and SDS are harmful to the Serbian people in Bosnia-Herzegovina. The SDA, for example, is conducting the kind of policy with which it does not even care about this republic or a Muslim one; instead, it is fighting for a federation with the NDH, and that is an anti-Serbian policy. If the Serbs do not see this, they will be condemned in the future by their new generations, since who among the Serbian people in his right mind is interested in a federal relationship with that NDH? It is precisely because of those graves of Krajina people from this war that we will not remain in that kind of sovereign Bosnia-Herzegovina, which, I say, is seeking federalism with the NDH.

[Krajisnik] Although there are major problems on the way to a final solution to the Bosnia-Herzegovina crisis, I am convinced that the agreements are essential and that they are necessary. As long as we are talking, we also

have a chance for a final solution to the crisis in Bosnia-Herzegovina. To our misfortune, since we are not capable of solving it by ourselves, I have to be satisfied with the fact that the EC will force us to do so.

The fate of Bosnia-Herzegovina cannot be settled in any referendum, and it cannot be settled by force, by one people's imposing its will on another. The fate of Bosnia-Herzegovina can be settled by an agreement among the three constituent peoples and other citizens who live in this republic.

Macedonian Military Official Denounces JNA

*92BA0614A Skopje NOVA MAKEDONIJA
in Macedonian 29 Feb 92 p 2*

[Article by Z. Petrov: "Conversation With Colonel Trpko Spasovski, Spokesman for the Third Military District: Some Officers Are Violating the Agreement"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] Notwithstanding the agreement between Macedonia and the SSNO [Federal Secretariat for National Defense] on the materiel the Army will leave to the Republic, some officers are displaying unparalleled vandalism and primitivism, destroying anything that cannot be removed. The abandoned military camps are sites of total lawlessness.

Over the past few months, while the hasty withdrawal of Federal forces from Macedonia was taking place, Colonel Trpko Spasovski, information chief for the Third Military District, was the only public source of information on matters related to Army transports. On the basis of his own views and on information on the actual situation, he has substantially influenced views on such activities and on gaining an objective idea concerning the actual background of the so-called Army deployment out of Macedonia. Let us also note his involvement in shedding light on the actual state of affairs in Macedonia concerning the decision of the government to control military traffic, which was interpreted by official spokesmen in Belgrade as imposing a "Croatian-style" blockade on military sites in Macedonia. On the other hand, being very familiar with Army conditions in Macedonia, Col. Spasovski is one of the most competent interpreters of the Gligorov-Adzic Agreement on the withdrawal of the troops from the Republic.

"The agreement between Macedonia and the SSNO," Spasovski said, "is most useful in ensuring the peaceful development and withdrawal of the Armed Forces from Macedonia. Above all, the agreement is consistent with the stipulations of the Republic on the peaceful resolution of the crisis. Its 16 points cover all issues of reciprocal interest. Some of them, in accordance with the document, will be resolved by a commission. What particularly irritates me," Spasovski stressed, "is the irresponsible attitude of some officers, who violate the agreement between Macedonia and the military command. They are displaying unparalleled vandalism and

primitivism, and a vengeful attitude; whatever cannot be taken away is being destroyed most scandalously." According to the TVO [Third Military District] spokesman, an example of this is the barracks at the Petrovec military airfield, where power switches were broken and bathing facilities were destroyed. In the Stip barracks, the boilers were taken and communications facilities destroyed; in some garrisons, even worn-out carpeting was taken away! Personally, I cannot understand," Spasovski said firmly, "how some people can sink so low and show such a lack of dignity. Wherever we can, we intervene, so that whatever belongs to the Republic is not carried away."

It is his view that, as long as the commissions are providing details on the transfer of Army property to the Republic of Macedonia, nothing should be removed from the military sites. Item 7 of the Gligorov-Adzic Agreement stipulates that, at the border, the Army will transfer the complete system for communications and observation equipment other than weapons and munitions. "Yesterday," Spasovski said, "I learned that a teleprinter was illegally removed from the command post in Debar."

