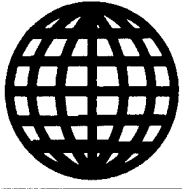


JPRS-EER-92-003
9 JANUARY 1992



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

DISTRIBUTION STATEMENT A
Approved for public release
Distribution Unlimited

East Europe

DTIC QUALITY INSPECTED 2

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA 22161

19980115 086

East Europe

JPRS-EER-92-003

CONTENTS

9 January 1992

BULGARIA

Biographies of New Oblast Governors	1
Conversion of Lyulin Motor Vehicle Repair Plant	1
Plant Director Interviewed [BULGARSKA ARMIYA 7 Oct]	1
Lyulin Spiral Staircase [BULGARSKA ARMIYA 7 Oct]	2
Heavy-Duty Trailer [BULGARSKA ARMIYA 7 Oct]	2
Central-Heating Subscriber Station [BULGARSKA ARMIYA 7 Oct]	3

CZECHOSLOVAKIA

Havel on His Presidency, Its Challenges, Prospects [GAZETA WYBORCZA 30 Nov]	4
Definitions of Topical Political Concepts [HOSPODARSKE NOVINY 4 Dec]	19
Redistribution of Power in Army Demanded [SLOVENSKY DENNIK 16 Nov]	21
Sociologist on Impact of Western Feminism [LISTY No 5]	23

HUNGARY

Political Factions of Divided SZDSZ Viewed [HETI VILAGGAZDASAG 30 Nov]	26
Tax Law Discourages Domestic Private Investment [FIGYELO 21 Nov]	27
International Comparison of Foreign Indebtedness [FIGYELO 28 Nov]	28
Finance Ministry Optimism Criticized, Discouraged [FIGYELO 28 Nov]	30
Confusion in Retail Privatization Described [FIGYELO 28 Nov]	30
New Bank To Deal With Bankruptcies, Bad Debts [FIGYELO 28 Nov]	31
Interest Mediation Council Operations Assessed [FIGYELO 28 Nov]	32
Problems of Banking System Discussed [FIGYELO 21 Nov]	34
Controversy Over MRP Plan Discussed [FIGYELO 21 Nov]	35

POLAND

Soviet Dissolution Seen as Posing National Threat [WPROST 17 Nov]	37
Bundestag Deputy Promotes Silesian 'Euroregion' [WPROST 24 Nov]	37
German Election Victory in Opole Region Viewed [WPROST 24 Nov]	38
German Resettlement in Kaliningrad Viewed [WPROST 17 Nov]	39
Kuron Comments on Government Coalitions [GAZETA WYBORCZA 2 Dec]	42
Prime Minister Nominee Olszewski Profiled [POLITYKA 23 Nov]	46
Defense Minister States Positions to Parliament [POLSKA ZBROJNA 23 Dec]	49
Poll Reports on Army's Views on State Security [GAZETA WYBORCZA 3 Dec]	50
Amendments to 10 Armed Forces Laws Discussed [GAZETA WYBORCZA 9 Dec]	51
Economic Society's Report on State of Economy [ZYCIE GOSPODARCZE 4 Nov]	52

ROMANIA

Detailed Review of Dragan's Life, Business Career [RENASTEREA BANATEANA 21 Nov]	56
---	----

Biographies of New Oblast Governors

92P20103A

[Editorial Report] Sofia DEMOKRATSIYA in Bulgarian on 27, 29, and 31 December on pages 1, 1, and 2, respectively, publishes the names and short biographies of three newly appointed oblast governors. This information is summarized below:

Plamen Markov—Mikhaylovgrad Oblast

The 33-year-old jurist Plamen Markov was born in Chuprene, Belograd Township. Until recently, he worked as a young attorney in the Mikhaylovgrad prosecutor's office. He was nominated by the Union of Democratic Forces (SDS). Markov's goal is to establish an efficient and flexible oblast administration that will employ no more than 28 persons.

Tsonyo Botev—Lovech Oblast

The 42-year-old engineer Tsonyo Botev was nominated by the SDS. He formerly served as deputy director of Elisa OOD in Gabrovo. Lovech, the largest oblast in Bulgaria, has 14 mayors belonging to the SDS, 15 to the Bulgarian Socialist Party, two to the Bulgarian National Agrarian Union—United, and one to the Bulgarian National Agrarian Union—Nikola Petkov.

Stefan Zhelyazkov Konstantinov—Burgas Oblast

The 40-year-old Stefan Zhelyazkov Konstantinov is married and has a child. He graduated from the law department of the St. Kliment Okhridski University in Sofia and has worked as the presiding officer at the rayon courts in Malko Turnovo and Grudovo and as a judge at the Burgas rayon court. Because of his activity as a dissident, he was removed from the legal service in 1989. For a period of eight years, Konstantinov was a part-time lecturer on international law in Burgas at the Center for Further Training of Management Staff in Tourism. The new governor of Burgas Oblast is a specialist on criminal law. He is a member of the Bulgarian Social Democratic Party—New. During the recent local elections, he was elected as a township council member, having been nominated by the SDS Coordinating Council in Burgas.

Conversion of Lyulin Motor Vehicle Repair Plant

Plant Director Interviewed

92BA0109A Sofia BULGARSKA ARMIYA in Bulgarian
7 Oct 91 p 4

[Interview with Eng. Ivan Balov, plant director of the Lyulin Motor Vehicle Repair Plant in Sofia, "regarding certain aspects of a protracted complicated process, whose beginning, unfolding, and finale are actually part of the history, present, and future of economic reform in our country," by Eng. Colonel Veselin Stoyanov at the plant a year after a previous interview "at the beginning of 1990": "A Year Later—Conversion in People's Service"]

[Text] Thousands of pages have already been written about conversion from a theoretical perspective. Opinions and recommendations on its practical implementation are often radically opposed, but, from the conferences, symposiums, discussions, and other wordy enterprises, no matter how useful, thoroughgoing, and correct the positions they formulate, not a single product for the economy or household has thus far emerged.

That was approximately the tenor of Engineer Balov's words during our interview at the beginning of last year (1990), when most of the principal products to be put into production in the course of the conversion then getting under way were only in the file folders of plans, schedules, and technical documentation.

[Stoyanov] Would you give a brief rundown of what has been accomplished during the past months? (I asked the plant director this before we started through the shops and sheds.)

[Balov] I think that in broad outlines the conversion program is proceeding to its finale in respect of the principal products that we had planned to bring into production, but not in respect of its further progress and improvement. Of the BAS's [blokovi abonatni stantsii; apartment-complex (central-heating) subscriber stations] that we have produced, we have already sold 50; over 200 motor-vehicle trailers have been sold; and there is great interest in aluminum cans for petroleum products, decorative grilles, and other consumer goods.

We have also put into production the Lyulin spiral staircase, which, in my opinion, will make a serious market penetration very soon because it is something rarely encountered not only in our country's present construction practice but also in all of East Europe. With the release resulting from the democratic changes, people are more and more fleeing drab standardization in their daily lives and are seeking different ways of diversifying them and giving their spirits a lift.

For reasons beyond our control, all the technological documentation for the production of satellite-antenna "mirrors" is still in a thick file folder, but I believe that its time will come, too.

Apart from the program, there have also shown up new and promising ideas that we have undertaken to implement. Without enlarging in detail, let me point out the solar collector for water heating. It is our ambition that it be one of the most successful and cheapest in our country. The additional set of two fuel tanks, other storage spaces, and additional appurtenances for daily living for the Skoda-Madara trucks makes them self-contained for a round trip from practically all points in the Balkans and the Middle East....

[Stoyanov] I don't suppose that everything is rosy?

[Balov] My thought precisely. By no means must I suggest to the readers the thought of unclouded successes and bright prospects. Lyulin has never sought to have

more than a million and a half leva worth of output in the warehouse and have nobody to buy it. This is so because the ability of customers to pay has declined extremely. Let me mention again the BAS, to which all of the country's production capacities as well as respected foreign specialists have given a very high rating. The executives of Toplovodstroy [Hot Water Construction] even called it a "product of the 21st century," but this in no way eased our financial condition inasmuch as the orders that the experts at Sofproekt [Sofia Planning] set, at a minimum, in the thousands did not materialize because of a lack of funds. It is a good thing that the representatives of private business show an ever greater interest in this station.

[Stoyanov] What is your attitude toward marketing and advertising?

[Balov] Thus far, we have underestimated them, but it is clear to us by now that we have to continue, even though we still have limited financial resources. Besides the planned precisely targeted and diversified campaigns in the Bulgarian and foreign mass information media with colleagues from Czechoslovakia, the Soviet Union, and allied plants from other countries, we are agreed that they should take our products and we should take theirs, for market research and possible sales.

It is unnecessary to mention that we shall certainly take "draconian" measures against anyone who turns out low-quality work. As you know, we shall soon begin to assemble the Ford Pony, and I can no longer sleep for thinking about what lurks in one sentence alone of the joint contract: The vehicles must meet all specifications for sale to third countries.

And they will—I am sure of it! There is no turning back!

Lyulin Spiral Staircase

*92BA0109B Sofia BULGARSKA ARMIYA in Bulgarian
7 Oct 91 p 4*

[Collection of advertisements for the Lyulin spiral staircase, compiled by Eng. Colonel Veselin Stoyanov]

[Text]

If you are building or contemplate building a multistory house, a two-level apartment, a firm's office, a service station, or other premises,

The Lyulin spiral staircase is precisely the most economical communication between two stories that will save you time and money, that will assure you of fuller utilization of the space you build.

The Lyulin spiral staircase is distinctive

for compactness and modern design, conformable with the latest trends in the development of worldwide interior architecture.

The Lyulin spiral staircase permits on-site assembly without any additional operations on the structural elements from which it is made.

The Lyulin spiral staircase makes things easy for you to the maximum extent, for you can assemble it yourself without using special machinery or tools.

The Lyulin spiral staircase at present costs about 6,000 leva. But, unless in the next few days, you show the initiative and foresight to place advance orders, who knows how many "steps" higher its price will jump in a few months?

The Lyulin spiral staircase is 1,700 mm in diameter, and the height between the floor and the last step varies from 2,400 to 2,800 mm. If the customer has special requirements, some of the specifications can be changed in a wider range.

A figure for thought: At the recent fair in Salonika, a similar staircase of Chinese make, in Bulgarian money converted into "greenbacks," of course, cost...63,000 leva!!

Friendly Advice

If you are dreaming about "la dolce vita," your staircase without fail must be the "vita" [spiral].

And... "Black Humor" of the Envious

If you fall from a "stulba vita" [spiral staircase]—straightaway you're crushed...flat as a "pita."

Heavy-Duty Trailer

*92BA0109C Sofia BULGARSKA ARMIYA in Bulgarian
7 Oct 91 p 4*

[Article by Eng. Colonel Veselin Stoyanov: "All Sorts of Trailers Are Already Being Produced in Our Country,

but Only the Lyulin Motor Vehicle Repair Plant in Sofia Can Supply You With the Sole Heavy-Duty Trailer”]

[Text] Once you hitch it to your jeep or car, you have, in fact, a light truck. If you are a private commodity producer, you well understand what this means.

Here are some technical characteristics that merit thinking about if you are contemplating buying this version of design: overall length 2,745 mm, width 1,575 mm, height 950-1,640 mm, length of body 1,920 mm, width of body 1,575 mm, height of body 400 mm, clearance 165-210 mm, empty weight 185-200 kg (depending on whether the sideboards are 2-mm aluminum or 1.2-mm sheet steel), trailer payload 500 kg.

Its suspension employs UAZ [Ural Motor Vehicle Plant] or GAZ [Gor'kiy Motor Vehicle Plant] springs, while the wheel rims and tires are those of the motor vehicle you possess.

The cover, which opens in the back, very greatly facilitates loading and unloading operations, while the strut frames and the high tilt ensure 2.5 square meters of covered cargo space with guaranteed protection of the cargo or baggage against adverse weather conditions.

The other types of trailer that the Lyulin Motor Vehicle Repair Plant produces run the entire gamut of specific advantages consistent with the most popular passenger cars in our country.

We leave the choice up to you!

Central-Heating Subscriber Station

92BA0109D Sofia BULGARSKA ARMIYA in Bulgarian
7 Oct 91 p 4

[Article by Eng. Colonel Veselin Stoyanov: “The Ant and the Cricket in an Informative Dialogue About the BAS-I [blokova abonatna stansiya s indirektno svurzvane; apartment-complex subscriber station with indirect connection] 0201, 0402, and 0603”]

[Text]

“And what will you do this winter
When the snow begins to fly?”
The ant asked his acquaintance the cricket.

“I'm in no mood for lectures
Or to be kept waiting,”
The carefree sly one
Retorted crisply,
“Because I'm in a hurry.”

[Ant] “At the Lyulin Motor Vehicle Repair Plant I'm going to order
A subscriber station
With indirect connection...”

From here on, there are no rhymes whatever, but the industrious ant was flustered by the cricket's attitude in an area that even some huge biped inhabitants of panel and other housing units do not know about, as would befit their brains, sizes, and weights.

Thus, for example, the ant had found out that each of the three versions of this station is intended to provide the heating of water for the heating systems and household hot-water supply of all buildings, the hot water being supplied by the TETs [central heating and power plant] at a temperature of up to 150 degrees and at a pressure of up to 1.6 MPa.

In its design, BAS includes two heat exchangers. Their plates are made of stainless steel about 1 mm in diameter, with a greatly furrowed surface, thanks to which a large heat-exchanging surface is attained.

Small size and high capacity, low heat losses, the ability to increase heating capacity, corrosion resistance, easy disassembly and repair—these are some of the most important advantages of the plate-type heat exchanger.

Easy to convey through doors and narrow openings, the BAS produced by the Lyulin Motor Vehicle Repair Plant is very suitable wherever modernization of the heating system is required and space for installation is small.

The hot-water pumps, of Czechoslovak make, are noiseless. With the appropriate outfitting and measurement instruments, the necessary control can be efficiently effected.

Tested by reliable methods at Glavproekt [Main Design Organization]—Sofia, the BAS versions (BAS-I 0201, BAS-I 0402, and BAS-I 0603) met all specifications for the pertinent sectorial standard design.

In the opinion of outstanding Bulgarian and foreign specialists, the subscriber station has been developed up to the European level, on the basis of a new principle, with improved electronics and radio control, and can stand up to the competition of the best models in its class.

Depending on the BAS-I version that is selected, the price ranges from 30,000 to 42,000 leva.

Winter will soon be at our doorstep—hurry!

Havel on His Presidency, Its Challenges, Prospects

92CH0189A Warsaw GAZETA WYBORCZA in Polish
30 Nov 91 pp 8-15

[Interview with Vaclav Havel, president of Czechoslovakia, by Adam Michnik; place and date not given: "The Very Strange Era of Postcommunism"]

[Text] [Havel] Adam, I understand that you want to interrogate me for three hours.

[Michnik] Yes, Vashek [diminutive].

[Havel] But I don't know enough to fill three hours of talk.

[Michnik] But you have experience because you have been interrogated so many times already. Three hours is about right for a "criminal" like you.

Two years have elapsed since the velvet revolution, that famous year of 1989, when in the 200th anniversary of the French Revolution, communism fell in our countries. I remember my visit in the summer of 1989 in Prague and with you in Hradeczka, when I told you that you would be president. Tell me, in your opinion, has communism finally been overthrown or could it still return? Is a communist counterrevolution, the restoration of communism, possible?

[Havel] I think that a global return to communism, a turn back of history to the days of Brezhnev or Stalin, is out of question. This process is irreversible. Regional returns are possible. I can imagine that in some kind of new variant a communist way of governing may return under a slightly different flag. Here or there, for example in one of the union republics, the nomenklatura can change its flag to make it a little more nationalistic and, based on the former party hierarchy, attempt to renew something which would be reminiscent of the previous system. Such regional returns are thinkable, but the empire or bloc as a whole, in my opinion, has bid an irrevocable farewell to our era, because history cannot be turned back.

[Michnik] And what do you believe is happening or will happen with everything which was connected with the regime: the people and the institutions?

[Havel] I believe this is a big problem for the entire postcommunist world. Those people who directly, to a greater or lesser degree, helped to create this regime, those who in silence tolerated it, and all of us who subconsciously became accustomed to it—we are in this together. We have here the huge, centralized and monopolistic state enterprises, we have the offices of state administration, full of officials from the previous era. This constitutes one of the sources of enormous problems and difficulties with which the postcommunist world must struggle. This is not the only problem, but it is one of the most serious ones.

It is not just a question here of a struggle with specific people connected with the old regime or with its representatives—with specific institutions. It is primarily a struggle with the habits of normal, ordinary individuals. True, they hated the totalitarian regime, but at the same time they spent their entire life in it and involuntarily became accustomed to it. They became accustomed to the fact that an omnipotent state is rising above them, a state which can do everything, cares about everything and is responsible for everything. They learned this paternalistic relationship to the state and this habit cannot be gotten rid of overnight. All of the bad habits which this regime systematically built into the people over many years cannot suddenly disappear. This is a huge and troublesome inheritance, one source of the problems which the postcommunist world must deal with.

[Michnik] There are two symbolic names for two different ways of thinking in relation to communists, or people of the old regime. One of these ways is called polemically in Poland "the broad-line policy." Tadeusz Mazowiecki used this expression in his first expose. What he wanted to do was to separate the past from the present using a broad dividing line, to say also that the only criterion for the evaluation of officials will be their competency and their loyalty to the new government. For this he was accused of using the "broad-line policy" to protect communists, criminals, crooks, etc. The second symbolic way comes from the Czech and Slovak Federation Republic and is called "screening."

These are two extreme methods of thinking about these matters. What do you think about the philosophy proposed by Mazowiecki and that proposed by the advocates of screening?

[Havel] That is the next serious problem. We must somehow swim between Scylla and Charybdis.

I think that both of these concepts in their extreme forms are wrong. We know from the history of our country that when we used such an approach vengeance was always wreaked upon us, that what happened is not important and should not interest us. It meant that we did not cut out our body some kind of ulcer which was the source of poison to our entire organism. The ulcer continued to fester and produce poison. It seems to me that the need for some kind of surgery to administer justice is completely warranted and natural.

But at the same time I believe that we should not open the door to lawless vengeance and the hunting down of people, because that would really be just another version of what we got rid of. Such an approach is also known in our country. I remember some of these postwar avengers and usually the most energetic of them were the most guilty themselves. I believe that asking people to reveal the names of those who in one way or another had something to do with the police—regardless of when and why—is very dangerous. This is a bomb which can

explode at any moment and again poison the social climate, again bring elements of fanaticism, lawlessness or injustice into it.

What is important is to find the right measure. An approach which would be cultured and civilized, which would not flee from the past. We must be able to face our past, give it a name, learn from it, and give justice, but this must be done honestly, with prudence, tact, generosity and imagination. Where there is admission of guilt and repentance, there should be forgiveness.

Therefore, I am in favor of a humanitarian approach and not new oppression and an atmosphere of fear. It is enough that people for 40 years were afraid of the security forces. They should not have to be afraid that during the next 10 years someone will dig up something about them. After all, many people do not even know whether by accident they may have stepped into something. That is why my position on the screening law was reserved and that is why I publicly proposed to parliament that it be amended.

[Michnik] Concrete examples are in order here. Yesterday in Prague I was told that the well-known philosopher, Karel Kosik, who after the Prague Spring was oppressed for many years and sentenced to silence, may be subjected to the screening process. He will now be again persecuted for events which happened more than 20 years ago—for being a member of the Central Committee of the Czechoslovak Communist Party in 1968. What is your opinion of this concrete fact?

[Havel] To begin with I must make a certain factual comment. It is true that the law is colloquially called "screening," but it has a broader character and does not apply to screening alone. The concept of screening refers to verification as to whether someone's name is in the register of the ministry of internal affairs as its co-worker. Yet the law for a period of five years prevents people who, during the past 40 years, were members of the People's Militia (counterpart of the Volunteer Reserve of the Citizens Militia [disbanded in November 1989]), communist verification commissions in 1948 and 1968, or members of party committees beginning at the county level, to perform certain functions. But there is one exception—it does not apply to party functionaries from the 1 January 1968 to 1 May 1969 period. I believe that this exception covers Karel Kosik, although he was, as a 20-year-old youth, member of the verification commissions which, after 1948, threw people out of the higher schools.

Generally I believe the the law is very severe and unfair. All it takes is that someone for one day was a member of the People's Militia 30 years ago to prevent him now from fulfilling certain functions. And this also applies to people's militiamen who in 1968 defended the extraordinary party congress in Vysoczany against the Soviet occupation forces. I do not say that these people make up the majority. They are certainly very much a minority, but from the moral standpoint, even if one person were

to suffer innocently because of this law, I would still believe it to be bad. It is precisely for this reason that nowhere is the principle of collective guilt and responsibility applied, and only the individual deeds of each person are evaluated.

The draft amendment of the law which I proposed to the Federal Assembly provides that anyone can be evaluated by an independent court which would have the right to decide that he is able to fulfill some function in view of the peculiar circumstances in his individual case. If, for example, he fought for many years for human rights, then the court would have the right to decide that his services outweighed the guilt of belonging for sometime to something or other. This would also apply to persons who were forced to collaborate, or those in underground organizations who instructed others to collaborate with the regime—we can imagine such cases in the 1950's.

[Michnik] There is one more problem here. I heard that the deputy chairman of the Slovak parliament, Ivan Czarnogursky, accused the former premier of Slovakia, Vladimir Meciar, of collaborating with the security forces, and Meciar accused Czarnogursky of the same thing. The arbiter of this dispute could only be someone who is competent in this area, i.e., a colonel in the security forces. And it seems to be that it is approaching the absurd when colonels in the security forces begin to issue certificates of morality.

[Havel] Yes, that is true and I called attention to this also in my letter to parliament: That the highest, absolute and final indicator of usefulness to fulfill certain functions in a democratic state is the internal material of the security service. This is wrong in itself.

[Michnik] The case of Jan Kavan, a former emigrant, who gave assistance to the Czechoslovak opposition, and who after return to the country was accused of allegedly being a collaborator with the security forces, was known throughout the world. They say that last week you made a point of going with Kavan to a restaurant so that everyone could see you with him.

[Havel] Indeed I met with Jan Kavan in a restaurant last week, but it was not a matter of being seen with him. I met him there because our mutual friend, Petr Uhl, asked that I talk with him and hear his version. I saw no reason not to do this especially because I worked together with Kavan during our dissident days. At that time he assisted the erstwhile opposition and did a lot for us. This case of his is very disputable, which is even more reason for me not to refuse to meet him and talk with him. But this was not done for public effect.

[Michnik] You say that we must in some way swim between Scylla and Charybdis. Where, in your opinion, is the boundary when the need for justice ends and the need for vengeance begins?

[Havel] That boundary can be determined only by something that is not concrete and which is not subject to legal norms, such as feelings, taste, understanding, prudence,

wisdom, i.e., certain human traits. If we were to let them guide us, then perhaps we would be able to find that boundary. This is a very vital problem and it is hard to find such a boundary, which is exactly what our screening law attests to. In my opinion it is not good, despite the fact that it is the result of two years of searching. It is an example of how hard it is to embody this boundary in a law, and at the same time, it must be embodied in law, because what is even worse than a strict law is a state of lawlessness, when everyone can scrutinize everyone else and scandalize him publicly.

[Michnik] You said in one of your interviews that you sense that a fear of the past is appearing in people. When I was in Germany just now and talked with our friends from the dissident period they also talked about Stasi. I had the feeling that this is an obsessional subject. They said that for them the actions of Stasi were something comparable to an Auschwitz of the soul. And they said that this whole problem should be looked at from the perspective of the victims. Anyone who was wronged by Stasi has a right to seek justice in the sense that he should know who wronged him. That means that he has the right to look into the documents to see who denounced him.

On the other hand, when I talked recently with the Spanish writer, Jorge Semprun, and asked: "How did you handle this in Spain?"—after all, there was a dictatorship there, police who tortured people, informants, etc.—he replied: "If one wants to live normally he has to try to forget, because otherwise these wild snakes released from a can will poison public life for years to come."

Next, the German writer, Jurgen Fuchs, said "Listen, Adam, I am not bloodthirsty, I write poems, but I will not know to live with this. If we do not settle this matter to its final end it will constantly return to us, like nazism. We have not denazified and this will hang over us for many years."

What does a Czech writer, who is also the president, think about this?

[Havel] I want to say that on this matter my private opinion differs somewhat from that which I have, and must have, as president. As president I must take into account the state of society and its desires.

My personal attitude is best illustrated by one example. Shortly after I became president I was given a list of all of the colleagues who informed on me, and I not only the very same day lost that slip of paper, I also forgot who was on it. This simply means that I personally tend to want to leave things alone. I know about these things from my own experience and know how they can destroy people. I wrote plays and essays about this and somehow I was able to solve this problem for myself. That is why I have no need to punish someone for not doing the right thing.

But as president I must remember that society needs such a dividing line, because it has the feeling that the revolution has not ended. There are people for whom the regime destroyed their entire life and the life of their families, who spent their entire youth in concentration camps and who are not able to reconcile themselves to this so easily. Particularly because many of those who formerly oppressed them are now much better off than they are.

This causes resentment. There is a great need in society to take measure of the past, to get rid of the people who terrorized the nation and openly violated human rights, to remove them from the functions they continue to perform. As I said, there is perhaps a historical need to look at one's own past without any spectacles, and call it exactly what it is. That is why, as president, I cannot approach these matters with the same indifference as when I lost the piece of paper which listed my "own" informants.

[Sasha Vondra, adviser to President Havel] It is interesting that in these matters there is a certain difference between Catholic and Protestant societies. On the one hand there is Spain, but also Hungary and Poland, and on the other hand, Germany and Czechoslovakia.

[Michael Zantovsky, President Havel's press secretary] In Slovakia they are approaching this in a more Catholic way....

[Vondra] Exactly....

[Michnik] It seems to me that Sasha has struck this philosophical structuralism too hard, because in Poland it happens—I don't know why—that no one talks as loudly about the settlement of accounts as the Catholic politicians. Only such terrible, suspect people like Kuron or I, say that perhaps we should not get carried away by this. However, the politicians who belong to the parties which have the word "Catholic" in their name, tend more today to repeat that God is just than that God is merciful.

[Havel] It is a fact that there are two traditions in Catholicism which create particular dialectical tensions. One is the tradition of sin, towards which Catholicism is far more understanding than Protestantism. From this comes forgiveness and remission. And the second Catholic tradition is the tradition of inquisition.

[Zantovsky] But remission is always combined with confession, i.e., the revealing of one's trespasses, while inquisition concerns itself with the hunting of hidden sins, which are regarded as the most dangerous.

[Michnik] I think that everyone of us is sentenced to such a singular dialectic. When I was still in prison I vowed two things: First, that I will never join any veteran's organization which will give medals for the struggle with communism, and second, that I will never be vengeful, never retaliate.

But on the other hand, I repeated to myself this stanza from a verse of Herbert's, who wrote: "And do not forgive, because it is not in your power to forgive in the name of those who were betrayed at dawn."

I think that we are doomed to such a dialectic, that we can remit only our own wrongs, but the remission of the wrongs of others is not in our power. We can persuade, but if people want justice they have a right to it.

[Havel] That is exactly my dilemma, of which I spoke a moment ago. In my job I cannot behave the way I would behave privately. I have no need to persecute "my" security agents or those who informed on me and I feel no need for vengeance. However, as a state official I have no right to proclaim a universal act of pardon for others.

[Michnik] You used an expression a moment ago which disturbed me—about the unfinished revolution. What does this really mean? When will you decide that the revolution has ended?

[Havel] It is hard to say. This revolution will not end one day and there is no indicator on the basis of which it could be said that it has just ended. This is some kind of process which is happening, which is still with us, which was ending and which disappeared. And only when new generations enter into political life will we be able to say that it is already behind us.

But in a certain sense this revolution is really not ended. Let us realize, for example, that in the program of our revolution there was a market economy, and still 95 percent of the property is owned by the state. The same applies to the system of law—95 percent of the regulations still go back to the communist days. It is the same with the political system. Only in time will new people appear to replace the present state officials, but at the moment everything is still in a state of flux.

But I agree with you that it is hard to say, all right, the revolution is over. This will be only a certain symbolic moment, for example, when the largest steelmaking works passes into private hands.

[Zantovsky] Forgive me, but I think that we are touching upon a matter which you always defended yourself against. It is true that thanks to the press the term "revolution" was accepted, but what happened in our country was not literally a revolution. Revolution is always connected with force. If this had been a revolution then the constitution would have been suspended and revolutionary courts would have been appointed. But we did not go that road and I think that it is too late to return to it.

[Havel] Yes, but in the beginning we called it a revolution...

[Zantovsky] We—no.

[Havel] Well, that is what it was called, and such concepts mean what we want them to mean. For example, arguments go on as to where a federation ends

and a confederation begins. As writers we know very well that we are not only readers but also creators of dictionaries. We know that each word can gradually take on the meaning that is given to it. What happened in our country was called a revolution, and regardless of whether this is correct or not, it is already a certain fact.

[Zantovsky] But here I must object. Your friend Tom Stoppard said that using a language makes sense only when words mean specific things. Otherwise people will not understand each other. Naturally, journalists can write what they want, but from the definition of a revolution it appears that ours was no revolution.

[Havel] It is the scientist in you that is speaking, not the poet.

[Zantovsky] I only quoted my friend, who is no scientist.

[Michnik] It seems to me, Michael, that the revolution was the demonstrations which forced the totalitarian authorities to make concessions. And later, what journalists called the velvet revolution, entered onto the road of law.

There exists in our countries a theory that that is when it became bad. That one should not enter onto a road of law, but that we should have, by revolutionary methods, i.e., by an illegal road—destroyed communism completely. Revolution always means discrimination, either against political enemies or against people from the former regime. However, the law means equality under it. And this, Vashek, is not scientism, but life; either the law is equal for everyone, or there is no law.

I am afraid that it is still possible to take certain categories of people out from under the law (for example, former communists), just, as in Russia after the Bolshevik revolution, the kulaks or bourgeoisie were taken out from under the law. And when I ask what "unfinished revolution" means, I know what I am afraid of: That this process can also be led into its next phase. History tells us of revolutions which began with a struggle for freedom and ended with despotism, from Cromwell through Napoleon and Khomeini, down to the latest examples.

Many years ago Semprun, whom I mentioned, wrote a scenario for Alain Renais's film, "The War Has Ended." The Spanish civil war has come to an end, so means of war are no longer needed. And when you say "unfinished revolution" than I have to consider whether people will not appear who will say: See, even Havel—humanist, writer, philosopher, good man—says that we need to continue this revolution.

What do we do then: Do we continue the revolution, or do we say the war has ended? There are communists, but they have the same right to live as other people. If they committed a crime and there is judicial proof then they will be punished, like all criminals, but if not, then they

cannot be discriminated against for having been, a certain number of years ago, members of the communist party.

[Havel] I think that the sense of these transformations—if you don't want to we don't have to call them revolutionary—was the introduction of law instead of lawlessness, and not the introduction of new lawlessness. Except that this social pressure is caused by the lawlessness which still survived. Its goal is the creation of a new lawlessness. Imagine, for example, one of my friends, Standa Milota, who was persecuted for 20 years and could not work, today has a retirement pension amounting to a thousand korunas because he could not advance and his base for computing retirement was low. And the person who persecuted him and prevented him from working normally has a pension of 5,000 korunas, plus a villa and many other assets. People see such a situation and say that although those "on top" have changed, censorship has been abolished and newspapers can write what they want, the real, material, daily injustices and effects of lawlessness remain.

It is precisely against this that the people are rebelling. As distinct from the few political extremists, they are not guided by a desire for vengeance. All they want is justice and moral and material satisfaction. This has nothing to do with any kind of Jacobinism or permanent revolution. The object is to finish the job of correcting the public matters that was begun. At least that is how I regard it. However, if reports reach me about any signs of revenge or fanaticism, I come out against them very strongly.

[Michnik] We observe a certain dumbfounding phenomenon today. Recently I was in Yugoslavia, if we can use that name at all anymore. Perhaps it would be better to say I was in Serbia, Croatia and Slovenia. I got the impression there that the press, radio and television in these countries are speaking the language of before the 1950s, that the conflicts which seemed to have been forever buried have returned. In Serbia, for example, you hear about the Croatian Ustachi—in Croatia about the Serbian Chetniks.

In other countries, too, we see a return to a language, symbols or ideology which have not functioned for 50 years. In Poland, the National Democratic Party is returning, in Ukraine monuments are being built to Bander, in Slovakia Fr. Tiso is being rehabilitated, in Romania, the newspaper ROMANIA MARE is appearing in a print run of a million copies and glorifying Antonescu, and in Hungary, Horthy is being lauded.

What does this return of the old demons mean?

[Havel] I, too, am a little surprised about this revival of the old demons. It attests to what I once wrote, that communism in some way stopped history. It halted its natural development and motion.. It can be said metaphorically that it was something like an anesthesia and now the people are awakening to the state which existed

before it was applied. All of the problems with which societies lived before this anesthesia are suddenly reviving and everyone is surprised at this.

What is also surprising to me—especially as concerns the younger people who did not learn about this in school and really could not know anything about it—how very much alive among them are not only the bad traditions, about which you spoke, but also the good ones. In our country, in every town or county we observe that people are going back to traditions which had been eliminated and destroyed more than 40 years ago. Now they are returning: a revival of regional awareness and a sense of ties between regions, etc.

Thus not only the bad demons are awakening, but also the good spirits. And all of this is very surprising.

[Michnik] What kind of demons of the Czech tradition do you fear the most?

[Havel] If I were to assess those phenomena which are beginning to appear, then probably I would have to say that the most serious are anti-Semitism and intolerance of other nationalities, xenophobia, which can be observed in Slovakia, but also, in a slightly different form, on the Czech lands.

For example, a very readable publication is published here called POLITIKA, which is full of anti-Semitic, boorish and vulgar articles. This is the kind of gutter material that we have not had to deal with since 1938, during the Second Republic, between Munich and the German occupation, when fascist organizations of the "Vlajka" type began forming, and when campaigns against Karel Chapka were being organized. This is a particular combination of complexes, chauvinism, fascism, intolerance and hatred of everyone who is different. It now appears in the form of hatred of Vietnamese, Cubans, Romanians and Gypsies. There is some kind of "racial purity" cult in this. It is a kind of return to the phenomenon of Czech fascism, which differed from the German only in that it was Czech.

In Slovakia, however, there is a tradition of what the communists called "clerofascism": Indeed, the memories of the Slovak State in 1939-45 are returning and some reports of anti-Semitism are appearing. These are very dangerous matters.

But there are also other dangerous demons which in our uncertain conditions can find nourishment. The democratic government, compared with the previous totalitarian one, must for obvious reasons appear to be indecisive, uncertain, insufficiently strong or energetic. This is natural. People who all their life had to deal with a totalitarian government simply must feel that way now. And that is a good base for those who yearn for strong governments. There is a desire for strong personalities—for someone to come and establish order. What kind of banner they carry—rightist or leftist, is less important. I think that this type of danger exists in all postcommunist countries.

[Michnik] Do you have the impression that our thinking during the period of communism was dominated by the question: Where did communism come from? How did it happen that from leftist traditions, from language, rhetoric and a leftist system of values, there suddenly appeared a system of inhuman dictatorship? And during that time it was as if we forgot that this leftist face of dictatorship is only one of its faces. That a totalitarian system, a dictatorship and leftist ideology, is possible? We see in all of Europe a return to rightist values. Are you not afraid that this danger is far less recognized by us and by society? No one today will be taken in by the leftist slogans of totalitarianism. Everything that smells of the left is associated with communism. On the other hand, do you not believe that anti-communism, which has rightist rhetoric to recommend it and a return to the national values destroyed by communism, may be some kind of new danger for which neither our society nor we ourselves are prepared?

[Havel] I have to admit that I myself do not feel threatened by this. I am not afraid of being deluded by rightist rhetoric voiced by champions of authoritarianism. Naturally, I can only speak in behalf of myself and I feel that I am highly resistant to all germs of totalitarianism, regardless of its face. Perhaps that is precisely why some people suspect that I am in the leftist camp. Such reports, speaking of the possibility of authoritarian and rightist governments, appear naturally in our society. I make note of them, but in what I do I do not yield to them.

[Michnik] It is obvious to me that you will not be vulnerable to a dictatorial or totalitarian rightist ideology, because you are "from another ape." The ape from which you descend does not adapt to any dictatorship. You yourself said many times that you do not place yourself either in the left or the right. I define myself the same. Furthermore, you said—and this, too, is very familiar to me—that as a matter of fact these categories do not explain the world to you.

But why is it that in the Czech lands, in Slovakia, and in Poland, this subject returns? That people keep appearing who say of themselves: I am a leftist, I am a rightist? And what are they really trying to say by this?

[Havel] I am also amused at times when I read in the paper that some kind of rightwing party has sprung up, or that someone is forming an alliance of rightist parties, etc. But it probably has to do with society's wish to create some kind of pluralistic political spectrum. People know that in traditional democracies political forces polarize from the left to the right, therefore they try to define themselves somehow and fit into this spectrum. And now it is stylish to define oneself as an advocate of the right, which for many reasons appears to be understandable. What else could have been expected after the fall of communism, which had leftist written on its standards? This is just a normal counterreaction.

But I think that if nothing disturbs normal development, then with time the political spectrum will become stable and such a hypertrophy of self-definition will to a large degree disappear. Concrete political work and the implementation of programs will begin, it will become obvious as to who belongs where, and no one will have to declare himself.

All of this is characteristic for our very strange postcommunist era. Because this is something that the world has never before experienced. This is a new phase in which various unexpected and dramatic events are occurring. I myself have to admit that each day something surprises me. This is a time full of many different hazards and moving around in the politics of these times is a headlong matter. Every politically thinking person would rather wait about five years until this process of fermentation has ended, and then go into politics. But this is a phase that we must muddle through, despite all of the paradoxes and absurdities.

[Michnik] I now want to ask you something which surprises me and which I do not understand. What is the basis of the renaissance of Fr. Tiso's authority in Slovakia? Perhaps this question stems from ignorance, but in my picture of the history of the Slovak nation that is not a tradition which should be rehabilitated.

[Havel] Indeed. I agree with this fully and believe it to be a very sad and dangerous phenomenon. But I must also say that that is not the opinion of most of the citizens of Slovakia. As a matter of fact, the groups of people demanding Tiso's rehabilitation are not large.

But you ask what are the reasons for this. They are singular and really irrational. The Slovak nation from the eighth century found itself under foreign domination. The Czechoslovak republic was not sufficient fulfillment of its desires for its own statehood. True, it was grateful to this republic that it did not remain under Hungarian domination and was free of Magyarization pressures, but it did not experience freedom in its own state.

The only period during which the Slovak State was independent was the time of the Republic of Slovakia during the war years. This state was Hitler's vassal, having arisen from his will, and it tried in all possible ways to please him. The legislature of this state was subordinate to the German legislature, and went even further than it. Nevertheless, as distinct from other states which collaborated with Hitler, in Slovakia a comparative method prevailed; naturally if we do not take into account the deportation of Jews or the sell-out of them to the Germans. It is true that the turmoil of the war surrounded this state, but internally it was not so clear. Slovakia did not experience the horror of war that Poland did. Among the older people these memories may be linked to the fact that this was the only period in which the Slovaks ruled themselves, although in reality they were only vassals. In addition, the Slovaks do not like it when the Czechs keep reminding them of this

Slovak State, for they regard that to be their own problem which they themselves must settle and the Czechs have no right to interfere in this.

