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## **East Europe**

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# East Europe

JPRS-EER-92-002

## CONTENTS

7 January 1992

### BULGARIA

Presidential Candidates Introduce Themselves [168 CHASA 3 Dec]	1
Additional Presidential Candidate Registered [DURZHAVEN VESTNIK 20 Dec]	3
Members, Leaders of Parliamentary Commissions	3
Leaders of Parliamentary Commissions Named [DURZHAVEN VESTNIK 19 Dec]	9
Administrative Council of Foreign Aid Agency [DURZHAVEN VESTNIK 24 Dec]	9
Academician Sendov on DPS Legitimacy [ZORA 6 Nov]	9

### CZECHOSLOVAKIA

Government Submits Optimal Definition of Federation [HOSPODARSKE NOVINY 28 Nov]	12
New Concepts on Future of Central Europe Surveyed [PRITOMNOST No 11]	13
Details of Agreement on Federal Budget Revealed	15
Negotiators in Brno Compromise [MLADA FRONTA DNES 5 Dec]	15
Governments Respond Cautiously [MLADA FRONTA DNES 5 Dec]	16
Miklosko on Slovak Emancipation [ZEMEDEL'SKE NOVINY 23 Oct]	17
Economist Defends Czech Republic on Federal Budget [LIDOVE NOVINY 10 Dec]	18
Sources of Jan Carnogursky's Ideas Identified [PRITOMNOST No 11]	20
Economic Reform Seen Being at Critical Juncture [HOSPODARSKE NOVINY 13 Nov]	22
Economic Consequences of Nation's Breakup Weighed [KULTURNI ZIVOT 3 Dec]	25
Inertia Said Hampering Industrial Changes [HOSPODARSKE NOVINY 21 Nov]	27
In Spite of Pay Increases, Retail Sales Are Down [HOSPODARSKE NOVINY 21 Nov]	29
Harvest Said High in Quality, Low in Quantity [ZEMEDEL'SKE NOVINY 23 Nov]	30
Fall Agricultural Plowing Results Viewed [ZEMEDEL'SKE NOVINY 27 Nov]	31

### POLAND

Commentary About Sejm, President, Party Relations [POLITYKA 7 Dec]	33
Sejm Composition: Parliamentary Clubs, Deputies [PRAWO I ZYCIE 23 Nov]	35
Regionalization, Self-Government Concepts Discussed [TRYBUNA 26 Nov]	37
German Minority Parliamentary Circle Profiled [Frankfurt/Main FRANKFURTER ALLGEMEINE 29 Nov]	38
Belorussian Publishers in Poland Described [EX LIBRIS Dec]	39
Issue of Return of Church Property Examined [RZECZPOSPOLITA 15 Nov]	40
POLITYKA Weekly News Roundup: 1-7 Dec [POLITYKA 7 Dec]	42
Modifications to Monetary, Fiscal Policies Proposed [WPROST 3 Nov]	43
Emigration Continues for Economic Reasons [TRYBUNA 18 Dec]	48
Loss of Soviet Market Affects Szczecin Shipyards [RYNKI ZAGRANICZNE 26 Nov]	48
Alternatives to State Farms Examined [RZECZPOSPOLITA 22 Nov]	49
Research Paper Promotes Microeconomic Strategies [RZECZPOSPOLITA 21 Nov]	50
New Council Urges Stronger Local Economic Role [RYNKI ZAGRANICZNE 23 Nov]	51
German-Polish Rail Cooperation Expansion Discussed [RZECZPOSPOLITA 21 Nov]	51
Bulgarian Trade Steadily Decreasing [RYNKI ZAGRANICZNE 30 Nov]	52
Cooperation With Italy in Food Processing [RYNKI ZAGRANICZNE 30 Nov]	52
Swiss Program Encourages More Local Initiatives [RZECZPOSPOLITA 15 Nov]	53
Waste Dumping Proposed for Technology Access [GLOB 24, 22 Oct]	53
Employees Argue Gerber Takeover of Alima [RZECZPOSPOLITA 22 Nov]	54
British Offer MBA, Management Training in Gdansk [TYGODNIK GDANSKI 17 Nov]	54
PKO Profits by Lowering of Bank Reserves [RZECZPOSPOLITA 21 Nov]	55
Soviet Gold Smuggling Reaches Alarming Rate [Munich SUEDEDEUTSCHE ZEITUNG 25 Nov]	55

YUGOSLAVIA

Bosnia President Requests Muslim 'Moral Support' [London AL-SHARQ AL-AWSAT 25 Nov] .....	57
Serbia's Kosutic on Arrival of Peacekeepers [BORBA 12 Dec] .....	57
Osijek Commander on Need To Reduce Human Losses [VJESNIK 12 Dec] .....	58
Chief Editor of TANJUG Submits Resignation [POLITIKA 13 Dec] .....	59

### Presidential Candidates Introduce Themselves

92BA0326A Sofia 168 CHASA in Bulgarian 3 Dec 91 p 14

[Article: "Presidential Candidates Introduce Themselves: A Hoard of Candidates Rush to Boyana"—first five paragraphs are introduction by Zoya Ivanova]

[Excerpt] [passage omitted]

### Food for Thought; Is It a Big Deal To Be President?

The budget of the current president is 7.13 million leva (it is 42 million for the Grand National Assembly and 42 million for the Council of Ministers). The office staff of the president of the Republic consists of about 100 persons, one-third of whom are administrative personnel and two-thirds servicing-technical personnel (advisers, experts, chief specialists, secretaries, typists, shorthand typists). The drivers are members of the National Security Service, which has its separate budget. The NSO [National Security Service] and the National Intelligence Service are unrelated to the presidential office in terms of budget and personnel.

The Wage Fund is approximately 2.3 million leva. Insurance payments are 809,000 leva. A total of 1.82 million leva has been appropriated for office and running expenditures, 1.1 million leva for out-of-town trips, 400,000 leva for scientific research, and 600,000 leva for other expenditures (management, inventory, honoraria, and overhead).

The National Assembly sets the salaries of the president and the vice president. The rule is that the salary of the president is double that of a national representative. Zhelyu Zhelev earns 4,400 leva. According to his wishes, one-third (1,450) goes to the Orphans Foundation, which has an account in the Elektronika Commercial Bank.

The NSO pays for all presidential foreign travel expenditures.

The presidential budget has no appropriations for capital construction. The president, the vice president, the Council of Ministers, and the department heads have diplomatic passports. Office personnel up to the rank of adviser have the right to "five-star" telephones. Five persons use high-frequency telephones.

### Kiril Borisov (Liberal Party-Pernik)

I was born on 15 August 1950 (Leo) in Golyamo Buchino Village, Sofia Oblast. I graduated from secondary school in Sofia, specializing in vegetable growing and tractor driving. I am proud of my 14 different professions: I worked as a tractor driver, a hired hand, a glazier, an aircraft mechanic, a mason, and a plasterer; I have been a Greco-Roman-style wrestler, a house painter, a porcelain maker, a photographer, a color-photography laboratory worker, a salesman, and a store manager. I am married and have four children.