Aside from the withdrawal of the Army from Macedonia, the most relevant issue now is that of the abandoned military camps. Unfortunately, Spasovski said, at this point, real lawlessness prevails in this area. Some officers, he added, are also removing built-in equipment, including sinks, boilers, and kitchen equipment, from the camps; some of them make their own agreements with relatives and friends, to whom they leave the property for a certain amount of cash in foreign currency. Those able to buy such equipment are now selling it at fabulous prices. The greatest danger today, Spasovski emphasized, is the fact that squatters have occupied some 80 camps, and, according to information we have, 17 units have been taken over by MVR [Ministry of Internal Affairs] personnel. This uncontrolled occupation has led to incidents. What should be emphasized, Spasovski said, is that the final deadline for leaving the illegally occupied military camps is 29 February, after which the squatters will be forcefully ejected. On the other hand, all decisions made since 1 January of this year on the allocation of the camps will be revised, and improper allocations will be rescinded in order to more quickly establish order in this area.

Otherwise, the withdrawal of the Armed Forces from Macedonia is taking place normally and peacefully, the TVO information chief emphasized, and it could be said that the most critical day concerning Macedonian security was 5 February, the day on which the Macedonian Government resolved to supervise the traffic of military vehicles. It was precisely then that two serious incidents occurred, one of them on the highway near Kumanovo, where armed troops emerged from a military convoy that had been stopped by the militia, and the second on the night the military store near Vizbegovo Village was robbed. Luckily, Spasovski said, both incidents were without consequences. At present, many people are

asking themselves whether the Republic's authorities opposed the Army "deployment" that led to the opening of the so-called southern front. Speaking for myself, I believe, continued Trpko Spasovski, that a front like the one in Croatia will not be opened; in the meantime, I am convinced that there will be an armed struggle of a relatively limited character, which will produce far-reaching consequences for Macedonia.

The Army is now in the process of transformation and is in a difficult and delicate situation, in the view of the TVO's spokesman. According to Spasovski, that very same Army is now paying the price for so many years of politicization and ideologization. And now, after the fall of communism and the breakdown of Yugoslavia, the JNA [Yugoslav People's Army] is left without a party and without a state. One can clearly see the situation in which it finds itself. Personally, Spasovski said, love for and loyalty to the JNA ended the moment the Army withdrew from Slovenia; at that point, many officers found themselves at a crossroads. This was followed by the events in Croatia, and the Army first assumed the role of a buffer, which proved to be impossible because, as we know, the Army immediately became involved in the war. A number of things became clear when the Army began to withdraw from Macedonia, in the course of which most officers, primarily Macedonian, were denied information about what the Army was doing. The reasons for such behavior on the part of those who controlled the transportation of military ordnance, armaments, and munitions should not be subject to explanation, and, if any of us became especially concerned with some issue, he should know that it was to prevent bloodshed in Macedonia. A Macedonian should not fire at another Macedonian. This is a basic principle for officers, Spasovski said, because the lessons of history are quite clear, and, to this day, there are many who are sharpening their knives precisely to strike at Macedonia. To me, the greatest tragedy would be the outbreak of a fratricidal war, Col. Spasovski said, adding that the time has come to develop Macedonian armed forces.

[Box, p 2]

"The Army Withdrawal From Kichevo Is Nearing Its End; Even Doghouses Are Being Removed!"

Kichevo, 28 Feb—The nearer we get to the day on which the Army will definitely leave Kichevo (unofficially we have found out that this will be on 6 March), the faster the Chedo Filipovski Dame barracks are being emptied; everything that could be of any use has already been removed from military sites in the vicinity of Kichevo.

This afternoon, a convoy of 38 trucks from the drivers training center left the Kichevo barracks; meanwhile, 12 heavy-duty trucks owned by Serbian operational organizations are hastily being loaded with the remaining equipment, and it is expected that, in the course of the day, they, too, will take off in the direction of the north.

Other than that, the moving of weapons, munitions, and military ordnance and equipment from the military sites

and stores near Chelopetsi village has been completed. It is worth noting that the military authorities took from those stores literally everything—even most doghouses, despite the agreement that they were to leave them behind.

—by V.T.