There are various nuances of a collective historical awareness which exists in some circles here, although—I repeat—this is not a universal phenomenon. The fact is that the execution of Tiso after the war was a rather disputable matter. In Slovakia it is believed that a priest should not be put to death, although, as distinct from me, the Catholics are not decided opponents of the death penalty. And in this case, time did not erase the memories. In addition, this was a rather calculated and orchestrated process, in which such matters were worked as the period during which it would be best to hang the condemned, etc.

Despite certain nuances, many times publicly I distanced myself from the reminiscences about the erstwhile Slovak State, saying that the democratic Government of Czechoslovakia can have nothing to do with it.

[Michnik] You spoke very interestingly about the Slovak complex, and now I would like to ask you about the Czech complex. All my life I will remember the conversation in November 1989 after the Wroclaw Poland-Czechoslovakia Solidarity Festival when I met in Warsaw with Pavel Tigrid, Karel Schwarzenberg, Jirzi Pelikan and Vilem Preczan. I said that communism in Czechoslovakia is "kaput," to which Tigrid replied: "You do not know the Czechs. All of the Czech spirituality exists between Szwejk and Kafka. The Czechs will not be able to throw off the communist dictatorship because they have a guilt complex that they did not defend themselves either in 1938, or in 1948, or in 1968."

I do not have to tell you how happy I was when it turned out that I am a better expert on the Czech soul than our friend Tigrid and all of the others who agreed with him.

[Havel] That confirms something for me which I have sensed for a long time. In the 1970's and 1980's all kinds of foreign journalists were coming to me and all of them were constantly repeating to me that there is only a handful of these dissidents, locked up in a close ghetto; that the nation will never join them; that it will not awaken because it is satisfied with what it has, or at least, has reconciled itself with it, and that we are crazy, we are beating our heads against the wall, etc. And I said to them: What can you know; in the soul of this society many possibilities lie dormant.

I have already lived through so many surprising events that I believe that everything is possible. For example, I lived through the euphoria of 1968, the culmination of which was a nationwide, universal, peaceful resistance after the Soviet invasion. I was completely surprised by this, because previous to that for many years apathy prevailed. I wondered where this came from in this society. But not even one year passed and this same society again sank into apathy, and again I wondered. How is it possible that these same people who so recently

went empty-handed against tanks, are now saying that all of this makes no sense, better we should tend to our own business.

I understood then that we are both Szwejkas as well as the geometries of K., and we are also Hus's. And all of these traits are in us simultaneously.

[Michnik] Communism was an ideology which in an unusually simple way, with simple words, was able to explain the complexity of the world to every idiot. It was enough to know a few short formulas and one was wiser than Plato, Heidegger or Descartes. And then suddenly communism collapsed and along with it this simple way of explaining the world. A gap appeared, a vacuum. Don't you have the impression that dirty, vulgar nationalism is now entering this gap? That those people who explained the world using communist terms are now doing the same using nationalist terms?

[Havel] We all know from physics that nature abhors a vacuum. It cannot withstand the pressure that is forming and tries to eliminate it. In this case this also happens. The main one of these simple, primitive ideologies which is pushing its way into this vacuum is nationalism. But it is not the only one, because there are other simple ways of explaining the world which are pushing their way in.

Nevertheless, I think that the world now has before it a great opportunity which this vacuum provides—it has an opportunity to understand that the era of ideology is ending. In the booklet which I recently wrote I say that at least in certain regions of the world there is a chance that the era of ideology will end and the era of ideas will begin. This means an era of an open society, an era of awareness of global ties and global responsibility. At the same time, this would be an era of nondoctrinaire methods of thinking, in which—in my opinion—not everything would have to fit together.

In the entire modern epoch there was a characteristic tendency that one thing cannot be in conflict with another, that one must have a closed, full picture of the world. The concept world-outlook, arose. To me this is a concept which is extremely disputable and I really don't know what it means. Could it be that the world is so simple that one could have just one outlook on it? I have thousands of outlooks, parallel, and referring to various matters, thousands of different opinions.

I think that after the modern epoch with its rational constructions, created since the times of Descartes, a new epoch is opening up—Vaclav Bielohradsky calls it the postmodernistic epoch, the epoch of nondoctrinaire, pluralistic thinking. Generally, I think that the ability to consider every matter in a different way and not employ just one style of thinking, corresponds better to the character of an individual.

Also, such pluralism of thinking best prevents all kinds of conflicts, because regardless of the nature of the conflicts—ideological, class, national—one standardized

picture of the world always stands behind them. Of course, the other side has another picture of the world and this becomes the cause of conflict.

But returning to this vacuum, it is not just a misfortune, it is also an opportunity and a challenge.

[Michnik] Is the era of ideology really ending? Is this not wishful thinking, the dream of humanists and intellectuals? After all, in all postcommunist countries we see a return to nationalism, a return to the utopia of an ethnically pure state, the utopia of a pure nation, without foreign tribes and people who are "different." The phenomenon which fascinates me is the phenomenon of nationalism as a doctrine of the nation and the state, but also as a xenophobic mentality: a prejudice against Gypsies, Jews, etc.

In Germany this is articulated even more radically. This is illustrated by an anecdote which I heard there. Two Germans meet: one from the East—Ossie, and the other from the West—Wessie. Ossie says: Welcome, we are one nation! And to this Wessie replies: We too. Tell me, how would you define nationalism as an ideology, as a way of perceiving the world?

[Havel] That is a complicated question. But if we read the history of the past century we learn that it is created by an uninterrupted series of tribal or ancestral conflicts, in which the matter of someone's difference plays the main role. This means that the question of nationality is deeply instilled in people, much deeper than class belonging. Most wars in modern history were national wars.

An appeal to national matters is always answered because this is the simplest criterion of self-identification—after one spoken word one can tell whether you are a Czech, a Pole, or a Hungarian. People are always looking for something to which they can admit, some kind of common sign. The simplest is nationality. In order to be a Czech you do not need anything. You do not need to be wise or good. It is sufficient that you were born here. That is the principle reason that despite all experience, these national appeals are always answered. If an appeal were to be made to marxists, phenomenologists, or existentialists, the appeal would not be heard, because most people would not know how to define themselves. However, everyone knows what nationality he is. That is most simple, thus it is very dangerous..

Communism had strong tendencies towards standardization—everything should be the same, from Vladivostok to Berlin: the structure of the state administration, the decoration of the shops, the appearance of the housing settlements, etc. This means that it tried—sometimes in a very cruel way—to erase all of the differences between nations and nationalities. Should it have been expected, therefore, that after a vacuum is formed following such pressures, that the first to fill it will be something other than nationalism?

I think that a considerable amount of time will have to pass before a citizens society is formed, one which will respect all strata of our "I," which will appreciate the matter of nationality but will not put it above other matters, not make of it an ideology or a principle of the organization of the state.

[Michnik] And xenophobia? Where does xenophobia come from? Why in Czechoslovakia today, when there is no Jewish problem, does anti-Semitism sudden appear in POLITYKA? Why does aggression towards Gypsies appear?

This, after all, is not peculiar to Czechoslovakia, because that is how it is in every postcommunist country. In Germany it even comes down to such an absurdity as the appearance of nazi symbols, which has not happened until now.

[Havel] I think that xenophobia in postcommunist countries is caused by at least two things.

One of them is that for 40 years we did not live in an open society. When you walk around London, Paris, or New York, you meet people of different races, speaking different languages, and everyone has become accustomed to this. Sometimes problems appear there, too, for example with the Turks in Germany, or the Arabs in France, but generally people have become accustomed to the fact that the world has become quite cosmopolitan, that we can move around in it and change our place of residence. We, on the other hand, lived in a kind of isolated ghetto and for our society it is surprising to suddenly meet groups of people who in some way are different, for example, speak a different language.

The second reason which relates to this is that people want to find a guilty party. They are in shock caused by freedom, they have lost guarantees, they have lost the hierarchy of values. That is a state which I frequently compared with getting out of prison. When you are in it you cannot wait for the moment when they let you out. And when this happens, you are suddenly helpless. You don't know what to do and even have a desire to go back because you know what awaits you there, and you don't know what to expect when you are free. It is the same with society, which is frustrated because it is not able to cope with its own freedom and that is why it seeks an enemy on whom it could place all of the blame. Naturally, the easiest enemy is the one who at first glance is different from the rest, who speaks in another language or whose skin is another color. That is exactly why it is said that the Vietnamese, Gypsies, or some other "they" are to blame for everything. There is in people a need to place all of the the world's misfortunes, and their own frustrations somewhere outside of themselves, in some enemy, so as to in this way run away from the hell that is within themselves. After all, it is easier to point a finger at someone and say: That is the devil, then to admit to one's own weaknesses.

[Zantovsky] Despite what you said, Mr. President, I believe that the Czech society, compared with others, is

not definitely xenophobic. After the revolution there was no wave of anti-sovietism in our country. Despite the discussion on the subject of the historical relations with the Germans and the problems connected with the Czechoslovak-German treaty, there was no anti-German wave. Attacks on Gypsies are limited to small groups of young people who describe themselves as skinheads and have no broad social base. International public opinion polls covering all postcommunist countries show that the Czech society is, to a large degree, open. True, this does not mean that there is no xenophobia or intolerance, but in comparison with other countries, this does not appear on a wide scale. Naturally, we condemn every such fact, because regardless of the scale, it is very dangerous.

[Michnik] I am glad, that just as in Poland, the president's colleagues argue with him. At least in this area we are in a similar situation. But I must say that the method of thinking which the president proposed is more like mine, because it is not so much a matter of quantity as of the dynamics of the existing dangers. Xenophobia is generally an attitude towards foreigners, but as it turns out—just as in the German anecdote which I related a moment ago—it does not have to be so. After all, Germany is truly one nation, but it appears that they are not.

Looking at it from this standpoint, I cannot help but stop and think about two matters. The first is the matter of decommunization in Czechoslovakia, which I think also fulfills this function. The attitude towards communists is also the articulation of the attitude to people who are different, to people who have another biography and other experience. The second example is the republican party. It is no accident that Mr. Sladek and the leader of the Polish National Party [pre-WW II, revived 7/89], Mr. Giertych—conform to the model of Jean Marie LePen.

I want to say that there is a nucleus of something which may appear to be unimportant, ridiculous and marginal. But we are people of our age; we must remember that Hitler in the beginning was an absolutely grotesque story. It amounted to even less than Sladek in your country. What could such a Hitler mean in conservative Germany? An Austrian citizen and an unsuccessful painter...

[Havel] It is probably true that a situation in which barriers are overturned, barriers which until now put limits on us, a situation in which the hierarchy of past values is disintegrating, provokes people like Sladek to propose their own simplistic values. At the same time, this is a proposal of negative self-determination. This Sladek does not propose any positive program. He would like only to sweep the government, the parliament and the president, into the Vltava [River]. Such a negative self-determination is accepted in certain social groups because it is simple and understandable. Throughout their whole lives people have become accustomed to cursing the communists and now they are confused because they have no one to curse. However, he says to them—curse those who are now ruling. He proposes an

easy way of life to them. The present situation creates a fertile soil for all kinds of aggression and xenophobia. This is not limited just to national intolerance. Naturally, there is the intent to defend the "purity of the Czech nation" in what says, but other cheap models could be equally good. The example of Hitler came to my mind several times, and once I even quoted it publicly, for which Sladek immediately filed a complaint in court against me.

Such a situation can be particularly dangerous in some parts of the Soviet Union, where in many respects it is worse than here. I believe that in our country our social organism will be able to fight off this virus. Anyway, we have some historical traditions here. During the between-the-wars period there were several attempts to overthrow Masaryk—both leftwing and rightwing, but none of them were successful and they remained only as marginal, ludicrous episodes. I believe, therefore, that now, too, this will not spread, but still it is dangerous especially because our young, inexperienced democracy has not yet taught us how to cope with this. The police are confused and do not know whether they should intervene. They are afraid that they may be regarded as the continuators of the communist police, so they prefer to leave or take no action.

[Michnik] Frequently you said and wrote that in this world, in which political courtesy is so [illegible], a return to spiritual values is indispensable. What is your opinion of the role of religion in the era of postcommunism? Under a communist dictatorship, for all of us, both orthodox or unorthodox, it was a source of strength. It was an appeal to natural law, to which all of us must be faithful. What does this look like today?

[Havel] I think that religiousness in the postcommunist world—perhaps I should limit myself to Czechoslovakia—has two dimensions.

On the one hand, it is something very important and foresighted, because it directs a person's attention upwards. It is like a metaphysical anchoring of our conscience and our responsibility, emphasizing love of one's neighbor and unselfishness. Remembering and nurturing these traditional Christian values is extremely important. It is something that a demoralized society sorely needs.

But there is another dimension which may be stronger in Poland than in our country. It is the entry of religion or the church into political life. Out of faith, something which is deeply within, spiritual and personal, in this secularized world, in the lay world, a doctrine or ideology again is born. And as I already said, it seems to me that there is a chance for a turning away of the world from ideology.

How very dangerous such entry of religion is to the world of politics, much more clearly than in the Christian countries, can be seen in the Muslim countries, in the form of fundamentalism. The state there is presumably grounded on religious principles, but in essence these are

ideological and doctrinal principles. A state which is based on such principles is by its very essence intolerant, because it reduces an individual to one dimension of his life, constrains him and manipulates him. I think that a state based on religious principles, just as on ideological or nationalistic principles, is always dangerous.

[Michnik] Allow me now to ask a question directed at the president of the state. How does the church in Czechoslovakia behave? For example, does it exert pressure to have abortion punished? Does it demand that provisions stating that the state is based on Christian values be written into the constitution? Does it demand that guarantees for such values in the system of education be written into the laws? Do the bishops say in their talks with the president of the republic that because the Czechs and the Slovaks are Christian nations that the republic should be a Christian nation?

[Havel] I have never met with anything like this, particularly in the Czech lands. In Slovakia, where Catholicism is stronger and the leading political grouping is the Christian-Democratic Movement, the church also does not demand that the state be based on religious principles or a guarantee of its role in the constitution, but some signs that it is entering into political life can be noticed there.

The Czech primate, Miroslav Vlk, is for me the personification of the dimension of religiousness which we need very much. His program is spiritual and moral renewal and I believe that to be extremely important and useful. Absolutely no attempts to define our country as a Christian or Catholic state appear in the Czech Church. The church wants to be separate from the state, it wants a guarantee that there will be no interference in its normal work, and it also demands the return of part of the monastery properties from which the monks were expelled after 1948. But neither in Slovakia nor in the Czech lands is there an attempt to "nationalize" the church or replace the old leadership role of the communist party with the leadership role of the church.

[Michnik] And now I will ask you as a writer, intellectual and citizen. What would be your position on a demand that a woman or a doctor be locked up in prison for an abortion?

[Havel] This is an extremely complicated matter about which I have no ready opinion. Instinctively, internally, I believe abortion to be something wrong, as probably most people do. But how this problem should be solved during population explosions, that I am not able to say.

Our laws are very liberal on this and some deputies of a Catholic orientation would like to make the laws more strict. They turned to me for support on this matter but I was not able to give it unequivocally. This is a problem so complicated, on which there is so much professional literature and so much analysis, that I am not able to say how it should be.

In our country there is no such problem that the laws are too strict for society; rather it is the opposite.

[Michnik] And how would you react—as a citizen, not as a president—if a priest said from the pulpit which party a good Christian should vote for?

[Havel] From what I said it is clear that I would not regard this as good. In our country as of now there have been only a few such cases in Slovakia. I think that that is not the task of a priest. I can understand that at the time the communist system was collapsing the priests supported the matter of freedom: whether "Solidarity" in Poland or our Citizens Forum—Cardinal Tomaszek said a mass at that time in the St. Vitus Cathedral for the intention of the citizens' surge. That was in order, because it was a universal, public matter. But if today a priest would day for which party to vote, I could consider that to be wrong and I would say that he is a bad priest.

[Vondra] And I find it totally inconceivable that a priest would say which party to vote for.

[Michnik] But there are very interesting marginal cases. Recently in Slovakia, in the publication KULTURNY ZIVOT, a religiously provocative story appeared by a writer whose name is Martin Kasarda. After it was published, our mutual friend, the Slovak premier Jan Cizmogursky, withheld a subsidy for the publication, and the deputy premier of the federal government directed the prosecutor to begin an investigation. I cannot resist the temptation to point out some similarities. In Poland the bishops issued a pastoral letter on the subject of the mass media in which they said what information should be presented by the media and what should be excluded. And another case—the writer Salman Rushdie was accused of violating the holy law and was sentenced to death.

Naturally, from a refusal of subsidy to a sentence of death is still, thank God, a long way, nevertheless the same logic comes into play here. If I remember correctly, you expressed your opinion on this subject on the radio. Would you comment on this?

[Havel] I said that, on principle, literature cannot be brought before the court. Literature always provokes someone, sometimes more, sometimes less. I realize that literature can affect someone, or offend his religious feelings. I can imagine that some kind of story will irritate me, enrage me, or offend me, but I cannot imagine taking the author to court.

[Michnik] When there was the revolution in Iran 12 years ago it seemed to me that it was something extremely strange and incredible: suddenly, at the end of the 20th century, a religious state—that is absurd. However, today, when I look at what is happening in the world, when I see the growth in the importance of religious parties in Israel, Jewish fundamentalism, when I see the growth of the importance of Islamic fundamentalism in all of the countries of Islam, when I see the

growth of fundamentalistic tendencies in Protestantism—for example, in America, or Catholicism—in post-communist countries, then I have to think about whether the Islamic revolution wasn't the first sign of a new phenomenon and whether our mutual friend, André Glucksmann is right. He writes that at this moment, as a matter of fact, the challenge of the new fundamentalists, who may have a nationalistic, ideological or religious character, is most real. He says that we are facing a new phenomenon and that from that standpoint we are already looking differently at communism: that it is not some kind of epiphenomenon, but one face of fundamentalism. What do you think about this?

[Havel] Before I answer it must be said that this most powerful fundamentalism, which we are witnessing in this world—the Islamic fundamentalism—can be explained by a certain historical backwardness. Islam arose several hundred years after Christianity and seems to be today where Christianity was several hundred years ago—in a certain sense it is reminiscent of the Christian middle ages. Nevertheless, this is still not the answer to your question.

Indeed I believe that today perhaps the most serious danger is that after the fall of communism, religious or nationalistic fundamentalisms may become prominent. But I also think that a force acts against them which, I hope, will win out. That is the force of the instinct of the self-preservation of this planet. Our planet is already beginning to be threatened by various factors: by the economic and social gap between the rich and the poor countries, by the population growth, by the ecological threat, etc. All of this together creates a state of global threat, but I believe that least a part of humanity is beginning to realize this and that under the pressure of this threat the human spirit will be able to pull itself together and know what the acceptance of this individual, human point of view and liberation from the slavery of doctrines, ideologies and fundamentalism, means. Otherwise, this path will turn out to be suicidal.

Note, that after Saddam Hussein attacked Kuwait, for the first time the international community, together with the Arab countries and with the blessing of the UN, came out united against him. This is a new factor which can be interpreted as a signal of these self-preservation mechanisms. Kuwait itself is a very small country with a few oil wells, but the point is that this could have been a precedent for the expansion of this mad fundamentalism, for the creation of threats to other nations, for genocide of various peoples, beginning with the Kurds. So possibly people began to realize the size of the threat, because otherwise Bush and Baker could have been a hundred times smarter and still not been able to do anything.

In other words, I would not to so negative as to say that we are entering the world of fundamentalism, but rather I would treat this fundamentalism as something which is truly dangerous, but against which there are forces capable of opposing it.

[Michnik] What, really, are the people in the Czech lands and in Slovakia disputing about among themselves? Where are these lines which separate them?

[Havel] This dispute has two levels.

The first is completely understandable and justified. The Slovak nation, after a thousand years, has other traditions and other experience: it is very simply different than the Czech nation. And because it never had a chance at self-realization, it is "less structured." They have not experienced what we have lived through, and it can be said that they are just now going through the individual phases of their rebirth. As the smaller and less known Czechoslovak nation, it was always in the shadow of the Czech nation. And despite the fact that the Czech nation helped the Slovaks get on their feet, for understandable reasons this help was regarded as another offensive demonstration of superiority, which from the psychological viewpoint is completely understandable. The Slovak society feels its cohesiveness. It feels that it creates a community, it wants to stand on its own feet, it wants to have the same rights as its big brother who is constantly telling him what to do and overshadowing him. All of this is most understandable and justified. Furthermore, this is not so strong and widespread that it can be called a universal phenomenon. Also understandable is a certain vigilance or suspicion in relation to the Czechs, that maybe they are preparing some kind of trick with the help of which they would want to discipline the Slovaks again.

The second level is the political level and this is much worse. Various politicians are taking advantage of what I said and are betting on the national card, because that is the simplest. Because of this, it is easier to mobilize the mobs in the squares. It is these politicians, who in a civilized way, others in a demagogic way, are playing the national card, believing that the right moment has come. Nations are liberating themselves, new states are arising, therefore, the right time has come for the Slovak nation, too, to achieve its own statehood and stand on its own feet. This is precisely the reason for the tensions, which are now approaching a culmination point, and indeed, the question arises whether our state will survive as an integral whole. I still believe that it will, although we will have to live through more than one dramatic moment. But we must separate these two levels from each other: the game of the politicians, which is reflected in the negotiations being conducted by the parliaments of both republics, and the second level—the ambitions of society. Frequently these are ambitions which are related to a certain complex, but mostly they are caused by different experience or a different outlook on the world.

I will give you a rather absurd example which may explain this better. Imagine that there is a 120-million person federation, formed by 40 million Poles and 80 million Germans. This is a federated state, but the Germans are, from the economic standpoint and in many other respects, much better off. In addition, there are twice as many of them. Under these circumstances,

most certainly in Poland the attitudes would be the same as we see now in Slovakia. This is in a certain sense the attitude of the smaller brother to the bigger one, who is always leading the smaller one by the hand. And nobody likes this, even if he is leading him in the right direction.

[Michnik] And what are the internal divisions? What are the Czechs disputing about with the Czechs, and the Slovaks with the Slovaks?

Poles are now arguing about how to go to a market economy—with Balcerowicz or against him. They are arguing about the place of the church in the state; about the system, whether it should be presidential or parliamentary; about the policy in relationship to the countryside, whether it is to be tough, or on the contrary, whether there are to be subsidies, credits, guaranteed prices, customs barriers, etc.; about decommunization; about whether Poland should copy the European model of governing, or go some specific Polish way, because Europe means pornography, abortion, consumptionism, narcotics, degeneration, etc. What is the main dispute between the Czechs and the Czechs and the Slovaks with the Slovaks?

[Havel] There are several. There will be elections in the spring. Political parties were formed only recently, but all of them are already thinking about the elections and in a certain sense in all matters they are taking their own interests into account. The crystallization of the political spectrum coincides in time with the search for a model of the state and the creation of new constitutions.

For example, the object of dispute of the Czechs with the Czechs is the relationship to the problem of Slovakia. Some politicians would like the state to be as strong as possible and that is why they do not want to yield to Slovak pressure, which also has its implied meaning because in this way they get into the good graces of the voters, who like this. In the Czech lands it is beginning to be said more and more that all the Slovaks do is complicate the situation, therefore it would be better if they went their own way. And some politicians are fanning the flames of this dispute so as to be able later to use this for their own advantage. A similar dispute is underway in Slovakia, because there, too, are federalists, confederalists and proponents of independence. So these are not monolithic blocs—Czech and Slovak, opposing each other in the Slovak matter.

The second dispute pertains to economic policy. At present a rather strong and loud rightwing is being formed which wants radical reform as quickly as possible, saying with great simplification: strict capitalism, and on the other hand there is something on the order of a leftwing, which has many factions. Both these wings attack each other. The rightwing calls all of the liberals cryptocommunists and the leftwing is also becoming radical and criticizing all of the reforms.

The problem of possible autonomy for Moravia and Silesia, and the already mentioned law on screening, are also the subject of controversy.

Finally, there is a certain hidden, rather psychological conflict between the dissidents who were in the opposition and resisted the regime and the new, fresh and younger people about whom nothing was known earlier and who did not cooperate with either the communists or the opposition. Today these people are saying, like O'Neill: "I fought so long with something small that I myself became small," i.e., they believe that the opposition fought communism so long that it itself became dirty in this struggle and now its role has ended. They also say that some of the dissidents were formerly communist party members, in the 1950s and 1960s, and that all communists are the same, whether from the 1960s or the 1980s. Public opinion, however, identifies with the nondissident politicians for the simple reason that most of the people were not dissidents, nor were they in the nomenklatura. For the people, these politicians are the personification of their own situation, therefore mentally they are closest to them.

In addition there are other, fragmentary, disputes, but all of them have a party implication.

[Michnik] The problem of sidelining the dissidents appears in all of our countries. This is very interesting and something you frequently wrote about or spoke about in your interviews—that the dissidents weigh on the conscience of those people who were conformists and are now preaching the rhetoric of decommunization.

But I would now like to ask about something else. All of these more or less velvet revolutions gave birth to charismatic leaders. You yourself were such a leader. It is no accident that in Georgia a dissident, democratically elected president, wanted very much to be called a Georgian Havel. This charismatic Georgian leader, also a former dissident, shortly began to lock up his opponents in prison. In other words, we must accept the fact that everyone of us faces the authoritarian temptation of a strong authority, because democracy gets in the way, it is ineffective, because everything moves too slowly, and here everything must move quickly and decisively. In Georgia, barricades became necessary and actualy, a kind of civil war began which has not yet ended.

What do you think about this authoritarian threat during a period of postcommunism, when democracy is young and its structures are weak? How did you feel when you heard that Mr. Zwiad Konstantynowicz Gamsahurdia is being called the Georgian Havel?

[Vondra] Adam, you probably don't know what happened. When Vaclav was in the Soviet Union in February 1990, already as president, and held a reception in our embassy, he invited dissidents to it because at that time all of these people were dissidents. Gamsahurdia was also invited and although he was under house arrest, they let him out for the reception. That was a present from Vaclav for St. George's day—that he got him out of jail. And it was really from that time that Gamsahurdia began his elections campaign for president.

[Havel] I think that I am not in danger, that I would have to seize authority so strongly as to lock up my friends. On the contrary, I am constantly being accused by people with whom I talk in bars, on the street, or anywhere else, that I am too soft. They tell me: "Be harder on them." By "them" they mean everybody—communists, decommissioners, Slovaks, Czechs, politicians, parliament. So I have the opposite problem, that I am not authoritarian enough.

Nevertheless, I generally think that in these fragile democracies that are being born—particularly in order to avert the danger that authoritarian forces will come, bringing with them a populist program of strong governments—democratic institutions, mechanisms and rules of the game, should be rapidly strengthened. Democracy must seize authority quickly. If it does not seize it quickly, then an authoritarian leader of the Sladek type will seize it. Authority must be obtained not by Havel as Havel, but by the president, the government, and the parliament. Mechanisms for their mutual contacts must be built. A system of constitutional safeguards against unceasing political crises should be formed.

In our case, all of this is in the making and is tied to the establishment of a new constitutional system and new constitutions. I must say that I myself am an advocate of the strengthening of the president's powers—not the presidential system; that the president be elected in direct elections and fulfill the function of the head of the executive authority, but I am in favor of the restoration of certain powers that the president previously had in a democratic Czechoslovakia. I am referring, for example, to the right to send laws back to the Federal Assembly or—if the government does not obtain a vote of confidence—the right to dissolve parliament and order a special election. Therefore, I am for strengthening the president's powers, although not because I would want to strengthen my authority, only to strengthen the authority of the head of state. This is the most effective weapon against those who come out with ideas of strong governments.

[Michnik] You said several times that as president you became convinced of the important role that the personal traits of politicians play. Can you expand on this? What kind of traits are you referring to? What, from this standpoint, made the greatest impression on you?

[Havel] I believe it would not be proper for me to talk about specific state leaders, only about my observations. I said that when I take a liking to some politician, or he takes a liking to me, when we find some kind of common ground on which we can communicate, then this is soon reflected in good political contacts with the country represented by this politician. I think that Sasha who is present at all international interviews, can confirm this.

I was really greatly surprised when I learned how very important personal contacts with leading politicians are and the effect that they have on political life. It is almost

frightening and a person begins to be afraid of responsibility. We can easily imagine a situation like this—obviously this will be a metaphor—that a foreign minister of, let us say, Iceland, comes at 7 o'clock and I am tired, sleepy or don't feel well. Naturally, the conversation will not go well. Then we must appear at a press conference and answer some questions, but naturally we will not have too much to say. Then the journalists begin to write that the atmosphere at the meeting was cold, that the visit was disappointing, and in the end this may be transformed into some political fact that relations between Czechoslovakia and Iceland have cooled. Of course, this is a made-up example, but you understand what I am trying to say.

[Michnik] Our democracy had a very difficult birth. More difficult than we thought. Almost everywhere, the political scene is balkanized. We have national conflicts. And in addition to all of this, we have what I would call a children's disease of postcommunism: belief in a utopian capitalism. Belief that the market will take care of everything. Just as we once believed that a planned economy will take care of everything, now there is the belief that it is enough to set up a market and it will take care of everything. In your opinion, how is this in Czechoslovakia?

[Havel] Personally, I am not one of those who think that the market mechanism is a magic key which will solve everything. And above all, I do not believe that it is a philosophy or the meaning of life. In this respect I differ from certain rightwing journalists or politicians and argue with them on this subject.

The fact that everything is supposed to belong to someone concrete and that the law of demand and supply is in effect is natural to me, but I do not treat this as an ideology, as the meaning of life or some kind of utopia, but as something which has been tested for centuries, which conforms to the nature of man and which functions in a natural way. A person does not have to be a scholar to know that if we call a private mechanic, that mechanic will do his job better than if he calls an anonymous employee of a state enterprise. This is obvious, because the former is personally interested in the result of his work, which is reflected in the honorarium which he obtains for his services. In this respect, therefore, I am an advocate of the fastest renewal of the natural ownership relations, pluralism, and the competitiveness of enterprises. I regard market mechanisms as something obvious; they are a proven economic principle but nothing else. They are not a religion.

[Michnik] In our public life the language of populism has become extremely popular. The language of empty promises. A situation has been created in which a political struggle is more and more frequently based on populist promises of "gold in them thar hills"—if you vote for me I will take care of everything. How strong is this in Czechoslovakia and where does this come from?

[Havel] It probably stems from the immaturity and youth of the political culture. Naturally, if someone has to defend himself and his program for 15 years in several elections he cannot limit himself to demagogic slogans. Some kind of work must stand behind him. He must prove that he is able to do something, thus in countries which have a continuous and developing tradition of democracy, demagoguery alone will not suffice. However, in a growing democracy the field is open for all kinds of populists who take advantage of this chaos and propose cheap programs.

On the other hand, I must talk about something which gives me the greatest trouble. As a writer, I consider myself to be a creative person. That means that I hate to repeat or simplify something. Yet my function forces me to repeat what I have already said a million times. It forces me to use simplistic appeals. When I have to make a speech I realize that it cannot contain sentences which are several meters long, put together in a complicated way, but that these must be simple sentences which end with some kind of understandable appeal. Sometimes I even get caught because I think up some original sentence and after I have paraphrased it for the third time I find that it is a banality. I, who all my life was sensitive to this, who criticized the life made up of clichés and who concerned himself with language, now feel an involuntary, occupational temptation to use them.

My co-workers can tell you how I try to avoid making speeches. I don't want to write them anymore because I know that I will again repeat, with some variation, something I have already said and come even closer to clichés. But at the same time I am not able to read what they write for me because I have my own style. And even though they, too, are able to write well, it is still in another style. That is why when they write something I am ashamed and I blush. As a result, I try to write myself, but on the other hand I hate it. You have no idea how much I hated to write today's speech. If I talk extemporaneously I can still sneak in something more or less original, however when I try to put it on paper, I feel a physical pain.

[Zantovksy] I understand you, because I wanted to suggest to you yesterday that I would write it myself, but after I realized that I would be sitting up at night writing it in pain, and then you would be reading it in pain, I decided that one pain is better than two.

[Michnik] Czechoslovakia is one country to which emigrants return and where they are used: Karl Schwarzenberg is chief of your office; Pavel Tigrid, the "Czech Giedroyc" is your adviser; Jiri Grusza, is ambassador in Bonn. How do you explain this? We know that emigration played a very important role in the latest history of our nations. Without emigration it would be hard to imagine a democratic opposition. Why is it that in every other country emigrants give a lot of good advice but they do not return?

[Zantovsky] What about Tyminski?

[Michnik] Why do you have to use pornographic words?

[Havel] Most certainly the return of emigrants is not a mass phenomenon in our country. Most of them remain in their countries because after 20 or 40 years they have established themselves there, have children, etc., and return would mean that they would again have to uproot themselves. However, very often they visit the country. When I pass through the palace courtyard to "Vikarka" restaurant, always about 100 older ladies catch me on the way and tell me that they came from Australia or Canada and thank me that they are able to come here. Only now does a person see how many people could not come here before. Anyway, these are extremely loyal citizens and it is too bad that they do not live here.

However, there are not that many who returned, although naturally there are more of them than Schwarzenberg and Tigrid. They are mainly intellectuals who regard return as a challenge and who enjoy being at the birth of this democracy. There are also people who return because they were terribly sad abroad and those who want to go into private business here.

[Michnik] Tell me, what has happened to us, the dissidents, during the last two years? Everything in our life has changed. You went from criminal to president and I could make the list much longer. How do you see yourself? What changed in you? As a president and as a writer you very often must make a choice: to be loyal to your sense of responsibility for the good of the state, for the reason of the state, or to be loyal to the truth. How do you handle this conflict?

[Havel] This is not an easy question and requires some introspection. First of all I should say that no serious person—and I believe myself to be one—is able to reduce himself to some simple formula which explains him. Everyone of us has complete opposing traits and characteristics.

For example, I am a person sensitive to the absurd. I have a tendency to be surprised at everything. And sometimes there are moments when I do not believe that I am the president, although I have been him for almost two years. I stand in the bathroom in the morning, still sleepy, brushing my teeth and ask myself why am I hurrying. I answer myself that I have to go to the presidential office and receive some premier—and suddenly I don't believe it. It seems to me so absurd and unreal.

On the other hand—and this is the paradox—life has taught me not to be too surprised at anything. It taught me to sail through even the most absurd and unexpected situations, which I did not conceive but which I encounter and attract, although I do not know why.

It happens often to writers that somehow their own world forms around them. Bohumil Hrabal is the creator of the Hrabalian world, as we know from his books. But he is in the literal sense the creator of this world; he is able to create a Hrabalian world not only in the "At

Kocour's" bar, but also at the Kennedy Airport in New York. The world in his presence somehow forms and bends, adapting itself to the Hrabalian outlines.

Similarly I,—a person who likes serenity, comfort, harmony, who would happily live his whole life the same way—in some way unknown to me bend the space around myself and provoke increasingly new, unexpected situations. That I sat in prison several times is just as absurd to me as that I am president, and I still do not know what absurdities await me in the future when they remove me from this position, or for example, again elect me to it, or again lock me up; everything is possible. But not because I chose such a destiny, or that I am a troublemaker because I absolutely am not. Rather I am a quiet member of the lower middle class.

Therefore, these are two opposing things. On the one hand I am surprised at everything and on the other hand I know that everything in my life is possible. The fate of every person is a collection of opposing ideas and we constantly wonder at ourselves. Suddenly, for example, in our old age, we find that we are envious and ourselves are not able to understand this.

[Zantovsky] We, too. Is Vashek envious?

[Havel] That was just a fictional example. So much for me. And now another second, more important matter which you raised: the conflict of loyalty and truth. This really is a problem sometimes. And again, as a writer, thus as a creative person, I have a certain predisposition—and my co-workers help me in this—to find some kind of formula not to be disloyal to myself, not to betray some truth of which I am convinced, but at the same time, as much as possible, not to cause unnecessary political complications, not destabilize the political scene, and be loyal to the democratic authorities.

This is, to a certain degree, a matter of taste and imagination, on what scale to weight my words. When to express my opinion in general terms and not name names, yet express it in a way that the addressee understands, and when to say something concretely and in what form to express it so as not to cause unnecessary conflict or bring in any further elements of chaos. This is, to a very large degree, dependent on taste, intuition, form, fantasy—much more than on some kind of political training.

[Michnik] Has it happened to you that as president you signed some law knowing that you should not do this and at the same time could not have refused?

[Havel] I experienced exactly such a situation recently and even wrote about it immediately. I made a speech on this subject at a university in New York, where I was given an honorary doctor's degree.

Our constitutional system requires me to sign a law. I simply must sign it, and if I did not, it would go into

effect anyway. But by not signing it I would only bring about tension between the president and parliament and complicate the situation.

I experienced just such a situation in relation to the screening law and got out of it in this way: I signed the law, but I also proposed that it be amended. Parliament is required to take up my initiative, i.e., to look at the draft amendment, but in order to do this, the law must first go into effect. On this matter my friends split into two camps: some said that I should not have signed it, which would have been a conspicuous gesture with no practical meaning. The others, in the other camp, said that I should sign it and then present an amendment, which would be more constructive. I chose the second way. Time will tell whether I chose correctly.

Naturally, such situations do occur and I try immediately to reflect upon them. I simply do what I have done all of my life. Whenever I found myself in some hole, the easiest way for me to get out of it was always to immediately write about it. That is a literary way of solving life's problems.

[Michnik] You are not only the president, you are also a writer, playwright and essayist—author of the only book thus far which attempts to give an intellectual synthesis of what happened in the last two years. However, as a reader, I would like to ask: what piece of writing in the last two years made the greatest impression on you?

[Zantovsky] You think he has time to read? That is an absurd question.

[Michnik] But he is a writer of the absurd.

[Havel] Indeed, 95 percent of what I read are official writings and newspapers. Rarely am I able to read some interesting essay, and I have absolutely no time to read a novel. The last book I read which stayed in my memory was a book about Jan Masaryk, our minister of foreign affairs who died after the war under mysterious circumstances, written by his friend Marcia Davenport.

This is no special work of fiction or essays, but when I read the book I suddenly realized how good I have it. I worry from morning until night, I get furious, I fall into a depression and want to drop everything because I am constantly surrounded by chaos, the state is falling apart, etc., and here suddenly I read about the terrible moral dilemma that Jan Masaryk faced when communism came in. Masaryk had made a vow to his father that he would not desert Benes, the successor of Thomas Garrigue Masaryk, and meanwhile, from all sides, communism was insidiously creeping in. It was clear that it will win and destroy all of its opponents. Benes—an old, sick, senile man, clearly gave up and signed everything for the communists. And Jan Masaryk felt, on the one hand, a deep, physical fear, and on the other hand, a responsibility to the vow he made to his father, and third, the complete hopelessness of the situation. He was constantly being humiliated by Stalin, Molotov, Zorin and people of the Gottwald type, and when he went to

Washington on an official visit to the secretary of state, Marshall, it turned out that Marshall had no time for him. Neither Marshall nor Truman would receive him, even through Masaryk was well-known in the Anglo-Saxon world. His mother was an American, he had lived there for 10 years and not only knew the literary language flawlessly, but also many dialects. And now these friends of his had no time for him and this was happening a month before the February communist coup, when decisions as to the future of Europe were being made. In addition, this was happening to a politician of Anglo-American orientation, very popular throughout the world.