I am a candidate for the Presidency because I think the country needs a unifying personality. I consider myself precisely such a person. I do not support the red, the blue, or the yellow colors. I believe that I shall attract quite a

number of sympathizers. I have worked for three seasons on the Black Sea coast as a photographer. I have taken the pictures of 2-3 million people.

Now I am being told by some that I am not presidential timber, while others say I am!

If I am elected, I shall follow a totally centrist policy. I shall not insult anyone. My first ukase would be to restore the death penalty. I also think that women should stay at home and raise their children. We have 350,000 unemployed. I would remove all women and raise the wages of men.

### Yolo Denev (Bulgarian Democratic Party)

I was born on 1 January 1940 (Capricorn) in Tlachene Village, Vratsa Okrug. I graduated from the Agricultural Academy in agrarian economics. I have worked as an agronomist, an economist, a construction worker, and a security guard. I am currently unemployed, and I am preparing for publication a collection of poems titled *Angered City Squares*. I have almost completed a documentary novel on Benkovski. I have an almost finished play on Levski. I am well into my novel on Czar Petur. I am also working on a book on Prince Vladimir Rasate. I have also written a play on a contemporary topic, and I am writing a documentary titled "The Birth of Democracy."

I participated in the student carnival on 24 February 1990 in front of the NVK (People's Palace of Culture), wearing the mask of T. Zhivkov. During the SDS [Union of Democratic Forces] meeting on 25 February, I climbed to the rostrum of the former mausoleum.

I am a candidate for president because the threat exists that, in two years, Bulgaria will once again be enslaved by the Turks. I see that the individuals being nominated by the other parties are totally unsuitable. Mr. Zhelyu Zhelev is a figurehead and an agent of the BSP [Bulgarian Socialist Party]. He is playing according to Andrey Lukanov's scenario. Mr. Zhelev is one of the main reasons there have been no real democratic changes in our country. Furthermore, he is leading us down the fatal path of vassal independence to the West. That is why an energetic personality is needed, whereas he is very soft.

The first thing I would do as president would be to nationalize BSP property. Immediately after that, there would be an indictment of all red businessmen scattered throughout the world. Third, there would be a change of the currency in various ratios, in order to block the activities of the red millionaires.

I am not supported by a big party, but you know that Christ preached with 12 apostles.

### Prof. Siyka Georgieva (Preobrazhenie Political Forum)

I was born on 22 August 1936 (Leo) in Sofia. I graduated from the Moscow Administration Institute. At that time, there was no possibility to study in the United States. I defended my doctoral dissertation at the Economic Academy in Krakow, and I hold the first Bulgarian doctorate in regional economics. I became a senior scientific associate first grade at the VINS [Higher Institute of the

National Economy] in Varna (professor) in "Administration, Organization, and Efficiency of Public Production." I have worked for the Ministry of Construction as a specialist and an adviser to the minister and at Glavproekt. I received a NATO scholarship for 1991-92 on strategic planning for the southern coast of the Black Sea. I have a daughter.

My idea of becoming a candidate for president stems from the fact that, for the past 14 months, I have been unemployed for political reasons. I find survival difficult, and I am always hungry. The satisfied do not believe the hungry, and I think that the president must be poor in order to truly help the people.

Zhelyu Zhelev is a serious candidate but, along with having done good things, he has committed a number of errors. I believe that I would be supported by 500,000 unemployed because I have a program that would eliminate unemployment within six months. I am also relying on the 2.3 million retired for whom I also have a social program. I believe that I would be supported by the young and by the young families facing a number of problems.

#### **Dimitur Markovski (Free Cooperative Party)**

I was born on 15 August 1945 (Leo) in Nivyalin Village, Vratsa Okrug. I graduated in law and economics. I have worked as a judge, a chief legal counsel, and a general director. I am currently president of the Union of Bulgarian Members of Cooperatives. I live in a bachelor apartment in the Lozenets district. I have never owned a car. I have two sons.

I did not decline my nomination as a candidate for the Presidency for the sake of our main task: to popularize the party and the cooperative movement. We have no other possibility of accomplishing this. We do not have newspapers or access to television or radio. The main struggle will be waged between Dr. Zhelev and all the others, whom I lump together. I do not believe that, with such a polarization of forces, I could win. Nor do we have the necessary funds for the electoral campaign, in the classical sense of the term.

#### **Dr. Ivan Georgiev (Bulgarian National Radical Party)**

I was born on 21 October 1941 (between Libra and Scorpio) in Sofia. I graduated in medicine. I am married and have three children. I am an assistant professor at the Medical Academy, specializing in internal diseases and gastroenterology.

While a student, I developed contacts with members of the Bulgarian National Revolutionary Party, which was clandestinely organized on 1 September 1955. The party's tactic was to work among high school students who, after graduation, would enroll in higher military schools, become officers, and, subsequently, carry out a military coup d'etat. In 1957 we were exposed, and I was sentenced to five years in jail but was released in 1960.

I was given permission to continue my studies in 1962, but only in the areas of physics, chemistry, mathematics, and

medicine, although I am genetically inclined toward literature and the arts because my father was a member of the academy, working in the field of Slavic philology.

In 1962, we had to gradually and clandestinely rebuild the party structures. In 1983 I was detained once again but was not tried. I was helped by Venko Markovski. However, he obstructed my career, and I was unable to defend my dissertation.

I am a candidate for the Presidency because Bulgaria is at this moment in an exceptionally difficult situation. I do not see in any political party the necessary power to rescue the fatherland. In parliament, the DPS [Movement for Rights and Freedoms] found itself on the crest of the waves. It has proclaimed itself the heir of the Organization for the Turkish National Liberation Movement. This movement is our enemy. The government is subsidizing it in the electoral campaign with funds taken from the pockets of Bulgarian taxpayers. It seems that we are arming our enemies!

Unless the BSP nominates a candidate, a huge percentage of its electorate, particularly in the eastern part of the country, will vote for me. A high percentage of the intellectuals, as well, who voted with the blue ballot, are today disappointed in the covert coalition between the SDS and the DPS. As to the candidacy of Mr. Zhelyu Zhelev, I believe that he is not flexible as a politician. Even Todor Zhivkov was more experienced and smarter than he.

#### **Zhorzh Ganchev (Bulgarian Business Bloc)**

I was born on 29 August 1939 (Virgo) in Plovdiv. I went to work at the age of 12 and a half. I became national fencing champion in 1953. I played basketball for the TsSKA [Central Army Sports Club] in 1957. I was reassigned from the military sports section for refusing to join the DKMS [Dimitrov Communist Youth Union]. In 1961 I married into a British family, which, since 1940, has been one of the best-known manufacturers of carpets in England. I have two daughters who own a fashion store in Los Angeles.