Compromise Privatization Model Ready for Assembly

92BA0598B Ljubljana DELO in Slovene 25 Feb 92 p 3

[Article by Miha Jenko: "Balanced Privatization Model"—first paragraph is DELO introduction]

[Text] The model discussed by the party coordinating group takes into account the interests of previously contradictory groups; will the government support it?—proposals by foreign experts.

Ljubljana, 24 Feb—The proposed privatization model that was discussed today by the political parties' coordinating group is balanced and takes into account the interests of previously contradictory groups, and thus the parliament's working bodies can now proceed to discuss it. By mid-March, a bill could be presented for discussion, Emil Milan Pintar, who is also a member of the group that is to prepare the compromise privatization proposal, stated at today's press conference in the offices of the Slovene government. Planning Minister Igor Umek, Dr. Boris Pleskovic, Peterle's adviser, and also E.R. MacDonald, director of the British privatization enterprise Warburg, also participated in the conference.

Pintar said that the division of enterprises into large, medium-sized, and small ones had been abandoned. In this model, they also tried to balance the criticisms in connection with the so-called insiders and outsiders. According to their proposal, 20 percent of the enterprises' value would be distributed to those employed in the enterprises, who, in exchange for these workers' shares, would pay 10 percent of their value. Gradual payment by installments is also planned for the workers. Another 20 percent of the value of the shares is to be allocated for the so-called mutual funds, where they would be converted to vouchers that would represent a form of citizens' shares. There are several technical difficulties here: Pintar wondered how Slovenia would be able to regulate matters with a million vouchers and a million people who would have to decide what to do with them. He said that they also gave serious consideration to another proposal, that they not opt for vouchers; instead, the enterprises would sell shares to interested citizens up to a specific amount. According to him, the model provides that the pension and compensation fund are to receive 10 percent each of the value of the shares; these are funds whose purpose is not controversial at all. The remaining 40 percent of the shares are to be sold on the open market at a nominal price. These shares are to be sold to interested parties. The proposal is that these

shares are first of all to be sold at auction to Slovene shareholders, and only afterwards to foreign individuals as well.

The shares that no one wants to buy are to be bought either by the state (the development fund) or by some sort of bank for reconstruction and development. In the end, we would thus gain a tripartite ownership structure, and the owners would be the employees, the purchasers of the shares, and the state. The state's share would be relatively large at large enterprises. About 300 million marks would be acquired through the purchase price for workers' shares. A larger part of the purchase price would be obtained from selling the remaining 40 percent of the shares, in regard to which an agreement has been reached that the purchase price should not go into the budget, but rather into the economy.

In response to a question from government press representative Janez Pezelj about whether he expected the government to support the privatization model, Pintar answered that "the discussions indicate that the model is balanced and acceptable to a majority of the parties, and he hoped that the government would support it." Minister Umek emphasized in this regard that "there has not been any opposition in the government to the path that we are taking." Adviser Pleskovic thought that the issues associated with the bank for reconstruction and development still had to be discussed.

The British guest, E.R. MacDonald, who is also the director of the largest investment bank in Great Britain, spoke about the experiences with privatization in Poland and Czechoslovakia. He said that we had better prospects for privatization than those countries, because Slovenia is a smaller and richer country, it has fewer enterprises which are more efficient, and fewer different funds have been planned as well. He also expects that we will not have any major problems with the valuation of enterprises. In his opinion, it would be more sensible if the shareholders waited for some time to sell their shares, since otherwise the value of the shares could oscillate too much. He also pointed out the significance of the stock exchange, which has crucial significance in allocating capital among enterprises, and can also draw fresh capital into the economy. He emphasized that the investors in our funds had to be very active in order to influence the managers of the funds.

Joze Bernik of Chicago also participated in the discussion. Among other things, he was interested in the conditions under which Slovene emigrants could participate in the purchase of enterprises and in privatization. Umek and Pintar promised him that emigrants would also be included in the privatization process.