What that man lived through—a man who was certainly not one of the bold—at the beginning of the “cold war,” made an enormous impression on me. Suddenly, myself fulfilling a political function, I understood how a person can find himself in such a terrible predicament that the only way out is to jump out of the window. And I thought to myself, I still do not have it so bad.

[Michnik] Yesterday Jirzi Diesbier showed me the window that Jan Masaryk jumped out of. And I think that the coincidence that you told me this story and yesterday I saw that window proves that metaphysics exists.

We know each other 13 years and today, after these years, when people ask me about my political orientation, I answer: Havelian. And I want to thank you for that.

I talked today with a friend and a president. Allow me, therefore, to end this interview saying: Thank you, Vashek! Thank you, Mr. President!

Definitions of Topical Political Concepts

92CH0209A Prague HOSPODARSKE NOVINY
in Czech 4 Dec 91 p 4

[Guest commentary by Professor Jiri Hrebejka, School of Law, Charles University, and (luk): “A Short Guide to Terminology Used in Talks on the Future Form of the State”]

[Text] Terms that are frequently used in connection with talks on the constitutional state organization are interpreted and understood in various ways. Utilitarian, hazy interpretations impede any kind of communication and create confusion. Yet every term has a precise meaning in constitutional law. In order to make it easier for readers of HOSPODARSKE NOVINY to find their bearings, we chose the most frequently used terms and requested Jiri Hrebejka, Doctor of Law, from the Department of Constitutional Law of the Law Faculty at Charles University to explain them.

A State

—Is a form of organizing society. A state can be understood as an institute (relationship) or as an institution (organization, mechanism). It is defined by specific features: by state territory, by the citizens of the state (defined as state citizenship in law), by binding regulations for the behavior of individuals and state agencies (through the legal code whereby the constitution plays a predominant role), by the system of state agencies (both supreme and local, which ensure the fulfillment of state functions as well as the running of the state mechanism), and by state symbols as the formal signs of the state's existence.

Statehood

—Is understood to be the subjective feeling of belonging to a specific state, which can continue even during a time when the state does not exist in fact. The concept of statehood may also be the concept of the traditions of the state. The term statehood has not been analyzed in literature.

A Unitarian State

—Is a homogenous state, which is characterized by one system of supreme state agencies and by one constitution. Any internal division of the state (e.g., into krajs, okreses, etc.) is merely an administrative matter; central state agencies make all decisions about the agencies of these subdivisions and about their jurisdiction. Depending on the terms and extent of the jurisdiction of the administrative subdivisions' agencies, it is possible to distinguish between centralized states (with very limited jurisdiction of local agencies) and decentralized states (with extensive jurisdiction of local agencies and their relative independence, which is established by the constitution and by laws).

An autonomous unit may form an integral part of a unitarian state—a delimited territory of a part of the state, which has a specific, constitutionally guaranteed status, a greater complexity of the autonomous unit's agencies, as well as their broader jurisdiction and specific relationship to the central agencies.

We do not have to go far to find an example of a unitarian state—the Republic of Poland and the Republic of Hungary, among others, are unitarian states.

A Federal State

—Is a composite state, an alliance of states, a federation, a union of states. It is composed of several member states whose names may vary—republics, states, provinces, cantons, etc. A typical feature is the dual system of supreme agencies—a system of central agencies (union, federal) and a system of supreme agencies of the member states; two constitutions; and two legislatures—a union or federal legislature and a legislature of the member states—and/or dual citizenship, etc. Divided sovereignty is typical. The jurisdiction of the member states is considered to be primary, and the jurisdiction of the composite state is considered to be secondary. When

creating the composite state, the member states transferred specific areas of jurisdiction to the agencies of the composite state and they pledged themselves to recognize its decisions, which have a direct binding nature on the territories of the member states. The other, nontransferred areas of jurisdiction are executed separately and independently in the territories of the member states by their agencies (which does not preclude a certain amount of coordination).

In exceptional cases, some authors distinguish fine nuances between a federation and a federal state: they describe the latter as being made up of administrative units that do not have to be sovereign states, and it may even have some special features.

An example of a federal state is the Federal Republic of Germany. At this time it is made up of 15 federal states; these include the free cities of Bremen and Hamburg, which have the status of federal states.

A Federation

—Is one of the optional names for a composite state (in addition to federal state, union, etc.). The alliance is made on the basis of a common constitution, which resembles an agreement and establishes common supreme agencies for the federation to deal with both the internal and the external affairs of the federal state. Generally a mechanism is incorporated into the constitution that ensures the participation of the member states in the decision making of the federal agencies. The use of the name federation, federal state, union of states, etc., in the name of the composite state or in its description is irrelevant. Apart from the CSFR, the Brazilian Federal Republic and the Nigerian Federal Republic use the term "federal" in the names of their states.

A Confederation

—Is the permanent alliance of two or more states on the basis of an international agreement, which establishes a common agency merely to execute specific, generally external, matters (e.g., defence, diplomatic representation, etc.). The jurisdiction of the common agencies (agencies of the confederation) is not executed directly in the territories of the member states but solely through the agencies of the member states. The common agency does not resemble a parliament but is more like a diplomatic conference.

The Benelux countries are usually given as a textbook example. The individual states act independently but in some cases they coordinate their activities. In contrast to this, Switzerland uses the name confederation since it has become historically accepted but, in fact, it is a federation where the towns and cantons hold strong positions. The present development of the Soviet Union has strong confederate elements.

A Parliamentary Republic

—Is one of the forms of relationship between supreme state agencies—a legislative body (parliament), the head of state (president), and the executive body (government). In a pure example of a parliamentary republic, the parliament holds the decisive position since the other supreme state agencies are dependent on it for their existence. The parliament elects the president directly and has the right to give a vote of confidence or no-confidence in the government—the government is responsible to parliament for its actions.

The purest example of a parliamentary republic is Italy. A modification of this model is, e.g., the chancellor principle of the FRG or the neopresidential system in France where the government is responsible to parliament but the president's position is very strong. An almost incomparable system of parliamentary democracy exists in Great Britain and is based on strict internal party discipline.

A Presidential Republic

—Is another possible form of relationship between supreme state agencies. It is based on the principle of rivalry between the supreme state agencies—the president, the parliament, and the supreme court. Each of these agencies is independent of the others, it is autonomous and separated from the others, and is designated by the constitution to act as a checking and equalizing factor (rival) in respect to the other supreme state agencies. There is no reciprocal responsibility. The parliament cannot give a vote of no-confidence in the president who heads the executive power, the president cannot dissolve parliament, the supreme court provides a binding interpretation of the constitution and, in accordance with the constitution, oversees the activities of the other elements of supreme state power. The president is elected directly by the citizens, the members of the president's cabinet (secretaries, ministers) are directly responsible to the president for their actions, and the government does not really exist as a body in the parliamentary sense.

Typical examples are the United States and some Latin American and Asiatic states (e.g., the Philippines).

Sovereignty

—That is, the supremacy of the state, is the independence of the state or its state power from any other power both in international relations and in internal affairs. This independence cannot be limited externally except by equivalent sovereign rights of other states, which may not be transgressed, and by international obligations that the given state took upon itself. External sovereignty means that the state has the authority to assert laws and legal functions in the sphere of international law. Internal sovereignty means that all power within its state territory pertains to the state. Actions by a foreign power are only permitted within the territory of the given state with the latter's consent.

Independence

—Is obviously a broader term than sovereignty; in the context of a state, sovereignty is an element of independence (a sovereign state need not be independent, it need not be a recognized part of world society). The independence of a state is the external manifestation of the sovereignty of a state in relation to other entities of international law (i.e., to other states and/or international governmental organizations). The state alone decides with which states it will deal and in which activities performed by which international organizations it will participate.

The difference between sovereignty (supremacy) and independence can be illustrated by the example of a federal state. The member states of a federation are sovereign, supreme, but not independent.

Supremacy

—Is a term that is synonymous with sovereignty. A supreme, sovereign state may be a part of a composite state (see federal state, federation).

Separatism

—Is the attempt to break away or a movement that aims at separation, especially a movement aimed at the separation of one nation from another or at the separation of minorities from the state in which they live. The term, like many others, comes from Latin (separatio = separation, dissociation, division). The term separatism, in its original sense, is not really synonymous with the assertion of a nation's right to self-determination where this assertion is assumed by the constitution, in other words, where it is legal. Rather, separatism is connected with illegal activities, it may abuse power or use the threat of force, terrorism, and various forms of coercion.

A Referendum

—Is the direct vote by citizens, that is, by the electorate. A referendum is a form of direct democracy. The issues at stake in a referendum are usually critical questions about the existence of the state, or of parts of it, or of the community (local referendum). In a referendum the citizens vote yes or no on a specific question; the organization of a referendum is very similar to that of an election. The term plebiscite is clearly linked with the term referendum, although the former term is usually used in a narrower sense—for the vote of citizens (voters) solely in a specific area of the state territory.

A Constitutional Crisis

—Can be described as a critical situation, as the intensification of conflicts between constitutional agencies, where the constitution does not provide a solution or

only provides it through such measures as would paralyze the normal functioning of the constitutional mechanism for some time due to the fact that one of the constitutional agencies would be excluded from the decisionmaking process (it would not exist at all or it would not fulfill its constitutional duties and constitutional function). Narrower terms are, for example, parliamentary crisis, governmental crisis, etc., where the relevant agency does not fulfill its constitutional function.

Redistribution of Power in Army Demanded

*92CH0208A Bratislava SLOVENSKY DENNIK
in Slovak 16 Nov 91 p 4*

[Article by Air Force Captain Peter Svec: "Powers Must Be Redistributed Also in Defense"]

[Text] Out of the negotiations between the Slovak National Council and the Czech National Council came an agreement on federal powers in defense, currency, and foreign affairs, while some of the Slovak representatives rightfully insisted on separate powers in the latter. This idea was not only rejected by the other side, but through its high-ranking representative it is giving ultimatums and asking for concessions. But concessions can be made only by those who have the room to retreat.... In the question of defense, the term joint defense is beginning to be used—the difference being that the Czech side conceives this as the original, unitary defense, and the Slovak side seems to be beginning to lean toward the original idea of the Christian Democratic Movement to establish at least an institution of state secretaries from the republics in joint agencies.

For somebody to understand the essential nature of the army, it is not enough, all considered, to graduate from the VZS [Basic Military School]. Political parties in developed democracies have civilian experts on military problems who devote long years to them on a professional basis. The federal agencies therefore take advantage of the fact that Slovak political parties could not develop such people, and that Slovak military representatives in the Federal Ministry of Defense for some reason either do not think, or cannot think, in a pro-Slovak manner.

I believe that during the negotiations the Slovak representatives should clearly formulate the need for separate powers in defense as well. It is not merely the question of the home defense force, civilian defense, border guards, etc., which should be under the exclusive authority of national agencies. At issue is also the management and use of real property, because state property on the territory of the Slovak Republic [SR] is national property and can be leased only for purposes of common interest (for example, joint defense). At issue are also institutions that must have a separate national character, such as military press, military historical institutes and archives,

recreational facilities, sports.... Here, federal administration is not effective and totally unnecessary (there are parallels in the civilian sphere).

Also, as regards that part of the army which we can call "Field Troops," no arrangement can exist where exclusive power belongs to a supranational agency—the federal government. The federal authorities in Prague want to force upon us by such means a kind of army structure modeled on the Brezhnev doctrine of limited sovereignty, while trying to create the impression of a "gentlemen's agreement". As the Czechoslovak People's Army was subordinated to the Warsaw Pact, so they want to apply the same to Slovakia on a smaller scale. Therefore, regardless of the form, it is necessary to distribute powers in defense with the aim of achieving equitable control by both entities of a common state. These entities are not the generals of Slovak nationality in the joint command, but legal, national executive and legislative bodies.

Let us look at what the individual republics will have on their national territory after the reorganization is completed:

1. Slovak Republic [SR]

Thirty-nine percent of the Czechoslovak Army [CSA] is to be located here. That certainly is partly in reaction to the demands of most parties to station Slovak troops at home. Since the SR has a much higher natural population increase than the Czech Republic [CR], the federal government is interested in placing here troops with a low degree of professionalism. How to achieve it? Older equipment and ground troops in particular need more frequent maintenance, newer equipment, the air force and air defense specialized maintenance. Let us assume that the distribution of heavy as well as defense weapons of the ground troops will be equitable; even in that case defense capability could be reduced by inappropriate structuring and lack of linkage with other units, which will make the troops in Slovakia dependent on the other troops in the CR. Let us illustrate by saying that an effective, so-called deterrent potential (which is to discourage a potential aggressor), in which we can include mainly the tactical air force and missile troop units, is said not to be needed in Slovakia. No one needs to have explained the importance to the army of rapid transportation, to which air transport planes contribute the most. There will be a minimum of those in Slovakia. Everybody understands the importance of information for making decisions; this service is provided for the army primarily by military intelligence and various kinds of reconnaissance. But it is said that Slovakia does not need the most efficient ones. What would justify centralization in a one-nation state, must, in a two-nation one, raise suspicions about the partner.

2. Czech Republic

Along with 61 percent of highly professional troops, it will have more than 90 percent of the combat planes, the

entire tactical air force, 100 percent of the combat helicopters (all this represents almost 100 percent of the military air force potential of the CSFR). As far as numbers are concerned, it will have 90 percent of the air transport equipment, and almost 100 percent (!) in transport capacity; the entire significant information potential of the CSA, etc.... Moreover, the entire army in Slovakia will be controlled from Prague.

A modern army has a structure that is 30-40 percent air defense and air force. Now we see that of the joint army built with joint resources, CR has and will have on its territory a modern army outfitted with the majority of weapons of the entire CSFR, and Slovakia has, and will have, a provincial army.... That is suspicious! As we estimate the current ratio of CSFR military potential in SR and CR, the division of the troops being 39 percent to 61 percent, the ratio will not reach a value higher than 1:5! That is not a fabrication, although in case of aggression Slovakia even today is not totally defenseless, at the mercy of an aggressor.

This situation has also financial implications. If we allow that both republics share in the common budget at a ratio of about 1:2, and logically assume that the costs of "operating the weapons" are proportionate to the degree of military potential, then today less than one-tenth (!) of the total CSFR military budget is used in Slovakia, or, in other words, two-thirds of the Slovak contribution go as appropriations to the army in CR. Even after the restructuring no more than one-sixth of the CSFR budget will be used here, which means, that at least half of the Slovak tax payments will still go as appropriations to the army in CR.

Maybe these arguments will suffice to convince the Slovak representatives and the public that it is necessary to insist on power redistribution in defense as well. The citizen of a democratic state has the right to know for what purpose his taxes are being used.

On the whole, we do not rule out joint defense, but want one that respects the principle that every nation has the right to a defense capability and that each should pay for it out of its own resources; which does not rule out the possibility of combining the forces in a coalition. The costs for the army would not be increased at all. The distribution of powers can be achieved here without any problems and kept within the costs of the reorganization. I am even so bold as to assert that the distribution of powers would not be as simple in any other sphere as it would be in the army. No danger of instability threatens the European security system either, because here, in contrast to the USSR, we do not have strategic or nuclear weapons.

I bear full responsibility as a Slovak officer for all the above-mentioned facts.

Sociologist on Impact of Western Feminism

92CH0221A Prague LISTY in Czech No 5, 91 pp 14-17

[Guest commentary by Jirina Siklova, professor of sociology, Charles University: "Does the West Understand Our Women?"—first two paragraphs are LISTY introduction]

[Text] We are re-establishing our values, catching up on lost time, and conforming to the world in features that are essential for a democratic society as well as in features that could be described rather as the reverse side of civil liberty. Almost everything is already present to some degree, but one thing is still missing—feminism. Or is it that this endeavor, which advocates the interests of women as a social group, a movement that is widespread throughout the Western world, cannot find fertile ground in our country?

To find an answer to this question, the editors of LISTY approached an author who would certainly not describe herself as a feminist but cannot deny that. Because of her profession as a sociologist, she is well-acquainted with the problems of the women's movement:

In my opinion, feminism is not developing in our country because, similarly to a number of other movements, it was discredited by the past regime. The communist regime debased the women's movement by more or less proclaiming the emancipation of women to be a state ideology and, just as it perpetrated various injustices in the name of the working class, it also damaged women's interests. When a woman receives preferential treatment merely because she is a woman, just as when the working class is promoted merely because it is the working class, there will be no increase in self-confidence in either case, rather it will lead to a feeling of inferiority. Furthermore, in our country, the entire question of women's emancipation was reduced not to the right to work but to the obligation to work. Women became a basic labor force, which, during the 1950's, following the totalitarianism of the Nazi occupation, was called on in the name of establishing socialism to implement its demanding and frequently senseless plans.

Although the women's movement was relatively widespread in this country during the First Republic, the absolute majority of women stopped identifying themselves with the idea of feminism over time. For most women emancipation was merely associated with a double workload, while others—I am thinking of conscientious comrades—totally in keeping with the spirit of Marxist theory, believed that emphasizing women's problems was the kind of hostile trap that aimed to alienate women from the class struggle.

Weariness of this double burden and a general aversion to the imposed ideology often even led to our women having a primitive admiration for the lifestyle of the West European "housewife." One cannot say that there was any true political line in the development of feminism in our country. A "Bolshevik" would describe a

woman who stayed at home with the children as a "bourgeois element," and a few years later (when women were no longer needed as an expanded labor force) he would declare that extended maternity leave was "an accomplishment of socialism." Even the birth of children and the number of preschools became political issues under the totalitarian regime. In fact, data on infant mortality and the birth weight of children were falsified for international statistics "in the interest of socialism."

Throughout the West, feminism was connected with the development of sociology because feminist problems are primarily sociological problems; in the same way as no one can deny that social age groups have specific problems and that we must deal with young people, children, and old people differently, one cannot ignore the fact that women form a specific socially psychological category. Therefore the limitation or elimination of sociology as a scientific field also eliminated the basis of feminism, of the emancipation movement. The sociological research that was done was generally insignificant. Either it was superficial and routine, for example, ascertaining how many orders and decorations women received, or it did not lead to practical political and economic conclusions that would solve the problems that had been discovered.

Ultimately, women's organizations, which are numerous and vigorous in the West, were incorporated into the National Front under party control that guaranteed dependence and impotence. I seriously doubt that these organizations could intrinsically be changed or revived.

Importing Feminism

The question has been raised as to whether the theoretical and practical absence of feminism could be remedied simply by adopting the ideology and experiences of the women's movement in the West.

The Western feminists who come in contact with our women at this time frequently only have a partial understanding of our problems; they grew up under different conditions and they experienced different developmental problems. They often seem too militant to our women and therefore the end effect is negative rather than positive. The questions posed by foreign feminists to our women are often—from our point of view—relatively complex or downright incomprehensible so that we sometime feel naive and simple-minded, and this, of course, does not help mutual understanding.

We are also separated by the fact that Western women frequently reduce the problems of feminism to the number of women represented in the parliament and public administration. However, for decades, our women lived under a regime that implemented a so-called quota system—so and so many women, workers, and farmers had to be elected to the National Assembly, the national committees, etc.—so why should they fight for higher quotas now, since they are convinced that such

action leads nowhere? Western women do not understand their attitude; the attempt to attain a higher percentage in representation obviously is of great significance to them, but it is the result of different prior experiences. They also cannot understand why our women, after years of actively striving to bring down a totalitarian regime, have so few representatives in parliament and in the government. It is difficult for me to explain to them that, for me personally, participation in public life is not linked to public office and that it is possible to make positive and effective policies that are not connected with a political party; and, in fact, that this has the advantage of being totally independent ethically and intellectually.

Our women, including myself, ultimately believe that there are other questions on the agenda that are more important than feminism. Apart from this, women's interests do not have to be advocated exclusively by a woman, in the same way as members of other strata succeeded in formulating the interests of workers very well.

In the end effect, I believe that—relatively speaking—Czechoslovak women have experienced feminism to a greater degree than Western women. They do not need to talk about it so much and they are emancipated without realizing it themselves. I can explain this best by giving an example: an adolescent constantly needs to declare his independence whereas an adult, or an older adolescent, already knows his merits and does not have this need.

Involuntary Recipients

Relatively frequently one comes across the statement that so-called socialism did nothing for women, that, in fact, it merely made them into one of its many collective martyrs. Though I have no illusions about the former system, I must say that this is a rather general and hasty judgement.

Let us take the simple fact that women were forced to enter the work force. It was similar to the imposed emancipation of women during World War I, when the men went off to war and the women had to take over their work whether they wanted to or not. Suddenly they realized that they could make it alone with their children, they were capable of plowing, harvesting, and working in factories, in brief, of surviving. They had to try it, they withstood the test—and their self-confidence grew. Willingly or not, our women experienced and succeeded in those things that Western feminists were merely talking about.

Another unintentional but real contribution by the past regime was the fact that, on average, women from the younger generations received a better education than the men, possibly better than is usual in the Western world even now. This was due to the simple fact that in our system, which neglected the service sector, there were not enough job opportunities for 15-year-old girls for many years; as a result, they were directed toward further

studies. An additional circumstance also played a role, and this was that places at the universities were filled according to the average grades of the applicants; since girls are more mature than boys at a certain age and thus learn better, it was easier for them to get into the universities.

Lastly, the significant participation of women in the dissident movement, which was more substantial than their participation in other activities, should also be included among the unintentional contributions of past years. Even if—in the opinion of Western feminists—we did not make enough use of this participation in politics and public offices after November, it cannot be denied that this dissident past provided meaningful training and preparation for life for a specific, significant stratum of our women.

Once Our Circumstances Have Conformed....

Most of the circumstances that are likely to alienate women from feminism rather than attract them occurred during the past decades, but some are the result of the present situation. The development of the feminist movement is hindered, among other things, by the obvious fact that the reason for advocating feminism is often the absence of any other program, and that it fulfills a similar function as, for instance, programmed emphasis on nationality. Any kind of adherence to an unobtained social statute is fraught with problems. If an individual steps onto the political platform and claims a primary social statute—declares himself to be a Moravian, a woman, a Czech, or a Slovak—then, admittedly, it is difficult to attack him on the grounds of possible corruption under the past regime, and he does not even need to have a specific program; however, this is hardly likely to benefit anyone. Generally it is merely a matter of a last resort, the easiest way to satisfy one's political ambitions or personal narcissism.

Despite my critical comments and skepticism, I do not wish to say that feminism has no future in our country or that it is not suitable for us in principle. Personally, I believe that women in this country will not begin to be politically oriented for several years, a time they will need to become aware of their own identity not only as women but as individuals. Young women, in particular, will be faced with a difficult economic situation and their problems of livelihood will frequently become similar to the situation of women in the West.

I think that one can expect to see women become a little more radical in the foreseeable future. They will be among the first to be affected by unemployment and, at the same time, it will be more difficult for them to look for work; if for no other reason than because they are tied to the children and thus are less mobile. Due to the collapse of the totalitarian state with its all-sided supervision and imposed control, new difficulties will arise for women whose former spouses are obligated to pay child support for their children; tracking down husbands who are trying to avoid this obligation will become a real

problem in a democratic state that does not have obligatory work or obligatory registration of residence. Or, for example, women who work in family enterprises also invest in them. The moment there is a divorce—and there is no reason to expect the number of divorces to drop—economic problems, which were unknown in the past, will arise. Although, when people argued about an apartment or alimony in the past, the state, which more or less considered women to be—please excuse the expression—breeding stock for the reproduction of citizens and the labor force, took the women's side, the same attitude cannot be expected in the future. It is not very likely that anyone will pursue or regulate such problems, rather they will be left to private initiatives. If an enterprise goes bankrupt, who is going to decide on the extent to which the husband or the wife should participate in the bankruptcy, whether it was the fault of the one or of the other? No one knows who is to pay the debts from Slusovice, so how should such an issue be determined for a family enterprise? In brief, many women will be faced with problems that they had never even suspected before, and these are likely to affect their mutual attitudes.

The Future of the Women's Movement

In other words, I do not dispute the development of feminism, of a broad emancipation movement, on the contrary, I expect it to come within the next few years. I believe that, to begin with, large umbrella-like organizations should not be created but, instead, there should be small, local operations with self-help, self-supporting groups, and with partial initiatives.

That is why, for instance, I like the initiative of *Prazske Matky* [Prague Mothers] and *Ciste nebe nad nami* [A Clear Sky Over Us], which make it possible for women, that is, their children, to spend some time in the countryside. The initiative supported by the Heinrich Boll Foundation, which sets up centers for mothers, is one of these promising beginnings of the future women's movement. These organizations are relatively widespread in the West and facilitate short-term shelter for women in trouble, for instance, if they are abused by their husbands; the fact that a woman in such a situation has somewhere to escape to is very important. Another example are the so-called "book cafes"—again a name adopted from Western conditions—which provide a woman who is alone with her children with the opportunity to go to a cafe and ensure that the children are taken care of during that time; the possibility of social contact for women who stay at home is very important, and its importance will grow because the number of unemployed women will increase. Similarly, women entrepreneurs can form groups, others can organize various services that women need, etc. It is on the basis of this specific, useful work that the organization, the political association, of women should be created. The opposite process, starting with an organization with a general, nonspecific program and moving to a subsequent search for concrete contents would merely be a repetition of old mistakes or new mistakes made by present political parties that are based exclusively on the theme of nationality.

Therefore, not only am I not skeptical in respect to the future of the women's movement in our country, but I want to help its development in any way I can. In the Department of Social Work of the Social Science Faculty, Charles University, of which I am director, we, together with several other women and with the help of our friends abroad, set up a kind of center where we will hold lectures on feminist problems and so-called "Gender Studies," independently of political parties. The English term "gender" is used to describe sex or family and, as a field, includes a range of problems issuing from the social roles conditioned by the differences between the sexes.

Since a number of Western universities gave us books—specialized literature—on this topic, we would like to turn this gift into a specialized library where people interested in gender studies can borrow books. At many Western universities, these problems are offered as a study course, and it is even possible to obtain a scientific degree in the subject whereas, in our country, we still have to explain what the term means. As a result, several universities also sent us the concept of this field and the syllabus of lectures or, as they call it, the study course, and interested individuals from other universities may borrow these from us, too.

The organization East-West Women's Network, which has its headquarters in New York, opened a bank account for us for this purpose and—as long as we get other sponsors—we will use it to pay all expenses connected with organizing lectures and mailing study courses and books. The foreign currency account, called "Gender Studies," is at the Cs obchodni banka, Prague 1, Na prikope 14, account number: CR 3483 82007. There is no doubt that the sum we would need to ensure our activities would be so small that it could not ensure anything remotely similar in Western countries. For example, if we had \$300.00 at our disposal per month, we could not only pay for the rent and operation of the necessary study room, the duplication of lectures and the postage to mail them out, but we could also hire a permanent employee who would run the administrative side of things. That is why I decided to mention our goals in LISTY; it has a number of readers abroad who may look favorably on this and some of them may help our Gender Studies center. At this time, Charles University simply does not have the money for this, and we do not want to create a similar center linked to one of the political parties. The women's movement has already been exploited and misused many times before it had a chance to get going properly.

One could still mention additional planned initiatives or ones that are already starting, the possibility or the need to explain basic concepts and questions of the women's movement through information, articles, and published studies, etc. In any case, without exaggeration, one can say that all serious efforts, which have been or will be made in this direction, will be beneficial not only to women but, without a doubt, to society as a whole.

Political Factions of Divided SZDSZ Viewed

92CH0201A Budapest HETI VILAGGAZDASAG
in Hungarian 30 Nov 91 pp 72-74

[Survey interviews with Alliance of Free Democrats leaders Pal Juhasz, Gaspar Miklos Tamas, Miklos Szabo, Ferenc Koszeg, and Peter Tolgyessy at the party's convention on 24 November: "The Prospects of the Alliance of Free Democrats; A Tetrapterous Bird?"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Serious divisions were perceptible at the SZDSZ [Alliance of Free Democrats] convention last weekend, but the controversy was over personal rather than political issues. At the convention, HETI VILAGGAZDASAG interviewed several prominent personalities within the party, asking each of them what currents there are within the SZDSZ, and could a split within the party be expected before the 1994 general elections. We also requested the respondents to name their choice for leader of the SZDSZ caucus in parliament, to succeed Ivan Peto who had resigned.

Pal Juhasz: There are no tendencies within the SZDSZ; there are merely differences in manners. For there do not seem to be any differences between the formulated political objectives. Actually the law-and-order and the anarchic currents I mentioned earlier are merely different modes of behavior. From all this it follows that a split within the party could occur at most as a result of flaring tempers. But, hopefully, nobody will be so childish as to waste his energy on attempting to discipline others. Peter Hack would be the most suitable caucus leader.

Gaspar Miklos Tamas: There are indeed political tendencies within the alliance, but the political significance of their existence should not be overestimated. There is a social liberal tendency, which—to borrow Janos Kis's comparison—approximately conforms to the thinking of the Democratic Party's left wing in the United States, combining its approach to human rights with an egalitarian perception of justice. There is a conservative liberal group, to which I myself belong. In its economic policy it is strongly liberal and monetarist; in its policy on state administration it advocates minimal state interference, is strongly individualistic and less inclined to embrace rational social planning, preferring spontaneity instead. The group with the explicit characteristics of the new left—obviously the BESZELO circle—places emphasis on the minority-protection aspects of human rights and, therefore, can still meet the minimum requirements to be classified as liberal. In addition, there is also the populist line that I call the mini-MDF [mini-Hungarian Democratic Forum]. It is close to the radicals within the MDF, and not to the latter's more civilized elements.

In my opinion, the significance of these groups is relative. There are basically two trends that can be rated politically. One is the civic, humanistic current that aspires also after tolerance, civilization, tranquility and

dialogue. And the other is the Jacobin democratic line that is confrontational in its style and confused in its political thinking. Momentarily Peter Tolgyessy embodies the latter tendency—his political views in the above ideological classification are actually unknown—and he obviously will be maneuvering to extricate himself from it. If a split occurs within the SZDSZ, and that could very well happen, it will be along the aforementioned fault line.

Who should be the leader of the parliamentary caucus in this situation is a question of politics rather than ability. Since Ivan Peto has declared that he resigned because he did not want the party to have two heads (in itself a sound but unworkable principle), it would not be sensible to nominate a caucus leader who would be Tolgyessy's opposite pole. The new president has proposed Marton Tardos for the post of parliamentary caucus leader, thereby making it unambiguously clear that the caucus leadership will not be a confrontational one. In that sense, therefore, Marton Tardos is the most suitable candidate.

Miklos Szabo: The main characteristic of one tendency is anticommunism. The followers of this tendency believe that to complete the change of political regimes is the most important, and to that end they regard also the MDF as their ally. The other tendency views the MDF as its real opponent and is willing to form a partnership with every democratic force in order to prevent a concentration of power. With Tolgyessy—although he himself voiced anti-MDF slogans during the campaign—this anticommunist tendency has gained the upper hand at the convention and is represented in at least the same proportion also within the SZDSZ membership. It could also be said that the membership has taken over control of the SZDSZ. In my opinion, either Tolgyessy will be swept along by this current or there will soon be yet another leadership crisis within the party.

These days we are witnessing a transformation process, in the course of which the leadership of the SZDSZ, homogeneous so far, is becoming a pluralistic one. We do not yet know whether this polychromatism will prevail, whether there will openly be more than one platform within the organization. In any case, the party will become faceless if these differences are not articulated. The leadership that has been in office to date is toying with the idea of framing a separate platform, and specifically the other side—under the slogan "Let the Social Democrats Resign From the Party!"—is trying to force it to adopt such a platform. For one thing, we are not social democrats. For another, we may perhaps frame our platform without any intention of resigning from the party. It could also be said that we are the authentic liberals, as opposed to the other side that is becoming more like the MDF. Taking all this into consideration, we need a parliamentary caucus leader acceptable to everyone. Imre Mecs would be a conceivable candidate for that post, but Gabor Kuncze seems a more realistic choice.

Ferenc Koszeg: Miklos Szabo is perfectly right in that there is no social democratic platform within the SZDSZ. The social democratic vs. the liberal trend is a fiction, a fantasy. There is nobody in the SZDSZ who would want to reduce, rather than increase, the social entitlements that are worth less and less in present-day Hungary. Nor is there anyone who approaches social policy in the statist manner that Western Europe's social democrats approached it 30 years ago. He is also right in distinguishing a "regime-changing" platform and an "opposition" platform.

However, the regime-changing label can be applied to at least two tendencies. The regime-changers' principal opponents are "the Communists not yet removed from their earlier positions of leadership," wrote Miklos Szabo earlier. He then goes on to identify a group that more or less accepts the government's policies and identifies with the Christian nationalist ideology of the MDF. This group may justifiably be called the mini-MDF. In my opinion, it constitutes an insignificant minority within the SZDSZ and consists mostly of intellectuals who started toward the SZDSZ because they had been unable to accept the prerferendum Pozsgayism of the MDF and its Communist infiltration, but their outlook has always been populist-nationalist or "Christian nationalist." However, there is also another regime-changing trend, the so-called radical or plebeian trend within the SZDSZ. This trend comprises a significant proportion of the blue-collar workers and mostly provincial members; in other words, the dispossessed even under the velvet dictatorship, those who—as Gyula Teller put it in an interview he recently gave BESZELO—are locked in even today into the local societies' harsh and unaltered relationships of power.

It would be a serious mistake to regard the radicals merely as bombasts of sorts, or to lump them together with the mini-MDF. For the radicalism of the MDF's regime changers is characterized primarily by hypocrisy—while railing in the press against the "former Communists" active in the economy (of course, only against those who had not joined the regime changers spectacularly), they have not hesitated to preserve both the structures and the cadres in the most sensitive areas: in state administration, the police force and the security services. Meanwhile the opposition platform of the SZDSZ is characterized by a radicalism that simultaneously regards itself as the opposition to both the surviving old order and to the new state party system that compares itself to the old system.

The danger of a possible split within the party unquestionably exists but is not associated primarily with the mentioned phenomena. The leadership of the SZDSZ has managed extremely badly the conflicts that have become public during the past two months. Instead of attempting to smooth the differences, it has participated on a "who will beat whom" basis in the election campaign for party president. In my opinion, the decision of several key individuals in the leadership to boycott the party executive is a serious mistake. Obviously, the

political conflicts are not yet over. A split in the party would be extremely harmful. The old guard has an exceptional responsibility to support the new leadership that the general meeting of party members elected by majority vote. Every democrat must respect such a decision. My candidate for the post of leader of the party's parliamentary caucus is Gabor Kuncze.

Peter Tolgyessy: There are no fully developed political divisions within the SZDSZ at present. But there is a kind of tribal mentality—i.e., certain groups are organizing themselves along the lines of their personal sympathies. That has manifested itself with terrifying force at the convention. So far as the prospects of a split within the party are concerned, I would consider as desirable the framing of platforms within the association. That would make quite clear what political tendencies actually exist within the SZDSZ. Then there could be debate on real political issues, rather than against imaginary opponents, which could only enhance the strength of the SZDSZ. Any statement regarding the person of the new parliamentary caucus leader would be premature. But one thing is certain. I would not accept that post under any circumstances. It could serve to generate a sense of corroboration in those who accused me of one-man leadership when I held the post of caucus leader.

Tax Law Discourages Domestic Private Investment

*92CH0213C Budapest FIGYELO in Hungarian
21 Nov 91 p 17*

[Article by Emilia Sebok: "Taxable Private Investments"]

[Text] One of the basic principles of the government's 1992 approach to income taxation is that the system encourage savings and stimulate domestic investments. The related legislative proposals scarcely reflect this intent.

Let us take a look at the investment-related benefits included in the legislative proposal on personal income taxes.

Up to 30 percent of the total income paid out in a given year for the acquisition of public issue investment certificates authorized by the law on investment funds and of new, public issue stock of stock corporations registered in Hungary is deductible, provided that the private person possesses such certificates and stock on the last day of the year.

Accordingly, as compared to the previous situation, tax deductions may be claimed in conjunction with fewer types of investments. This is understandable considering the fact that relative to other types of investments (e.g., purchase of business shares in a limited liability corporation, acquisition of ownership share in a closed stock corporation) it is rather difficult to verify whether the taxpayer had the right to make the deduction and

whether he paid back taxes at the time he sold the acquired business or ownership shares.

This would be understandable, except for the fact that the issuance of a rather modest amount of securities which provide tax benefits to individuals can be expected. This is so because investment funds do not yet exist, and because the establishment of corporations on the basis of publicly traded stock is not the dominant form of concentrating capital even in more developed economies than ours. Only a very few corporations in Hungary are willing or able to comply with the restrictions that flow from public issue stock and to observe the prescribed conditions. Accordingly, what remains for citizens as a partly tax deductible investment opportunity is the stock issued by existing stock corporations when they increase their capital stock. (Limiting the tax benefit to public issue stock is also understandable from the standpoint that the tax system endeavors to strengthen the Hungarian stock exchange. Whether this approach will suffice to channel domestic investment toward the stock exchange is highly questionable, nevertheless.)

Accordingly, while the stated special goal of the tax law was to stimulate domestic investment, the actual stimulating effect pertains to an extremely small part of available investment opportunities. At the same time, the narrowing the tax benefits also produced a self-defeating effect from the standpoint of the government, inasmuch as the tax law provisions also retard the investment of Hungarian private capital for privatization purposes. No tax benefit is granted in 1992 to persons who purchase state enterprise property. Not even if privatization takes place in the form of a stock corporation, because in such cases the AVU [State Property Agency] establishes a single-person stock corporation at first then sells the stock of the already existing (!) stock corporation.

After all this, one could be led to believe that unless the government wanted to make itself the subject of ridicule, in all likelihood it wanted to indirectly weaken its own privatization efforts. (This is so because the government still attributes a position of power to state entrepreneurial property.) Alternatively, the government could have wanted to give preference to foreign investors in the privatization process by virtue of continuing tax benefits to which joint enterprises are entitled.

Income derived from savings deposits and securities is subject to a 20-percent tax. This tax rate remains unchanged as compared to the previous year and is due irrespective of whether such deposits have been committed for a single month or for several years. (On the other hand, this rule does not apply to dividends paid after stock and cooperative shares which are to be regarded as securities.) A tax rate as high as this one, but which still lags behind the inflation rate guarantees a negative yield on bank deposits.

On the other hand, the state is authorized to issue securities that produce tax free interest income. Considering the concerns the government has with respect to financing its budget deficit, the advantage granted in conjunction with its own securities is understandable. In securities markets, however, the classic order is the exact opposite: State securities can be sold easily even if they yield a lower interest rate because repayment of the value invested is guaranteed by the state.