When we lived in Sofia, I played the guitar and sang in the Balkanton Orchestra with Toncho Rusev, Moris Aladzhev, and others. In 1967 I was invited by Lord De Beaumont, president of the World Fencing Association, to work as master at the London Fencing Club, which was founded in 1860. I coached the English Olympic fencing team.

I was a choreographer and an actor in the motion picture "Sinbad the Sailor," made by Columbia Pictures. At that time, I was recognized by Lee Strasberg, who offered me a scholarship in Hollywood.

I won first place in the professional fencing championship in London in 1970 and in Karlsruhe in 1974. That was the year my scholarship began. I graduated from Lee Strasberg's Theatrical Institute and, subsequently, from a motion picture school. As an actor, I taught at the Harvard School in Cold Water Canyon, which is attended by the children of all major producers and directors.

I then became an independent producer, director, and screenwriter. I directed 12 plays in Los Angeles, including "Inspector General," by Gogol; "Drums in the Night," by B. Brecht; "Hamlet"; and "The House of Zoya," by Bulgakov. I am the author of three plays, one of which I produced myself and in which I play a main role along with America's great comedian Foster Brooks. In 1984, I founded the Balkan Films and Entertainment Ltd. Company in London. In 1981, I made my first film in Bulgaria, "My Balkan Connection," which has been shown throughout the world. Neli Topalova plays the main role, the translator, while I play the role of a 40-year-old American of Bulgarian origin, who is returning to see his homeland. My next film was "Duels in Sofia," which was an entry for the 1986 world championship, followed by "The Nine Steps of Stefka Kostadinova," the English version of which I wrote and produced. I also filmed "Triatlon" for Krasi Kostov, which was directed by Ivan Nichev.

As for political activities, I was Sol Polanski's adviser; I was the unofficial producer of roundtable meetings in his home before they became an official roundtable.

I helped the SDS by bringing to Bulgaria a specialist from England, who drew up its economic program. I have always avoided membership in any kind of political structure. I do not like the struggle for power.

I am a candidate for president because I have been preparing for it for 25 years. My father-in-law was president of the Worth general stores in Europe. He was an adviser to Edward Heath. With him, I visited clubs of the Conservative Party. I was invited to the European Atlantic Club eight or nine times. In other words, I have been in constant touch with English politicians and, later, with politicians in the United States. Reagan's son attended the Harvard School, as did the son of California's Attorney General, John Van De Kamp, and the son of the chief of police. I was the guest of these families, and we discussed politics. It is through me and my music or poetry in English that these people heard about Bulgaria. My sister is married to a member of the IBM lobby in Congress. I am tying a rock around my neck by becoming a candidate. I have the necessary connections and experience, and I can develop a Bulgarian lobby in Strasbourg, Brussels, and Washington. I can work for the cause of Bulgaria and represent Bulgaria much better than others. I know how to make deals, and I can be much better dressed than those people. My English is very good.

I have no rivals other than Zhelyu Zhelev.

As for Mr. Dimitur Popov, I had a discussion with him three weeks ago. He told me that he has neither a party to support him nor the money to engage in a campaign. I think it would be a mistake for him to take part in such a project.

#### **Additional Presidential Candidate Registered**

92P20100A Sofia DURZHAVEN VESTNIK in Bulgarian No 106, 20 Dec 91 p 8

[Decision of the Central Electoral Commission of 18 December 1991 To Register Presidential and Vice Presidential Candidates, signed by Chairman R. Yankov and Secretary Ml. Cherveniyakov]

[Text]

#### **Decision No. 43 of the Central Electoral Commission of 18 December 1991**

By issuing Decision No. 324 of 17 December 1991 in connection with Case No. 1254/91, the Supreme Court of the Republic of Bulgaria has supplemented Decision No. 1033 of 16 December 1991, which requested the Central Electoral Commission to register candidates for president and vice president proposed by the leadership of the Bulgarian Business Bloc in the special registry as required by the Law on Electing the President and the Vice President of the Republic.

In accordance with this report, the Central Electoral Commission hereby decides to register as participants in the election to be held on 12 January 1992 Georgi Ganchev Petrushev, born 29 August 1939 and a resident of Sofia, as a candidate for president, and Petur Kirilov Beron, born 14 March 1940 and a resident of Sofia, as a candidate for vice president. The candidates were nominated by the Bulgarian Business Bloc and will use a white ballot with three black stripes.

#### **Members, Leaders of Parliamentary Commissions 92P20081A**

[Editorial Report] Sofia DURZHAVEN VESTNIK in Bulgarian on 28 and 29 November and 6 December, on pages 3-6, 1-4, and 1, respectively, publishes the names of the members and leaders of various permanent National Assembly commissions. The party affiliation of the members and leaders was included in the lists of national representatives published in DURZHAVEN VESTNIK on 25 October, 5 November, and 15 November. The information is summarized in the tables below. Abbreviations for the parties are: BSP for Bulgarian Socialist Party; SDS for Union of Democratic Forces; and DPS for Movement for Rights and Freedoms.

Economic Commission			
Member	Party	Position and Name of Leader	Party
Aleksandur Trifonov Tomov	BSP	Chairman Asen Khristov Michkovski	SDS
Angel Georgiev Dimov	BSP	Deputy Chairman Arif Ali Mustakli	DPS
Andrey Karlov Lukanov	BSP		
Arif Ali Mustakli	DPS		
Asen Khristov Michkovski	SDS		
Atanas Atanasov Paparizov	BSP		
Valentin Stefanov Karabashchev	SDS		
Vladimir Todorov Abadzhiev	SDS		
Georgi Georgiev Pirinski	BSP		

**Economic Commission (Continued)**

Member	Party	Position and Name of Leader	Party
Georgi Nikolov Nikolov	BSP		
Doncho Donchev Konakchiev	BSP		
Emil Veselov Filipov	BSP		
Zhan Vasilev Videnov	BSP		
Yordan Stoyanov Kutsarov	SDS		
Krasimir Lyubomirov Chernev	SDS		
Krasimir Naydenov Stoyanov	SDS		
Margarit Vladimirov Mitsev	SDS		
Marin Penev Marinov	SDS		
Petko Ginev Petkov	SDS		
Petur Georgiev Bashikarov	BSP		
Receb Mehmedali Cinar	DPS		
Rumen Zdravkov Bikov	SDS		
Stanko Petrov Stanev	SDS		
Stefan Aleksiev Chanev	SDS		
Stefan Iliev Stoilov	BSP		
Hasan Ali Hasan	DPS		
Charodey Petrov Chernev	SDS		

**Commission on Control Over Income, Expenditures, and Property of the Political Parties**

Member	Party	Leader	Party
Ana Ivanova Karaivanova-Davidova	BSP	Chairman Ilko Mois Eskenazi	SDS
Vladimir Stoyanov Dzhaferov	SDS	Deputy Chairman Osman Ahmed Oktay	DPS
Dimitur Nikolov Mikhaylov	BSP		
Emil Veselov Filipov	BSP		
Ivan Petrov Budimov	SDS		
Ilko Mois Eskenazi	SDS		
Konstantin Todorov Razmov	SDS		
Lyubomir Todorov Nachev	BSP		
Manol Petrov Todorov	SDS		
Osman Ahmed Oktay	DPS		
Pavel Dimitrov Shopov	SDS		
Plamen Vulkanov Vulkanov	BSP		
Spas Atanasov Muletarov	BSP		
Suavi Basri Haci	DPS		
Khristo Damyanov Biserov	SDS		