Agreement on Slovene-Croatian Economic Cooperation

92BA0550A Zagreb VJESNIK in Serbo-Croatian 12 Feb 92 p 8

[Article by Stane Pucko: "Although the Commission of the Slovene Parliament for International Relations Did

Not Debate the Text of the Agreement Before Signing, It Did Reject Criticisms From the Liberals and Accepted, With Reproof, Andrej Ocvirk's Explanations"]

[Text] The Republic of Slovenia and the Republic of Croatia have agreed on the following:

Article 1

The Republic of Slovenia and the Republic of Croatia [hereafter: the states in this agreement], in accordance with their rules and regulations and on the basis of the terms of this agreement, will establish and control relations of mutual interest that will contribute to the strengthening of the socioeconomic development of the RS and RH (Republic of Slovenia and Republic of Croatia). The states in this agreement will establish conditions for the functioning of an economic system that will ensure the free flow of goods, services, investments, money, and capital; the flow of legal persons employed in key positions; the free flow of a workforce from one state into the other to perform services; the free flow of people [even when employment is not in question]; the development of various forms of economic, scientific, and technological ties between the peoples of both states. Special attention will be given to mutual long-term agreements between partners from other states that are based on higher levels of economic cooperation and that provide possibilities for implementation of these agreements, when taking into consideration the economic and development interests of all the partners involved.

Article 2

In order to achieve continuous growth, both states will initiate and modernize the exchange of new, as well as standard, goods and services, and all kinds of special forms of foreign trade operations, mutual investments, business and technical cooperation, and the establishment of companies and agencies, as well as the use of their free zones.

Article 3

Based on Article 24 of the General Agreement on Tariffs and Trade, the mutual trade of goods originating from the states in this agreement is exempt from the payment of both duty and other taxes, except for the paying of any expenses imposed by customs procedures.

For the mutual trade of goods originating from the states in this agreement and for services among the peoples of the states in this agreement, the terms of foreign trade operations regulating import and export contingencies and permits, do not apply except in those cases covered in international agreements or in administrative procedures of authorized bodies in both states that are otherwise applied to foreign trade with third countries, and also, do not apply to the mutual trade of goods originating from the states in this agreement and for services among the peoples of both contracting parties.

When determining taxes to be levied on trade and other taxes on goods originating from the states in this agreement and for services offered by the people from the states in this agreement, each state will, based on the principle of reciprocity, use those rates in effect for domestic goods and services. In accordance with an annex, to be made an integral part of this agreement, each state can determine for which goods individual exemptions can be applied and for which goods they can not be applied.

Article 4

The source of goods is to be determined in accordance with the standards used by the EC, and by regulations and in a manner set forth in the protocol of this agreement. A joint commission, comprised of three members from each state, will be established for cooperation in the area of customs tariffs, and they will carry out the regulations and resolve any other issues that arise concerning customs tariffs and customs records.

Article 5

Both states have agreed, in accordance with their international obligations, that the terms of this agreement will not influence the setting of penalties for dumping, in other words, for the subsidizing of exports.

Article 6

In order to avoid double taxation, both states have agreed to settle the issues of property and income taxation through a special agreement.

Article 7

The transfer of monies between the two states will proceed in accordance with legislation already established within the two states and with existing agreements on payments.

Article 8

Open questions in the areas of finance, banking, and insurance relating to the founding of banks and insurance companies, national debt, credit balances, and import leasing will be settled by the two states through a special agreement. Both states have agreed that until accepting such a special agreement, they will not authorize the establishment of banks and insurance companies.

Article 9

Both states have agreed that they will stimulate the development of border trade, and a special agreement covering border trade will be negotiated later.

Article 10

Both states have assumed responsibility for settling the mutual employment of workers and related issues of

social security (e.g., pensions, disability benefits, health insurance) through a special agreement.

Article 11

Both states have assumed responsibility for preparing the ground for the establishing and the functioning of jointly and privately owned companies, and agencies representing the peoples from the other state in this agreement, with national legislation based on the principle of reciprocity. Both states will mutually allow those legal persons residing in the other state in this agreement, and physical persons, citizens of the other state in this agreement, to use movable and immovable property which is on the territory of the second state in this agreement, and which the above-mentioned persons had on the day of 7 October 1991, in the establishment of companies in the second state of this agreement, or to alienate that property and transfer the profit from the sale of the property to the domicile state in this agreement, after satisfying all requirements in accordance with existing agreements on payments.