The tax rate drops to 10 percent in conjunction with dividend income. Accordingly, the principle of streamlining corporate income and personal income has not at all prevailed. The legislative proposal defines dividends in the context of the personal income tax law as amounts paid to private persons from profits after which taxes based on the general corporate tax rate have already been paid. This is so, even though tax benefits are due after quite a few activities, and mostly in conjunction with businesses operating with foreign participation. Moreover, with respect to certain joint enterprises, this tax benefit may represent full tax exemption for years to come. In other words, if the taxpayer obtains dividend income from such corporations, the income is not subject to corporate taxes, and is subject to extremely modest personal income taxes. In contrast, dividends paid by entrepreneurial ventures which pay taxes pursuant to the general tax rate are taxed at both the corporate and the individual level. If an individual receives the dividends, that is, because dividends paid to corporations subject to the payment of corporate taxes are not taxed twice.

While tax benefits based on pension payments and life insurance have been terminated, contributions made to pensions funds become an entirely new, preferred investment opportunity. Up to a certain limit, the amount paid in a given year by an employed private person or by the employer into an employee pension fund will be deductible from the total income. All we need are pension funds in order to enjoy this tax benefit. Before such pension funds come about, however, a law governing the establishment and operation of pension funds is needed.

International Comparison of Foreign Indebtedness

*92CH0252A Budapest FIGYELO in Hungarian
28 Nov 91 pp 1, 9*

[Article by Katalin Ferber: "Debate About Hungary's Financial Stability: Weakening Shock Therapy"]

[Text] Hungary's debt service obligations amount to about \$3.6 billion this year and the same may exceed \$4 billion in the next few years. This is one of several conclusions reached as a result of a recent debate sponsored by the Friedrich Naumann Foundation. The meeting had economic and financial stability—one of the conditions of our joining Europe in the future—as its topic. Gabor Oblath's (KOPINT) study served as the starting point for the series of debates organized by the Naumann Foundation.

The External Indebtedness of a Few Countries

Country	Dollars per capita
Bulgaria	1,050
Czechoslovakia	475
Poland	1,195
Romania	40
Soviet Union	160
Yugoslavia	920
Hungary	1,930
Argentina	1,450
Brazil	605
Chile	1,110
Mexico	998
Nigeria	215
Philippines	145
Venezuela	1,205

Insofar as Hungary's indebtedness is concerned it has virtually become commonplace to say that economic growth is hindered by obligations flowing from foreign indebtedness. The present gross indebtedness represents 70 percent of this year's gross domestic product [GDP] while net indebtedness amounts to 50 percent of the GDP, after all. At the same time, debt service represents between 12 and 13 percent of the GDP and interest payments about 5 percent. Hungary is heavily indebted, it has the highest per capita indebtedness among all countries. The indebtedness has come about in two waves, one in the 1970's, the other between 1985 and 1990, as stated by the author of this study.

Hungary's debt service obligations will amount to about \$3.6 billion this year, and the same may exceed \$4 billion in the next few years. Although based on an

agreement reached with the IMF there will be an equilibrium in terms of the current balance of payments by 1993, Hungary will be forced to expend resources further—a phenomenon that has been going on continuously for years. The government clearly advocates that it must perform its payment obligations, and it is unlikely that one could depart from this course without suffering grave consequences.

The problem presenting itself becomes clear if, from an economic standpoint, we add to this the present rate of inflation and the increasingly confusing growth of budgetary expenditures. One cannot simultaneously halt the process of becoming indebted, reducing the inflation and also reducing the budget deficit. Several persons openly stated that financial and economic policy goals which cannot be mutually reconciled can only reproduce the practice of earlier years repeating the series of mistakes that had been made.

Finance Ministry official Zoltan Nagy's study would have provided the other starting point for debate. But Nagy stunned everyone by presenting a series of written questions instead of a manuscript. Could it be that these unanswered questions reflected the Finance Ministry's present position?

As Istvan Hetenyi said, budget reform we have been awaiting for three years could be none other than a procedural reform of the budget, because the idea of reform does not pertain to various institutions reflected in the various columns of the budget. Instead of reform, some action should be taken to simplify the format and contents of the budget, at last. Rendering the forint convertible, halting the indebtedness and a gradual termination of the budget deficit could have served as parts of a shock therapy which has not been announced, but which is desirable, nevertheless. But the idea of shock therapy is becoming weaker primarily for political reasons. Hetenyi asked whether some economists were also becoming weak as a result?

The External Indebtedness and Debt Service Indexes of Hungary and of a Few Heavily Indebted Countries

Country	Gross Indebtedness (millions of dollars)	Debt Service (millions of dollars)	Debt as a Percentage of the GDP	Debt as a Percentage of Exports	Debt Service as a Percentage of Export
Argentina	59,890	10,882	92.5	510.6	92.8
Brazil	114,731	15,691	23.8	296.2	40.5
Chile	18,863	2,811	74.7	195.7	29.2
Mexico	97,417	12,601	48.5	271.4	35.1
Nigeria	31,951	2,909	109.0	305.4	27.8
Philippines	29,642	3,383	66.9	238.9	27.3
Venezuela	32,931	4,487	75.1	207.3	28.3
Average			70.1	289.4	40.1
Hungary	20,391	3,455	71.3	239.8	40.6

* Merchandise and service exports

Finance Ministry Optimism Criticized, Discouraged

92CH0252B Budapest FIGYELO in Hungarian
28 Nov 91 p 3

[Commentary by Gabor Karsai: "Half-Truths"]

[Text] Kohn complains not when he worries because he has no money, but when he does not want to give away money, according to the popular joke. The situation is no different in politics. Opinions expressed about the social and economic situation largely depend on the intentions of those who state those opinions. But evaluations which suggest that there is more to those opinions than what has been said, contain mostly half-truths.

Financial success propaganda of recent months has been remarkable because along with half-truths about real achievements it almost seemed to disregard the price that had to be paid for those achievements, the dangerous course that had been taken by real processes. Thus the propaganda also seemed to be unfounded when it promised that the economy would pick up soon. One could surmise the purpose of this propaganda: To convince Hungarian politicians and the public along with international financial organizations about results produced by financial policy, and to simultaneously divert attention from the fact that essential promises held out by the Kupa program—e.g., a clear-cut privatization program and state household reform—have not materialized.

So far, so good, but a price must be paid for half-truths; the financial situation said to be good, and an optimistic perspective serve to reassure the government and make already delayed reform measures appear as if they could be further delayed. Budget requests also increase in an atmosphere of success; all this places financial policy in an impossible situation and may bring an end to successful financial management. Apparently the finance minister has also realized this paradoxical situation; in recent statements he has indicated that one should have reservations about the many words of praise uttered in the past by international financial organizations, because we could rest assured only if these expressed views about Hungary did not change even a year from now.

Half-truths are dangerous not only if they are conveyed as part of success propaganda, but also if they are made in a critical sense. For example, viewing the decline in the GDP merely as a reaction to restrictive monetary policy, i.e., if we believe that real economic processes could improve even in the absence of structural change, would render predictions about economic recovery unfounded. Those who question economic policy premised on monetary rigor and liberalization on grounds of unfavorable real economic processes, and demand the stimulation of domestic demand and restrictions on the supply of imported goods, tend to create a market for themselves rather than for producers. But such proposals have been silent about the outcome insofar as buyers have been concerned, be they private persons having to pay additional customs duties in case of imports, or citizens forced to pay additional taxes

because of state expenditures related to efforts to increase demand. This is well exemplified by the five popular referendum questions concerning the Expo. Those who wrote up those questions regard the world exposition as some miracle cure which does not involve expenditures, while the real impact of the expo could be assessed only if one was fully aware of the alternative expenditures and the returns.

Unfortunately, two half-truths do not produce a single full truth in politics. For example, thus far, the history of the government's constantly changing privatization strategy demonstrates not only an inability to make decisions, but also a gradual decline in the prevalence of professional considerations.

Is this too dark a picture? Perhaps it is. But I did not paint the picture this dark because I was certain that it was this dark, but because I wanted to see a brighter picture, based on appropriate foundations.

Confusion in Retail Privatization Described

92CH0252C Budapest FIGYELO in Hungarian
28 Nov 91 p 4

[Article by R.B.: "The Way We Accelerate"]

[Text] In objecting to the slow pace of preprivatization, SZDSZ [Alliance of Free Democrats] representative Karoly Lotz questioned the minister of industry and commerce last May what he was about to do in order to accelerate the process.

Since parliament did not accept the response provided by Ferenc Madl, the minister without portfolio having jurisdiction in this regard, the parliamentary Committee on Economics discussed a number of times measures that would accelerate the faster sale of shops and stores, based on recommendations made by the AVU [State Property Agency] and the IKM [Ministry of Industry and Commerce]. A number of recommendations had been made, including ideas like expanding the authority of enterprises to privatize their own stores, increasing the role of local governments in privatization in exchange for the payment of commission, the simplifying of property appraisal, selling stores on credit repayable in installments, or perhaps authorizing the accounting of installment payments as expenses, in contrast to the presently prevailing practice.

The idea of enabling store managers who operate under contract to purchase stores at the upset price without holding an auction—a concept previously rejected by the government—has been raised repeatedly. This opportunity is available under the preprivatization law, the AVU is authorized to sell shops at the upset price, without holding an auction. Since the "deregulatory furor" has repealed legal provisions enabling the operation of stores under contract, enterprises took advantage of the existing opportunity to enter into long term contracts expiring in most instances after 1992. Only in the rarest of instances do today's lessees agree to privatization

prior to the expiration of their contracts. As a result of this situation at least 4,700 stores cannot be privatized prior to the end of 1992.

In vain did the AVU Board adopt a proceeding to remedy this situation, and in vain did the Committee on Economics support the idea, the government once again rejected the idea of giving preferential consideration to contractual operators on grounds that it had to provide for equal opportunity in competing for such facilities. In contrast, the government supposedly supports a recent decision reached by the AVU according to which the leasing fees of contractually operated and leased stores will be paid to the AVU, or, more precisely, to the state rather than the enterprise headquarters. This is consistent with a provision of the preprivatization law according to which the state is entitled to receive leasing fees paid after a contract has been consummated between the AVU on the one hand and operators and lessees on the other. The problem is that due to resistance manifested by the interested parties and because of the volume of administration involved, the AVU has consummated only a very few agreements of this nature.

Doubtless, the state would receive additional revenues this way, and it would not surrender the estimated average 20-30 percent difference between the upset price and the actual selling price. This, too, might have played a role in rejecting the idea of granting a prepurchase right, in addition to the purity of competitive conditions.

On the other hand, no one is able to indicate the amount of revenues the state has surrendered by not being able to privatize contractually operated stores for another two to three years, due to the state's denial of the prepurchase right. True, in the Hungarian economy a potentially greater profit that has failed to materialize is always regarded as a lesser matter than a smaller, but certain amount of revenue. Since one is unaware of the fate of other proposals to accelerate privatization, the only question that remains to be answered is this: Aside from providing increased, short-term revenues which can be used to defray the state's indebtedness, in what way will the previously described measure accelerate the preprivatization process?

New Bank To Deal With Bankruptcies, Bad Debts
92CH0252E Budapest FIGYELO in Hungarian
28 Nov 91 p 6

[Interview with Kvantum Bank President Rezso Kostyal by Katalin Ferber; place and date not given: "A Financial Institution To Perform Liquidation?"—first paragraph is FIGYELO introduction]

[Text] A new, specialized financial institution is being established, according to recent daily newspaper reports. What justified the establishment of another bank at a time of economic decline? We discussed this matter and the bank's future activities with Rezso Kostyal, its president.

[Ferber] Who are the founders of the bank and for what purpose has this financial institution been established?

[Kostyal] In the present, transitional stage of our economy banks which maintain client accounts inherited some receivables which reproduce on occasion as a result of changes in organization, ownership or in the marketplace. The management and collection of these receivables can be performed in a more professional way and faster in the framework of a specialized organization. This is why the founders established a new, specialized financial institution which is capable of buying questionable receivables from banks at market value, then of selling the same to Hungarian or foreign partners or agreeing to upgrade the debtor firm.

The bank also performs the banking aspects of bankruptcy and liquidation proceedings for its clients. It develops new methods and proceedings for these matters; in addition, it provides specialized financial services for the transformation of enterprises, sells part of the assets of firms that are being scaled down and organizes foreign investors. It resolves the organizational and professional transformation of enterprises with the involvement of Hungarian and international experts.

Kvantum Bank, Inc., has been established by the Commercial Bank, Inc. (which purchased 48 percent of the capital stock), the Postabank, Inc. (also with a 48-percent share) and Portfolio Bank, Inc. (with a 4-percent share). The primary function of the specialized financial institution is the professional management of bankruptcy and liquidation proceedings and enterprise reorganizations and renewals.

[Ferber] For what reason did Postabank take part in establishing this institution?

[Kostyal] As you know, Postabank has no traditional enterprise clientele like the large commercial banks have. At the same time, however, Postabank is also affected by liquidation problems that stem from questionable receivables. The extremely well trained group of experts at Postabank may provide a good background for the activities of the new financial institution.

[Ferber] Why does Portfolio Bank—also a specialized financial institution established by the OKHB [National Commercial and Credit Bank]—which deals primarily with so-called investment banking activities has such a small share in the new bank?

[Kostyal] One of the primary considerations in determining the founders' respective shares was a requirement to have a consolidated financial statement by the end of 1992. This requirement has been established because the new accounting law requires every financial institution which has a 50-percent or greater interest in the capital stock of the bank to disclose such interest in the bank's consolidated financial statement. Firms with less than 50-percent interest need not be shown in the new financial statement. This is how the above mentioned 48-48-4 percent share distribution of our 800

million forints' worth of capital stock came about. In addition, closer cooperation will exist with the Portfolio Bank which has been specialized to deal with privatization and investments.

[Ferber] How does the 800 million forint capital stock compare to the volume of the OKHB's questionable receivables?

[Kostyal] There is no direct relationship between the two amounts. The 800 million forints will suffice for the new financial institution to purchase at market value certain questionable receivables which, from the standpoint of certain business considerations, promise to be profitable, and to then factor those.

[Ferber] Perhaps it is no coincidence that the Commercial and Credit Bank established the new, specialized financial institution at this time. In other words, could this have been the simplest method of escaping in advance [as published]?

[Kostyal] I do not believe that the consolidated financial statement to be prepared next year was the chief reason for Kvantum Bank to start its operations. I believe that the "standing in line" phenomenon, the mass of enterprises which struggle with insolvency and the frozen firms condemned to stand still force every Hungarian financial institution to do something in this area. All of us are forced to take a step, because this field requires a separate group of professionals and special financial activities.

[Ferber] In what fields will this financial institution be active?

[Kostyal] We are starting out with three lines of business. The crisis branch will help accelerate ongoing liquidation proceedings, will act as an agent in trying to collect the receivables and if necessary, will develop alternatives to reach agreements with creditors. The other line of banking business will be pursued by the sales branch. It will sell and trade assets transferred to the bank as a result of bankruptcy proceedings. And finally, the third branch will perform the transformation and reorganization of enterprises and parts of enterprises, to the extent possible.

[Ferber] Is it possible to perform all this successfully, i.e. profitably, without attracting foreign capital?

[Kostyal] I do not believe so. Therefore, the development of this virtually unknown activity in Hungary with the inclusion of foreign partners in specific liquidation proceedings is an important part of the founders' strategy.

Interest Mediation Council Operations Assessed
92CH0252F Budapest FIGYELO in Hungarian
28 Nov 91 p 10

[Interview with Interest Mediation Council secretaries Lilla Garzo, Geza Kovacs, and Kalman Gulyas, representing employees, employers, and the government, respectively, by Andras Bohar; place and date not given:

"Views About the Interest Mediation Council's Operations: The Center Level Is Missing"—first paragraph is FIGYELO introduction]

[Text] It is the function of the scarcely more than a year old Interest Mediation Council [ET] to deal with national problems that affect people in the world of labor and to try to reach agreements. Andras Bohar conversed with Lilla Garzo, Geza Kovacs, and Kalman Gulyas, the secretaries of the three sides of ET, i.e., of employees, employers, and the government.

[Bohar] What issues have yet to be dealt with by the ET this year, and what positions have been established relative to these issues on the employee side?

[Garzo] Preparations for the development of a legislative proposal concerning the Employee Stock Ownership Program [MRP], proposed changes in social security service provisions and discussion of the "economic policy package plan" are still ahead of us.

Debate over the MRP is very important from the standpoint of trade unions, because this law determines the ways and conditions in which employees receive shares of enterprise assets. Of similar significance is the changing of the social security service delivery system: The decision in this regard pertains to the acceptability of continuously reduced service deliveries in the fields of both health care and pension benefits along with contributions which are extremely high even on a European scale.

Since we are dealing with laws here, the decision is incumbent upon Parliament, and not the ET, of course. Social partners [as published] express opinions only, hoping that the government as well as the legislators consider their views. This also is our function in the course of negotiating the "package plan" in which the key issues of next year's economic policy are placed on the table: the social partners will express opinions and make recommendations concerning the budget, the rate of taxation, individual wages and income (and opportunities to influence the evolution of income).

[Bohar] Which topic is most important from the standpoint of employees?

[Garzo] Perhaps the development of a wage agreement system is most important, establishing the functional conditions for such a system is the most urgent task. Next year's minimum wages should already be agreed upon by the social partners in the framework of this system. This year they were able to agree with employers only once in regard to increasing the minimum wage. Since March the minimum amount of wages has been increased from the 5,800-forint level established in the previous December to 7,000 forints. Further negotiations did not produce much success, even though the increased cost of living would have warranted an additional increase in the minimum wage (to about 8,000 forints, as recommended by the trade unions).

Just as in every other instance, it is incumbent upon the trade unions to propose minimum wage levels to the ET. Time is short if we intend to begin the new year with new minimum wages.

[Bohar] To what qualification system would the new wage agreement mechanism be linked to?

[Garzo] To a new system, of course. Wage tariffs would be linked to that; the trade unions believe that at least three wage tariffs should be mandatory: Minimum wages for unskilled and trained workers, skilled workers, and for holders of degrees who start their careers should be determined with mandatory force in the course of national negotiations and should be fixed by law. Incidentally, a system like this would conform with international practice.

Establishing at least a few mandatory minimums is of particular importance in Hungary where negotiations take place only at the workplace and at the national levels (and where even these leave much to be desired). Bargaining at the mid-level—within professions, occupational branches and regions—has not yet evolved, people are beginning to search and to adapt themselves at present, moreover, they are looking for the social partners with whom to negotiate. Under such circumstances there is a great threat that many individuals, perhaps entire enterprises or even entire regions and professions are going to be left out of a system with gaps like these, and will be left without guarantees.

These are the most important daily tasks we are facing. At the same time, if we succeed in developing a mechanism for wage negotiations and start out with mid-level negotiations we will have taken a great step in resolving not only today's tasks, but also tomorrow's tasks.

[Bohar] What important proposals do you have to submit during the remainder of the year?

[Kovacs] Every issue is important to us because we prepared our work plan jointly, but we will deal with some particularly significant issues at this time, such as the MRP and amendments to the social security law. We will discuss the economic policy concept toward the end of the month, we do not plan to place next year's budget on the agenda because the government will not have completed its work with the budget either. But even in this way we have abundant work to do with respect to negotiations related to wage agreements.

[Bohar] What is your position in the "wage dispute"?

[Kovacs] If the Hungarian economy wants to become a true market economy it must change from wage regulation to wage liberalization. The government appears to be prepared to do so with one condition. We, the ET, that is, must develop a wage agreement system which renders the entire mechanism functional starting at the level of workplaces, through the professional and branch levels all the way up to the national level, i.e. to the ET.

At present the wage tariff system includes some 70 categories, which include professional qualification criteria, levels of responsibility, the complexity of work, work circumstances, and many other things. A work classification system makes sense only if it enables employers to reach agreements with employees.

We would like to see to it that only the minimum wage be determined on a mandatory basis. Wages exceeding the minimum wage should be determined at the mid levels. In our view, the ET should take position only in regard to national issues.

[Bohar] What do you mean by national issues?

[Kovacs] Labor Law amendments, the tax system, the budget, for example. The local levels and middle levels will have no responsibility unless we permit them to exercise some authority, if we sit on top of them. The middle and local levels will not regard their activities as important if there are many central directives. But beyond all this, those directly affected by the day-to-day problems are able to render better decisions regarding details than the national level, where the same amount and same quality of information is available.

Our most important task is to take part in developing legislation that influences the economy, and to make recommendations as to fixed points which help the negotiating parties to orientate themselves, whether these parties are at the mid-level or at workplaces.

[Bohar] What tasks does the ET's government secretary have before the end of the year?

[Gulyas] I am supposed to perform a certain kind of coordinating role. Within the ET the government is represented by several different groups of negotiators assigned to specific cases. The governmental position with respect to the MRP that will be dealt with in these days will be represented by Finance Ministry experts, while the minimum wage issue will be dealt with by a delegation established under the leadership of the Labor Affairs Ministry.

The government has agreed in August 1990 to provide for the functioning of the ET, and thus I, as the government's secretary at the ET, must see to it that the ET's functions responsibly and continuously. This involves not only the establishment of material conditions such as premises, telephone service, and so forth; I also must take an active part in further developing the system of interest mediation.

[Bohar] As the government representative, what is your view of the ET's functioning?

[Gulyas] Mid-level interest mediation mechanisms should be established in order for the ET to work well. Although attempts to this effect had been made by the Ministry of the Interior, the Ministry of Transportation or the Ministry of Public Welfare, things are still in their initial stages only.

The evolution of interest mediation at the middle level is important because quite often we must deal with issues at the national level which should not really be dealt with at that level, but at lower levels instead. Under present circumstances the ET is constantly and unavoidably forced to deal with the greatest variety of issues. I feel that as a result of all this, the ET has become overloaded, and therefore it would be beneficial if the ET dealt only with comprehensive, significant problems.

[Bohar] How could you achieve a situation like this?

[Gulyas] I regard the establishment of a legal framework for the already mentioned middle level as very important. In reality, there does not exist today a legal provision which could force the negotiating parties to sit down at the table. We are unable to start out from believing that social pressure will, eventually, force opposing parties to repeatedly negotiate about their interests; we must prepare ourselves for a consolidated situation and interest mediation situation should be developed accordingly.

Problems of Banking System Discussed

92CH0213B Budapest FIGYELO in Hungarian
21 Nov 91 p 5

[Article by Katalin Ferber: "Candid Talk About Banking Affairs; The Present Dilemmas of the Hungarian Banking System"]

[Text] Professionals from privatized enterprises and from enterprises awaiting privatization, from indebted enterprises, and from enterprises hoping to collect their receivables organized a three-day conference in Balatonfoldvar with the participation of executives from financial institutions. The conference consisted not only of customary professional presentations, but also included debate from which lessons could be learned.

Finance Ministry official Gusztav Bager discussed the present problems of commercial banking relations, while the presentations of Gyozo Kazinczy (Budapest Bank), Katalin Kovacs (Budapest Bank), Peter Mennich (Hungarian Credit Bank) and Erno Huszti (National Bank of Commerce and Credit—OKHB) sparked debate.

Infrastructure

Lively debate over infrastructural investments to be made by banks sparked lively debate at the conference. Virtually everyone agreed that from the standpoint of commercial banks, it would be more advantageous to make long-term infrastructural investments than investing in the private sector.

Development of the telephone network is a typical example, the conference was told. Part of the MATAV (Hungarian Telecommunication Enterprise) loan was financed by Hungarian commercial banks. A year ago Hungarian financial institutions regarded this field as a more secure place to invest than any private investment, primarily because of the state monopolistic character this field has.

Questionable Receivables

The present financial situation of the banking system and legends about huge profits recorded by banks sparked the greatest debate. One of the professionals who took part in the debate said that much of the profits made by the commercial banks may be attributed to inflation, that one does not find actual net profits (that hold their value) behind those profits. These fictitious profits will be "drained" almost automatically once the new accounting law is applied: The revalorization of certain items in the balance sheet will prompt huge rearrangements and changes among financial institutions.

The present gaps in the law (shortcomings in regulation, confused decrees and laws) created a number of opportunities during the past two years to enable banking transactions which were appropriate from the standpoint of the letter of the law but which later and in reality proved to be violations of law. Business transactions related to housing fund bonds that were tied to deadlines produced significant profits for all those who took part in this program, but caused damage to the economy as a whole, the proportions of which cannot be assessed as of today.

Some conference participants believed that it was not the function of commercial banks to consider the ethical standards of an era, but the representative of one of the largest banks provided a much more rational explanation for taking advantage of the legal loophole. Although profits enured from the placement of housing fund bonds were not subject to the accumulation of mandatory reserves, the budget obtained its revenues one way or another by taxing the banks. Accordingly—so the argument goes—the Finance Ministry also recorded gains as a result of these transactions.

Nothing demonstrates better the split personality character of the situation than the fact that during negotiations just prior to signing the trilateral agreement last months (between the MNB—Hungarian National Bank, the Finance Ministry, and the commercial banks) the Finance Ministry representative himself felt that the extent to which commercial bank profits had been restricted was too much, because as a result of these restrictions the shrinking revenues of the state budget would only decrease further.

On Bank Secrecy

Laws concerning secrecy rules to be observed by banks are unsettled and confused. Perhaps this is the reason why several persons mentioned at the conference that commercial banks observed bank secrecy requirements excessively. The MNB regularly prepares a list of so-called prohibited notes for the commercial banks, enumerating firms whose notes must not be accepted. This, however, constitutes only one piece of information about a few firms.

Banks do not exchange information about their clients because no such requests are received by financial institutions. The idea of a foreign firm preparing a comprehensive record including all business and financial information about all Hungarian business organizations (including financial institutions) has occurred, but a majority of the commercial banks rejected the idea.

Insofar as the regular review of financial institutions is concerned—a method that worked well prior to World War II in Hungary as implemented by the Monetary Institute—a continuation of this practice would be useless and superfluous, according to a majority of the persons present. Regarding this issue, however, some held the view that the practice of regular, strictly confidential reviews will continue but the exact method and the starting way is still up in the air.

The question is this: How long can we wait to resolve all these problems?

Controversy Over MRP Plan Discussed

*92CH0213A Budapest FIGYELO in Hungarian
21 Nov 91 pp 1, 14*

[Article by Gabor Karsai: "Hungarian ESOP? Halfheartedly?"]

[Text] Some advocates of the MRP [Employee Stock Ownership Program] believe that we are building communism, not capitalism.

"The fact that a legislative proposal on MRP has been drafted is laudable. But the narrow scale on which it would be possible to apply the proposed law reveals the government's half-hearted approach," employee spokesman Janos Lukacs declared at last week's meeting of the National Interest Mediation Council [OET]. What we really discover behind this half-hearted approach is an inability to conceptualize the matter. As long as there is no clear privatization strategy, debate goes on over basic principles, and this leads to an inability to make decisions and then to unprincipled compromise. It is a well known, yet, by now, a forgotten fact that the American employee stock ownership plan which inspired the MRP had been devised primarily for troubled enterprises. Its basic idea is that workers losing their jobs in a bankrupt firm are willing to purchase part of their firm in order to preserve their workplaces, and that such effort is worthy of state support in the form of various benefits. Hungarian advocates of the plan who regarded MRP as workers' necessary sacrifice to preserve workplaces transformed the idea into a privatization concept resulting in employee ownership acquired free of charge or in exchange for the smallest possible amount of investment.

The government's privatization strategy—subject to constant change last year—contained a relatively fixed basic principle according to which the MRP principle could be applied on the basis of market considerations and not as a matter of free handouts. At the same time, based on the many types of exceptions that had already

been made—compensation, the return of church property and the grant of deeded property to cooperative employees—and on grounds of certain considerations of fairness there evolved an increasing demand for providing to employees who have materially contributed to the growth of an enterprise free of charge shares of ownership in that enterprise.

The three main, equally well-founded economic arguments—i.e., that generally speaking, employees do not become good owners, that the budget does not have enough funds to permit the free of charge or below market value distribution of state property, and that this method of privatization would result in the exclusion of certain strata and in injustices because the system operates independently from criteria based on individual performance—enabled only bargaining regarding the price at which ownership could be acquired. At the same time, however, the political demand—which, on top, also enjoyed important support from within the MDF [Hungarian Democratic Forum]—had become indefensible. Accordingly, the government's "halfheartedness" may be explained by the economic arguments and by a contradiction in terms of political commitment.

One may recall that in exchange for MSZOSZ [National Federation of Hungarian Trade Unions] cancelling its call for a warning strike in early June the government's negotiating delegation promised, among other matters, to convey to the government a trade union demand to urgently submit a legislative proposal to parliament concerning the MRP, independent from proposals concerning privatization (FIGYELO No. 26, 1991). The wording was so complicated because the promise did not apply to the submission of the legislative proposal itself, and therefore, as we already indicated in our earlier article, it was likely that the MRP "would be presented to parliament only in the fall, 'ripe' in the context of other legal provisions, because of the excessive parliamentary workload and because of MRP's close relationship with the government's privatization and taxation concepts." We then added that this "might not be too bad, because the separate treatment of individual elements of privatization would increase the existing chaos, even though the slowness experienced in the development of a privatization strategy indeed gave rise for concern."

Although the government has since developed a privatization strategy, it cannot be regarded as a real strategy providing guidance regarding issues of detail because of the Dodonian wording in the framework of a 22-point work program. Legislative action concerning the MRP represents only one of the 22 points in the work program.

The present legislative proposal describes the essence of MRP as an opportunity available to workers as a group for the purchase stock in the enterprises in which they have worked with the help of an MRP organization established for the purpose of providing ownership to workers and by taking advantage of benefits provided by the state. Since workers do not have enough money to purchase stock, the MRP organization could borrow

money from a financial institution or could enter into agreements concerning installment payments with the seller of the stock. The source of repaying the loan would be the company's income transferred to the MRP, and the company would guarantee the repayment of the loan.

Accordingly, an MRP could be initiated in places where more than half of the employees wishes to do so, where one of the owners is willing to sell his stock, where the company agrees to the organizing of an MRP and where some financial institution lends money for the purchase of stock or where a financial institution is able to reach an installment payment agreement with the seller of the stock. The interest rate on such loans would be the same as on privatization loans, its term of maturity would be 10 years with a one year grace period. The requirement to invest one's own resources would be the same as in the case of E-loans [Existential/Small Business loan program]. (This requirement translates into 2 percent provided that the average per capita purchase price does not exceed 5 million forints.) Significant tax benefits could be claimed if the stock to be purchased is that of a state enterprise subject to privatization. Workers' contributions from their own resources would be subject to investment credits in the framework of personal income taxes, and the companies could transfer money from their income before taxes for defraying the MRP loans, up to a maximum of 20 percent of the tax base.

As of November, from among the agencies of the government the AVU [State Property Agency] has expressed the largest number of concerns with respect to the legislative proposal. Echoing its earlier position, the Ministry of Finance regarded the tax benefits as excessive and inconsistent. From a professional standpoint it is indeed hard to explain why the MRP, as a method of privatization, should enjoy special treatment.

The AVU is also opposed to the idea of permitting the initiation of MRP's in the course of transforming state enterprises—this has not been made enabled by the Law on Transformation and a precedent has not been established in the ensuing practice. The AVU also disagrees with the installment payment structure, because lacking other owners, only the AVU could be considered as an owner, and as an owner selling stock, the AVU, rather than the banks, would judge the viability of a company. Supposedly, the AVU is concerned that this structure would, in essence, avoid credit rating activities performed by banks, and that as a result of this function, the political pressure deflected by the government and the

legislature would bear down directly on AVU in the form of an expectation that AVU not prevent the establishment of an MRP even though it might regard an MRP as nonviable and as useless.

From a financial standpoint those who drafted the proposal envision a possibility to establish MRP's in about one-third of the enterprises. Representatives of employee interests at the OET meeting viewed this ratio as too low and as unattainable, based on the undoubtedly overly optimistic presumptions underlying the calculations. They therefore asked for increased benefits. In addition, the Solidarity Trade Union demanded that the MRP be made a citizen right, while MSZOSZ sought to have the MRP declared as a legally guaranteed right of employees insofar as property under the jurisdiction of AVU was concerned. Having heard these rather one-sided demands, the statement according to which "some advocates of the MRP believe that we are building communism, not capitalism" was very appropriate. The employer side within the OET also rejected these extreme demands and called attention to the fact that the MRP could be viable only if all owners of companies as well as creditor banks became interested.

As pointed out by the employee side at the OET, the MRP has a peculiar feature which permits only the viable enterprises to finance the program. In other words, enterprises which could also be privatized with relative ease by some other means, and where the lead actors in most privatization processes—the state, the managers and the buyer—have little interest in using the MRP process. Taking advantage of the MRP process would benefit workers at such corporations, but such benefit would be derived not in the form of avoiding unemployment, but by taking advantage of an investment opportunity that is far more lucrative than the average investment. At the same time, weak enterprises at the brink of bankruptcy would have no funds to implement the MRP, even though the threat of losing workplaces is greatest at these enterprises. It is equally true that in enterprises struggling with structural crises, shortage of capital and often with management problems the establishment of MRP could result in squandering the workers' investments.

Based on all of the above we must not regard as false modesty the statement which the proponents of the proposals felt important to declare: "The MRP is not a miracle cure." We can say that wholeheartedly.

Soviet Dissolution Seen as Posing National Threat

92EP0132B Warsaw WPROST in Polish
No 46, 17 Nov 91 p 35

[Article by Kazimierz Pytko: "Our World: Be Vigilant!"]

[Text] We must realize that we are living between the unpredictable entity the USSR is being transformed into and the powerful monolith of the west, to which we do not belong.

Ukraine has announced its intention to form an army of 420,000 soldiers. This information caused reverberations around the world. In a special statement, Richard Soucher, spokesman for the U.S. Department of State, expressed doubts over the wisdom of the Kiev decision. British and French officials also declared their anxiety and dissatisfaction. The Poles seemed the least disturbed.

Actually, they did not react at all. We have had something happen to us that was so strange that we now even view events of the greatest historical significance with disturbing indifference.

I do not know whether this detachment vis-a-vis reality is a new national characteristic of Poles. In western historiography we find the hypothesis the famed Polish tolerance stemmed not so much from the openness of the nobles' minds as from a lack of desire to fight for ideals or to engage in serious discourse.

There is no point overlooking how this indifference coupled with ignorance and a disinclination to look behind their own fences ended. It would also be a cliché to repeat the saying about history repeating itself, but it is really hard to understand why Ukraine's action produced a more lively reaction across the ocean than just beyond the Bug River.

If imagination does not suffice, let us recall that if Kiev's plans are carried out, Ukraine will create an army just about twice the size of Poland's, one larger too than that of Britain, France, or Germany. The old balance of power in Europe, therefore, will be drastically altered. There is no way today to tell what the political orientation of the future leadership of this powerful new force will be like, but it is extremely doubtful the national army will act the same way as the Red Army, which, true enough, was a beast, but at least it was a beast we knew and had learned to live with.

When any nation breaks up, the disintegration process is extremely dangerous for its neighbors. The national air force of the Yugoslav Army has already managed to bomb a Hungarian village accidentally—it was an accident. The endless fighting between the Serbs and the Croats also goes to show that once people thirsting for freedom get guns in their hands, they very quickly manage to make use of them.

Seven republics beside Ukraine have begun to create their own national guard, not to mention Lithuania, Latvia, and Estonia, which are already recognized as independent. At the same time, pressure is being exerted to repeal the principle of sending recruits enlisted in one republic to serve in another. Once it is ultimately repealed, sooner or later national armies will be created. Shaposhnikov, commander of the Soviet armed forces, is trying to set up a council consisting of the heads of the republics' armed forces, but the results of his efforts are pathetic. Vladimir Grinov, deputy speaker of the Ukrainian parliament, gave him a short response: "You should realize that we are constructing our own country."

He did not explain, however, why his country needed such expanded armed forces. In the past, Soviet propaganda routinely exploited NATO and Japan as the standard bugbears. Today this same propaganda is devoted to presenting the virtues of the western and Japanese lifestyles, along with the ingenuity and productivity of the capitalist economies. It is therefore difficult to imagine how the old adversarial prophecy can still exist. The Chinese threat is a pure abstraction for Ukraine, Georgia, and Moldova, too. The republics are therefore defending themselves from one another, or at least from fear of one another. Poland is unfortunately the country on the border of this unpredictable entity that the USSR has become.

A little more time will pass and we will find ourselves in contact with chaos and a growing western power monolith, because at the very moment that the USSR and its army fell apart, the French and the Germans came up with a proposal to create joint European armed forces. The project has had a cool reception for the time being, but unless something unexpected changes the course of evolution, economic and political integration will be followed by military integration.

The geopolitics we so have often complained about and paid such a terrible price for will make itself known again. In the distant past Poland found itself between young expansionist countries, Russia and Prussia. In the mid-20th century, Poland had to suffer the effects of having two totalitarian powers as its neighbors, one brown and one red. Now it will probably have to strike a balance between chaos and a hard, indifferent wall. The only chance here is to manage to leap over that wall in time.

Bundestag Deputy Promotes Silesian 'Euroregion'

92EP0130A Poznan WPROST in Polish
No 47, 24 Nov 91 pp 26-28

[Article by Hartmut Koschyk, Bundestag deputy, deputy to the federal chairman of Silesian Compatriots in Federal Republic of Germany: "Silesian Euroregion? Bridge of Common Sense"]

[Text] Silesia should have a chance to become a European cultural region, a secure homeland of Germans, Poles, and Czechs.

Air and water pollution, degradation of the forests, economic collapse, ruin of the historic architectonic substance—these are things that, unfortunately, often come to mind when one thinks about Silesia or Upper Silesia.

The permanent settlement, made in the spirit of international law, of the German-Polish border on the Oder and Nysa Luzycka aroused embitterment and resignation in many displaced Germans. The Germans wonder about the future of Silesia, which ought to restore equity to all interested parties, and which simply demands it. Can a Euroregion model, which was attempted repeatedly on the western border of Germany, be the answer to the Silesian questions?

The point of departure for the "Silesian Euroregion" could be the return to regions, which has been observed all over Europe. These tendencies are also occurring in Silesia, clearly not only among the native German, Polish, and Czech population, but also among the Poles and Czechs who settled in Silesia after 1945.

The desire to identify with one's immediate environment, in order to experience one's homeland in the historic and modern sense, occurs primarily among youth, who are seeking living or dead, architectonic or cultural witnesses to Silesia's past, a past in which Silesia was mostly homogeneous, a past in which Silesia offered space to all its inhabitants.

It is not surprising then, that the trend towards greater independence among the regions in Poland is especially strong precisely in Silesia, and chiefly in Upper Silesia. The Euroregion, which could include all of Silesia's historic parts, would not only meet this trend half-way, but it would also be a splendid opportunity to realize a place for genuine agreement and reconciliation, meeting, and cooperation. The international conditions for this have already arisen: The Polish-German treaty for good neighbors and friendly cooperation of 17 June 1991 says in article 12 that the "Parties of the Agreement" ascribe "great significance to partner cooperation among the regions, towns, borders, or other territorial associations, especially in the area along the border." In article 13 of the agreement, both parties affirm the necessity of coordinating the politics of spatial planning of both countries in the area in which, in the future, they will enter into cooperation extending beyond the borders. In regional cooperation, both parties want to be guided by the "European agreement for supraborder cooperation among territorial associations," which was resolved by the Council of Europe in 1980, and which gives guidelines for cooperation in the areas of urban and regional development, communications, environmental, and water protection, schools, culture, etc.