**Commission on Youth, Sports, and Tourism**

Member	Party	Leader	Party
Aleksandur Ivanov Marinov	BSP	Chairman Rashko Angelov Rashkov	SDS
Bahri Receb Omer	DPS	Deputy Chairman Bahri Receb Omer	DPS
Georgi Todorov Tsonev	SDS		
Ivan Iliev Floreskov	SDS		
Iliyan Zhivkov Iliev	BSP		
Krasimir Andreev Premyanov	BSP		
Petur Khristov Petrov	SDS		
Plamen Atanasov Yovchev	SDS		
Rashko Angelov Rashkov	SDS		
Fidel Nikolov Kosev	BSP		
Khristo Markov Markov	SDS		
Yuriy Mitkov Borisov	BSP		

**Commission on the Administrative and Territorial System and Local Self-Government**

Member	Party	Leader	Party
Aleksandur Aleksandrov Staliyski	SDS	Chairman Aleksandur Manolov Pramatarski	SDS
Aleksandur Manolov Pramatarski	SDS	Deputy Chairman Suavi Basri Haci	DPS
Atanas Mateev Mateev	SDS		
Vasil Dimitrov Nikolov	BSP		
Dimitur Veleve Dimitrov	BSP		
Doncho Donchev Konakchiev	BSP		
Zvezdalin Vekilov Kafedzhiev	SDS		
Yordan Stefanov Todorov	SDS		
Konstantin Vankov Todorov	SDS		
Krasimir Stanchev Nikolaev	BSP		
Krustyo Paraskevov Trendafilov	BSP		
Milko Yankov Enchev	SDS		
Natasha Kirilova Tacheva	BSP		
Nikolay Kirilov Dobrev	BSP		
Plamen Dimitrov Denchev	BSP		
Remzi Durmus Osman	DPS		

**Commission on the Administrative and Territorial System  
and Local Self-Government (Continued)**

Member	Party	Leader	Party
Stefan Aleksandrov Karadzhov	SDS		
Stefan Venkov Bozhilov	SDS		
Stoycho Mikhaylov Shapatov	BSP		
Suavi Basri Haci	DPS		
Khristo Markov Markov	SDS		

**Commission on Budget and Finance**

Member	Party	Leader	Party
Aleksandur Trifonov Tomov	BSP	Chairman Ventseslav Asenov Dim- itrov	SDS
Asen Khrstov Michkovski	SDS	Deputy Chairman Receb Mehmedali Cinar	DPS
Valentin Stefanov Karaba- shev	SDS		
Ventseslav Asenov Dimitrov	SDS		
Georgi Georgiev Pirinski	BSP		
Georgi Nikolov Nikolov	BSP		
Evgeni Kirilov Matinchev	DPS		
Yovcho Marinov Rusev	BSP		
Margarit Vladimirov Mitsev	SDS		
Nikola Ivanov Mishev	SDS		
Pavel Dimitrov Shopov	SDS		
Petur Georgiev Bashikarov	BSP		
Plamen Atanasov Yovchev	SDS		
Receb Mehmedali Cinar	DPS		
Stefan Iliev Stoilov	BSP		
Stoyko Zhekov Penchev	BSP		
Charodey Petrov Chernev	SDS		

**Commission on Foreign Policy**

Member	Party	Leader	Party
Aleksandur Vasilev Lilov	BSP	Chairman Aleksandur Yordanov Aleksandrov	SDS
Aleksandur Yordanov Aleksandrov	SDS	Deputy Chairman Unal Said Lutfi	DPS
Asparukh Asparukhov Panov	SDS		
Atanas Atanasov Papparizov	BSP		
Vedat Ahmed Sakalli	DPS		

**Commission on Foreign Policy (Continued)**

Member	Party	Leader	Party
Elena Borislavova Poptodor- ova-Petrova	BSP		
Zhan Vasilev Videnov	BSP		
Ivan Aleksiev Gaytandzhiev	BSP		
Ivan Georgiev Genov	BSP		
Ivan Milkov Kurtev	SDS		
Yordan Venelinov Ganev	SDS		
Yordan Stefanov Todorov	SDS		
Klara Vulova Marinova	BSP		
Konstantin Sergey Adzharov	BSP		
Lyubomir Vladimirov Pavlov	SDS		
Mikhail Dimitrov Nedelchev	SDS		
Nencho Petkov Nenchev	SDS		
Nikola Ivanov Mishev	SDS		
Nikolay Georgiev Kamov	BSP		
Petur Todorov Todorov	SDS		
Ruslan Kostadinov Semerdzhiev	SDS		
Slav Vasilev Danev	SDS		
Stanko Petrov Stanev	SDS		
Filip Borislavov Ishpekoy	BSP		
Filip Georgiev Bokov	BSP		
Chavdar Yordanov Kyuranov	BSP		
Serife Ismail Mustafa	DPS		
Unal Said Lutfi	DPS		
Yanko Kirilov Kozhukharov	SDS		

**Commission on Complaints, Suggestions, and Petitions  
by Citizens**

Member	Party	Leader	Party
Vedat Ahmed Sakalli	DPS	Chairman Stefan Marinov Ste- fanov	SDS
Evgeni Ganchev Drumev	BSP	Deputy Chairman Ismail Mehmed Ismail	DPS
Ivan Iliev Floreskov	SDS		
Ismail Mehmed Ismail	DPS		
Kiril Stoyanov Zhelev	BSP		
Metodi Georgiev Tashev	BSP		
Milko Yankov Enchev	SDS		
Petur Todorov Todorov	SDS		
Stefan Marinov Stefanov	SDS		
Tosho Kostadinov Peykov	SDS		
Trifon Dimitrov Mitev	BSP		

## Commission on Health Care

Member	Party	Leader	Party
Boris Tsvetkov Bankov	BSP	Chairman Georgi Benchev Karev	SDS
Velko Vulkanov Ivanov	BSP	Deputy Chairman Nuset Sali Hacimet	DPS
Georgi Benchev Karev	SDS		
Georgi Todorov Tsonev	SDS		
Dimitur Angelov Sepetliev	DPS		
Donka Stefanova Doncheva	BSP		
Emil Vladimirov Nedkov	SDS		
Zakhari Dimitrov Raykov	SDS		
Ivaylo Dimitrov Lovdzhiev	SDS		
Yordan Atanasov Roynev	BSP		
Milen Petkov Stoyanov	SDS		
Mimi Mikova Vitkova-Petkova	BSP		
Nuset Sali Hacimet	DPS		
Petur Khristov Petrov	SDS		
Radko Ferdinandov Pandurski	SDS		
Todor Mikhaylov Kumchev	BSP		
Fidel Nikolov Kosev	BSP		