Article 12

Both states agree to guarantee equal legal security of the property of physical and legal persons from the other state, just as they do for physical and legal persons from their own state. During the transformation process of state-owned companies, each state will provide those workers employed by such companies, but located in the other state, legal status equal to those physically working in the parent company.

Article 13

Both states agree to establish and implement a special agreement covering fishing rights in the territorial waters of both countries.

Article 14

Both states agree to establish and implement a special agreement covering land, air, and sea transport, and the PTT (Postal, Telephone, and Telegraph).

Article 15

Both states agree to exchange experience relating to the subjects of institutionalism, administration, finance, and other areas of common interest.

Article 16

Both states will cooperate in other areas such as the regular exchange of information, especially information regarding legislative systems and economic programs, and other information necessary for mutual contacts, cooperation within international organizations, and the exchange of personnel and technology.

Article 17

The states will solve all possible conflicts stemming from this agreement through negotiations based on the principles of equality and mutual benefit.

The following agreements outline the formation of the joint commission which will: follow the implementation of this agreement and other related actions, investigate reported violations of this agreement during the next six months, and will inform both sides, on the day that the authorized bodies ratify the agreement, that this agreement is in effect.

This agreement was signed in Zagreb on 6 February 1992 by the presidents of the governments of the two states in the agreement.

Annex 1

In accordance with the third paragraph of Article 3 of this agreement, both states agree that for agricultural products:

1. The payment of a levy shall be determined in the same manner as it is for imports from third countries.
2. The import of a particular goods can be temporarily limited.

The terms from Annex 1 of this agreement can not be applied to the import or export of goods cited in already concluded long-term agreements on production cooperation. Each state agrees to inform the other state in this agreement in advance of any anticipated measures based on Annex 1 of this agreement. The terms of Annex 1 shall be valid for the period of one year. Both states agree that upon expiration of the year, the states in this agreement will again review the terms of this agreement.

First Disputes

On Tuesday, representatives of the Slovene liberal party, during a session of the Commission on International Relations of the Slovene parliament, already tried, indirectly, to dispute this agreement on the basis of procedural issues. According to the law, this agreement should have been discussed by the parliament, or rather the above mentioned Commission, before it was signed. However, the Commission accepted the explanations given by the vice president, Dr. Andrej Ocvirk, that the time given for preparing the agreement was very short and that it was in Slovenia's best interest to sign the agreement simultaneously with the establishment of diplomatic relations between the two states. The Commission reproved the government and said that in the future it will have to respect the law. Debate on the content of the agreement was postponed by the Commission until it submits the demand for ratification. The Commission did not accept the criticisms of the liberals saying that with this agreement the borders of the state of Slovenia have been moved from the Kupa river to the Karawanken Alps. An opinion prevailed that Slovenia must be an open state in accordance with GATT norms,

and the government was commended for its beginnings in the development of economic relations with Croatia and received further instruction to develop relations with the other former republics of Yugoslavia in accordance with European norms and standards. It was stated that the economic agreement with Croatia is in accordance with the aims of the Slovene parliament and that there should not be any problems regarding its ratification.

What Remains Unsettled?

Certain problems or disagreements regarding economic relations between the two states remain—for example, Slovene citizens now in Croatia are considered foreigners on toll roads, in hotels, etc., while Slovenia does not apply the same measures. In Slovenia, tolls are the

same for foreigners and domestic drivers. Another open issue is Slovene claims against Croatia. Slovenia has suggested that these claims be converted into state credits, but Croatia does not accept the suggestion. During preparation of the agreement, Croatia strongly recommended that the states mutually agree to freely employ citizens from the other state, but Slovenia rejected the proposal. Croatia also suggested that a monetary union be established but the Slovene proposal of a free-trade zone was accepted instead. The liberals objected to Slovenia signing the agreement with a state that does not even have control over its entire territory; however, they were reminded that Croatia is already a state recognized by the Slovene parliament.

[The text of the economic agreement is an unofficial translation by VJESNIK from the Slovene language.]

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