The German-Polish Government Commission, which came into being as early as April 1991, set itself the task of promoting regional and border-area cooperation. The Commission is striving to make the German-Polish border lose its function of sharp division.

When the external conditions for creating a Euroregion in Silesia arise, then supranational regional cooperation will be activated in the interest of the appropriate territorial unions—gminas, administrative districts, and voivodeships. Institutionalization of the Silesian Euroregion should proceed both "from below," emerging from the gminas, administrative districts, and voivodeships, as well as be sanctioned "from above," from the point of view of the political and international law affecting Germany, Poland, and Czechoslovakia. The potential collaborators are the economy, press, associations, churches, and cultural and educational institutions. Street and town names in two and even three languages should become evidence of the Silesian Euroregion, just like integration with Silesia of the displaced Germans.

A "transmission center" should also be created, or Euroregion Council, which could serve as a partner for locals, as well as those outside of Silesia, who wish to have discussions. Problems that will arise in the Euroregion area should be solved in consultation with the Council. A certain independence in planning would be possible for the Silesian Euroregion, primarily in the areas of communications, preservation of monuments, and preservation of nature and tourism.

The displaced Silesians and their descendants—with a responsible understanding from the Polish and Czech side—could have a special role in creating the Silesian Euroregion, in association with their sense of connection with their homeland. Silesia should have a real chance of becoming a European cultural region of the first magnitude, a region that could be a secure homeland for Germans, Poles, and Czechs.

German Election Victory in Opole Region Viewed

92EP0130B Poznan WPROST in Polish
No 47, 24 Nov 91 pp 27-29

[Article by Ryszard Rudnik: "Krol of the Silesians—The Leader of the German Minority in the Opole Region Received 5,000 More Votes Than All of the Democratic Union Candidates and Over Three Times More Than All of the 'Solidarity' Representatives"]

[Text] It was known from the very beginning, from the day the registers of support for the candidates were completed, that the German minority would be the dark horse of the elections in the Opole region. In the course of several days, 50,500 signatures appeared under the names of the German candidates, while it took many of the other parties weeks of difficulty to "obtain" 5,000.

It was "declared support and not forced support," asserts Henryk Krol, minority leader, thereby suggesting that the actual popularity of the Germans in these elections was even greater. Krol and his coworkers preferred to hand in only part of the completed registers, in order to weaken the vigilance of the Poles and avoid a repeat of February 1990, when the by-elections to the senate turned into a national plebiscite and election between a

Silesian Pole, Professor Simonides, and a German Silesian, Henryk Krol. The Germans, who make up about 30 percent of the voivodeship, will lose each such confrontation. For these very reasons, Krol withdrew from the Senate register and transferred to the Sejm register.

The course of the elections fully confirmed the efficiency of these tactics. The Germans received three of the ten mandates that could be attained in the voivodeship. Their candidate, Gerhard Bartodziej, took the chair beside Professor Simonides (UD) [Democratic Union] in the Senate. On the Sejm register, Henryk Krol played the role of electoral engine. The marks of nearly 44,000 persons were placed by his name. He received 5,000 more votes than all of the Democratic Union candidates, and over three times more than all of the "Solidarity" representatives. Unofficial data show that the German victory could have been even more smashing if not for the exceptionally low turnout in the native districts. In Gogolin, for example, 30 percent of the voters went to the polls.

The Germans won while using minimum propaganda means. They completely gave up using signs. Asked about the minority's signs, the Gogolin citizens continually point out the one and only sign in a local shop, nearly invisible among the images of the Democratic Union candidates.

"It is clear to me", said the Opole leader of the Catholic Electoral Campaign (WAK), Jan Piatkowski, "that the Germans benefited in the electoral campaign from the organizational structures of the Social and Cultural Society of the German Minority (TSKMN), which is contradictory to its statute and to the law of associations in Poland."

There is no confirmation that the WAK would take this matter to court. It is for certain that the Polish Union of the Western Territories (PZZ) is taking the German victory the worst of all. The candidate of the PZZ and of the Confederation for an Independent Poland (KPN) for the Senate, Professor Franciszek Marek, asserted on the day of the elections: "The leaders of the TSKMN are the ghosts of a preceding era, who are already not able to think differently."

Franciszek Marek is the same one who was publicly called a swine on Katowice television by Henryk's father, Johann Krol.

Henryk Krol assures that he will try to be a deputy of "all the citizens of this land, both Poles and Germans." In the first order, he promises to attend to the problems of senior citizens, and he will also try to bring it about "that German youth do not abandon Silesia." The question of the law on national minorities, the number one problem of the preelection campaign, dropped to the second plan. "We'll return to the subject when we perfectly prepare a suitable design," asserts Krol. The leader of the TSKMN does not foresee alliances with the supporters of Dietmar Brehmar of Katowice.

"The election results in the Opole region are a reflection of the population's nationalistic and demographic structure," asserts Professor Dorota Simonides. "The German minority received nearly 30 percent of all the returned votes, and the Poles received about 70 percent."

The problem rests on the fact that the Polish votes were divided among 20 registers. In the senate race, Professor Simonides clearly outstripped the other, Gerhard Bartodziej, who, besides being interested, accepted it with distinct relief, because why be so clearly conspicuous and excite some compatriots? In the districts in which the German population was a majority, the professor "finished neck and neck" with the minority candidates and significantly returned to the top only in the completely Polish districts. "Such a campaign course," considers the professor, "for me confirms the justness of many years of efforts for the peaceful coexistence of the Poles and Germans, for tolerance and respect for the other person."

The remaining seven mandates to the Sejm were divided equitably—one for each. In spite of the forecasts of Infas—that Solidarity would receive quite a lot of votes in the Opole voivodeship, its candidate did not have enough for a mandate. And that is the first surprise. The second is that, of the deputies from the previous term of office, only the "contract" deputies, Andrzej Borowski (Polish Peasant Party—PSL) and Jozef Pilarczyk (Union of the Democratic Left) qualified for the new Sejm from the Opole region.

German Resettlement in Kaliningrad Viewed

92EP0132A Warsaw WPROST in Polish
No 46, 17 Nov 91 pp 31-34

[Article by Bartlomiej Lesniewski: "Jantar for the Brave"]

[Text] In Kaliningrad, there is to be a region that is economically strong, has many economic privileges, and will continue to be governed by Russia, although the Germans will have a great deal to say, too.

At the present time, the Kaliningrad region is a curiosity on the map of Europe. The Soviet Union conquered it to create a militarized zone there. There are 900,000 people living in the Kaliningrad region, about half the prewar population, and most of the factories are working on behalf of the military. The area surrounding Kaliningrad is a giant armed camp. There are two armies stationed here, along with a navy base and command for a tremendous fleet. Their combat significance is nearly on a par with the strength of the entire Polish army. The creation of an independent Lithuania along with the fact that there is now a strip of unfriendly land between the district and Russia has made it clear to everyone that in the long run it will be too expensive to maintain this state of affairs.

But anyone who would like to see a "Hong Kong on the Baltic" created here must realize that the army's "supreme presence" is bound sooner or later to be a great liability.

Yuri Matochkin, designated by President Yeltsin to be the district's chief administrator, the number one man in the region, says: "Our demands are clear. First, the geographical location of the Kaliningrad district call for different principles for managing the economy and foreign trade, to insure far-reaching economic autonomy. Political autonomy should accompany it, to create something on the order of a Russian Baltic republic that would remain part of the USSR. That is our second demand. The third condition is demilitarization, not complete demilitarization, of course. The Soviet Union's strategic interests should be safeguarded. It's merely a question of removing the military excess. Russian authorities understand all our demands."

The authorities seem to know what to do in Kaliningrad. The problem is that they do not know exactly how. For two months, the creation of a Jantar Free Economic Zone and the adoption of its statute have been no more than an empty declaration. The only thing that is tangible is the district's five-year "tax credit," wherein it has been granted an exemption from taxes due the central government. The statute must define the legal aspects of operations of the interested parties involved in the undertaking, but instead it is full of statements such as, "the conditions of investment in the zone will be more favorable than those in Russia" and "taxes will be lower than in Russia." Besides that, there are no concrete statements.

A commission on zone affairs will handle all these things, according to Gari Chmykhov, the commission's chairman. "Complicated tasks lie before us. The work will take time," he says.

"Under Soviet conditions, this may mean years," a Polish businessman says. "The inertia and reluctance to make decisions quickly in this country are paralyzing. The only hope is that hunger will pressure them. In the face of hunger, they are going to have to be flexible, but it may be too late by then. The unfortunate thing in Poland is that the most important decisions are being made at five minutes before midnight. In the USSR, they are being made at five minutes past midnight."

"The democrats did not win a complete victory after the coup," Yuri Matochkin says. "I still have to depend on the old 'apparat' and consider its opinion."

Communist Yuri Siemionov has held power in the district with an iron fist. A few months ago, he strongly criticized the plans to create the Jantar and sabotaged its creation. After the coup, he changed his mind. At the moment he is chairman of the district council, the local legislative body, and is waging a power struggle with Matochkin.

People from the area accuse the chief administrator of dictatorial inclinations and say that he owes his position not to elections but to the president's administrative decision.

The true power remains in the hands of the bureaucratic machine. Communists are making economic decisions and have the final word in matters of the utmost importance to the population, such as the allocation of potatoes for winter and rations of socks. Matochkin's potentially greatest ally, the leader of the Kaliningrad Russian Democratic Party, does not hold power. He became a musician in the philharmonic orchestra, and his whole party could easily sit together on one couch.

There are also problems with the army. Army representatives have an allergic reaction when the word "demilitarization" is even mentioned. As a gesture, USSR Defense Minister Yevgeny Shaposhnikov, who came here, refused all contact with local officials' representatives.

"Demilitarization decisions cannot be made mechanically," says Yuri Golovin, press spokesman for the Baltic Fleet in Kaliningrad. "Any withdrawal of a unit creates the problem of new barracks for the soldiers and housing for staff and families, as well as a number of other complications."

Civil authorities see the logic of this and are open to talks, concessions, and negotiations. Meanwhile, the opposite process is arising in the district. The demilitarization of Kaliningrad is occurring against the will of those involved. Up until now the Soviet navy has had a string of bases on the Baltic, from Stralsund and Swinoujscie to Riga and Leningrad. Now only St. Petersburg and Kaliningrad remain, and the number of ships in these ports has therefore increased.

Some of the armies pulling out of the Middle East have also regrouped in the Kaliningrad region.

Officers and their families are often forced to live in tents. At the beginning of October, 26 wives of junior pilots illegally took over a block not yet signed over for use in the hamlet of Chkalovsk. A strike was organized. As a result, the military families were relocated to barracks and hurriedly converted sports facilities.

From barrack windows, Russians can look at the Germans, whose population in Kaliningrad has increased from 1,300 to 4,000 during the past three years. These are for the most part political refugees. They come from Kazakhstan, Tadzhikistan, and Kirghizia, because of the Islamic renaissance and the local nationalism arising there. There are 2.5 million Germans living in the USSR. Half have already filed applications to return to Germany.

"There is still the other half," says Victor Hoffman, chairman of the Eintracht Society for German Culture in Kaliningrad. "We have been in Russia for generations, and we want to stay here. I wouldn't want to share the

fate of other Soviet Germans who have the worst sorts of jobs in the old country at the moment. The Turkish guest workers are treated with more respect than they are. I want to remain here. Kazakhstan has been my small country until now, so why not reclaim my nationality in Kaliningrad, especially since this is a land with German traditions?"

Eintracht is concerned with commemorating these traditions. On the basis of photographs that surrounded it before the war the group's activists have discovered the artistically fashioned enclosure of Immanuel Kant's grave. The enclosure had been used as a chicken-run for a Soviet kolkhoz farm. Now the patched up fence has been returned to where it belongs. Eintracht is also looking for traces of other memorial objects. It plans to build a German-Soviet cultural center and a symbolic monumental tomb with earth from all the nearby German cemeteries. The Soviet authorities devastated them and created parks on the land, putting homes and dance halls there.

Eintracht's power stems from its members' organizational efficiency rather than the size of its membership. It seems to take its power from its strong German support. Victor Hoffman sees the matter differently.

He says: "The question of our presence here is so delicate that we have refused to take any such help. The society's significance lies in the fact that we don't get involved in politics at all. Anyone can corroborate this."

But there are people who do not accept all of Eintracht's plans. Eintracht is planning to settle 200,000 Germans in the Kaliningrad region, and there are people who do not share the opinion that Eintracht is an apolitical organization. Russians turn their head, when attempts are made to save cultural objects. They are also understanding concerning the desire to find cultural identity. Fears therefore arise over the creation of faits accomplis.

The active stance of Russian Germans is quite different from the attitudes of their fellow countrymen in the Fatherland. German capital has not yet overcome the barrier of declarations and letters of intent. Older sentimental men and gray-haired women born in Kaliningrad before the war return to visit places familiar from their youth, taking sacks of earth from somewhere on their old farms back with them across the border. They are surrounded by crowds of Russian children selling them postcards. With tears in their eyes, the Germans buy them and overpay. Sentiment is seldom the motivation behind serious German business, which sees great investment as its role. German analyses show that the district's economy cannot advantageously consume large amounts of capital, and changes in the absurd economic regulations up until now have been only cosmetic. The Germans are waiting for these unfavorable conditions to change. For the time being, it is more profitable to invest somewhere else.

Poles are trying to squeeze into the gap that has occurred.

Zygmunt Drzewiecki heads the Elblag firm of Zymex. He says: "We realize that once German money starts flowing here, there will be nothing for us to seek in Kaliningrad. After all, we can't offer even one percent of what the FRG has to offer. Our only chance here is to quickly make a place for ourselves on the market, make contacts, and sign contracts before the Germans do. We are already noticing the first effects in the form of decent profits. We entered into only small transactions at first, not knowing how to make larger ones. But we tried to be dependable, thereby winning confidence and gaining an advantage over competitors just now arriving."

"Half a year ago we began talks with a large Kaliningrad factory concerning a contract worth half a million dollars," says a representative of a large Gdansk firm. "The contract partners were very interested. We invited them to Gdansk for the next round of the negotiations. With fire in their eyes, they came in a Volga loaded down with small tourist items, asking us to help them sell them. Once we had fulfilled their wishes, the negotiations came to a dead end. The Russians had lost interest in the contract. We had other cases like this. After some time we came to the conclusion that active marketing here consists of the fact that, for even the smallest transactions, bribes push up the ruble value of the contract."

Kaliningrad has been polonized to a great extent. Poles and their money enjoy friendly interest from local girls, who are sometimes happy with two dollars. Small and medium-size tricksters and taxi drivers go further. Most visits by Polish small businessmen end with a declaration, a letter of intent, partying at the hotel, and a hangover. But there are others, too.

"It's really only worthwhile to conduct big business here," says a spokesman for Dora, a Swedish-Polish firm. "We handle the overhauling of ships using the formula of Swedish capital, Polish managers and professionals, and Soviet prices. Power and labor are basically very cheap here, and the taxes are low."

That is actually the greatest and last capital of this land, but you have to know how to use it. Western managers are generally better prepared and more efficient than Polish managers, but they are unable to handle this. They have never had to do business in a socialist country.

The Jantar amber mine is the region's pride, its pearl and its most profitable enterprise. Ninety percent of the production of this raw material on the world markets comes from here.

"We have very good contacts with the Germans," says Valeryi Bolotov, deputy director of Jantar, "but most exports go to Poland. Your firms handle the worldwide distribution of our product."

It is difficult to predict whether this favorable state of affairs will continue, because the slow but irreversible changes taking place in the USSR are attracting strong

competitors to Kaliningrad. Gold is usually in the hands of the rich and only occasionally reaches the courageous.

[Box, p 33]

Poles in Kaliningrad

Kaliningrad District is a real Tower of Babel. Its 900,000 inhabitants represent 106 different nationalities. Russians are in the majority, making up over half. The rest claim largely to be Ukrainians, Byelorussians, Azerbaijanis....

There are Poles, too. Prisoners stopped here on their way back from Siberia. Inhabitants of the Vilnius area, Western Byelorussia, and Ukraine came here in search of jobs and a better living. They have lived in diaspora up until now. Polish priest Jerzy Steckiewicz came here, sent on mission to Kaliningrad. Mass is celebrated in front of symphony hall, where Holy Family Catholic Church once stood. Efforts to restore the building were unsuccessful. Kaliningrad Catholics, Poles and Lithuanians, therefore meet next to the wall of the building. Many of them no longer speak Polish, but they know how to sing in Polish.

[Box, p 34]

The Dispute Over Kaliningrad

Our country's defeat in the 1939 war began a period of fervent, diverse endeavors to rebuild an independent Poland.

On 11 and 12 October 1939, Minister August Zaleski talked in London with Lord Halifax and Chamberlain. The Poles presented demands concerning demilitarization of Eastern Prussia under the Republic's supervision. In Zaleski's opinion: "A great and powerful Poland must first of all have certain assurances of security, which will not be satisfied until the threat of attack from East Prussia on Poland is eliminated."

In 1941, during a visit to the Kremlin in December, Wladyslaw Sikorski heard assurances from Stalin that Polish claims to Eastern Prussia were understood, and Sikorski believed these assurances, insofar as we know. In such a situation, Sikorski did not anticipate any further claims from Stalin to Eastern Prussia.

Meanwhile, in spring, 1942, the Soviet Union had already decided to play the East Prussian card in the international bargaining over the Curzon Line. In exchange for support of the Polish claims, he planned to win agreement on the further existence of the border established in the Ribbentrop-Molotov Agreement. The Polish Government rejected these proposals. They demanded that after the war all of East Prussia be annexed to the borders of the Polish state, disregarding the question of the Lithuanian districts that earlier agreements had designated for transfer to Lithuania.

Churchill's proposal that East Prussia be joined to the Polish border was initially accepted at the Teheran

Conference in 1943. Stalin's demand that Kaliningrad and the surrounding territory be awarded to the Soviet Union as its only open port on the Baltic and as moral compensation for losses incurred during the war was accepted. The Western allies accepted Stalin's proposal. Churchill, fearful of Soviet demands in the Near East, accepted Stalin's demands with relief. After all, Poland was the only one to suffer the losses.

Poland thereby suffered defeat in Teheran, despite the fact that it had been awarded the part of the province that was so ethnically Polish.

The decisions concerning annexing Kaliningrad to the Soviet Union, actually to the Russian Republic, carried out Stalin's explicit wishes.

Kuron Comments on Government Coalitions

92EP0125A Warsaw GAZETA WYBORCZA in Polish
2 Dec 91 p 13

[Interview with Jacek Kuron, deputy chairman of Democratic Union, by Artur Domszlawski and Piotr Pacewicz; place and date not given: "When One Plays Chess and the Other Doubles"]

[Text] [GAZETA WYBORCZA] What is your version of recent events in the Sejm? The union has not won even one seat in the presidium of the Sejm or the Senate. Did you lose by your own volition?

[Kuron] It is not as if there is my version and some other version of those events. There is a certain set of facts.

How Many Speakers Does Democracy Need?

In the Sejm's last term, there were three deputy speakers, although the rules called for four. Then suddenly, the "five," formed before the Sejm's first session in order to form a government, decided there should be more deputy speakers. First the fifth turned up, then a sixth.

We could have agreed immediately and had the fifth deputy speaker; they would have welcomed us gladly into their circle. Moreover, I am inclined to believe there were such offers, although they were not very conspicuous. But officially we were told there were to be six deputy speakers because the coalition of the "five" had come to terms with the PSL [Polish Peasant Party] and they had to be given a deputy speaker. So only the sixth deputy speaker could be ours.

Of course, six deputy speakers is better than 10, for example, but building a coalition by creating positions for us is not the answer. That is a bad idea, both for the coalition, because it should be built systematically, and for the operation of the state. If it is on this that political pluralism is to be based, then we will not come together.

[GAZETA WYBORCZA] The press has written about self-isolation: The union was offended that since it could not have everything, it wanted nothing.

[Kuron] After recent conversations with the liberals, I know for certain that a dispute over who, what, to whom and when was proposed is pointless. Only that what was finally proposed to us was to join the coalition, taking the sixth deputy speaker. And we could not agree to that.

[GAZETA WYBORCZA] But in withdrawing, didn't the union pay too high a price?

[Kuron] I do not know what price we paid. I can say only that the Sejm's authority was diminished. But that is the price all of us have paid. I do not know if we would not have diminished the Sejm's authority even further if we had entered into a contract over a fifth or sixth deputy speaker. The idea that we have to increase positions because there are a lot of groups does not appeal to me and I fear that it did not appeal to a significant number of Poles.

[GAZETA WYBORCZA] Supposedly there were in the union advocates of a more pragmatic approach, of the "let's take what we can" type.

[Kuron] I should think the decision was made unanimously.

[GAZETA WYBORCZA] But what does it really mean that there are none of you in the presidium of both houses of parliament?

[Kuron] For the operation of parliament there are no adverse consequences; that is what the Convention of Elders (the presidium and club chairmen—editor's note) is for.

[GAZETA WYBORCZA] Yet what happened is perceived as a defeat for the union.

[Kuron] I agree. That is how it was received, and indeed it is a defeat.

[GAZETA WYBORCZA] Your opponents say the union did not understand the election results and—as minority—it acted as if it were dealing the cards and setting conditions.

[Kuron] I would suggest not arguing about the election results. They are what they are. I am appalled by those who announce every so often that they won the election or that the results told them something. For example, the statement that the majority voted decisively against the Balcerowicz Program. Or, on the contrary, because the majority, having been able to vote against the Balcerowicz Program, did not go to the polls, this means they supported it.

Real Divisions Are Different

To this day we do not know what this Sejm will be able to do. The true test for the Sejm will be the budget. One must realize that regardless of the weaknesses of the tax collection apparatus, budget revenues will not increase for the next two years, or perhaps longer. Such is the nature of economic transformations. Meanwhile, the

current level of expenditures will increase the budget deficit. Thus, regardless of who forms a government, he must turn to the Sejm to reduce expenditures.

Consider that in Poland, as in all postcommunist countries, almost everyone expects more support from the budget: health care, education, science, culture, retirees, pensioners, farmers, employees in state industries, etc. So regardless of who forms a government, he will have to frustrate those expectations and turn to the Sejm to limit budget expenditures. Will the delegates be able to come to terms over budget cuts, or are they going to show pictures of hungry children? Only then will it become evident what can be done in the Sejm and what cannot be done; how we can come to terms and how we cannot. Since this is the case, it is not good that conflicts have been created that make more difficult agreement by those who will have similar opinions on fundamental issues.

[GAZETA WYBORCZA] But now a dominant force has emerged in the Sejm and it is setting rigorous conditions.

[Kuron] That it has emerged is obvious. Whether it will set tough conditions will be evident very soon.

After all, someone has to be in the minority. The strength of democracy is based on the fact that there is an alternative. As one policy breaks down, society has another chance. Therefore, along with this, I cannot accept that the majority is always right.

[GAZETA WYBORCZA] The coalition of the "five" will be dependent on the union. Without two-thirds of the votes, special powers and the "little constitution" will not be passed.

[Kuron] It is not clear that all the groups in the "five" are eager for the "little constitution" or that they are not divided on this issue. I repeat: One may not manufacture fictitious divisions ahead of real divisions. If one manufactures fictitious divisions, consciously or unconsciously, he takes upon himself the risk that in various important matters, he will be unable to win a majority. And this pertains not only to the "little constitution," but to every law as well.

The real divisions will be different from what they have constructed. As will every error, this will be apparent only after the fact. The only division that will go on as it is today is the dispute over decommunization, nor will this last.

[GAZETA WYBORCZA] And the dispute over the person of the prime minister?

[Kuron] That is only for the time being. In the beginning it seemed we would all agree that the person was not the point, but the platform was. Now I hear that the person is the point. The notion that one first has the person, then the platform is worked out, is irrational.

The Congress and the Union

[GAZETA WYBORCZA] The union threatened the congress [Liberal-Democratic Congress]: You "cut off" our candidates for leadership of the Sejm and Senate; you cannot count on our loyalty in the future.

[Kuron] In matters important to the state, if I were to vote on the basis of hurt feelings, that would be foolish.

[GAZETA WYBORCZA] But there were such statements.

[Kuron] Yes, there were statements that if someone expects loyalty, then he himself should be loyal. On the other hand, one cannot exactly accuse the union of being motivated by pique. After all, we have often taken an unpopular position because we saw it as right.

[GAZETA WYBORCZA] Or perhaps the congress behaved more responsibly than the union. The liberals acknowledged that without them the coalition of four could act unreasonably in the economic sphere. They did not withdraw—to use the union's favorite word—from responsibility for the country. They wanted to draw you too into the coalition so that you could defend the line of reform together.

[Kuron] I do not believe in coalitions that are formed before they establish a platform. They are improvised. I have the philosophy that in politics it is not worth working for short-term success, because that always comes back to haunt you.

[GAZETA WYBORCZA] But surely you can see the liberals' dilemma?

[Kuron] If one feels he cannot risk not being in the majority, then that is how he will act. Only in that way he loses his identity. If the congress had shown a little more decisiveness, maybe the Center Accord would not have been so categorical in its refusal to join the coalition of "three": the union, the congress and the center?

[GAZETA WYBORCZA] In your opinion, was the congress afraid to lose its political position or did it simply want power?

[Kuron] No, no. Naturally, they do not think like that; they certainly are motivated by the good of the state. But I feel that their basic premise: "we must be in the coalition of five," is wrong.

Decommunization and the Left Alliance

[GAZETA WYBORCZA] The union's attitude toward the Left Alliance's isolation was not ultimately unequivocal.

[Kuron] The union believes that one should respect the voters and, in distributing committee appointments, adopt the principle of parity, i.e., proportional to the number of delegates, one receives the chairmanship or deputy chairmanship of the committee.

On the other hand, the KPN [Confederation for an Independent Poland] and PC [Center Accord] protested vehemently against the Left Alliance's participation in committee leadership. From my point of view, it looks like this: delegates of the left were elected to the Sejm and have public support. It makes no sense to start another war in a society that is already at odds. It is one thing to choose partners for a coalition or even a political agreement in the matter of appointing Sejm committees that are key to state policy, and another to deprive a group chosen in free elections of its due rights.

[GAZETA WYBORCZA] Does this union position result only from respect for the will of the voters or from pragmatic reasons: The alliance delegates will also raise their hands to vote.

[Kuron] I believe that thinking about any issue with the method—who will vote with me—is wrong, because it causes us to lose sight of our goal.

[GAZETA WYBORCZA] After the elections, you said the Left Alliance owed its success to those who preached the slogan of decommunization.

[Kuron] Putting this slogan into circulation, besides disorienting, disintegrating and isolating politicians, produced nothing. It multiplied conflicts and resolved nothing, because no one of the advocates of decommunization said precisely what he was talking about.

The slogan of decommunization has had a broad scope: from a change in structures, which everyone favors, up to personal and collective accountability. Many oppose the latter, including Speaker Chrzanoski, who has said several times that he is against collective accountability.

I have the impression that using the word "decommunization" plays on the emotions and evokes unexpected results. In post-totalitarian society there are many people who could be accused of cooperating with the old system. Added to that are their relatives and friends. And that is why this evokes, on one hand—aggression, and on the other—fear.

Will the Union Collapse?

[GAZETA WYBORCZA] There are stories circulating in the Sejm that there are three decisionmaking centers in the union: Mazowiecki, Geremek and Hall.

[Kuron] I have not seen an excess of decisions in the union. There is a great deal of discussion, but if one treats every difference of opinion as a center of decision-making, then there are many more than three, even more than 33.

[GAZETA WYBORCZA] That means there is no division into the former ROAD [Citizens Movement—Democratic Action] and Democratic Right Forum?

[Kuron] There are, as we know, the Democratic Right and Social-Liberal factions. But in recent discussions, the differences did not really run along that division.

There are those who treat our setbacks in the elections to Sejm leadership very nervously and those who maintain their composure. I think that in this case, political experience, not ideological options, differentiate us.

[GAZETA WYBORCZA] But a few weeks earlier, there was a division in the union: to accept the government or not accept the government.

[Kuron] We were all in agreement that the union could not refuse Walesa, because that would have meant shirking responsibility for the state. We differed in our assessment of the possibilities: some felt the union would be unable to form a government, others that it would be able.

[GAZETA WYBORCZA] In Thursday's [28 November] ZYCIE WARSZAWY, Marek Budzisz from the Democratic Right Faction of the union said that "it is not ruled out that both options are realistic (either an alliance with the "five" or with the postcommunist left—editor's note), although not within the framework of one party." Being "in the middle" hurt the union. What do you say to that?

[Kuron] How can one talk about left and right without establishing where is the front and where the rear? Budzisz is painting a political map in total isolation from the attitudes of individual groups toward privatization, relations with the EEC, minimum prices, state interventionism, in other words, from politics. Then, according to this map he lays out battle plans like a boy with tin soldiers.

Meanwhile, union delegates are preparing for serious work in parliament on real and exceptionally difficult decisions. In their opinion, this is where the real coalitions and divisions will be created.

End of War at the Top

[GAZETA WYBORCZA] What caused the "warming" of relations between Lech Walesa and the union? No doubt it was mainly the president who "broke the ice"?

[Kuron] I have the feeling that Lech Walesa is aware of how much harm the "war at the top" caused, and he wanted somehow to pull back, to mitigate it. He finally realized what had truly happened.

[GAZETA WYBORCZA] But did Walesa treat Geremek's mission seriously or did he only—as you said—want to end the "war at the top"?

[Kuron] It was not like that. Geremek had an opportunity; Walesa did not expect such obstinacy by the PC. To the last moment, he counted on the PC's retreat. I am absolutely certain that the center surprised him.

Nor could imagine that the PC, as Walesa's group, would come out against Walesa. It seemed me that that would have been madness.

[GAZETA WYBORCZA] But the signs were there much earlier. Jacek Maziarzski told GAZETA that the center was not Walesa's entourage.

[Kuron] An entourage is one thing; conflict with a president who rose to a position is something else, and this is a conflict for purely personal reasons—in insubstantials one anyway—in what is possibly the state's most difficult situation.

After the PC left the conference at Belweder, I went to them. I wanted to ask: Gentlemen, what are you doing? I could not imagine what their next step would be. I did not understand it at all. It is as if one were playing chess and the other doubles. I was truly flabbergasted.

[GAZETA WYBORCZA] But what were the real reasons why the union, center and congress did not come to terms at Belweder then?

[Kuron] The liberals were not inclined to risk not being in the majority. They did not take the risk, so they did not secure a majority that certainly would have suited them better, because they were afraid of the risk that they would boustide the majority.

The Center Runs for the Short Distance

On the other hand, the Center Accord from the very beginning had the sense that it had won the election and would establish conditions—it was astounding. They run for the short distance, which in my opinion is that party's main fault. They think like this: Elect a Sejm presidium, then form a government, etc. From one action to another. Yet it is no problem to form a government. The stairs begin when you become a minister or premier.

In any case, these are not stairs for the government but for the whole society. Either we prepare society for what awaits us or we condemn ourselves in advance to disaster.

[GAZETA WYBORCZA] But don't you think the key to Polish politics today is union-center relations?

[Kuron] One might accept that this is the case, but under an assumption that somewhat petrifies reality. Geremek accepted it, but he did not consider who is in the Sejm. The ZChN [Christian-National Union] puts us candidates for delegates exclusively according to ideological criteria; the KPN—to put it mildly—did not define an economic program. One could say almost the same about the center. So indeed we do not know how the delegates will vote in the matters that are the most important to the state.

Politicians Compromise Themselves

[GAZETA WYBORCZA] Don't you believe that if the union were to achieve greater pragmatism, it would be in a position to face the coalition head on, destroy it and draw certain parties to itself? But you are aesthetes.

[Kuron] I am saying "as few conflicts as possible" and you are talking about destroying something. We are to argue over what is important. I will not take the floor over Sejm letters (party name—editor's note).

I fear that politicians as a group are compromising themselves. It is hard to differentiate who is who, for whom and what they are about. Looking from the outside, one can see that we are making fools of ourselves. That is my fear; I hope to God I am wrong.

I am afraid that our moves are less and less comprehensible. The people want us to deal with the issues and they are furious when politicians deal with the issues of politicians. I say all this conditionally, because if the "five" form a good, effective government, then I will no longer resent the trick they played.

Perhaps a great number of politicians are not aware of the state the economy is in. That is why when I see how some of them are enjoying their delegate's position, it is painful. I am afraid, yet they are rejoicing.

I can understand those who are here for the first time, but some are rejoicing for the second time, and they should know that they are taking on an awesome responsibility. And their glibness in initial moves does not bode well.

A government must be built ascetically. Speak openly of what a dramatic situation we are in, inform of how bad it can be in a moment. One can build such a government but not when promises are multiplying, even unintentionally. For example, Jan Olszewski, a candidate for premier, says the reason for the bad situation is low wages. Excuse me, but he promises at the same time that he will increase them. The policy I preach is talking about very difficult things.

[GAZETA WYBORCZA] But haven't you noticed the "five's" change of tone? There are no more preelection promises?

[Kuron] I have not noticed.

[GAZETA WYBORCZA] Recently Attorney Olszewski dismissed the "crisis" in the economy, declaring that we will do well to be able to rescue Poland from a depression.

[Kuron] I did not hear that, and I fear that broader circles have not either, because the "crisis" was shouted about for too long. But if one says there is a "crisis but not in the economy," then I ask, what "crisis?" If not in economic policy, then not in health care, not in housing policy?

All the Best

[GAZETA WYBORCZA] But the "five" have the impression that they won the election and believe the can do what they want.

[Kuron] Excellent, except that means they did not understand the election results. And above all, it is necessary to know something.

And what kind of staffs have they assembled? Where? In the fog? It is necessary to practice for some time in parliament in order to become a minister. We should have more modesty.

The voting results speak of weariness, impatience, disorientation. And those are the facts. What is left for us, as far as possible, is to join forces and work without conflict to the maximum.

Now is not the time to stir up conflicts that are unnecessary.

Let's argue about the budget, not about letters. If a dispute over party letters will divide us, then let's not argue about them. Let's hand up our ideological concepts. At least for a while.

[GAZETA WYBORCZA] In the union one notices a certain "political aristocratism" and aversion to discussions with some groups. You have different biases.

[Kuron] I have not seen that, but when I said it is necessary to have more modesty in everything, I was talking about the union too.

[GAZETA WYBORCZA] You do not hold the "five" in high esteem, especially the center. No doubt they have acknowledged that Walesa's time is finished, Bielecki's and union's too, but certainly they realize the difficulty; perhaps they are even too catastrophic. Except that they believe they will cope, for example, that Olszewski is a politician for hard times, and Bielecki is not.

[Kuron] I wish them all the best. If they can, I will truly be glad. I will work in parliament so as to support sensible ideas, sensible bills, sensible laws, and I am prepared to support any government in the most difficult matters if it is going to operate sensibly. I have no biases.

Prime Minister Nominee Olszewski Profiled

92EP0106B Warsaw POLITYKA in Polish
No 47, 23 Nov 91 p 3

[Article by Stanislaw Podemski: "Good or Bad?"]

[Text] We published the results of a politicians' popularity poll in POLITYKA (No. 44) from which it irrefutably follows that 60 percent of those polled did not know who Jan Olszewski is. This is testimony of guile ingratitude and this fact is only mitigated by the frailty of human memory which easily forgets dramatic ordeals. Attorney Olszewski has been an outstanding (if not the most distinguished) political defender from the moment he took his first steps in this profession (at the beginning of the 1960's) until the end of the PRL [Polish People's Republic] and he defended indiscriminately all representatives who found themselves in conflict with the authorities.

People such as J. Kuron and K. Modzelewski, A. Michnik and J. Szpotanski (author of a derisive anti-Gomulka operetta entitled *Cisi i gegacze* [*The Silent Ones and the Gabblers*], poet and bard), students tried after the events of 1968 and workers participating in the Radom disturbances sentenced in 1976—all are greatly indebted to him. Olszewski also very quickly became a hero in intelligentsia circles and particularly among law professionals.

We, his professional colleagues, who did not have his courage and talent, marvelled at what he said and how he said it behind courtroom doors that were, as a rule, closed to the public. He spoke clearly, boldly, firmly without beating around the bush; he refuted twisted and false charges not refraining from the use of English cold humor. Excerpts from these presentations went out into the cities, Poland, and the world and held up the spirit of resistance and independence which was so important at the time.

In defending in 1968 the author of the operetta *Cisi i gegacze*, who was being tried for disseminating in it "false information capable of instigating public unrest," Jan Olszewski stated: "I leave up to the sense of humor of the court to judge whether the fragment according to which the ghost of President Bierut appeared in the area of Wola and is selling sausages at 12 zlotys per kilogram is false information capable of instigating public unrest." The response was not only in the stupefied faces of the judges but also the applause of Warsaw because everyone understood that a more vivid picture of lawlessness could not have been painted.

I am recalling all this not without emotion because I had the opportunity to listen to many of these speeches; I learned from them and I know the high price Jan Olszewski had to pay for these defenses. These were not cases that brought money but only unpleasantness: police surveillance, professional harassment (for example, suspension of attorney's duties by the Ministry of Justice), and a ban on trips abroad.

However, this is 1991 and the valiant lawyer has become a politician who is running for one of the highest posts in the country and in addition at the recommendation of also those parties which, admittedly, gained their few percents in the elections but which are not generally liked in the circles that I know, share a common philosophy or am affiliated with. This no longer is the legal defense of individuals threatened with a sentence but the defense of interests of a country threatened from all sides. Social gratitude for past deeds is not enough for the office of prime minister and for this reason we should take a closer look at Jan Olszewski today.

What are the shortcomings and strong points that I see in this man? After all, I've known him for over 30 years. First, I will begin with compliments to lessen the harsh criticism that will come later. Broadmindedness, devotion to the homeland (I do not hesitate here before using

these words whose overuse I myself abhor), great personal integrity and courage—these qualities come to mind immediately.

Finally, the greatest compliment. It is very rare to find a nonconflicting individual in Poland who does not tend toward dissension and disturbances but clearly toward accord. He accepts without difficulty the diversity of attitudes and views. I recall that when he was sharply and unjustly attacked at a Solidarity conference, he took this well and without resentment.

Editor Adam Micewski (GAZETA WYBORCZA, 15 November) says that Olszewski is the shadow and slave of Zdzislaw Najder, an individual who is particularly disliked by a significant segment of the intelligentsia and not at all only by those who are involved in politics. It is impossible to agree with such an opinion because Olszewski has a distinctly and firmly outlined personality with a character not subject to various types of influence. Despite his 62 years, his intellect, which is well drilled in legal deliberations and logic, works brilliantly and everyone who has had the opportunity to talk with him, exchange opinions or disagree with him knows this. Jan Olszewski wields a mighty pen (his texts in the weekly PO PROSTU, devoted to criticism of the Stalinist administration of justice, are today still remembered after 35 years, of course, by experts on this subject); he has reading material worthy of a former academic employee of Warsaw University—in a word, he is a fine and even first class intellectual.