## Commission on Agriculture

Member	Party	Leader	Party
Angel Georgiev Dimov	BSP	Chairman Krasimir Shtilyanov Stefanov	SDS
Arif Ali Mustakli	DPS	Deputy Chairman Hasan Ali Hasan	DPS
Atanas Mateev Mateev	SDS		
Boncho Draganov Rashkov	BSP		
Georgi Nikolov Nikolov	BSP		
Georgi Stefanov Petrov	SDS		
Emil Biserov Yurukov	SDS		
Emil Tsvetkov Tsochev	SDS		
Zvezdalin Vekilov Kafedzhiev	SDS		
Ziya Osman Disli	DPS		
Zlatimir Stoyanov Orsov	BSP		
Iliyan Georgiev Shotlekov	SDS		
Yovcho Marinov Rusev	BSP		

## Commission on Agriculture (Continued)

Member	Party	Leader	Party
Yordan Atanasov Roynev	BSP		
Konstantin Todorov Razmov	SDS		
Kosta Todorov Andreev	BSP		
Krasimir Shtilyanov Stefanov	SDS		
Manol Petrov Todorov	SDS		
Manyo Velichkov Manev	BSP		
Petur Yordanov Markov	SDS		
Petur Manov Petrov	SDS		
Plamen Dimitrov Denchev	BSP		
Ruslan Marinov Serbezov	SDS		
Todor Yordanov Pandov	BSP		
Hasan Ali Hasan	DPS		
Khristo Georgiev Todorov	SDS		

## Commission on Culture

Member	Party	Leader	Party
Aleksandur Gavrailov Karadimov	SDS	Chairman Blaga Nikolova Dimitrova	SDS
Blaga Nikolova Dimitrova	SDS	Deputy Chairman Svilen Ognyanov Kapsuzov	DPS
Veselin Petrov Ivanov	BSP		
Georgi Petkov Bliznashki	BSP		
Dobrin Spasov Iliev	BSP		
Edvin Stefanov Sugarev	SDS		
Emil Yanakiev Kapudaliev	SDS		
Zakhari Mikhaylov Zakhariev	BSP		
Zdravko Todorov Katsarov	SDS		
Ivan Penchev Tosev	SDS		
Ilhan Veli Mustafa	DPS		
Yordan Venelinov Ganev	SDS		
Metodi Georgiev Tashev	BSP		
Nikolay Ivanov Khristov	SDS		
Petur Mikhaylov Balabanov	BSP		
Svetoslav Kolev Michev	BSP		
Svilen Ognyanov Kapsuzov	DPS		
Stoycho Vulchev Stoychev	BSP		
Stoyan Chilov Raychevski	SDS		
Chervenko Krumov Lazov	BSP		
Yani Mikhaylov Milchakov	SDS		

### Commission on Science and Education

Member	Party	Leader	Party
Asparukh Asparukhov Panov	SDS		
Georgi Todorov Bozhinov	BSP		
Georgi Ilkov Ignatov	SDS		
Georgi Stefanov Popov	BSP		
Georgi Stefanov Panev	SDS		
Dimitur Angelov Sepetliev	DPS		
Dobrin Spasov Iliev	BSP		
Donka Stefanova Doncheva	BSP		
Emiliya Todorova Tomova	BSP		
Zakhari Dimitrov Raykov	SDS		
Nedyalka Markova Traykova	BSP		
Nikolay Ivanov Khristov	SDS		
Nina Lazarova Mikhaylova	BSP		
Petur Yordanov Markov	SDS		
Radka Emilova Vasileva	SDS		
Rumen Georgiev Urumov	SDS		
Rumyana Ivanova Kurteva	BSP		
Savka Nikolova Yovkova	BSP		
Svilyana Boyanova Zakhari- ieva	SDS		
Stanka Yanakieva Velichkova	BSP		
Stefan Venkov Bozhilov	SDS		
Khristo Ivanov Ivanov	SDS		
Huseyin Ahmed Karamolla	DPS		
Tsvetan Ivanov Dimitrov	SDS		
Serife Ismail Mustafa	DPS		
Yuriy Mitkov Borisov	BSP		
Yani Mikhaylov Milchakov	SDS		

### Commission on National Security

Member	Party	Leader	Party
Aleksandur Aleksandrov Stal- iyski	SDS	Chairman Yordan Asenov Vasilev	SDS
Vasil Ivanov Zlatarov	SDS	Deputy Chairman Ivan Kirilov Palchev	DPS
Vasil Nikolaev Mikhaylov	SDS		
Vladimir Stoyanov Dzha- ferov	SDS		
Vulkan Ivanov Vergiev	BSP		
Georgi Stefanov Panev	SDS		
Georgi Stefanov Tambuev	BSP		
Dako Neykov Mikhaylov	SDS		
Dimitur Asenov Kumanov	SDS		

### Commission on National Security (Continued)

Member	Party	Leader	Party
Dimitur Trendafilov Yonchev	BSP		
Ivan Kirilov Palchev	DPS		
Yordan Asenov Vasilev	SDS		
Lyubomir Todorov Nachev	BSP		
Mehmed Osman Hoca	DPS		
Mincho Genov Minchev	BSP		
Miroslav Dimitrov Durmov	BSP		
Nikolay Dimitrov Slatinski	SDS		
Nikolay Kirilov Dobrev	BSP		
Nino Dimitrov Stavrov	SDS		
Petya Borisova Shopova	BSP		
Rosen Andreev Karadimov	BSP		
Sonya Krumova Mladenova	BSP		
Stefan Aleksandrov Karadzhov	SDS		
Stefan Vulchev Stefanov	BSP		
Stoyan Chilov Raychevski	SDS		
Tosho Kostadinov Peykov	SDS		
Khristo Damyanov Biserov	SDS		
Khristo Ivanov Atanasov	BSP		
Unal Said Lutfi	DPS		

### Commission on the Environment

Member	Party	Leader	Party
Bahri Receb Omer	DPS	Chairman Svobodka Ste- fanova Encheva	SDS
Velislava Ivanova Dureva	BSP	Deputy Chairman Ilhan Veli Mustafa	DPS
Zdravko Todorov Katsarov	SDS		
Ilhan Veli Mustafa	DPS		
Kostya Viktorov Karaivanov	BSP		
Krasimir Stanchev Nikolaev	BSP		
Luchezar Blagovestov Toshev	SDS		
Milen Ivanov Chakurov	BSP		
Neven Lyubomirov Penev	SDS		
Petur Stoichkov Kharizanov	SDS		
Ruslan Marinov Serbezov	SDS		
Svobodka Stefanova Encheva	SDS		
Stoyko Zhekov Penchev	BSP		
Todor Yordanov Todorov	BSP		
Khristo Georgiev Todorov	SDS		