The attorney knows everyone (well, perhaps nearly everyone) who is of importance in the country in the field of politics, academia and art; an adviser in greatly varying times who, in addition, enjoys social life; has numerous friends and moral debtors in many spheres and this friendship has not been shaken even by the evolution of outlooks which both he and his friends have undergone. Undoubtedly, Olszewski is not a "man of the church" which, for example, may be said about his old friend, who is also an attorney, Professor W. Chrzanowski, but he can count on the support of this important public institution because his counsel is highly regarded here: he has rendered his services to the church in the past during the most difficult of times and this institution remembers well his legal defenses including the remarkable presentation as assistant prosecutor in the case of Fr. Jerzy Popieluszko's murderers.

What doesn't Olszewski know? Languages (in an active sense), the world (countless public responsibilities and the conviction that of all people he surely could not count on obtaining a passport precluded trips out of the country), as well as economic and financial policy in practice (not in theory). He also was never in charge of large groups of people and worked brilliantly but always alone. He is 62 years old. The work of the prime minister involves horrendous emotional and physical stress in today's Poland. Jan Krzysztof Bielecki bore it so well that at 4 a.m., he was able to watch a soccer match between Poland and Ireland on videocassette. He is 20

years younger than Olszewski and it shows. The right age means not only having a storehouse of physical energy and resilience but also a vision of the future.

Stefan Kisielewski, an expert with topics relevant to all, wrote at one time that this approaching future is felt only by the young generation. The experiences of Polish Octobers, Junes, and Augusts [political events] have very limited significance for the future.

The evolution of political views and affinities of this candidate for prime minister is a puzzle that not only I cannot unravel. Everything: personal friendships and acquaintances, generational affiliation, alliances in old battles as well as his personal caliber prepared him to be an activist in the Democratic Union. Things went differently and this man found himself among a group of people associated with threatening and grotesque images over which he dominates considerably, not only with his powerful stature but also with his good breeding, experience, contacts, and knowledge.

"Why, why?" I ask myself and do not find any answer. Perhaps it's intuition as to whom power and authority will be entrusted or perhaps the desire to play the role of the first Gulliver among Lilliputians? This conjecture is refuted by his great humbleness, dislike for public publicity appearances, and his moving about in the second, closed-circle row of politics with a clear avoidance of the first. When, in 1989, I asked one of the leaders of Solidarity why Olszewski did not take over a post suited to his talents and accomplishments, he answered frankly that he did not know or understand, as I do not, the distinct distance that prevailed already then between Olszewski and Tadeusz Mazowiecki's team. I am not able to shed light on this mystery nor on the one that an outstanding attorney would become involved in murky concepts of so-called decommunization that divide society, divert its attention from vital economic issues and, what's more, are legally inadmissible (Article 25 of the International Human Rights).

A recent television interview (15 November, Program I) with the candidate for prime minister brought some moderation of these concepts as there was, for example, more on decommunization as a necessity for the rebuilding of the economic and administrative apparatus (this subject constitutes material for a separate dispute with J. Olszewski) and less personal jawing. However, the residue of vagueness, uncertainty, and apprehension has not been at all eliminated. It appears that Jan Olszewski is still not aware of how many followers and friends who were never associated with the PZPR he has lost following his numerous decommunization pronouncements, so relentless repeated. Shortly before his death, Stefan Kisielewski penned the following thoughts in his own personal style in the Poznan weekly WPROST: "Jan Olszewski has lost his senses." This is too simplistic to be true. Threatening situations involving the possibility of injustice, persecution, and harassment are not and never were liked in Poland and, of all people, the champion of human rights should be

well aware of this. At that point, even old enemies become only persecuted individuals and I will say openly that this trait of Polish sentiment moves me the most.

The third mystery for me is that I do not understand how one can cast doubt on the validity of a binding law in a Poland that is frustrated, rebellious, and reduced to anarchy. Naturally, it must be replaced as soon as possible but until that happens, what is binding is binding. On the other hand, we must strive for a sensible interpretation of old laws (this is often possible) and not cast them aside, for then it is not the law that counts but the absolute whims of whomever is in power in Bilgoraj, Lezajsk, and Sierpiec as well.

Napoleon's code, sir, did not foresee, because it could not foresee, the consequences of the introduction of electric energy into the later life of France whereas for years owing to the skillful interpretation of the French, it constituted the legal basis for the settling of accounts, supply, implementation, and complications associated with this source of energy. It would be worthwhile to take advantage of these experiences in Poland. That is all that I do not understand and even become incensed about and flinch at in the candidate for prime minister. And yet, let us remember that, as a rule, a politician comes to power with slogans other than those which he brings out into the forefront after he assumes power.

In his latest TV appearance, Olszewski said that the proposed plan of his last year's expose has retained its validity and timeliness for the most part, anyway. Hmm..., undoubtedly, as in the case of all, not so new circulars. We read here (RZECZPOSPOLITA, 27 February), for example, that: "Operational police forces should be reinforced at the expense of curtailing bureaucracy..." or that "self-governments will be encouraged to find reserve land for single family construction," or again, "we cannot forgo free prices, the exchangeability of the zloty, a balanced budget, and the stifling of inflation. ...However, the economic policy thus far requires immediate and thorough corrections." "...In the long term, there will be acceleration and expansion" (! such language) "of these institutional changes, the stimulation of production and the tying in of economic policy with social policy."

A beautiful vision. However, the question is how to get to it and how to, for example, determine the immediate fate and further prospects of 8,000 state enterprises pulling the state budget, whose privatization will take many, many years (because it must) despite all kinds of incantations of this expose as well. I am quoting this excerpt more extensively because the key to success or failure of every government lies in the economic sector. A government which, for example, ruins money and drives citizens into long store lines once again will have everyone against it and will not survive even one month.

What kind of government will Jan Olszewski present to the Sejm? Why is the president, despite such a long acquaintance with the candidate and one not devoid of

various kinds of indebtedness, lagging with this nomination? Will the Sejm reject or confirm this prime minister?

In the most recent issue of TYGODNIK SOLIDARNOSC, the perhaps future prime minister states: "The most realistic solution would be to appoint a nonparliamentary cabinet...This would be a government of experts-professionals." We hold him firmly to this as well. When in December of last year J. Olszewski tried to create a cabinet, the news was spread that Antoni Macierewicz (vice chairman of ZChN [Christian-National Union]) is to become head of the Ministry of Internal Affairs. The then minister of that ministry, Krzysztof Kozlowski, said at the time to Walesa: "When that happens, you will be bursting with laughter" (K. Kozlowski, *Glina* from TYGODNIK POWSZECHNY, Polish Publishing House BGW). This same warning but with regard to another "statesman" was made today by Admiral Kolodziejczyk. I believe, therefore, that despite political pressure if only from the elections factor, Olszewski will not present ministers to the Sejm who do not fulfill his conditions ("leave without praise but after rendering good service to Poland," from an interview for TYGODNIK SOLIDARNOSC, 15 November).

Lech Walesa is clearly not inclined toward this candidate but I feel that this is because he sees in him a strong personality continually popular in elite circles which does not allow itself to become easily swayed and also because he knows one thing well: Poland's future will be decided in the economic sphere and here Olszewski is, unfortunately, full of goodwill but a layman.

The generally not very successful activity of Lech Walesa's Advisers Committee in which Olszewski participated may also weigh on this delay. After all, the announcement about the dissolution of this committee states that "the president has accepted this decision with understanding." On the other hand, the fact that the president is now at great odds with the former favorites of Center Accord has a secondary meaning here. On an issue such as the nomination of the prime minister, Lech Walesa is surely not narrow-minded.

Does Jan Olszewski have a chance whatsoever to be approved by the Sejm? Thus, if he were to present his government as that of experts with well-known names, a multitude of hands will go up on the Sejm floor. Weariness, uncertainty about tomorrow, agitation, government delays, and unfulfilled tasks (for example, 100 statutes are waiting to be passed)—all of these moods affect the Sejm deputies. "Nearly a month has passed since the elections and it is time to finalize things"—this may be heard more and more frequently.

You will ask me in conclusion: "Tell us finally—Is he a good or bad candidate?" I leave the answer to this question totally up to the readers. It is impossible to be fair and objective about someone whom one has known very long and likes. I have only written that which I would say before a tribunal of history as a witness or

defender of a colleague—Attorney Olszewski. Every head of government will have to stand before such a tribunal sooner or later.

Lech Walesa returned from Rome and said that he has a candidate which "democracy suggested to him." Time will tell what this means.

Defense Minister States Positions to Parliament

92EP0142A Warsaw POLSKA ZBROJNA in Polish
23 Dec 91 pp 1, 2

[Article by (FOR): "Hearing Held for Nominee to Minister of National Defense" subtitled "Jan Parys: 'I'm a Genuine Civilian But Not a Pacifist'"]

[Text] Before Jan Parys, the nominee to the post of a civilian minister of national defense was questioned, the deputies were given a brief description of his personalia: He has a Ph.D. in sociology and is 41 years old. He had learned about his nomination only last Friday morning, without any prior notice.

For the last two years he has been working at the CUP [Central Planning Office] in an executive position dealing with problems of economic defense potential and national security. For this reason he has numerous and substantial contacts at many military institutions of the Ministry of National Defense.

During his several stays abroad for study purposes he dealt with questions of international security. In Switzerland he authored, among other things, a book of his own on Poland's situation in the European context. During his stay in Israel he studied the local security structures, including the organization of military service.

When asked by Deputy Leszek Moczulski (KPN [Confederation for an Independent Poland]) about the pertinency of the solutions arrived at by the Zabinski [Sejm] Committee, Jan Parys declared that its findings will probably soon have to be thoroughly reconsidered due to the rapidly changing domestic and international situation. "At present our greatest threat is the recession and most urgent need the prevention of an elemental shrinkage of the defense potential owing to the shortages of resources." In saying this Jan Parys contested the belief of Deputy Moczulski and several other members of the National Defense Committee that it is the military threat from the East that is supposed to have become the principal problem of Polish national defense.

He further stated, "It is necessary to streamline spending, and especially to liquidate the dysfunctional structures bequeathed to us by the Warsaw Pact. At any rate, the chaotic domestic processes are more disquieting than the threat of some foreign attack.

"Poland is not alone. NATO is expecting from us new signals in favor of tightening cooperation with it. Our eastern neighbors," Jan Parys stressed, "have been accurately informed that, in the event of the rise of any

military threat on their part, NATO would rapidly extend an effective military umbrella over Poland."

When asked by Deputy Jerzy Szmajdzinski (SLD [Alliance of the Democratic Left]) about his view on reinstating in active service valuable officers who had been driven out of the army as a result of either political ploys or their worsening material situation, J. Parys answered, "Many occupational and professional groups nowadays feel that their problems are being disregarded. Many injustices also have been wrought. Many officers have left the army only reluctantly. But can the government at present afford to gratify them by redressing the injustices? At any rate, I believe that officers should not be removed from their posts in the Polish army solely on the grounds that they had once used to be, like a majority of the cadres, members of the PZPR [Polish United Worker's Party]."

"I have been in contact with the officers thus discharged. I have also been in contact with members of the Viritim organization and hired two such officers for my office. I believe that there is room in the military for public organizations of officers established for the purpose of, e.g., resolving certain problems suitable for discussion with official superiors."

In reply to a question by Deputy Jan Piskorski (KPN), the nominee denied having belonged to Romuald Szeremetiew's Polish Independence Party. "I am acquainted with Szeremetiew because he is a neighbor of mine," he said.

The next question was, does he accept the "riflemen's" organizations [i.e., conservative nationalist paramilitary associations harking back to the tradition of Pilsudski's legions]? He answered, "I like them. I have presented a lecture to one such group and I once took part in a parade they had organized, but I am far from being a member." Parys believes that the more paramilitary organizations there are the better. The military should support them.

The nominee is resolutely in favor of closer cooperation with the military chaplaincy [more religion in the army]. "This kind of cooperation is among the best-constructed traditions of Polish independence.

"Further, the military should be relieved of the need to dissipate its efforts on finding outside sources of income. The primary rule should be the priority of national defense needs. Finance should be adapted to national security rather than vice versa," J. Parys declared.

Deputy Adam Matuszczak (ZChN [Christian-National Union]) asked what policy on the defense industry would be supported by J. Parys. The nominee answered, "Our arms industry has been overexpanded. Its current problems ensue from the change in the political situation in East Europe rather than being due to level of technology or production capacity. At the same time, a major problem is that our armament designs are not compatible with western ones. The government will fund only

some of the arms firms, with the others having a free hand. Thus, for example, the aviation industry could effectively explore foreign cooperation agreements. Marketing should be promoted and voluntary industrial associations for penetrating foreign markets established. The government should help them reach the right addressees."

Dr. Parys believes that the government must control the exports and imports of arms. "Politics requires that Poland should reserve for itself the right to decree an embargo on arms supplies to the countries with which it does not intend to trade in arms."

Little was said about the supply needs and size of the military. In reply to one of the questions asked by Deputy Janusz Pawelec (KPN) the nominee pointed out that nowadays, as the war in the Persian Gulf has proved, military success does not require masses of soldiery; it is the technology that counts, and principally military electronics.

Jan Parys Interviewed by POLSKA ZBROJNA

After the hearing the nominee told our reporter: "Many questions were asked, some of them so detailed that I did not even know how to answer them, e.g., concerning the deployment of some military units. I was surprised by the relative lack of interest shown by the deputies in problems of international military cooperation. After all, in addition to its contacts with NATO, Poland has been a major participant in the processes of reduction in conventional arms and development of new security arrangements."

The nominee also took a position on the rather jocular accusation that his attitude toward the reserve officer training program while a student at Warsaw University had hardly been cooperative. He explained, "Please understand. It is true that I was not crazy about these military exercises. That was in the years 1968-73 when, following the invasion of Czechoslovakia, the military had been unpopular among the intelligentsia, and also among university students. The political education that had been part of that program won over no supporters for it either. In such conditions it was difficult to love the military. As you can see, I am a genuine civilian but not a pacifist."

Poll Reports on Army's Views on State Security

92EP0138B Warsaw GAZETA WYBORCZA in Polish
3 Dec 91 p 5

[Article by Bartosz Dobrzynski: "What the Army's Afraid of: Report of the Military Institute for Sociological Research"]

[Text] When asked their assessment of officials' present military policy in September, as many as 94 percent of professional soldiers expressed fear for the country's security.

Army officers do not trust Polish foreign policy.

Officers do not think that current foreign policy furthers the country's security. According to a recent survey conducted by the Ministry Institute of Sociological Research in September, 68 percent gave a negative assessment (48 percent in August).

Twenty-two percent of the respondents noted a danger from direct military aggression against Poland during the next five years (6 percent answered that this was very likely), while 69 percent did not see any such threat.

According to professional soldiers, the greatest dangers are posed by: lack of stability in the USSR, 83 percent; ethnic conflicts in Europe, 64 percent; and terrorism, 61 percent.

Only 5 percent of soldiers in basic military service state that they try to give their all. A full 70 percent state that they have determined just to serve out their time.

Soldiers in basic service most often listed the following factors as reasons for their negative attitude toward military service: bad social conditions (30 percent), "the very essence of the army itself" (23 percent), and too lengthy service (20 percent). Despite popular opinion, only 3 percent of those asked complained about bad relations between what is called the new army and the old army (younger and older generations).

A full 70 to 80 percent of the soldiers in basic service did not accept military service, but considered it to be compulsory and onerous. According to the authors of the research, in order for the situation to change, investments in the army and in the state are necessary to make military service less bleak.

The professional soldiers' attitudes toward service are entirely different: About 90 percent identified with it completely.

At the same time, 53 percent state that their hopes and expectations related to choosing a military career have not been fulfilled, and barely 32 percent are entirely satisfied.

The high social prestige of a military career was mentioned by 38 percent of the professional soldiers questioned, but research by the CBOS [Public Opinion Research Center] showed that civilians ranked the army's prestige far higher, with 70 percent of respondents putting it in first place.

About 75 percent of professional soldiers expressed misgivings about the future of the armed forces, mainly because of economic reasons; 90 percent accept the fact the army is being depoliticized, and 60 percent accept structural changes in the military.

Amendments to 10 Armed Forces Laws Discussed

92EP0138A Warsaw GAZETA WYBORCZA in Polish
9 Dec 91 p 3

[Article by Bartosz Dobrzynski: "The Army Follows the Law"—first paragraph is GAZETA WYBORCZA headline]

[Text] Army Under Contract, Too; Period of Military Service; First Time Military Intelligence and Counterintelligence Covered by Law; Elimination of Penal Units in Army and Military Studies in Colleges; Changes in Alternative Service; Prohibition Against Political Activity in the Army.

A law updating 10 laws relating to the military goes into effect today. The tenth Sejm ratified the law at its last session. The president signed it on 18 November.

"The amendment means a nearly complete change in three basic laws: the laws on the general defense obligation, the military service of professional soldiers, and military discipline," Colonel Kazimierz Nalaskowski, head of the Ministry of National Defense's legal office, told GAZETA WYBORCZA yesterday.

Service by Contract

A contract with the army will be in effect for five years, with the possibility of two five-year extensions. After 15 years of service under contract (or sooner), the person must enter the military professionally or leave it. Contract soldiers must be "Polish citizens, exclusively, who have an untarnished reputation, meet the physical and psychological requirements, have appropriate education," and be people "whose fidelity to the Republic is unquestionable."

How Long in Basic Service?

Up to this time, the minister of defense determined how long service in the army was to last. Now he can only shorten it. Any extension beyond the 18 months specified by law is reserved to the parliament.

Colleges Without the Army

Military studies will remain only in the two maritime academies. College students will make their way to the army after college graduation "for a period of not more than half a year."

Fewer Penalties

The list of disciplinary penalties has been reduced. For example, the penalty of transfer to service in a disciplinary unit has been eliminated. The penal unit in Orysz has been closed. The penalty of carrying out clean-up tasks out of order and postponement of furloughs for soldiers in basic duty have been canceled.

Special Services

For the first time, the law includes the principles and forms of action of military intelligence and counterintelligence. The minister of national defense will have authority over soldiers in the special services in the same area as the head of the MSW [Ministry of Internal Affairs] has over employees of the Office of State Protection. The minister of national defense will determine the "manner of performance of duties" pertaining to intelligence and counterintelligence.

Problems of special military services will probably be dealt with in a separate law in the future.

Alternative Service, Even in the Church

There has been a great expansion of the list of areas that qualify for assignments under the auspices of alternative service: environmental protection, public health, social welfare, water management, fire protection, housing construction, communications, and other facilities for the public good. The law provides that if the person so requests, the alternative service may be rendered in organizational units of the regional self-government, in foundations, or even in churches. "To the extent possible," recruits will be directed to facilities in the localities where they reside.

The period of alternative service will be reduced from 36 months to 24 months and for college graduates, from 24 months to nine months. The minister of labor and social policy may further reduce this time, in cooperation with the minister of national defense.

The Military and Politics

In keeping with the notion that the army is apolitical and that soldiers are apolitical, professional soldiers may not belong to political organizations (parties, associations, citizens' movements, and so on). Nor may they take part in political gatherings or disseminate publications of a political nature.

Soldiers have full electoral rights, in keeping with Article 88 of the Constitution of the Republic of Poland. If a soldier stands for election to parliament, during the election campaign period, the person receives special leave but during that time may not wear a uniform or military insignia. There can therefore be no more television appearances by uniformed soldiers preceding elections.

Inactive Status

During inactive service, a soldier does not discharge service duties but does not cease to be a member of the military. A transfer to inactive status occurs when a person is elected to the office of deputy or senator, is appointed to a state managerial position or is made ambassador (compulsory transfer), or takes care of a member of the immediate family or undergoes long-term treatment (optional transfer).

Implementing Regulations

Implementing regulations are to be issued during the next six months. They will take the form of published legal documents of the minister of national defense and the Council of Ministers, not as internal military commands and orders, as in the past.

Economic Society's Report on State of Economy

92EP0131A Warsaw ZYCIE GOSPODARCZE
in Polish No 44, 4 Nov 91 p 7

[Unattributed article: "More Carefully!"]

[Text] The June Extraordinary PTE [Polish Economic Society] Congress appointed an Extraordinary Committee for the purpose of preparing a thorough assessment of the economic situation and the status of reform implementation. The committee prepared a comprehensive, nearly 20-page document whose most important excerpts we are publishing while omitting the historical segment and condensing the diagnostic portion.

The committee's diagnosis does not, in principle, stray from generally expressed assessments in the economic community including those appearing in ZYCIE GOSPODARCZE. The document emphasizes that at the beginning of 1990, spectacular success was achieved in the form of controlling the rampant inflation, stabilizing the market, and correcting the price structure distorted by subsidies.

"This success was achieved at an enormous social expense and is expressed, above all, in a drastic decline in production with consequences contributing to the deep economic crisis on a scale that exceeds the great [economic] crashes between 1979 and 1982."

The committee clearly differentiates between the indispensable cost of transforming the economy and breaking away from the legacy of the old system of subjective costs arising from the mistakes of economic policy. The former resulted mainly from the restrictive income, monetary and budget policy. The latter, from the intensified restrictiveness toward the sector of enterprises and households.

The committee detects excessive restrictiveness in: the income policy (the drop in real income in the economy should not be greater than 10 to 15 percent whereas it has come to approximately 25 percent), the excessive devaluation of the zloty, the inordinate liberalization of foreign trade, a defective credit policy (limits and a too generally applied high interest rate) as well as in excessive fiscal stringency.

"Despite the government's optimistic announcements, the policy conducted during 1991 has so far not brought production growth but is instead causing its further decline. None of the factors of coming out of a recession are working and instead a new recession factor in the form of a sharp drop in exports to the USSR is beginning

to show strength. The effects of this decline will intensify. There is also no sign of any reason to expect an increase in capital investments due to a lack of an investment climate for private capital and a shortage of funds for the financing of public investments.

"Thus, in 1991, there will be a further serious decline in industrial production and national income. If a significant drop in consumption does not occur, this will be due to further investment decline and a growing income stratification. Unemployment, which in some areas has already reached a dangerous level, will continue to grow. The grave budget deficit is not temporary in nature because it is the result of a collapse in revenues from enterprises due to a drop in production. Attempts at fighting this deficit by means of drastic cuts in spending threatens areas of fundamental importance for the life and future of society.

"The economic program to date has been geared toward attaining positive results in the long-term at the expense of highly negative effects in the short-term. Such a policy cannot be maintained for long without enormous reinforcement from the outside which Poland does not receive and will not receive. The agreement with the Paris Union [Klub Paryski] with regard to reducing the debt is an unquestionable success but there are no signs of it solving the problem of a growing debt as a result of the incomplete paying off of interest.

"The longer recession lasts, the more possibility that there will be various negative consequences which in an atmosphere of political euphoria could have been disregarded. With the former GDR as an example, it is possible to see how difficult it is to implement the sudden transition, even in an exceptionally favourable situation, of being absorbed by a several times larger and superbly thriving economic system.

"Currently, the most important issue is preventing further regression. We are in the strongest opposition to the concept of 'healing destruction.' The situation is critical (...). Agriculture, which has been hit by the recession very hard requires particular attention (...). We cannot give up the implementation of changes in the agrarian structure in the direction of the gradual elimination of farms that are the least efficient and toward increasing the average acreage of farmlands. However, this must be a long-term process (...). It will be possible to start it only after the economy gets on the track of lasting and dynamic growth."

The committee expresses the conviction that contrary to the assertions of some politicians and government advisors, we cannot count on the growth processes to be activated "solely or if only mainly" by market automatism whose efficiency will be limited for a long time to come yet. According to the committee, the center of gravity today lies at the point of contact of macro- and microeconomic policy.

"We cannot be content with setting rigorous principles of macroeconomic policy and observing its effects since

this threatens with the collapse of many sectors and enterprises which do not deserve to go under. They often require some sort of assistance to come through the difficult period of adapting to the new requirements of a market economy.

"A selective structural policy based on a good discernment of initial conditions and realistic growth prospects of larger enterprises is indispensable.

"For example, tax relief should be clearly addressed to sectors that decide about the country's economic revival. A selective policy is not only needed to single out candidates for bankruptcy but also to support enterprises capable of generating economic growth. It should prevent such paradoxes from occurring as currently whereby enterprises manufacturing directly for the market have found themselves in a relatively worse situation. They do not have adequate funds, creditability nor sufficiently strong incentives to raise quality and lower production costs. They are also unable to pass on the increasing market demands to their suppliers. On the other hand, coproduction enterprises are in a relatively better situation because the pressure on quality and on supply costs is relatively weak there and not very effective.

"In addition, bank credit policy is in need of deformalization. Today, banks do not create financial independence with attractive growth prospects for enterprises in debt but limit credit lending and enforce shorter repayment deadlines. Such a policy chokes production since this cannot be compensated by a less rigorous policy toward private enterprises.

"The committee feels that the main direction of indispensable, immediate action is the rational helping out of state enterprises to avoid mass bankruptcy.

"Currently, it is not so much the antiquated enterprises that are threatened but rather the modern ones because of the 'dividend' burden and the need to attend to old credit. The phraseology about 'breaking up domestic monopolies' by means of imports should be discarded. The development of foreign trade is, undoubtedly, indispensable but the country's industry cannot be allowed to be destroyed by imports.

"We should not rush inordinately even as far as the liquidation of outdated enterprises is concerned if they cannot be replaced by modern plants created by domestic and foreign private capital (...). Their transitional upkeep is a lesser evil than maintaining growing mass unemployment.

"One of the essential conditions of setting in motion activity for the benefit of increasing supply is moving away from the use of a positive realistic rate of interest on credit (...). Instead of this, what ought to be introduced is the full valorization of credit in keeping with the rate of inflation with an appropriately low interest rate differentiated from 5 to 12 percent according to the term of the granted credit.

"The high current interest on credit above the rate of inflation has inhibited investment activity and has become one of the reasons for increased prices which include interest in the cost. On the other hand, a low interest rate calculated on the valorized credit according to the rate of inflation, will have a significantly weaker effect on cost increases. Such a credit policy would lower the high profits of commercial banks but would also remove the credit restraints hampering economic activity. Information would, to be sure, lower the real value of interest obtained by banks but would not reduce the real value of capital (...).

"Currently, the valorization of the elements of fixed assets, supplies, founding capital, and enterprise funds is being carried out. On the other hand, neither credit nor bank deposits are valorized. This is one of the major mistakes of financial policy under conditions of high inflation (...).

"Switching to the valorization of credit and its low rate of interest should create a clear incentive for investing. At the same time, special incentives for modernizing and innovative investments should be created in directions arising from the general program of changes in the country's economic structure. These incentives may take the form of tax relief on a scale defined according to sectors or even products and also according to regions depending on the extent of unemployment there. Preferential treatment may, to a certain extent, also mean the financing of investments from budgetary funds, although, this should be limited to outlays for the infrastructure.

"Instead, it is necessary to counteract construction investments outside of housing construction. Administrative construction, in particular, should be curbed. Housing construction, financed by public funds and by bank credit, should draw a major portion of the construction potential. Budgetary assistance for municipal programs is also necessary in the area of preparing land for future construction because of the rapidly growing scale of needs in the area of developing the building sites (water, sewers).

"The concept of opening up the economy to external competition in an absolute sense is beyond argument. However, it should be taken into account that under current conditions the excessive liberalization of imports undermines domestic production. The fact that in 1990 we were able to achieve an export margin does not mean it will be easy to maintain it in the coming years.

"The liberalization of imports combined with the protection of a stable dollar rate of exchange along with a continuing cost inflation must result in a trade balance deficit.

"Subsequent bounding devaluations would constitute a defective formula because of the inflationary consequences and a renewed loss of confidence in currency. That is why it would be wise to forego the comprehensive

liberalization of imports and switch to a policy of cautious liberalization while maintaining the protected areas. Thus, the introduction of a tightened tariff policy is valid but only in terms of consumer goods. Defending against excessive imports is usually one of the factors conducive to drawing foreign capital.

"In the presence of creeping inflation, the rate of foreign exchange should not be adjusted according to the principle of the daily lingering devaluation which causes the entire process of adaptation to be overly rigid but should rather be adjusted in short intervals depending on the foreign trade situation and with consideration given to the state of foreign exchange reserves. (...)

"Privatization is attributed the role of the fundamental factor in stimulating the economy and raising its efficiency. Since it is not fulfilling this role (other than the great animation in private trade, particularly imports), concepts are being promoted of accelerating it, especially through the distribution of privatization bonds.

"The striving to accelerate privatization in Poland is, to a large extent, wishful in nature and detached from the country's socioeconomic reality.

"The rapid privatization of small and medium enterprises, particularly in trade, the food and restaurant business, services, etc., is totally warranted. It will not be possible to privatize quickly large state enterprises despite the best of intentions. They also cannot be led on a mass scale to bankruptcy.

"Privatization on the basis of buying out is being met with capital reserve obstacles in Poland. General privatization by way of distributing capital bonds is not able to create owners interested in increasing management efficiency and changing to an essential degree the economic status of enterprises (...). "The committee expresses the opinion that this distribution may lead to increased inflation and to the buying out of state assets at artificially lowered prices by a "small group of proprietors.

"The basic element of privatization should be the promotion of new private enterprises. The situation is bad in this respect; trade enterprises are growing but not production enterprises.

"There is the prevailing opinion substantiated in practice that money is to be made in trade [business] and in the financial game and not as a result of production operations.

"For this situation to change, it is necessary to create stronger tax incentives for production enterprises. Therefore, we support the program of privatization only to the extent and in such forms in which it may be conducive to raising management efficiency and modernizing the country's economic structure. However, we oppose rash transfers of ownership exerted for doctrinal reasons.

"On the other hand, we consider the commercialization of state enterprises, which may be treated as a transitional phase to effective privatization, as indispensable and urgent. However, commercialization cannot be reduced to the converting of state enterprises into joint stock companies with the exclusion or even only the dominant participation of the state treasury. This legal step is indispensable for organizational and formal flexibility. However, the essence of commercialization is based on transforming an enterprise into a unit functioning according to market principles, free of administrative-bureaucratic domination.

"To achieve this, it is necessary to ensure an enterprise director the status of entrepreneur who periodically clears accounts with the owner. It is necessary to create an institutional formula of an owner who represents the state treasury in a nonbureaucratic manner. We feel that this end would be best served by a network of holding enterprises [companies] which should be created on the basis of state capital as units independent of each other and operating on commercial principles (...).

"The mistake cannot be made of broadening the powers of so-called founding agencies since this would mean the road to returning bureaucratization of the economy. Founding agencies should disappear as an institutional form. Supervisory councils in which staff representatives will constitute no more than one-third of the entire makeup should operate in independent state enterprises having the status of joint stock companies whereas the director should participate extensively in the company's profits (...).

"The gradual process of privatization of such enterprises may proceed in keeping with the development of the capital market and the normal sale of stocks at market prices. The most effective method of commercialization of state enterprises under current conditions may be by preventing the further deepening of the recession and intensification of sociopolitical tension.

"Despite cooperation with the IMF and despite credit from the World Bank as well as expectations with regard to the European Development Bank, we should not count on the rapid and sufficiently large influx of foreign

capital for the expeditious modernization of our national economy's outdated structure because Poland has not become a country of lower risk. Therefore, we cannot allow mass bankruptcies of state enterprises to take place through shortsightedness expressed in excessive and schematic financial encumbrances. Such a policy would have to end in catastrophe and the collapse of the entire process of the system's transformation as well as in the intensifying of social opposition to the policy of marketizing economic affairs (...).

"The committee has regard for the progress achieved in the direction of creating a market economy in Poland being fully aware that there are no easy or simple solutions leading to the market system. We cannot depart to any extent from activity aimed at building a market economy in Poland. Instead, in our opinion, what is necessary is the essential revision of the existing policy. The key to this revision should be sought in microeconomic selective policy that conforms to a strategy of a more protracted process of reconstruction of all systems (primarily that of ownership) assuming that the living conditions of the population will not worsen.

"We are aware of the entire series of capital, organizational, institutional qualification, awareness, etc., barriers and limitations which force the process of the system's reconstruction begun in 1990 to be a long-drawn-out historical process. This requires the realization on the part of politicians who are controlling it that rushing it excessively as well as attempts at shortening its duration may bring about such high prices that they will exceed the limit of social endurance. The answer to the question where this limit lies, goes beyond the professional competence of economists."

Warsaw, October 1991

Committee members: Zdzislaw Fedorowicz, Lucjan Hofman, Tadeusz Janusz, Wacław Jarmolowicz, Jozef Kaleta, Jan Lipinski, Edward Lukawer, Marek Misiak, Bronislaw Miszewski, Mieczyslaw Nasilowski, Zdzislaw Sadowski (chairman), and Eugeniusz Wilk. The comments and suggestions sent in by Profs. Krzysztof Porwit, Stanislaw Raczkowski, Augustyn Wos, and Leszek Henkowski were also used in this report.

Detailed Review of Dragan's Life, Business Career

92BA0262A Timisoara RENASTEREA BANATEANA
in Romanian 21 Nov 91 pp 1, 6-11

[Interview with Josif Constantin Dragan, wealthy businessman, by Traian Filip; place and date not given: "The Mountains Seen From the Plain"]

[Text]

Profile

We have been sitting across from each other for a long time. We are exploring the contemporary world, next to which the past is looming large, its shadow tracing the progress of the sun. We examined flaws often more useful and more significant than virtues. His classical education is well reflected in the first three volumes of his memoirs, entitled *From the Land of Dracula* (translated into seven languages), *My Italy*, and *Europa Phoenix*. They familiarize the reader at the literary level with the Banat and its people, Lombardy and financial ambition, the West and commercial exchanges. Stress on origins, on eliminating the chance factor, questioning fate, predestination, and foresight. The author evokes, explains, and explains himself. Reality changes under the pressure of will. He did not sell his soul, but neither did he exclaim: "Time, stand still!"

We met 20 years ago. We traveled together through time and space. He left behind thousands of printed pages and other thousands are on the presses. His life compartments are not segmented; he does not for a moment forget the "gas empire" he rules: 50,000 distributors in Europe and Africa, next to which the new generations are clearing a space for themselves. He transmits much of his energy to his aides. He forces the boundaries. In his gardens there is no room for melancholy or despair, but there are solutions to all dilemmas, provided they are tackled in time. The questions do not require, they demand immediate answers. He doesn't mind the questioner, he minds the silence.

The new books he has under print concern the history of Europe and of philosophy, and new stages in his life. Volume IV of the memoirs took shape in Athens in February 1985. The final draft of the reflections and comments aroused by the events and personages of that historic moment remained as they were worded at the time, but their value lies in the fact that they presaged the future and anticipated the present view of the world. The speed with which that volume evolved, to which new and substantial chapters were gradually added in the Alps or in Venice, in Milan, and recently in Palma de Mallorca, is stunning.

When the imagination grows weary, the traveler takes to the road again. Not long ago, seeking confirmation for his heliogeothermal calendar, he left for the North Pole.

Simultaneously with a volume of history, the fifth book of memoirs, *The Mediterranean: Charm and Danger*, is making progress. Chronologically we are coming close to

the present, to decades of national confrontation, the collapse of the communism he detested and against which he fought, as witnessed by the more than 100 books brought out by the Nagard Publishing House. These books give us an X-ray view of the national history, two and a half millenia of Thracian-Roman life in this region. The supreme ambition: to create a contemporary history, a kind of encyclopaedia in 10 volumes.

Numerous articles, essays, and books have been written about the cycle *Through Europe*. Nevertheless, interest in the life and work of J.C. Dragan is growing daily, even though hostile forces are trying to elbow us into zones populated by savage beasts and ghosts. Updates of the theory of class struggle and the rich-poor opposition are circulated, and the ideological nightmare is revived. Love of the fatherland, so pathetically present in the autobiographical poem, is rejected as an aberration. At a time when our country was overtly standing up to the Kremlin, condemned the invasion of Czechoslovakia, and enjoyed the material support and praise of the entire world, Romanians abroad began to hope, if not in a release from communism, at least in a historical compromise. When the West fixed its gaze on the Eastern countries, J.C. Dragan's return to Romania arose no astonishment, but a wave of sympathy and enthusiasm. Finally an important man from abroad was interested in finding out the realities prevailing in Romania and in contributing to the material and spiritual development of his nation. We wanted to hope that others would follow his example, seek solutions, lend a hand to toppling an unnatural regime, and contribute to restructuring the economy. Unfortunately, his example remained one of a kind. This controversial period, when the West was figuring out Romania's political direction, is now on our author's working desk, for the time being only in the shape of documents, protest letters, and relief sent at times of floods and earthquakes. These documents will shed new light, but so far the interpretations continue and the truth is still lying about in fragments.

Malicious rumors have been spread about J.C. Dragan's relations with leading members of the nomenklatura. But who was there in yesterday's Romania with whom to discuss the country's economy, culture, or industry? And what country does not have its own nomenklatura? I witnessed his talks with Andrei, Dolgu, Iliescu, Ursu, Malita, Brad, Antonie, Dragut, Busulenga, and others. I watched them in their confrontation of ideas, profoundly devoted to their country and nation. At colloquiums abroad they spoke of the Romanians' struggle for independence with skill and convincing arguments. I now realize how difficult it will be to replace them!

Reams have been written and much hot air has been blown about Dragan's "friendly relations" with Ceausescu. In vain they tried to reach out to each other across the chasm separating them. The memoirs, minutes of meetings, and comments on their exchanges prove that

the communist vision was incapable of coexisting with the laws of the market economy and the principles of marketing.

[Filip] You are about to bring out new volumes of memoirs you have written. They deal with your education and rise in the areas of culture and industry.

[Dragan] Mr. Filip, you are familiar with those things. But I suspect that many of the readers we're addressing have not seen my books because some are out of print, while others may have been distributed in the world but were inaccessible to the Romanians and still are inaccessible. Nevertheless, the country's heteroclitic press has commented unfavorably on both my books and my activities abroad.

[Filip] Not always. There have been interpretations written in a spirit of objective criticism, without any intention to either idealize or defame. The pamphlet dealing with the technique of belittling or destroying personalities has unfortunately become some kind of favorite and privileged species. The mentalities, vices, and cruel slanders of the exile press were transplanted to Romania, where the dissident became a model of civic attitude. It is unfortunate that many of the good writers are remaining silent and leaving the field free for the corruption of the word.

[Dragan] The absence of a law of the press leads to disorder. Professional ethics is based on a deontological code, but disinformation and its effects are a subject worthy of special treatment that I don't think is appropriate to tackle at this time.

[Filip] I realize that you have legitimate reservations, nevertheless you are enduring the attacks of the press fairly patiently. You have just arrived in Palma de Mallorca, and Margalida Capella has already invited you "a la sombra de una sombrilla" [in the shadow of a sun-shade]. In her interview, which appeared in ULTIMA HORA, we were surprised to see how cavalierly you dealt with politics, claiming that you never belonged to any right-wing, left-wing, or center party. I think we should start from the very beginning.