**Commission on Human Rights**

Member	Party	Leader	Party
Vasil Donchev Kolev	BSP	Chairman Mehmed Osman Hoca	DPS
Velislava Ivanova Dureva	BSP	Deputy Chairman Georgi Ste- fanov Petrov	SDS
Velko Vulkanov Ivanov	BSP		
Georgi Stefanov Petrov	SDS		
Gincho Marinov Pavlov	BSP		
Doncho Botev Papazov	SDS		
Evgeni Ganchev Drumev	BSP		
Ibrahim Tosun Tatarli	DPS		
Mariana Simeonova Khristova	BSP		
Mehmed Osman Hoca	DPS		
Nencho Petkov Nenchev	SDS		
Nikolay Dimitrov Slatinski	SDS		
Ruslan Kostadinov Semerdzhiev	SDS		
Sasho Nachev Stoyanov	SDS		
Svobodka Stefanova Encheva	SDS		

**Commission on Radio and Television**

Member	Party	Leader	Party
Aleksandur Gavrilov Karadimov	SDS		
Doncho Botev Papazov	SDS		
Emil Yanakiev Kapudaliev	SDS		
Ivan Aleksiev Gaytandzhiev	BSP		
Ivan Kirilov Palchev	DPS		
Ivan Penchev Tosev	SDS		
Ivan Petrov Budimov	SDS		
Ivo Purvanov Atanasov	BSP		
Klara Vulova Marinova	BSP		
Kosta Todorov Andreev	BSP		
Lyubomir Vladimirov Pavlov	SDS		
Mikhail Dimitrov Nedelchev	SDS		
Sasho Nachev Stoyanov	SDS		
Svetoslav Kolev Michev	BSP		
Svilen Ognyanov Kapsuzov	DPS		
Stoycho Mikhaylov Shapatov	BSP		
Trifon Dimitrov Mitev	BSP		

**Commission on Labor and Social Security**

Member	Party	Leader	Party
Vidyo Troev Videv	SDS	Chairman Evgeniy Kir- ilov Matinchev	DPS
Vladimir Todorov Abadzhiev	SDS	Deputy Chairman Iliyan Georgiev Shot- lekov	SDS
Evgeniy Kirilov Matinchev	DPS		
Elisaveta Petrova Milenova	BSP		
Emil Strakhilov Kostadinov	BSP		
Emil Tsvetkov Tsochev	SDS		
Ziya Osman Disli	DPS		
Iliyan Georgiev Shotlekov	SDS		
Ilko Ivanov Iliev	BSP		
Nikola Petrov Koychev	BSP		
Radko Ferdinandov Pandurski	SDS		
Rumen Georgiev Urumov	SDS		
Rumyana Ivanova Kurteva	BSP		
Stefan Aleksiev Chanev	SDS		
Stoyan Kostadinov Ivanov	BSP		
Khristo Ivanov Ivanov	SDS		
Chavdar Yordanov Kyuranov	BSP		

**Commission on Religious Matters**

Member	Party	Leader	Party
Elena Borislavova Poptodor- ova-Petrova	BSP	Chairman Khristofo Petrov Subev	SDS
Elisaveta Petrova Milenova	BSP		
Konstantin Vankov Todorov	SDS		
Konstantin Sergey Adzharov	BSP		
Krasimir Lyubomirov Chernev	SDS		
Milen Ivanov Chakurov	BSP		
Milen Petkov Stoyanov	SDS		
Remzi Durmus Osman	DPS		
Stefan Marinov Stefanov	SDS		
Khristofo Petrov Subev	SDS		
Huseyin Ahmed Karamolla	DPS		

**Leaders of Parliamentary Commissions Named**  
92P20092A

[Editorial Report] Sofia DURZHAVEN VESTNIK No. 105 in Bulgarian on 19 December on page 13 publishes decisions made by the National Assembly on 3 December to name the chairmen and deputy chairmen of parliamentary commissions. The results are as follows: Svilen Ognyanov Kapsuzov has been replaced as a member and deputy chairman of the Commission on Culture by Ibrahim Tosun Tatarli; Dimitur Angelov Sepetliev will serve as chairman of the Commission on Science and Education and Zakhari Dimitrov Raykov as deputy chairman of the same commission; and Mikhail Dimitrov Nedelchev will serve as chairman of the Commission on Radio and Television and Svilen Ognyanov Kapsuzov as deputy chairman of the same commission.

**Administrative Council of Foreign Aid Agency**  
92P20094A Sofia DURZHAVEN VESTNIK in Bulgarian  
No 107, 24 Dec 92 pp 1-2

["Text" of Decree Naming Members of the Administrative Council of the Foreign Aid Agency, signed by President Zhelyu Zhelev on 13 December 1991]

[Text]

**Ukase No. 356**  
**of President of the Republic Zhelyu Zhelev**  
**issued in Sofia on 13 December 1991**  
**and sealed with the state seal**

In accordance with Article 2, Paragraph 3 of the Law on the Agency for Foreign Aid, I hereby appoint the following people to serve as members of the administrative council of the Agency for Foreign Aid:

1. Krasimir Stoyanov, of the parliamentary group of the SDS [Union of Democratic Forces].
2. Khristo Markov, of the parliamentary group of the SDS.
3. Velislava Gyurova, of the parliamentary group of the SDS.
4. Kiril Zhelev, of the parliamentary group of the PSSD [Parliamentary Union for Social Democracy].
5. Doncho Konakchiev, of the parliamentary group of the PSSD [Parliamentary Union for Social Democracy].
6. Suavi Haci, of the parliamentary group of the DPS [Movement for Rights and Freedoms].
7. Georgi Tanev, of the Ministry of Agriculture.
8. Svetoslav Beshkov, of the Ministry of Labor and Social Welfare.
9. Antoaneta Panova, of the Ministry of Health Care.
10. Prof. Lyuben Berov, representative of the President of the Republic.
11. Prof. Aleksandur Yanchulev, representative of the President of the Republic.

12. Aleksandur Draganov Dimitrov, representative of the President of the Republic.

This ukase rescinds Ukase No. 116 of 1990, naming members of the administrative council of the Agency for Foreign Aid, issued by the president of the Republic (DURZHAVEN VESTNIK No. 92 of 1990).

The implementation of this ukase is entrusted to the director of the Agency for Foreign Aid.

**Academician Sendov on DPS Legitimacy**

92BA0196A Sofia ZORA in Bulgarian 6 Nov 91 p 4

[Interview with Academician Blagovest Sendov, chairman of the Bulgarian Academy of Sciences, by Evelina Gecheva; place and date not given: "There Is No Democracy Without Legality"]

[Text] [Gecheva] Academician Sendov, our public is already familiar with your views on the anticonstitutional nature of the DPS [Movement for Rights and Freedoms]. How does it threaten democratic changes in Bulgaria and national security? In your view, who were present at the origin of its birth?

[Sendov] I cannot say that the DPS threatens democracy and national security as a movement for rights and freedoms. We have a number of movements, and, within a democracy, even more such movements will come about. What is it that makes the DPS a nonconstitutional structure? The fact that it is an organization based on ethnic grounds. And, furthermore, it also became a political party.

[Gecheva] The third largest!

[Sendov] Why it became the third strongest is a different issue. In my view, however, the threat comes from the fact that we are speaking of democracy, that we are making laws and, immediately afterwards, violating them. Democracy demands the strict observance of the laws. Any self-respecting state should observe its own laws. We have a law that we violate, a fundamental law. That is where the danger lies, and it is a precedent for violating the Bulgarian Constitution.

There are those who think as follows: What will happen if such and such? If something does not happen according to the law, there is lawlessness. That is why, in my view, whatever happened and whoever may be blamed for that, and the fact that many things developed the way they should not have, becomes a matter of history. But what about the future? What lies ahead is the ruling of the Constitutional Court. If the Constitutional Court fails to implement its basic duty, which is that of obeying the Constitution, it will give us an initial idea of its own worth. Whatever the Constitutional Court rules is its own prerogative. However, the initial stipulations are clear. No one—neither in Bulgaria nor abroad—denies the fact that this is a party based on ethnicity. It is being said quite freely in the press, both West and East, that Bulgaria has a Turkish party. In other words, this is an open secret.

On the other hand, I believe that the Bulgarian parliament, the Bulgarian Presidency, and the Bulgarian Government may include people whose ethnic origins are not Bulgarian. However, they must represent the Bulgarian people. Please recall that Mr. Dunakis [as published] ran for president of the United States. Anyone could see by his name that he was of Greek origin. However, there was no American to say: "I am a Greek" or "I am a Bulgarian" or "I am a Turk." He could say, "I am an American of Bulgarian origin," or of Greek origin, and would be proud of being an American and of his origin. Here, these gentlemen describe themselves as Turks. If they call themselves Turks, they must observe the Bulgarian laws. In Bulgaria, there can be no party based on ethnic, national, or foreign national grounds.

[Gecheva] Which violates the Constitution...

[Sendov] What could the Constitutional Court do? I believe that it consists of respected and knowledgeable people. They must not yield to any kind of pressure. They must make their decisions in accordance with their own consciences and their oaths of loyalty to the Constitution. The fact that the DPS should not exist as a political party does not mean in the least that, because of previous violations, already elected deputies should be thrown out of parliament. This would conflict with democratic requirements. However, such people could peacefully remain as independent deputies or join any other party represented in parliament. However, in no case, in my view, could they constitute a parliamentary group of a Turkish party. You know that Bulgarian history has included deputies whose names are not Bulgarian....

[Gecheva] Yet they were representatives of Bulgarian parties....

[Sendov] Yes. Naturally, the DPS appeared because of grave mistakes and the crimes committed by the ruling party before 10 November. This was a natural reaction. However, the Bulgarian politicians were unable to realize in time that the pendulum had swung to the other side. The most unpleasant feature now is that concern for obeying the law in this respect is described as nationalism. There are horrible speculations with this fact, and there is another power that is accepting the charges that it is the defender of the national interests and thus scoring points. Yet the first power in parliament is trying to determine whether to make a coalition or to remain soft, and so on, thus earning negative points from patriotic people, who cannot allow a Turkish party to act as the balancing arm in the Bulgarian parliament. That is why, in my view, this is a very complex matter that must be resolved without emotions and with a very clear vision of what our legal obligations are. In simple terms, we still have not developed the sharp feeling that laws must be obeyed. Everyone is ready to say, "This law is not good, and I shall violate it." The law must be obeyed. It must be obeyed until it is either amended or rescinded. Otherwise, there can be no democracy. The fact that the DPS is working to Turkicize the other ethnic groups is a different matter. We know from our history that, during the Turkish slavery, religious faith was the mark of Bulgarianism; we spoke of Bulgarian

faith and Turkish faith and not of Bulgarians and Turks. Now all Bulgarian Muslims are being coerced into becoming Turks. Gypsies and all sorts of other minorities are being Turkicized. This makes some people say that the DPS not only is based on ethnicity but is also generating an ethnic group, that it is a promoter of the expansion of this ethnic space. This is not only illegal but also dangerous in terms of Bulgaria's future development. On the other hand, it also must be said that, through its methods, the DPS is hindering the integration of that part of the Bulgarian people and its involvement in Bulgaria's economic, political, and other structures. I remember a French journalist who said that in five to 10 years the members of the DPS will be voting for the various other political parties, provided that everything remains peaceful and quiet until then. However, the activities of the DPS indicate that matters are developing quite rapidly and that our political and judicial authorities must take steps. It is a question of democratic and cultural steps to be taken by the judicial and executive branches.

[Gecheva] Is it your view that we need a political force outside the SDS [Union of Democratic Forces] and the BSP [Bulgarian Socialist Party] that would equal the DPS in power so that it might be able to counteract it?

[Sendov] It is not necessary to set up such a force. Any political force must have its own policy for integrating this population and trying to absorb within it that share of the population that belongs to it politically. I find it curious that, in Kurdzhali, let us say, no SDS deputy was elected. All of those elected were from the BSP and the DPS. Could it be that no one supports the idea of democracy in that city? However, considering that the clash there is not between the SDS and the BSP but between Bulgaria and Turkey, you can see the resulting paradox. The political party that created this problem is now benefiting from it.

[Gecheva] Very well, but, if matters continue to develop in this way, let us hope that such a sinister prognosis is not fulfilled, and, should the Constitutional Court fail to pass the ruling it should pass, based on the model of the Supreme Court and all of the previous compromises, you could then imagine how powerful the DPS would become after a while. It could also become the second-most-powerful political force in Bulgaria or, God forbid, even the first! Do you not believe that there must be some kind of union of equal strength?

[Sendov] I believe that, in such a case, we must not speak of confrontation but of sensible political decisions. The problem is that we have a new Constitution and new laws that must be observed. Why were they violated? Someone must be held liable for this and must be responsible for the violation of such laws. The DPS is not to be blamed for violating the laws. What is bad in Bulgaria is that, in order to win over the electorate, in some cases the political parties are ready to sacrifice even the most profound feelings of the Bulgarian people.

[Gecheva] You are known as a moderate. Of late, your name has been linked to the founding of a Bulgarian Democratic Center. How do you imagine your participation in it?

[Sendov] We should shed some light on this matter. I have always been in favor of a center. It was mostly in this office that the documents on the founding of the ODTs—the United Democratic Center—were drafted. I was one of the drafters. However, it so happened that young and much more active and ambitious people took over the leadership and, subsequently, became members of parliament and no longer kept in touch with me. I am the founder of the ODTs.