[Dragan] I was born in Lugoj, in the Romanian Banat. In Rotterdam maps of the year 1500 my native town appears as Lugo, Lugo di Romania—similar to Lugo di Romagna in Italy, or, in the local script, as Lugo di Romania [with a caret sign on the first a]. Equally important is the Lugo in Galicia, Spain, as well as 17 other Lugos in the world. To me, the most significant is still the Romanian Lugo, or Lugoj, which dates back to the paleolithic era. The origin of the word is connected to the Latin "lucus," meaning woods. In Roman times the town of Lugo in Italy was known as Lucus Sacrus Dianae, while the one in Spain was called Lugo-Lucus Augusti. I was born on the last day of the sign of Gemini in the year in which Lenin's communism took hold of czarist Russia. The utopian theories of the bearded philosopher brought economic and political disasters, and finally the bankruptcy of the Soviet Union. In the

historic year of 1989 all the so-called socialist countries shed that nefarious doctrine and the dictatorship of the communist camp. Fate guided my steps far away from the communist world. From the age of five I was enrolled in a religious school (the Uniate, Greek-Catholic in the first year) then the state Orthodox school, until the age of 10, when I was admitted at the Lugoj gymnasium-high school. In elementary school, especially in the last grade, my teacher, George Onae, taught me enough for the entire three years of intermediary school. During the class on square roots I had the temerity to point out a mistake to University Professor Ion Curea, who had been temporarily transferred to the famous Coriolan Bredicianu high school for family reasons. In the same manner I braved the Latin and Greek teacher, Ion Lintea. I passed the admission exam to the higher level, which after the fourth grade was called lyceum and had two sections: sciences and humanistics, which for a while were merged. I belonged to one of the last generations of students to graduate high school at the age of 17, having learned in seven years the same volume of information which later was spread over eight years. Of the 130 first-grade students, divided into sections A and B, only 13 of us graduated, while four of the 17 graduates made it after repeating the year. Among them were the painter Istvan Szoeny, whom the Romanian language teacher, Ion Bistriteanu, simplified to "the student Sony Stefan." This tough selection was the result of the demanding teachers who made the fame of the Coriolan Brediceany high school. I and my colleagues owe them a good deal! May they rest in peace and their memory last forever! The physical weakness with which I was left in the wake of many illnesses and the inner change I underwent made me give up my technical aspirations—for the realization of which I had my own lab at home—in favor of the noological sciences (according to Kant, noology represents the opposition of metaphysical rationalism and empiricism; the doctrine of the intellect), and I decided to enter law school.

The University of Bucharest gave me an opportunity to hear prominent masters like Mircea Djuvara, the jurist philosopher, and his lecturer, Virgil Veniamin; Hanibal Teodorescu, professor of administrative law; Constantin Negulescu, professor of constitutional law, and his lecturer, Ion Gruia; Barbu Dumitrescu, professor of civil law; Dorel Dumitrescu, and his terrible colleague, Prof. Constantin Stoicescu, both professors of Roman law; Prof. Vespasian Pela, known by the nickname "Stihius," after the famous Roman slave, and his lecturer, Titica Dongoroz, for penal law; Prof. Ion Mironescu, for the history of law, and his lecturer, the Belgian Vermeulen, and especially the enlightened Prof. Mihai Antonescu, who in his writings foretold the outbreak and events of World War II and the "yellow threat" that was beginning to be felt in the Far East. We were taught political economics by Professors Basilescu—father and son—and international law by the colleagues of Grotius, Professors Meiani—father and son. In those years the prince of the University of Bucharest was Istrate

Micescu, from whom my brilliant colleague, Paul Vlăhide, and his inseparable friend, Mihai Sideri, originally from the Greek Vlasii, absorbed much knowledge. I cited this illustrious list of professors in order to highlight the sound legal education that my generation received: logical judgment and realism. The individual's cultural values are his real capital, the personal fortune that allows him to better understand his fellow men, his rights and obligations as a human being and a citizen, the concept of ethnic origin and nation, and the structure and meaning of the state.

While at the age of eight I learned German, my second foreign language, with Tante Margit of Lugoj, at the age of 10 I learned French, the third language, with Rojineni and with the French teacher Ferdinand Dionne, in the third year at the University I thought it useful to learn Italian, which I did at the Italian Cultural Institute in Bucharest and at home with my landlady, Duilia Sabbi, a seventh-generation Roman.

[Filip] How did you get to Italy?

[Dragan] I received a prize of a two-way train ticket to Rome and back, and I spent one and one-half months in Rome. There I thought it was a good idea to call on Prof. Giorgio Del Vecchio, whom I viewed as one of the greatest Roman monuments. I translated the books and pamphlets he gave me, which my professor, Mircea Djuvara, himself a neo-Kantian, published in *CURIERUL JURIDIC*. Later, after my graduation, he published and wrote a preface-study to "Lessons in the Philosophy of Law," which appeared in 14 languages and which I translated into Romanian.

[Filip] You got your law diploma in June, when you turned 21. You were a prodigy.

[Dragan] Perhaps. It was thanks to my inclination for study and to the fact that I didn't fritter time away in romantic involvements; neither did I devote any time to politics, always keeping away from any party, in contrast to many of my friends and colleagues, whose views I respected but did not share. Many of them ran into trouble. I met them again at the Timisoara Military Tribunal when I was working as military court clerk. I did my military service with the Regiment No. 42 artillery; I couldn't be accepted at the officers school because, like Adam, I was missing one rib, extracted not by the divine hand, but by the terrestrial one of a Lugoj surgeon, from whom I nevertheless escaped alive. After one month of military training polishing a gun, I was transferred as a military clerk to the recruitment center under the command of the poet officer Nasturel Volbura Poiana. I was stamping the military cards of the officers who were coming back to the regiment. When the troops were called up in 1939 I insisted on going to the field, at the frontier with Hungary. I had difficulty securing that transfer because I belonged to the support troops. My new job under Col. Alexandrescu allowed me to gather new experiences and to fully realize the value of military service as a school of the nation, of the defenders of the

Fatherland's territorial and national integrity. The excessive piling up of military trials in the wake of the draconian decrees issued by the absolute dictator, King Carol II, at the incitement of his mistress, Elena Wolf Lupescu, increased the demand for military court clerks, where I was sent from May to the end of December 1939. The next year, in January 1940, I won a one-year scholarship from the Italian Government through the Italian Cultural Institute in Bucharest, but the Ministry of Education had to intervene officially for me to be released and to be able to take advantage of the scholarship, because the one-year military service had been extended as of the previous October. My luck was that since I was in the support troops for reasons of health, I could get permission to get a passport (which happened to bear the number 13). I left Lugoj on 24 January, passing through columns of students demonstrating on the occasion of that national anniversary.

A new period began in my life abroad, in the country closest to us: Italy. I enrolled at the University of Rome and on 20 November 1940 I received my doctorate in law with the highest possible grade, 110/110. The topic of my dissertation, "Corporativism," was picked by the famous professor of administrative law, Guido Zanobini.

I continued my studies at the School of Political and Economic Sciences in Rome, where the dean was the famous economist Luigi Amoroso. I passed all the exams. I received the greatest praise from him in 1952 in Venice at the first United Europe Congress organized by the General Confederation of Industry, which was attended by 700 big Italian industrialists and 300 economics professors from all of Italy. Everyone who spoke expressed concern about the future of Italian industry and were against European unification.

I warmly pleaded for restructuring our continent and cited specific examples of international tenders won thanks to Italian technology and prices. I thus dispelled the unjustified fears of the Italian industrialists, whom at the same time I invited to meet in Strasbourg with their colleagues from other countries in order to balance economic interests through cooperation agreements and exchange ventures, something that was bound to make national frontiers automatically fall.

[Filip] That is precisely what is happening today, 40 years later, as all the liberation and autonomy movements are demonstrating.

[Dragan] Precisely. The keynoter at the congress, Professor Luigi Amoroso had great praise for me.

[Filip] May I quote? I have it here: "And now let us dwell on the address of the young industrialist Constantin Dragan, whose examples of Italian industrial successes abroad brought a fresh breeze into this hot hall and enthusiastically showed us that the Italian heart is not dead: Viva Dragan!"

[Dragan] Under Italian fascism topics like the above were frequent, and corporativism as an economic doctrine, formulated by the great Romanian economist Mihai Manoilescu, was a topical subject. Naturally, I also had to review the economic-political doctrines of Italy, Spain, Argentina, Germany, and Romania, where at the time corporativism was adopted by the program of the national-legionnaire [Iron Guards] party.

The year 1940 was the blackest in the history of our Fatherland. Thanks to the terrorist policy of the dictator Carol II, Romania lost Bessarabia, the Hertza district, Bukovina, southern Dobruja, and half of Transylvania. The prime minister at the time, the scientist Mihai Manoilescu, was forced to sign the Romanian Government's agreement to give up Transylvania in keeping with the Vienna Diktat. The whole country was incensed and was in despair. Following the refusal of the historical parties to take power, Carol II "ordered" Gen. Ion Antonescu to take over the leadership of Romania and invested him with full powers. In his turn, the general forced the king to abdicate under the pressure of the legionnaire masses gathered in front of the palace. Since the historical parties once again refused to cooperate, Gen. Antonescu included the legionnaires in the government, who had won many votes at the recent election, but their force had been weakened exceedingly after their leaders were assassinated by the hundreds. In the struggle for power both the legionnaires and the dictator Carol committed acts of terrorism. The government, thus formed and headed by Prof. Mihai Antonescu as prime minister, lasted less than five months, because the legionnaires disqualified themselves by a failed coup d'etat in January 1941. They took refuge in Germany and were imprisoned in the Dachau and Mauthausen camps; later they endured the allied bombardments and shared the fate of the Jews and other persecuted European nations. The daughter of the king of Italy, Mafalda, who was married to the German prince de Assia, died in the arms of the Romanian prisoners who came to her rescue during a bombardment. Then came the period in which the country was run by Ion Antonescu and Mihai Antonescu; the economic conditions were good because the Germans paid in gold for oil and grain. By the end of the war the country's treasury was richer by several carloads of gold. Unfortunately, all the gold was captured by the Soviet Russians. In June, following meetings with Mussolini and then Hitler, Marshal Antonescu joined the war against Soviet Russia for restoring the borders. He managed to liberate Bessarabia and to occupy Transdnier after fierce battles. Romanians also fatally participated in the decisive battle of Stalingrad. In order to contribute to the defeat of communism, the Italians sent an army corps called Armir to the eastern front. I was only an outside observer of all those events, because my protracted studies in Italy and the state of war, with its restrictions and harsh orders, forced me to cut off all my ties to the Fatherland.

[Filip] Of course, you had great trouble earning a living. Did anyone reach out a helping hand to you?

[Dragan] During my studies I had begun a modest business venture, encouraged by the director of the Romanian-Italian association APIR (Azienda Petroli Italo-Romana), engineer George Morariu of Iasi. I managed to put together several oil imports just as a go-between, which gave me enough money to cover my debts to the Casa dello Studente after my scholarship ran out and my night translations for the Ministry of Culture ended. That's when I ventured to register a private firm with the Chamber of Commerce of Rome, under the name Dacia. By the end of 1941, after opening my own office—a sublet in the heart of Rome—I expanded my activities to the north, renting a small apartment from Mrs. Moroni, which was centrally located in San Antonio St., which brought me luck and where I used to work past midnight and sometimes until morning. In 1942 I made a substantial profit (almost 1 million lire) from commissions and from participation in the import, sale, and sometimes resale of batches of goods, being more skillful than my client, Nikola Sugar. I was also more skilled than George Mandel-Mantello, sent by the IAR plant of Brasov to procure yarn for the manufacture of airplane cloth, a venture that allowed me to open a line of credit of 3 million lire in my name, which was then transferred to the Manifattura Rotondi plant, which made my reputation and credit with the banks. My good name in the business world was confirmed when I promised and ordered the payment of an important commission to Mr. Jabes, a Jew from Milan, by a simple handshake. When Mussolini fell in July 1943 and in view of the disarray into which the Italian Army had fallen on 8 September, any opportunity for import-export business ended and I had a hard time, managing only minor domestic transactions in various cities under the allied bombings, both in Ferrara, where I was accompanied by my mother, and on the way to Lago di Garda. Once Italy was divided and a front was opened in the Apennines, I was stranded in Rome. After a while I managed to go back to the north, to the office in Via Adua (today Via Larga) and in Varese, where, at the request of the Romanian commercial attache in Rome I managed to ship another three carloads of sweaters for the Romanian Army in the war. I never got the money for that order (160,000 Swiss francs), either from the commercial attache or his brother. From my own meager resources I even paid the shipment of the carloads of clothes for the troops.

[Filip] When did you resume your activities?

[Dragan] When the war ended in Italy, on 25 April 1945, by carrying out private deals with Switzerland, where in the meantime I had registered a personal company in Chiasso under the name Dacia, and one in Basel by the name of Elvetica. I specialized in that area with the help of a Swiss functionary, Giovanni Willi, because the Milan-Swiss bank of Von Willer selected me as its counselor. In 1956, after the reunification of Italy, the Business Association organized a congress at the Aula Magna of the Boconi University, and in the presence of the minister of foreign trade, I requested and obtained

that half of the export foreign currency should go to the state, while we could keep the other half as merchandise-currency for the purpose of financing other imports. In the wake of private clearings and currency advantages, as well as the "franco-currency" imports, Italy's foreign trade was revived and the country was well stocked in every area. Becoming stronger every year, the Italian lira came to win the Oscar prize of European currencies in 1950. As I had demonstrated from the very beginning, the vocation of every Romanian, and mine in particular, was and is to handle oil and oil derivatives. Consequently, I resumed a string of transactions with oil products imported from Belgium and The Netherlands, but also from Romania and Czechoslovakia. The Italian-Romanian commercial agreement envisaged certain amounts of Romanian oil exports, not all of which were however realized, because Italian refineries had begun to process crude oil from various countries. Thus, the APIR company had some import quotas for gasoline, cooking oil, and heating oil with which it didn't know what to do. I was at the Oil Control Office, CIP—the control was imposed by the Allies—where I learned that Tito's Yugoslavia had failed to obtain such products from AGIP, the state company. I immediately conceived of a transit transaction, whereby I sold the Italian quota to the neighboring country which was just then leaving the Cominform and disengaging from Russia, although that was not then evident. I bought considerable amounts of oil from APIR, which in turn it had purchased from the mother company Mining Credit, and loaded several tankers in Giurgiu. The tankers were then unloaded in the port of Novisad (New Village) in the autonomous Banat of the Federation of Southern Slavs. The transaction gave me capital in Zuerich, Switzerland, and bolstered my finances. A group of Romanian Jews who had settled in Argentina said that I "was capable of planning such deals because I was certainly a member of the tribe of David." They also attempted a similar three-sided deal, but without any success....

Having amassed real capital, I concluded additional three-sided transactions with oil products that I acquired in the "autonomous state" of Trieste, "carted" to the Austrian border, then imported into Italy in exchange for fruit and vegetables that I exported to Belgium and England. The products were supplied by the famous Jewish doctor in chemistry, Childe, formerly Kind, of Vienna; he was the owner of the crude oil processed at the Aquila refinery in Trieste and of the products sold in the European market, especially in Italy. At his company office in Trafalgar Square in London, both he and his directors, watching my ingenious commercial operations, expressed their admiration, saying, "Mr. Dragan is a clever boy!" [Last sentence in in English.] My good relations with those suppliers at the gates of Italy (Dr. Kind-Childe and the Aquila refinery of Trieste) gave me the courage in 1948 to purchase the small company CLEDCA of Mantua, which had a network made up of 50 points of distribution for gasoline. I supplied them with products brought in from Trieste. I sold the gasoline under the tradename Dacia, and my customers claimed

that mine was of a far better quality than Aquila's gasoline, which was directly distributed throughout northern Italy through its own gas stations in spite of the fact that the gas came from the same source. Which means that they had bought the tradename and the marketing!

In order to conduct these oil transactions, in 1947 I opened my Austrian company Dacia Mineraloel AG in the heart of Vienna, on 9 Schubertring, for the purpose of stockpiling products in the storage facilities of the Redeventa company, which had been bombed and which I rebuilt, thus becoming owner of half of the Praterspietz installations. The reservoirs were not a profitable business and I didn't make any money out of renting storage belonging to the Contan Union company. On the contrary, I lost the six months rent I had paid in advance. I tried to channel Austria's excess oil to Italy, but I didn't succeed because the Russians hastened to take all of it, just as they had taken other oil products and the recently discovered methane gas.

On the other hand, my efforts were rewarded when I met the engineer Heinz Buchas, a counselor at the Ministry of Industry. After carefully studying me, he gave me his friendship in memory of the happy years he had spent in Romania working at the Petrosani coal mines and at the Romanian Bank. He called my attention to liquified oil gas, which he was due to import into Austria, and suggested that I import the same product to Italy. For that purpose he put me in touch with suppliers in Czechoslovakia, i.e., the Stalinwerke plant, formerly Hermann Goering Werke in the Sudeten Mountains, which had been built to synthesize gasoline out of coal under a German patent later introduced in South Africa, where there are large surface deposits of lignite and where the big Sasol plant was built. Counselor Buchas set up a meeting with a Czechoslovak delegation, at which I outlined a three-sided exchange under which I undertook to export fruit and vegetables to Belgium, which in turn supplied us with tires for Czeck trucks, and obtained isobutane of an exceptional quality, which I shipped in 42 kg containers to Milan by the carload and the trainful. There, the recently opened customer company Pibigas shifted the gas to 10 kg containers and put it on the market.

Once the market developed, the Liquigas company—the first in Italy in that area—also became my client, because its own production, acquired from the Irom refinery in Venice-Mestre, had become insufficient. The exclusive and permanent representation I had acquired from the Czech firm allowed me to supply the Italian market as the first and sole Italian importer. But I also added other supply sources, like for example the Shell refinery of Rotterdam-Pernis, in The Netherlands. Shell, organized on the typical lines of a multinational company, had to open a special office for liquified oil gas at its Italian branch in Genoa, managed by the Maltese Antonio Briffa. Consequently, I cut my direct contacts with the Shell office in London, whose director was Mr. Meinen. At some point he stopped working to become a monk!

Mr. Meinen and several naval engineers of the Shell group asked me to show them the plans of the "first Mediterranean vessel with horizontal tanks" earmarked for the transport of liquified oil gas, which I successfully designed and for which I charged lower prices. Until then such shipments were carried out only by a Norwegian maritime company which was loading gas in Venezuela and transporting it to Brazil in two vessels equipped with a slew of expensive vertical tanks. The "Columbus' egg" was the introduction of perforated diaphragms in the tanks, which prevented the rapid displacement of liquids during shipment, loading, or unloading, when the risk of overturning is present. For decades that vessel gloriously bore the name of my mother, Cornelia....

Having specialized in the area of oil products for household use, I expanded my business to other countries, too. I began to organize a distribution network in Italy in reaction to the despicable behavior of the directors of Pibigas who, through their agents in Milan (Ladavac) and in Prague (Bulaty) and of the communist distribution organization Chemapol, wanted to fraudulently acquire the company I had established.

[Filip] How did you react to those maneuvers?

[Dragan] I decided to market the gas directly to the consumers, for which purpose I first founded the companies Butan Gas in Italy and Drachen Propan Gas in Austria, and later the company Petrogaz in Greece (the colossal mistake I made was to take Petrofina of Brussels as a partner, although it contributed only the miserable sum of \$166,000, whereas I financed the company with \$2 million). I also opened the companies Drachen Gas in Germany, Dragon Gas and Buta-France in France, Dragongas and Drago Butano in Spain, Dragon Gas in Morocco (where the state forced itself in with 50 percent), and Dragongas in South Africa. This area was convenient for self-financing through the intermediary of concessionnaires-distributors and customers.

Through those national companies I created the Dragan Multinational Group, which has many distributors, serves more than 5 million families in Europe, as well as hundreds of thousands of customers with outside containers, and delivers wholesale to competing companies. At the same time I established representations of Butan Gas in Malta, Libya, and Saudi Arabia where, aside from supplying consumer gas to the cities of Abu Dhabi, Riyadh, and Jiddah, I also organized distribution to the homes of the 137 wives of King Faysal! I thus formed a unique Euro-African group specialized in this area, although the oil companies have begun to cast an eye toward gas, which they had initially ignored. In 1955 the first such company in the world, Standard Oil of New Jersey, suggested to me, through one of its 16 major directors, Mr. Rica Georgescu, that I should buy the Brazilian branch, Esso Gas. At the time, however, I didn't have enough financial resources. All those industrial-commercial initiatives would not have been possible without "financial imagination," just as my knowledge of law and economics allowed me to issue stock and

to establish the financial company Fin Gas, to which I also assigned insurance functions against premiums that, once secured and once the risk was overcome, became investment capital in business companies. They needed to increase their capital in order to be able to issue, under my signature, stock worth billions of lire, the equivalent of millions of dollars in sales to the public.

In Italy, the state company AGIP, which absorbed my former bankrupt customers Liguigas and Pibigas, is the most important in the area of liquified gas, and my group Butan Gas is viewed as the most important among the private groups along with the companies affiliated within the Dragofina holding. The group is well managed and it supplies the Ministry of Industry with data for setting the maximum price for this source of household energy. The payroll exceeds \$50 million a year, and the 50,000 distributors receive even more in commissions than the salaries. Our gas is advertised as the "housewives' joy": "Ovunque andiate, Butan Gas trovate!" [Wherever you go, you will find Butan Gas]. Since the value of the gas we sell to various countries varies in time, at present it can be estimated at about \$500 million a year.

In view of the explosive situation in the Middle East, which is the inexhaustible source of oil, the price of crude oil has tripled in relation to the lowest values at the beginning of the year. Compared to oil, which also involves advanced processing, losses, and difficulties in the utilization of all residual products, the price of gas is always 10 to 15 percent lower, and the product can be stored only partially, the rest being used for burning.

[Filip] I know that during the Iraq war the price of gas rose 500 percent!

[Dragan] That's right! In changing market conditions, a group specialized in a given sector tends to diversify and take the initiative in other areas, so that at times of crisis it can have alternatives and financial backing. In fact, I insisted on this kind of diversification from the very beginning of my import-export activities, when I handled over 100 products about which I learned from others, but also from Villavechia's famous treatise on commerce. I learned many trades which came in handy in my business.

The most spectacular transaction during this period was the export of rayon and yarns produced by Snia Viscosa to Mexico. With the money earned I paid for the aircraft fuel produced in the Caribbean island of Aruba, which had to be imported into Italy in quantities representing one-third of the country's annual consumption. The importer was the Dacia company, a small company compared to the multinational colossi, which didn't have storage facilities and the proper means to deliver fuel to airports, but which alarmed the Petroleum Union because the major trusts won't allow any newcomer to take a bite out of their slice of the market. In the end, Esso had to buy this large quantity of fuel, after all kinds of obstructions and "protests" by the U.S. military

attache. The bloody war waged with the biggest oil company in the world later ended in cooperation, and the company in question became my customer for the import of the hexan and heptan oil solvents from the United States. Those products, whose import I devised and carried out, were used in presses for the industrial extraction of olive and other oils.

Then I achieved another diversification by opening a small bank in Milan after acquiring the necessary license from Gallia and Weisz, two Hungarian Jews who together with other seven Italian Jews, had been the only ones allowed (for racial reasons) to open a bank in Italy. Although the bank was established by me and belongs to me 100 percent, I allowed Geza Weisz to bring in customers—for a commission—from the Jewish circles in Milan, which helped many East European emigrants come out and set up new businesses in the West. I wasn't able to closely follow this new activity because I had devoted myself to intensively developing Butan Gas, something that was exploited by Weisz and his clients who caused me \$500,000 worth of losses and thus forced me to sell the bank.

In Greece, which was economically lagging behind, I built the first industrial zone in the country. I bought and consolidated the land of 165 small owners, 1.5 million square meters, built and paved roads, brought in electrical power and water, and thus permitted the opening of several plants and workshops on the site, including the Isola refrigerators plant, factories for construction pre-fabs, and so forth. The Ministry of Industry awarded me the King Konstantin I decoration for that initiative, and the site was officially named Dragania by the unanimous vote of the town of Teba and with the approval of the Ministry of the Interior.

Continually intent on diversifying, I opened the most modern brick plant in Greece, equipped with electronic controls (engineers and students from Athens sometimes came to see it as a model!). Unfortunately, plant production went out of control and bricks started disappearing, because Greeks are too prone to confuse social and individual property! I finally gave up the plant and sold it to some Greeks of Albanian origin.

But the most successful diversification was the creation of a 1,000 hectares tourist site in a bay I own at the border with Albania, although the project is not yet finished. My suggestion to Albania to make use of the international airport at Corfu in order to develop tourism—a source of foreign currency—also failed, although the Adriatic and the Ionian Sea are equal in beauty and present the same advantages.

I made it a point of honor to discuss the matter with former King Konstantin, who wished to meet me while he was on a cruise in Sardinia together with King Juan Carlos, his wife Sofia, and her sister Irene on two Greek vessels. The former king, however, showed no interest in the Albanian business; all he wanted was to find out how I organized Petrogas, whose president I was.

So I went to the colonels who were in power, led by Papadopoulos, who brought order in lazy Greece. Six months after my talks with the second in command of the regime, relations were restored between Albania and Greece.

In Italy the process of diversification materialized in my acquiring the majority interest in the Paso company that was made up of the former directors of the Geloso company, well known to radio hams, of whom I was one. I financed and developed the company to the extent that today it exports electronics, microphones, megaphones, amplifiers, and microemitters for singers to 42 countries. Paso also has a subsidiary in the United States called Paso Sound, in Pelham, N.Y.

In Mexico I developed an extensive program to recover marine drilling gas, of which \$1 million worth is lost daily by combustion. However, in the 1980's the political corruption and interference, which reached all the way to the top of the pyramid, made me give up the project.

In Nigeria I established a large company together with Engineer Olukoya, a very rich native, to supply cement in bulk at sea by means of a floating storage facility installed on a 205 meter vessel transformed into a "cement plant," which was built after an idea of mine that caused the envy of a major U.S. builder of equipment for bulk cement storing. That company organized a colloquium in San Sebastian, Spain, with all its European office directors to discuss all existing innovations in the area.

However, the difficulties created by the Interior Ministry regarding issuing visas, and confrontations with the established economic interests of the Lebanese and the natives, convinced me to give up my plan to build an import enterprise complete with pneumatic unloading, storage, automatic bagging, and permanent supplies in Nigeria, an intensely populated country which began to develop rapidly after the discovery of rich oil deposits. Marketing studies and preparations require as much time and outlays as completed business. As you know, you work to set up 10 businesses and maybe achieve two!

Throughout my activities in Italy and other European countries I traveled on my Romanian passport, which I extended at the Romanian Consulate in Rome as long as it existed; later, in 1947, as I was passing through Madrid on my way back from Portugal, the former minister plenipotentiary Dumitrescu (of whom I have beautiful memories), extended my passport for five years. I stopped using that document in 1949 when the Foreign Ministry in Rome issued me an Italian passport.

In the draught year of 1946, the Legation in Rome (which also housed the Consulate) asked all Romanians in the diaspora to send food aid to the Fatherland. I responded by shipping several carloads of rice to Romania. I began to trade in grain in 1947 and I traveled on behalf of the Sovereign Order of Malta to place 100,000 tons of Argentine wheat provided by Mrs. Eva

Peron so that the Order could profit from the price difference. I went to Lisbon, Seville, Madrid, London, and Paris to organize a switch between Germany, Spain, and France for what was then an enormous amount of money for me. However, Commendatore Leoni of Rome, who was in charge of the transaction, made a mess of it and the deal fell through. All I got out of it was the travel, the cost of which I had footed, and the bother of procuring visas. On top of all that, I was not awarded the Maltese Order. In 1948 I bought large quantities of oil products from the APIR company and sold them to the rebel Tito. The APIR shares were transferred to the large group, FIAT. FIAT then turned around and sold APIR to the U.S. company Gulf, which had begun to prospect for oil in northern Italy. Since the attempt failed, Gulf passed on the entire network, including APIR, to a Kuwaiti company which came out on the market with the trademark Q8. So that was the fate of that subsidiary of the Mining Credit!

After the black year of 1949 I didn't have any further contact with the Fatherland. I turned my interest toward the farthest western reaches of the continent, toward Portugal and later Tangier, for fear of a Soviet invasion, which at the time was a strong possibility as the well-armed Russian troops were already in the heart of Europe, in Berlin and Prague. In Lisbon, Mr. Sain of Romania, a former oil man, and his son Aristide, baptized in the Orthodox religion, did not allow me to establish a gas distribution company although they had liquified gas, because they were associates in the state refinery built at the time by the Romanian Redeventa. I turned my attention to Tangiers, a free international city with financial possibilities, which was a miniature Switzerland and an African refuge in case of a European invasion. After I established the Dragon Gas company, I expanded it to Morocco. In Tangiers I was very warmly received by the Italian community. I established friendly relations with the Italian ambassador, who I think had heard of the praise spoken about me by a director of the Italian Commercial Bank of Milan: "El Dragan, el g'ha la stoffa del capitan d'industria" [Dragan is made of the stuff of a captain of industry].

As an industrialist I easily fitted into the Italian environment and was accepted by various good families, including that of Count Ernesto Panza di Biumo, who sponsored me at the Societa del Giardino, the most select club in Milan. I was a part of the social life of Lombardy and I took an interest in topical European and economic affairs, participating in congresses and symposia.

[Filip] Please tell me how you came to marketing.

[Dragan] In the fall of 1952 I attended a congress held in Genoa under former Interior Minister Paolo Taviani, a great Europeanist. On that occasion I met the remarkable scientist and patriot Prof. Guglielmo Tagliacarne. While we were driving back to Milan he told me that I "had been doing marketing without realizing," which was what ensured my success. He wanted to "study" my case and, as is the case in the United States, he asked my

permission to talk about me and my achievements at the University of Pisa and in his books. That is how we became close friends, and he insisted on including me in the delegation of 12 Italian industrialists that the National Productivity Council of the Council of Ministers was preparing to send to the United States for six weeks to study "marketing research methods." We left in January 1955. Both I and the other delegation members traveled almost throughout the entire United States as guests of the Italian and U.S. Governments (that is, of the state secretary for FOA—Foreign Operation Administration) and learned a lot of new management and marketing skills from major, prestigious universities (Harvard, MIT, Stanford, Caltec, Ann Arbor, etc.), from cultural institutions, and from the companies we visited (IBM, Life Insurance, Mobil Oil, General Motors, Cadillac, marketing and public relations companies, the Los Angeles Chamber of Commerce, and the newspaper SACRAMENTO BAY, which carried one of my articles about Europe). At the end of our mission the FOA secretary of state in Washington listened with interest to our reports and congratulated us, saying that we spoke like "inspired addicts" and that our group had been the best among all the foreign groups that had ever come to the United States on such missions.

On our return to Italy we presented a summary of our studies to the government. Our activities were once again greatly praised. We were advised to establish the Italian Marketing Association, which we immediately did. The elected chairman was Prof. Guglielmo Tagliacarne, and the vice chairmen were Tommaso Prudenza of Salerno and Josif Constantin Dragan of Milan. Later I also became chairman of the Northern Italy delegation. As such I organized monthly conferences in the public relations rooms of Butan Gas, which were attended by experts like Francesco Alberoni, Roberto Norbedo, Mardesich, and other industrialist "consumers" of marketing, such as Leopoldo Pirelli, the son of the big businessman Alberto Pirelli, the founder of the international tire company. My marketing activities also permitted me to meet various ministers, like Emilio Colombo, Guido Carli, Hon. Rabinacci, and E. Medici. Prof. G. Tagliacarne began to publish the magazine *MARKETING RESEARCH* in Rome and organized annual marketing and management classes attended by Italians. I persuaded him to invite people from Romania, but every time the Romanian Embassy turned down the invitations by blitz cables sent on the opening day of the classes. That is why it was such a surprise when the economist Rugea was accepted in the classes. He was followed by other representatives of the Fatherland, including C. Fota, the minister of commerce.

In that manner I established a first contact with Romania in the area of new economics based on MMM management-marketing operators (Management Marketing Mindset), based on the formula I had launched, which means a "mindset governed by market demand." I thus awakened interest in this new discipline, which can be applied not only to the capitalist system, but to

any economy, including a socialist economy, for the purpose of obtaining maximum efficiency.

I stayed in touch with Romania by correspondence and later by telephone (after many years of waiting I managed to phone my mother from Switzerland). Gradually I began to hope in a democratic development of the Fatherland, at least in the economy. However, the election of 6 March 1946 brought to power the communist Petru Groza, a former lawyer in Deva and Lugoj and the head of the Plowmen's Party, which dispelled any hope.

My mother had returned to the Fatherland late that spring with a group of voluntary repatriates after running into difficulties during the transit through Yugoslavia. She had great trouble upon arriving in Romania, because the police and the Russian occupation troops wanted to arrest her for "having children abroad!" Attorney Tenchea Sr. and Maria Dragan, the wife of the former prefect of Timis, Ilie Dragan, intervened on her behalf and mother was escorted to Lugoj into more or less house arrest. Bad years followed for her, full of suffering, during which she was often summoned by the police. She was left alone in an office to hear the screams of unfortunate people tortured and persecuted by the Securitate.

Toward the end of 1947 my brother Jianu and his wife Flavia arrived in Italy. Although they had had valid passports since 1942 with visas I had obtained for them, they chose to cross the border illegally and to continue their travel through Hungary and Austria. Mother was forced to let part of her house to a police lieutenant, and that way she was watched day and night. Fortunately, her stamina helped her weather all the tough trials she had to endure in that period. Once Jianu left the Fatherland, mother was left alone and I began to agitate to find some means of bringing her back to Italy. I shared my thoughts with my friends Giuseppe Brusasca, minister undersecretary of state at the Foreign Ministry for 10 years, and Prime Minister Giuseppe Pella, with whom I had become friends during a summer holiday in the mountains, and they promised me that as soon as an opportunity came up they were going to intervene with the Romanian Government and request a passport for her to return to the West.

My two friends kept their word and when the Italian-Romanian commission met to renew the commercial agreement and set the annual import and export quotas, the Italian Foreign Ministry presented a "verbal note" by which the Romanian authorities were requested to allow Cornelia Dragan to return to her sons in Italy. The continuing negotiations obligated them to meet that request, so that the Romania Government, immediately informed by the embassy, could not give a negative response to the Italian Government. The Romanian side promised to examine the situation and "resolve the case." The approval was delayed, but at an oil congress held in Gela, Sicily, Romanian Ambassador Macovescu and the secretary of the legation, George Pele, once again promised me that the situation was soon going to be

favorably resolved. In fact, through diplomatic channels mother's passport was made conditional on a "consultation" in matters of liquified gas, whose bottling and distribution Romania was in the process of organizing. Since I had become a European expert in that area, I happily accepted to share my knowledge with my people. I even offered them a sectional model of a 15 kg container that was sent to Romania by diplomatic courier! I also recommended its manufacture as being the best form for packaging economically and for transportation purposes.

Romania sent to Milan a commission made up of several engineers to whom I explained in detail the automatic system of filling the containers and shifting them on conveyer belts and suspended cables in order to be cleaned and painted. I also told them how to check the containers in water to spot possible gas leaks and to prevent household fires. Moreover, I was requested to give them all the information in writing. So I wrote a study which became a "treatise for the liquified oil gas industry and commerce in Europe." I didn't get around to publishing it, but I hope it was useful to the socialist economy, just like marketing. Although such a long time has passed since then, until this year I never had an opportunity to visit any of the installations built in Romania after my recommendations because in the Fatherland everything was secret! Only now, in 1991, did I get to see the installations in Iasi, Constanta, and Timisoara. I waited a whole summer for mother to get her passport, sending cables of protest about the delay. Only in October 1958 was mother able to get on the train for Vienna. The director of my office in Austria, Mr. Michael Giurea, drove her by car to Milan. Her arrival was for me the most important event of the year. I noticed that mother's passport had been issued in August, but its delay until October proved the slowness of the communist bureaucratic machinery. The family property, the tannery, farmland, and vineyards, as well as the houses bought by my father (who had died on 6 March 1946 of diabetes and of the stress he had experienced after one night Russian troops attempted to occupy our property) were inherited by Mother, myself, and my brothers. However, we enjoyed them but for a short time, because they were illegally and forcibly nationalized even by communist laws, because my father was not a capitalist and an exploiter, but an artisan with a family business. Mother was even forced to pay rent on her own house!

In contrast to my brothers, who were indifferent, suspicious, and egocentric, I took care of mother throughout her life in Italy, making sure that she had every comfort, her own apartment and car, and travels throughout the world. I took her to New Delhi, where she talked to Indira Gandhi and with the president of the Federal Republic of India!

[Filip] As a representative of the West, how do you view the division of Europe into zones of influence?

[Dragan] On the night of 9 October 1944 in Moscow, Eden and Prime Minister Winston Churchill divided Europe into two zones of influence and sold Russia one-third of the "European West," whose border was marked by Greece, Bulgaria, Greater Romania, prewar Poland, the Baltic states, and Finland, various percentages of which he offered to Stalin: 10 percent of Greece, 75 percent of Bulgaria, 50 percent of Yugoslavia, 50 percent of Hungary, 90 percent of Romania, and 100 percent of Poland, Czechoslovakia, and the Baltic countries. The south of Finland was lopped off and it lost Lake Ladoga and received the status of pro-Soviet "neutrality!"

[Filip] Nicolae Baciú's book *Yalta and the Crucifixion of Romania*, published by Nagard, disclosed sensational documents.

[Dragan] Nicolae Baciú deserves the greatest praise for his work, which was marked by courage, impartial critical spirit, and strongly expressed conclusions derived from top secret documents found in British and U.S. archives. He revealed the "scrap of paper" on which Churchill had scribbled the proposal and Stalin accepted the offer, marking it in red pencil and probably exclaiming "Harasho!" That document is currently in the archives of the British Foreign Office at 10 Downing Street and may be seen by anyone.

W. Churchill greatly contributed to the division of Europe and the establishment of zones of influence; he even suggested to Stalin the percentage of USSR control over the countries in the East.

Once the deal was struck, cynical Churchill cabled Franklin Delano Roosevelt—originally from a Dutch Jewish family—who agreed with that shameful transaction, because in the letter he sent to Stalin on 20 February 1943 through Zabrowsky and Weiss, delegates of the National Council of Young Israel, he offered the USSR marshal part of the territories of those countries to be "reintegrated into Russia," as well as a "Mediterranean port." The territories in the zones of influence were immediately occupied and viewed as "new Russias," and the countries in the zone of influence saw themselves compelled to accept the presence of Soviet troops of "friendly occupation" on their territories.

The East European countries were subjected to an unimaginable exploitation! Half of Poland was incorporated into Ukraine, which the Russians exchanged for a territory equal in size wrested from Germany. Czechoslovakia was forced to cede Subcarpathian Rutenia to the Russians, while Bessarabia and the Herta area became a "Moldavian Republic" extending to Transniester, and the Buceag in southern Bessarabia and Bukovina were annexed to Ukraine.

In 1948, realizing the criminal mistakes he made, which he also admitted in his 12 volume memoirs, Winston Churchill launched the idea of the unification of the Western countries in the case of a Soviet invasion.

This is how the European Movement was born. As a union of various European associations headquartered in Brussels, the European Movement did not forget the Russian occupied countries and formed a commission (in which I was a member) for the captive European countries under the chairmanship of Belgian Senator de la Vallee-Poussin. The Romanian delegate to the national commissions of political refugees was Prof. Virgil Veniamin. Periodical meetings were organized to ensure that those unfortunate countries, on whom Russia was able to impose Soviet communism with the help of Winston Churchill and Franklin Delano Roosevelt, were not forgotten.

In the fall of 1949 I gathered in Rome some of the Romanian leaders abroad, whom I invited to participate in forming the Romanian Movement for European Unity. Among them were Prof. V. Desmireanu, director of the International Institute of Agriculture (which later became a UN body under the name of FAO [UN Food and Agricultural Organization]); the former economic counselor of the Romanian legation, Jean Antohi; the great writer and scientist Mircea Eliade; the great attorney Nicolae Baciú; Engineer George Morariu; and others who, at the suggestion of Counselor Antohi elected me as chairman, a position that I kept through the years to this day. Later the name of the association was changed to the Romanian European Movement.

We printed and circulated an appeal addressed to the Romanians. We brought out a periodical in order to maintain an active Romanian presence in the West and familiarize our colleagues abroad with the European concept. We also created a press and radio agency, Europa S.r.l., which brought out the monthly BULLETIN EUROPEEN, written in French, which it sent to heads of state, ministers, deputies, economists, and men of culture. That was the first concise European bulletin to appear every month for 42 years without interruption. The first issue came out in March 1950. We appointed Pier Fausto Colombo as director in charge, who was followed by my friend Minister Dino Del Bo, and then by Prof. Giorgio Del Vecchio. Currently the director in charge of the publication is Prof. Sabino D'Acunto.

The BULLETIN EUROPEEN captured the interest of European institutions and great statesmen like Alcide de Gasperi, Konrad Adenauer, Robert Schuman, and Henry Spaak.

I attended many meetings held in Brussels and various congresses organized in Bonn, Venice, Genoa, and Amsterdam; I also formally joined the European League of Economic Cooperation, LECE, founded by Minister Paul Van Zeeland and for many years chaired by Baron Boel of Brussels. The active secretary of the league was Mrs. Wergiffoos. The president of the Italian section was Senator Enrico Falk, and I was its secretary. After the senator's death I continued to represent Italy at various events, such as the important meeting organized in Barcelona in 1957 by Chairman Mateu, the owner of the largest Catalan newspaper, LA VANGUARDIA. While

acting on behalf of European unity, in Strasbourg I met former British Prime Minister Harold Mac Millan, Winston Churchill's red-headed nephew who carries his name, the journalist Elma Dangerfield, who befriended me, and Major (a prestigious title in England) Edward Beddington Behrens, who was later knighted and who also greatly befriended me. At the coronation of the queen of England, the latter invited me to his home and gave me a room with a view of the avenue on which the royal cortege was due to pass. In the street there were Londoners who had been sleeping on mattresses for two days so as not to miss the spectacle. I also visited my host's country house in Sussex and met his second wife, a Russian princess, and his children, a boy and a girl. Sir Beddington collaborated at the BULLETIN EUROPEEN and was the greatest supporter of British participation in the European union, while the Labor Party was opposing it (remember the famous appeal, "Feet on the ground!"). Unfortunately, Mrs. Margaret Thatcher also took the same attitude against the unification, whereas John Major turned out to be less hostile about it.

The BULLETIN EUROPEEN expanded its interests and brought out all sorts of notebooks devoted to current political and economic affairs. Prof. Del Vecchio became an active and authoritative collaborator of our publication and wrote philosophical, legal, and humanistic articles (which later were collected in a beautiful volume entitled *Humanite et Droit* and bore the following dedication: "In honor of the generous European advocate, Constantin Dragan"). Other leading statesmen, like Giulio Andreotti, also wrote for the publication, as well as many European ministers: French, Belgian, and German. At various times we had various editors and a French secretary, Mme. Antoinette Pellevant Gini, who made sure of the accuracy of the French text. At present the chief editor is Dr. Roberto Cestelli, who has a clear political vision. At his suggestion I have been publishing an Italian version of the bulletin for the past two years.

The Romanian Movement for European Unity, Via San Nicolo da Tolentino 77, Rome, Tel. 470-421.

Appeal

In the oppressing and divisive maelstrom of the last war and amid the cruel spiritual, political, and economic problems of the present, the West European nations, through the voices of illustrious representatives, have come to the conclusion that only a union or a federation can still ensure its continuity and its historical and spiritual primacy, and at the same time guarantee its security.

The idea of a European Union, currently represented by personalities such as Winston Churchill, Alcide de Gasperi, Van Zeeland, Blum, Spaak, and others, which in the beginning was embodied only by private initiatives, has today assumed concrete, official forms of manifestation and action under the aegis of Western governments.

Institutions and parliaments have pledged their support to the idea of European unification, which culminated in the Strasbourg Assembly in the summer of 1949.

Through their various representatives in exile, Romanians expressed their support for the European movements, either by creating Romanian associations or participating in international meetings and congresses.

The United Europe—in whatever form the future will decide—is inconceivable without the integration of all its nations, including the Eastern countries. In the conviction that support for the future union or federation will ensure for Romania, in addition to collective security, to consolidation of its economic position and a prosperous development in every area, from cultural-spiritual to economic, at the initiative of a group of Romanians residing in Italy the Romanian Movement for European Unity [MRUE] was established in Rome on 5 November 1949 with an Initiative Committee made up of: Chairman: Dr. Constantin Dragan; Vice chairmen: Dr. Jean Antohi and Prof. Vasile Desmireanu; Secretary general: Attorney Octavian Rosu; Cashier: Dr. Traian Moga; Section for Culture, Press, and Propaganda: Alexandru Gregorian, Horia Roman, and Pascal Teodorescu-Valahu; Youth and Students: Gheorghe Rusu.

The MRUE plans to work for fruitful and fair cooperation with similar Western movements and with associations of East European representatives in exile, outside of any party concerns, in keeping with democratic principles, and inspired by the eternal Christian truths on which the United Europe will be built, in the hope of ensuring Romania's reintegration in the great European family.

Along this line, the MRUE appeals to all those who believe in the need for and the realization of the ideals of the United Europe to pledge their support and active cooperation, so that Romania, too, can take its due place among the family of European nations.

Initiative Committee, Rome, 1 December 1949

[Filip] You edited the major work of Lugoj scientist Aurel C. Popovici. The World Congress of Historians held in Bucharest praised Aurel Constantin Popovici, the first European federalist of the century, to whom in 1977 you dedicated a monumental bronze statue at the Saint Georges Cemetery in Geneva.

[Dragan] Let's not forget to mention that the statue was made by the sculptor Ina Popescu of Timisoara. The statue was unveiled by Archduke Otto von Hapsburg in memory of his uncle, Archduke Franz Ferdinand, assassinated by the Hungarians through Serbian and Croat hands in Sarajevo, because he wanted to appoint Aurel C. Popovici as chancellor and prime minister of the United States of Central Europe. His book, entitled *The United States of Europe* (Greater Austria, in the language of the time), published in German in Leipzig in 1906, created a great stir throughout Europe. It was translated

into Romanian by Petre Pandea in 1939, and the Nagard Publishing House reprinted it and redistributed it last year.

Archduke Ferdinand was convinced that the ideal state form of the future was a federation of the 15 nations held prisoners by the Hapsburg empire, and he would have doubtlessly realized it upon succeeding Emperor Franz Joseph. The Hungarians were opposed to such a federation, which prompted Archduke Ferdinand to declare: "And if the Hungarians continue to oppose it, they will be passed through sword and fire!" That threat unfortunately caused his death (see Constantin Graur's book *On Archduke Franz Ferdinand*, in Romanian).

A.C. Popovici's book was a source of inspiration for Koudenhove-Kalergi—according to his statements to his testamentary executor, Vittorio Pons of Lucerne—and prompted him to establish the Pan-European Movement, whose current chairman is Otto von Hapsburg (the Austrian pretender to the imperial throne, currently a German citizen and a deputy in the European Parliament of Strasbourg, where he is a colleague of the naturalized French Romanian Gustav Pordea). I was elected vice chairman of that movement for six years and put the offices of the Dragan European Foundation in Munich at its disposal for its meetings.

Otto von Hapsburg's daughter, Valburga, was an enthusiastic activist of the movement and recently became its vice chairman. She visited Romania in order to open a subsidiary of the movement in Bucharest, but for the time being the attempt failed. Nevertheless, there is a certain European awareness in Romania, as I was able to ascertain from the interest aroused by my essay on the subject, entitled *Ideals and Destinies*. That book was published in 47,000 copies and served as study material for librarians gathered at Breaza for summer classes.

Going back to the BULLETIN EUROPEEN, I want to stress that it deals with the general issues of all of Europe, despite being an emanation of the Romanian European Movement. To ensure that Romania is continually present in the mind of the readers, we published articles concerning various aspects of Romanian life "projected" at European level. They were written by Horia Roman, the only Romanian working for the former DIMINEATA and ADEVARUL newspapers, who later became press attache in Rome; after Italy, and later Romania, pulled out of the war, he was sent to a camp together with the other diplomats who were transferred from Giardini-Catania to Bellagio, on Lake Como.

In the first decades after the war, the Vatican had a great impact on Italian politics, as many of the politicians belonged to the so-called "Azione Cattolica" [Catholic Action]. Many heads of state visited Pope Paul VI to pay their respects. I thought it fitting that our country, too, should show itself to the world in Western attire. Thus, I founded the newspaper PRO AZIONE CATTOLICA ROMENA, which appeared monthly until 1970. I entrusted the editorial supervision to Mrs. Yvonne

Rossignon, of Romanian origin, who had contacts in various Catholic institutions. She also had good relations with Dr. Felicia Paraschivescu, who until her death continued the struggle I had begun for the beatification of the Romanian monk and miracle maker, Ieremia Valahul, who died in the 16th century. Our endeavors were crowned with success only in 1983, when Pope John Paul II officially proclaimed the first Romanian saint (beatified) at a great ceremony held in Rome in front of the St. Peter Basilica. (I recommend reading the book *Ieremia Valahul, a Romanian Monk in Rome*, by P. Francesco Severini, Nagard 1982).

That monthly publication was well received by the Vatican and is today to be found in its enormous library, whose chairman was for a while Cardinal Eugene Tisserant, a member of the Sacred Collegium that decides the election of the popes. He himself presided over the election of three important popes in modern history, without ever having offered his candidacy. Cardinal Tisserant was a good friend of Romania and of the Dragan European Foundation, and de facto participated in its establishment in 1967 in Rome, and de jure in 1968 in Palma de Mallorca.

In order to more markedly highlight the European issues and at the same time call the attention of all Romanians abroad to them (in view of the fact that not all of them spoke French), in 1971 I founded another bulletin, entitled EUROPA SI NEAMUL ROMANESC [EUROPE AND THE ROMANIAN NATION], which has been appearing without interruption and is distributed both in Europe and beyond. The publication was banned in Romania; a few issues were confiscated at the border and in the mail because they featured harsh criticism of the communist government, including the protest of the Paris Association against the demolition of churches in the Fatherland.

Today the bulletin is distributed in Romania, too, with a view to sensitizing the public to pan-European issues and to Romania's participation in European institutions, primarily in the activities of the European Council. Thus, I was preparing our public opinion for one day joining the Common Market, a day we hope will come as soon as possible. As of 1993, the Common Market countries will form a confederation that will bear a political character, too; customs frontiers will disappear and we will have a single European currency. In order to facilitate the unification of the nations held captive under Soviet domination, especially the Danube countries, in 1954 I found it opportune to bring out a magazine called EASTERN EUROPE'S TRIBUNE in Munich (a large center of political refugees where the Ukrainians even have a university), which the next year was named EASTERN EUROPE'S MONITOR. I formed an editorial body made up of representatives of all the Danube countries, i.e., of Romania, Bulgaria, Yugoslavia, Hungary, Czechoslovakia, and Poland. The editorial post was entrusted to Grigore Manolescu, brother of the great Romanian corporatist, economist, and statesman Mihail Manolescu.

In the wake of misunderstandings that arose I was forced to appoint another director, a Hungarian who seemed to me more capable than a Bulgarian, a Yugoslav, or a Pole, whom I would have nevertheless preferred. But things did not go any better with the Hungarian, either, whose name was Viktor Stankovich, so I ended up closing the venture.

For me the magazine entailed a serious capital investment in dollars, which I was sending from Switzerland, prompted by the feeling that all the sacrifices were for the benefit of our nation and of Romania's neighboring countries. When the magazine closed down, I added 4 to 8 new pages to the BULLETIN EUROPEEN, which were printed on colored paper and were detachable, entitled Eastern Europe's Bulletin in order to focus the attention of the West on the Eastern countries.

The European bulletin is in great demand in the Fatherland and we are considering publishing a parallel edition in Romania so as not to leave a vacuum that may be occupied by newcomers little qualified in this matter but eager to avail themselves of the name of Europe.

In 1950 Europe took a significant step by the creation of the institute called the Coal Steel Community, the first of this kind designed to improve especially French-German relations and any aspiration for revenge. At the time it was believed that a nation's power was founded primarily on coal and steel, and means were being examined to ensure that steel and coal were carefully controlled and made to serve everyone, as was later claimed in the famous book *Formeln zur Macht* [Power Formulas] by Wilhelm Fuchs.

During the tensest moments of the Korean war, much was said about economic secrets; personally I actively participated in various meetings of politicians and experts in Strasbourg, and I even wrote an article for the European bulletin entitled "Discussions on the Sex of Angels," because I was dissatisfied with the lack of scientific arguments of many speakers.

The chairman of CECA [Coal Steel Community] was for a while Dino del Bo, the deputy I pushed ahead, who became minister undersecretary of state for labor and later a full minister. I talked about him at length in my memoirs.

But Europe was still hesitating to "close its ranks." In 1953 the Italian foreign minister convened the conference of Messina, at which six countries agreed to hammer out the Economic Community Treaty, which was later signed in Rome on 25 April 1957 in the Curia Hall of the Capitol. I attended that conference and I witnessed the solemn signing of the document by Gen. Charles de Gaulle, Konrad Adenauer, Henry Spaak, and others.

As a free forum, the small BULLETIN EUROPEEN had become a means of communicating bolder ideas and

views, as if it had been the organ of the European Movement, periodically featuring lists of all the great names.

Also in 1957 in Paris the Institute of Socioeconomic Studies managed by Prof. L. de Saint Lorette, invited me to deliver a lecture at 1000, where I had an opportunity to express the same thoughts and views that at 1100 the former French Prime Minister and "father of Europe," Robert Schuman, expressed himself. On that occasion he talked to me and congratulated me for my endeavors through the BULLETIN EUROPEEN. At the same time it gave me an opportunity to talk about our Rome bulletin with the "German father of Europe," Konrad Adenauer.

In parallel with the establishment of the Common Market with its headquarters in Brussels, the IAEA [International Atomic Energy Commission] was established in Vienna, although its major research installations, the so-called CERN, were built in Geneva. Atomic energy was important not only for military objectives, but also at the civilian level, being the only ecological energy of the future available in Europe, of course on the condition that utmost safety measures are ensured. The Russians, who were doing everything in secret and ignoring Western experiences, had the Chernobyl accident with its serious consequences for our entire continent.

[Filip] I am familiar with several notes and memos you sent to the old Romanian Government for the purpose of restoring relations with the Vatican.

[Dragan] All my attempts to bring about a shift along that line failed. I wanted to demonstrate that the Holy See, whose absolute head is the pope, was an institution with which all the civilized states had diplomatic relations. To stay away from that framework was tantamount to an act of "barbarism" imposed 10 years previously by Stalin and cynically practiced by Ana Pauker, something that harmed us as Romanians and as Latins. Pope Pius XI had given the Romanians—regardless of Christian denomination or ethnic origin—the use of a great palace on one of the seven hills of Rome called Gianicolo, and offered more than 100 scholarships without any obligation to convert to Catholicism for those who studied at the Eastern Institute.

Romania had signed an accord regulating its relations with the Uniate Greek-Catholic Church of Blaj, with the Latin Romanian Church of Moldova-Iasi, with the Hungarian Church of Alba Iulia, and with the German Church of Timisoara. As Romanians, we could have attended the historic council of Vatican II, which shook the ossified tradition and conservatism that culminated in the sentencing of Galileo Galilei, thus demonstrating that we lived in this world, an opportunity that we unfortunately rarely had.

Romanian Monsignor Luigi Alois Tautu, who for 30 years worked in Rome at the Vatican, gathered, classified, and interpreted all the sources of Eastern canonical

law, which he then published in Latin. His work did honor to our nation. He also uncovered more precise data referring to Dionisie the Romanian, Dionisie the Pious of Constanta who, invited by the pope to Rome in 526, created a new "Anno Domini" era by dividing mankind's history in two stages: The one between the year 754 "ab urbe condita" (since the establishment of Rome), which became A.D. 1, and one beginning with - 1 (minus 1)- 753 and lost in the dark ages. We must all be proud of this great achievement of a Romanian. Personally, I prefaced and published a pamphlet devoted to Dionisie the Pious in the Romanian language. An Italian edition on the topic is now being printed in Milan.

The dismantling of the Uniate Church on 1 December 1948 and the forcible transfer of its assets and archives to the Orthodox Church, made worse by Bishop Balan of Sibiu, broke Romania's sensible relations with Rome and the Vatican. I thought that the Uniate Church should constitute "magna pars" through its millions of members within the framework of a new Romanian Catholic Church; in order to have its merits recognized, I sent a petition to Pope Paul VI asking him to promote to the rank of cardinal (the greatest honor and rank after the pope) Archbishop Iuliu Hossu, who had read the act of unification of Transylvania with the mother country. That appeal was followed by others and the pope, impressed, satisfied my request and appointed Archbishop Iuliu Hossu, who was under house arrest in Caldarusani, cardinal "in pectore" (the first Romanian cardinal). Apprehensive that he might be requested to make statements against his country, as the good patriot he was, he turned down the travel to Rome even on a mere visit.

[Filip] You published an impressive book in Greek and French, with colored photographs and text, on the meetings between Pope Paul VI and Patriarch Athenagoras I. The book marked the resumption of relations between the Vatican and Constantinople after an interruption of 800 years.

[Dragan] That work, which was well received at the Vatican, will also appear in other languages. So far it has cost us more than \$100,000.

[Filip] That's how much it cost to publish G. Calinescu's *History of Romanian Literature* in English, which came out under the aegis of UNESCO and Nagard... How did you become Referendary Archon of the Ecumenical Bishopric of Constantinople?

[Dragan] My ecumenical activities and my contacts with the Orthodox Church of Constantinople earned me the trust and respect of Patriarch Athenagoras, who awarded me the great title of Grand Referendary Archon. As such, I requested in writing that the great Romanian Constantin Brancoveanu, who was killed with his entire family because of his Christian faith, be declared a saint. Patriarch Athenagoras kindly answered that the Ecumenical Church would be happy to confirm him as a

saint of the entire Orthodox faith if the Synod of the Romanian Autonomous Church first proclaimed him a saint, as is only natural. The bishopric of Bucharest promised me that the matter will be resolved, but to this day nothing has been done. There are two Romanian saints from the medieval era: Dacius, the martyr of Durostor, whose relics are kept in a church in Ancona, Italy, and Ioan Cassian, a famous writer of the fourth century and founder of the Saint Victor Monastery in Marseille.

[Filip] Let's get back to industry and trade. How did you get to South Africa? You told me that after your Tangiers experience you got what is known as "mal d'Afrique" [Africa sickness]. Since then you became attracted by the black continent and its mysteries.

[Dragan] I was attracted by the transplantation of the German patent for gas synthesis to the Sasol plants in the Republic of South Africa and the opportunity of obtaining isobutane to distribute not only to the "European" population, as the natives referred to it, and to the "creoles" of Capetown, but also to the "bantus," the blacks who had come from the Equator to work in mines and on the land, and who multiplied excessively and settled down in comfortable villages in conditions comparable to those in their country of origin. I studied the laws of the country, its economy and finances, I got in touch with multinational oil companies established there, including Mobil Oil. Shell had a local partner, Handigas, so it wasn't going to cooperate with me although I was its best customer in Italy, while in France we were associated 60-40 with British Petroleum in the distribution company Butan Gas.

In the spring of 1959 I thought I had all the necessary information and I left for Johannesburg, where I checked in at the greatest hotel in town and stayed for more than two months. I established contacts with Handigas, with banks and oil companies, with real estate agents about offices and storage facilities, with manufacturers of containers and reservoirs, and with possible partners, among whom the commercial director of Handigas, Mr. Sandyford, showed keen interest. The first part-time employee was a Greek woman from Cyprus with whom I worked on letters and on the necessary documentation for founding the company Dragon Gas Service Proprietary Ltd. [as published], with offices in two apartments located on the last floor of a new palace in the main street from where I was hoping to be able to communicate directly with Italy by air waves. Sandyford was a Scotsman, a former Air Force officer in the RAF. He moved to my company kit and caboodle, but he continued to cooperate with the old companies for whom he had worked and for whom we were procuring a new type of containers and valves.

The venture began with 3 kg yellow containers with a simple mechanism for the household use of blacks, and locally manufactured 15 kg containers for Europeans. We appointed concessionaires-distributors throughout the country and established centers of distribution in the

major cities on the Indian Ocean and in the Rand, in the interior, where the capital city of Pretoria is also located. We hired European personnel and coloreds, blacks, and Indians from the east coast, who were good traders (Mahatma Gandhi came from their midst), and for the storage facilities we were building. We imported special equipment from Italy and Spain.

This kind of venture entails long-term investment. I was bringing the money from Switzerland. When I approached the local banks for direct financing, they made difficulties, claiming that the shares constituted foreign capital, and they cut my credit by 25 percent of what they would have granted a local company. When organizing the distribution of liquified gas on a new market, I was envisaging negative results in the first two years and losses of about \$100,000 to \$200,000, which were viewed as first-investment outlays and could be amortized by the following year's profits. My good Scotsman Sandyford, who was in charge of the entire South African project, caused me losses of \$500,000 because of his grandomania and my ignorance: I had not known that there existed two kinds of Scotsmen: those from the west, the Glasgow area, who are avaricious, and those from the east, the Edinburgh area, who are wasteful. My bad luck was that Sandyford came from the east. The company gathered momentum, servicing the European customers with the slogan: "Cook better with open flame, cook with Dragon Gas!" [preceding sentence in English]

After 11 years of activity, in order to stop the financing from Switzerland, I decided to sell the company, in which I had nevertheless invested good people, too, brought in from Germany, like Engineer Gediga. I sold it to British Petroleum, which was controlled by the British Admiralty, at a reasonable price, which was credited to me in Switzerland in sterling and Swiss francs. The trademark remained the same, and may still be in existence.

[Filip] From the Cape of Good Hope, back to Romania. What prospects were opening up to our country in the 1960's, freshly rid of the burden of Soviet occupation troops?

[Dragan] Because it was a Latin country, the West was not at all reconciled to losing Romania. Personal relations were dangerous. Trying any exchange with Romania was an adventure.

[Filip] Nevertheless, you took a risk....

[Dragan] In spite of all the great investments in the country's industrialization, Romania did not have a car factory. The Engines and Trucks Plant in Brasov and the Bus Plant in Bucharest were outdated and hopeless. In time, the Brasov plant began to manufacture tractors, too, on a FIAT license. FIAT had offered Romania \$1.8 million to install a simple assembly line for one of its current automobile models. The offer was turned down. In 1962 the large German group Borgward, which was in competition with Mercedes and lacked financing and

banking support, began to have difficulties meeting its payments and thus decided to sell some of its plants: the Isabella and Arabella; the latter was not even finished, although it had produced 50,000 900 cc. cars which were on the roads in Austria and Switzerland where they were known as "mountain cars." I received the offer to sell the Arabella, with all its plant and machinery, transferable to Romania complete with technical personnel for six months, at the price of \$4 million, payable over several years in spare parts for cars in circulation. The capacity of the Arabella engine could be increased to 1,000-1,100 cc.

I thought Romania should take advantage of this exceptional offer, and not knowing whom to approach and how, I contacted Embassy Secretary George Pele, who had taken care of obtaining my mother's passport. He put me in touch with the head of the commercial office in Milan, who drafted a note to that effect and went to Bucharest with it straight away, where he gave it to Gheorghe Gheorghiu-Dej. I wasn't trying to make any profit, but I did stipulate that the plant should be installed in Lugoj, inside the industrial triangle formed by Resita, Nadrag, and Calan, and that it should bear my father's name. The Banat's talents for mechanics was well known. In order to make a study of the Arabella model easier, I bought two such cars; I sent one to Vienna to be shipped to Romania, taken apart, and studied, while the second is still in Milan as a remembrance of the first offer made to Romania.

Gheorghe Gheorghiu-Dej responded positively; he himself sent a delegation of 10 engineers to Italy led by his son-in-law, the director of the Brasov plants, who was married to his daughter Lica. All the technical, commercial, and financial aspects were discussed in Milan at about Christmas time. It was then decided to form a new commission to go to Bremen to visit, photograph, and film the entire plant and to verify the condition of the machinery and plant. In keeping with the communist system, all such major projects had to be approved by the Central Planning Commission, whose head was a Moscow man, the mediocre Gaston Marin. He thought that bringing Borgward to Romania was a provocation and an insult to the Russian Trabant car. Consequently, without considering the interests of the Romanian nation, he rejected that favorable offer. Negotiations then began with France, our elder sister, and an agreement was signed with Renault which sent the installations for its old model Renault 12 to Romania, where the production of Dacia cars thus began. The opposition of the communist structures, which were faithful to Moscow rather than to the national interests, made me understand that one could not serve one's Fatherland when it was controlled by heterogenous elements.

Romania of the 1960's was at a stage of rapprochement to the West, imposed by the process of industrialization and technical modernization. In those circumstance, in view of my economic and cultural resources, I was invited to Romania. I kept refusing, even after the withdrawal of the "friendly occupation" Russian troops.

Then a former colleague, whom I viewed as a reliable friend, came to see me together with his uncle, Ion Tenchea, who had done his doctorate in law in Paris. He was chairman of the AGRU company, had served as mayor of Timisoara, and was openly claiming to be a Uniate.

I got in touch with the Vatican and arranged a meeting with Cardinal Agostino Casaroli, secretary of state, with whom I later stayed in contact about every religious issue concerning Romania. After discovering streets in Venice named Dragan and after founding the association Universitas Personarum Dragan, I planned extensive public events at the Nicolae Iorga House, which had been abandoned and put up for sale by the Romanian Academy, to whom it belonged. The Romanian Communists had destroyed the library and sold the books by the kilo, while allowing pieces of the furniture to disappear. All that is left of the run-down house, with its fallen ceilings, is a ground floor shop which still exists, and for which I pay a symbolic rent. The Romanian Embassy didn't know how to handle the rights over that piece of Romanian property, in which considerable amounts of money have recently been invested in order to restore it, with workers brought from Romania. Some 25 years ago I suggested to the Romanian Academy, then under Prof. Miron Niculescu, to let me have the house to restore and use for cultural activities in conjunction with Romania, which generally has distinguished itself by its absence from all international events. Dr. Tenchea promised to support the idea. The Romanian Academy took note of my letter but to this day did not bother to reply. In Venice one can get a palace on a 99-year lease for just the ground tax, on the condition to keep it up.

A few months later Att. Ion Tenchea went back to Romania, but his nephew Ionica, a former high school and university colleague of mine, stayed in Italy. I kept him almost six months in Italy, England, Spain, France, and Greece, and when he left I gave him a FIAT 2000 car as a present. In order to sensitize Dej's attention to the importance of restoring Romania's relations with the Vatican (as a subject of international law, the Vatican was also acting in behalf of peace in the world), I sent him a message, namely, a copy of Michael the Brave's portrait at the Prado in which the vojvod is depicted as Irod. Dej received the portrait with interest and it's still hanging in the Fagaras museum. From George Pele's reports I realized that Gheorghiu-Dej wanted to find out more about me and was considering what restoring Romania's relations with the Vatican and the recognition of the pope by the Romanian Church meant in the past and could mean in the future. As is known, our church was linked to Rome until 850, when the Greek Fotie attempted a first separation that was achieved only in 1050 by Bishop Celularie. While Gheorghiu-Dej did nothing along that line, he still deserves credit for getting the Russian troops out of the Fatherland for the good of the entire Romanian Nation.

One other merit of his is to have ordered the correct spelling of the country as Romania, rather than

Rominia, as Slav supporters faithful to Moscow, like Roller, Iordan, and Grauer (who for 30 years was chairman of the Romanian Language and Literature department of the Romanian Academy) had it in order to blur the Latin origin of our language. I asked for that change in writing and offered as argument the fact that the communist spelling of Romania with an "i" was not only detrimental to its Latin origin, but also produced disagreeable confusions (as in Tara Romilor, Land of the Gypsies). My letter had a powerful impact because the very next day Dej summoned those in charge and told them he didn't care about any philological argument and that from then on the words Romania and Romanian were going to be spelled with an "a." After his death under suspicious circumstances, his successor Ceausescu was more interested in consolidating his position and power (finally establishing a personal dictatorship) than in religious or other issues, despite the fact that the importance of religion is currently demonstrated by the rise of Islam and the political orientation of the Arab and non-Arab, Afro-Asian world. Naturally, religion played a political role in the past and will certainly continue to do so in the future.

Consequently, I broke every contact with Romanian representatives and for a long period of time didn't try to do anything to enhance our prestige in the West.

The World Interparliamentary Union, which holds periodical congresses in various cities of the world, was founded for the purpose of promoting rapprochement and better understanding among nations through their representatives. In March 1967 such a congress was held in the Balearic Islands thanks to the skills of former Gen. Mayor Maximo Alomar. He led foreigners to believe that the islands had a different status and that they were autonomous, that they didn't belong to Franco's Spain, whom the West denounced as a dictator. At preparatory meetings he offered to host the congress in Palma de Mallorca. The so-called Pueblo Espanol had just been built (an open-air architectural museum), featuring characteristic buildings from all the regions of Spain.

As a publicist and founder of the BULLETIN EUROPEEN, I attended various sessions of the congress together with Engineer Ion Bazgan, with whom I was due to go to the United States to negotiate billions due to him in royalties by multinational companies who had used one of his patents during and after World War II. Mr. Bazgan met the Romanian delegation, talked to its members, and at the opportune moment, introduced me to them.

The delegation was made up of a Parliamentary group which included Professors Tudor Draganu and Constantin Statescu, vice president of the High Court of Justice, accompanied by a translator who was a brother of the jurist Valentin Popescu. The one who had no official status but was de facto the head of the delegation was Ion Iliescu, former minister of youth, who later fell into disfavor. Subsequently he became minister of waters, first secretary for Iasi, and secretary for cultural affairs of the Timisoara County Committee. In the end

he served as director of the Technical Publishing House. I thought that was too good an opportunity to miss for holding interviews in newspapers in Palma de Mallorca and thus highlighting Romania's presence as a Latin sister to Spain. Local newspapers (BALEARES, DIARIO DE MALLORCA, AND ULTIMA HORA) carried long articles and reports on Romania. Fully in agreement with my wife Teresa, I invited the Romanian delegation, the Italian delegation, and a number of Spanish friends for dinner. In the living room of the luxurious villa and on terraces opening on a palm garden, the conversation proceeded in French, which the Romanians spoke to perfection, while the Italians and the Spanish failed the test, although they like to brag about their linguistic skills. Toward midnight the Italians left to see a Spanish dance (actually a Gypsy flamenco), while the Spanish friends, expected at home by their loved ones, also withdrew when the time came. The Romanian delegation was the only one left, and I talked to them about various subjects regarding Marxism and its applications in Romania. I was asking tough questions, to which the head of the delegation, Engineer Ion Iliescu, replied skillfully and smilingly; he has a talent for communicating and for arousing sympathy, as well as a vast culture. The conversation extended until 0300, when the guests went back to the hotel, as the next day they had to attend meetings. That was my first contact with official representatives of the Fatherland after a long break in any relations.

Shortly after that, I was surprised to get a dinner invitation from the Romanian ambassador to Rome, Engineer Cornel Burtica. I had never been to the Embassy, I was ignoring it, all I had was its telephone number which I had used in my endeavors to obtain mother's passport. I consulted Attorney Giuseppe Brusasca and Giuseppe Pella, a great statesman, a Christian Democrat who served as a minister eight times and once even as prime minister of Italy. They advised me to accept the invitation, because it came from the ambassador of a country with which Italy had diplomatic relations. Anyway, my friends were convinced that I was not going to be converted in the course of one dinner. So I accepted the invitation on the condition that the dinner take place at the Ulpia restaurant, close to Trajan's Column. I was accompanied by two aides, Dr. Antonio Jemma of Butan Gas and Emilio Gambazza of the Bank of Italy. The ambassador came accompanied by the consul and the economic adviser. From the very beginning I made it clear that I was very busy with my affairs and could not consider any possible business with Romania. On the other hand, I was interested in promoting relations with the Vatican which, at the time, was visited by heads of state and world personalities. In fact, that was the topic of our discussions at subsequent quarterly meetings.

I kept waiting for replies from the Fatherland, and every time I got one I obtained an audience from the secretary of state, Cardinal Agostino Casaroli, whom I kept informed on the progress of the negotiations. The Romanian communist government showed little understanding and was probably wondering, like Stalin, how

many military divisions the pope had, aside from his personal Swiss guard. Nevertheless, the Catholic Church has hundreds of millions of followers and the total number of Christians is about 1 billion. I sent various written notes to the Vatican with suggestions on reorganizing the Catholic Church in Romania into an association whose representatives would be Romanian clerics. Three years passed. In 1970 Ambassador Burtica was appointed minister of foreign trade and went back to Bucharest to assume his new office. At our last meeting he asked me whether I had any unfulfilled wish; I told him that I wanted Uniate Bishop Juliu Hossu to get a passport to come to Rome. He assured me that the bishop would get a passport within 24 hours of sending in his picture. On the strength of the minister's word I immediately sent a clerk with a car to Bucharest, but after one week of waiting in vain he returned to Italy by himself.

On 15 August 1970 in Constantinople, where I had gone to receive the title of Grand Archon awarded to me by the ecumenical bishop, Ambassador George Pele arrived, dispatched by Minister Burtica, to explain to me at length that Bishop Juliu Hossu had refused to leave his country out of patriotism.

[Filip] In what circumstances did you meet Ceausescu?

[Dragan] In September 1970 I was at my Vienna office on 9 Schubertring when I learned that N. Ceausescu was paying an official visit to Austria accompanied by a large delegation of ministers, including Foreign Minister Corneliu Manescu, Trade Minister Cornel Burtica, and Deputy Prime Minister George Oprea. From my office I had a good view of the Hotel Imperial where the Romanian delegation was staying.

My group name, Drachengas, and the fire-spitting dragon caught the attention of Minister Burtica. He asked for me and expressed a wish to meet me the next day at 0900. I went to his suite, thanked him for his communication about Bishop Hossu, and he told me that that evening the Romanian president was giving an official reception for the Austrian president, to which I was invited in order to be introduced to the Romanian head of state. I said I didn't think I should attend, because I didn't want to come too close to the highest, powerfully indoctrinated Romanian authorities. Despite his insistence, I did not let myself be persuaded.

In that situation, Cornel Burtica told me:

"Mr. Dragan, I don't want to know anything about Marxism and communism! But I do know how to best serve my country's interests."

In the face of such a surprising declaration coming from a member of the Romanian communist government, who was denying the Marxist-Leninist theories like Satan, I ran out of arguments and accepted the invitation to the reception. I was thinking what topics to broach and I prepared a detailed note on ways of improving

agricultural productivity, stating that the state agricultural enterprises could be kept on to produce quality items for export, while the peasants should be given 10 hectares of land each, like Tito had done, thus ensuring an abundant domestic market.

[Filip] At the time there was talk about how the peasants in the neighboring country had become "rich" in the wake of the reforms.

[Dragan] Yes, and the word "rich" was against the Marxist-Leninist principles. Evening came and, standing in line with all the participants in the reception, I was introduced to President Ceausescu under the blinding lights of television cameras. He said to me: "I have heard a lot about you!" and I answered, "I hope you heard good things." "Of course!" was his answer. At that moment the president's wife appeared, to whom he introduced me, saying: "Come, Lenuta, I want to talk to Mr. Dragan man to man!" And that was the end of the introductions.

In the next room, in the presence of the three ministers and other members of the delegation, I opened the discussion about the European Council, stressing the importance of Romania's participation in its sessions, even as a mere observer, as Yugoslavia does: "Even if we don't go in through the main door, because human rights will be discussed, we can go in the side door and attend the discussions on technology and culture." The president said he will reflect on my suggestion, also in view of the favorable precedent set by Yugoslavia. I called attention to the Common Market, which was viewed as an effective reality and with whom the commercial agreements of the member states were going to be negotiated in the future. I mentioned that the Russians had already sent an observer. Astonished, Ceausescu asked his ministers what the situation in Brussels was and they confirmed my statements, at the same time apologizing for not having informed him about it because of his busy schedule in Vienna.

Then I brought up the agricultural policy and the strategy that should be followed to increase productivity, which was so low precisely in the area that ensures food for the people, and I stressed that if people are not paid, they're not interested in working. I handed the president the note I had prepared and he gave it to Minister Oprea, but the peasants didn't get their land.

The meeting ended with an invitation to come to Bucharest to discuss those things in greater detail. "I cannot!" I exclaimed, "Why can you not come, Mr. Dragan? You

can get on a plane in the morning and go back in the evening, if you're so busy...." "I cannot, Mr. President, for several reasons. When I'll be able to, I'll let you know."

The president gave me a long look after this refusal and ended the discussion. I took my leave and went.

On 25 September I left Vienna for Palma de Mallorca, where Bishop Meliton of Calcedonia had arrived as my guest. He talked at length with Teresa who, aside from her volumes of poetry, was working on a book entitled *In Search of God*.

I was preoccupied by President Ceausescu's invitation and, prompted by my longing for the Fatherland that I hadn't seen in 30 years, I was trying to fathom how to organize an official visit.

At that time a congress on marketing was in progress in Barcelona that was also attended by two Romanian professors from the University of Timisoara: Letitia Zahiu and one of her colleagues. I invited them to Palma, where we talked about the possibility of organizing a similar congress in Romania. Mrs. Zahiu said that such a thing was possible and that her husband, who was a county committee activist, could be of assistance.

We left on the yacht Drago dei Mari for a few days on the island of Cabrera, and there I and my guests worked out the entire plan for the organization of a congress that was to be held the next year in Timisoara under my chairmanship, as representative of the International Marketing Federation. The congress was indeed held between 1-4 July 1971.

And thus, after 31 and one-half years I returned to the Fatherland through the border crossing point at Stamura-Moravita, where I was met by the rector of the University of Banat, Prof. Ion Curea, two prorectors, and four deans with the traditional bread and salt. Next to them stood my mother, Cornelia Murariu Dragan, my mother-in-law, Helea Guglielmi Moriglioni, and my wife, Teresa Maria Guglielmi Moriglioni Dragan, all of them dressed in Romanian folk costumes. They had spent one month traveling through the country and getting to know it. A new stage was opening in my relations with Romania....

[Filip] We will wind up here the first part of our discussion, but I want you to promise that we will not stop midway.

[Dragan] My thoughts entirely! The sequel will not be long delayed.

NTIS
ATTN PROCESS 103
5285 FORT ROYAL RD
SPRINGFIELD VA

2

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.