There is now talk of creating a Bulgarian Democratic Center, and I was invited, as a person with centrist convictions, to participate in a discussion of this issue. A statement and a program were drafted, but they were neither completed nor made public. I was surprised to find out from the television that I had joined the BDTs [Bulgarian Democratic Center]. A declaration is being drafted and is expected to be signed by the leaders of the political parties. That document stipulates that it will include public figures and independent politicians. Officially, however, I do not know whether this document was signed. I am ready to speak, discuss, and sign, but not any kind of constituent document. I am convinced that such a center is necessary, which is why I participated in these discussions. I am surprised that it was immediately targeted and made a subject of mockery. It is not nice, in a democratic situation, when someone tries to do something, to start shooting at him because "someone else, and not I, is doing it." I believe that the BDTs should be such as to broaden

the political area outside of parliament. I believe that it is especially important to have, in addition to the SDS, an opposition or other groups that would be equally democratic and provide a different choice for management. It is quite frightening to see the SDS and the BSP as the foundations of an ideal two-party system, such as the U.S. one. The two-party system in a democratic country must be based on two parties whose ideologies are not sharply contrasting. Such parties should be distinguished by the nuances of their policies. In my view, the SDS and the BSP are not the foundations of a two-party system toward which all mature democracies are advancing. This must be understood by the SDS. That is why it would be a good thing to develop yet another political force that would have the same ideals concerning the democratic development of Bulgaria, but with certain differences in its economic and other policies. If the situation remains the way it is and a two-party system is established, with the SDS on one side and the BSP on the other, however modern this left-wing party may be and however much the SDS could help it to assert itself among the people as such a party, it will remain a party that should abandon the political stage. In Bulgaria, a normal opposition must share the ideals of democracy. That is why the BDTs does not mean an opposition to the SDS, which won the elections. It is not an assembly of failed politicians. The BDTs must be an alternative force that will lead to the creation of yet another political force, which would be a competitor and not an enemy.

### Government Submits Optimal Definition of Federation

92CH0210A Prague HOSPODARSKE NOVINY in Czech  
28 Nov 91 p 3

[Report signed (cstk): "Proposal by the CSFR Government for an Optimum Arrangement of a Functional Federation"]

[Text] At its emergency meeting yesterday the Federal Government approved the CSFR Government's proposal for the optimum system of a functional federation.

A. In the area of foreign relations and security, the Federation has the authority to:

- Conduct unified foreign policy; conclude international treaties; be represented in international relations and be a member of international organizations.
- Demarcate the state boundaries and protect them with armed federal corps.
- Ensure order in the country and security of the state, particularly in its struggle against crime organized in complicity with foreign countries, against terrorism and drugs.
- Protect the constitutional system, protect constitutional representatives of the CSFR, and protect objects of special importance.

B. In matters concerning the citizens and protection of their equality in accordance with the Charter of Fundamental Rights and Freedoms and with international treaties, the Federation has the authority to:

- Specify legal relations of the citizens of this state, especially the citizenship of the CSFR, of the Czech Republic and of the Slovak Republic; the status of citizens; the status of aliens; protect the rights of citizens of the CSFR abroad; and fulfill obligations of the Federation stemming from international treaties.
- Stipulate fundamental rights and freedom of citizens, and ownership, civic, family and criminal laws; appear before courts of law and administrative agencies, and conform the legal code to the code of European commonwealths and of the European Council.

C. The Federation represents a unified economic entity defined by its relations to the external environment and by its internal system of economic conditions characterized by the existence of a free market, as well as of territories with unrestricted transfer of financial assets, work forces, commodities and services. The Federation has the authority to:

- Specify basic legal and economic regulations stipulating equality for all subjects of the market (for instance, commercial code; trade law; accounting law; banking law).
- Regulate and coordinate macroeconomics, i. e., fiscal and budgetary policies, and currency and foreign exchange policies.
- Organize the system of taxation, and where taxes are decisive for equality (added value tax; tax on consumption; income tax; import and highway taxes);

stipulate tariffs, and, if need be, exceptions and relief from payments.

- Organize the financial system and a central bank with exclusive rights to issue currency, which will be responsible for the state's balance of payments.
- Specify standard conditions for capital market.
- Organize customs and excises, and the system of duties and tariffs.
- Stipulate potential restrictions on the quantities of individual imported and exported commodities, and on exports and imports; set up duty-free zones; and control trade with goods specified by international agreements.
- Oversee and control collection of taxes by federal financial and customs agencies.
- Regulate the market, prices, and incomes.
- Create federal budgetary funds and material resources of the state.
- Set up programs and projects of vital importance for the Federation, including regional programs, and underwrite them.
- Standardize measures, weights, and technology.
- Protect economic competition in unified markets and amend the law on consumers' protection.
- Statistics and accounting.
- Amend the laws on transportation, on routes of transportation and tariffs, on technical capacity of the means and equipment of transportation; stipulate traffic regulations and procedures for the state administration of railroad, air and marine transportation; organize and manage the CSD [Czechoslovak Transportation].
- In matters of the post and telecommunications, introduce amendments to laws regulating operations of postal services and telecommunications, and stipulate tariffs; organize and administer the postal system and the system of telecommunications, and manage postal and long-distance telecommunication networks, and utilize the continuous frequency spectrum.
- Issue postal stamps and postal stationery.
- Amend the laws on production, distribution and consumption of electric power, gas and heat.

D. In the area of environment, the Federation has the authority to:

Introduce a basic legal system of environmental policies in agreement with the common legal systems of the countries of European commonwealths:

- Stipulate ecological policies.
- Monitor nuclear safety.

E. In the area of labor relations and in the area of social services, the Federation has the authority to:

- Amend the laws on labor relations and employment, and wage policies.
- Amend the laws on medical and old-age insurance, payments of social security benefits by the state; and determine the minimum living standard, and the principles of social assistance.

F. The Federation will monitor the compliance with the laws, good management and efficiency in disbursements of funds from the federal budget.

G. Coordinating councils will be organized to deal with matters which require that the procedures to be followed by agencies of the Federation and of the republics be standardized, particularly as concerns citizens' rights and freedoms, the orientation of economic, scientific, financial and budgetary policies, and the fulfillment of international obligations.

H. The activities of the Federation are conducted by an institutional system of federal agencies with legislative, executive and judicial powers.

This concept of constitutional definition must be expressed as a law in the new constitution of the CSFR.

The government of the CSFR will regard any exclusion or rejection of the above-stated powers as a threat to the Federation.

#### New Concepts on Future of Central Europe Surveyed

92CH0204A Prague PRITOMNOST in Czech No 11, 1991, pp 20-21

[Article by Prof. Jan Kren, Center for German Historical Studies, Charles University, Prague: "A Central European Empire?"]

[Text] One of the topics which marked the recent revolutions in communist countries even included the great discussion on the phenomenon of Central Europe, a discussion that "wandered" from the end of the 1970's and particularly in the 1980's all over Europe and America "like a spirited, but goalless exile," according to Timothy Garton Ash. The decisive impetus for this discussion was provided by the opposition and by the emigre movement from the Central European countries, primarily by Milan Kundera, through his well-known essay on the abduction of the West (1984), and by Gyorgy Konrad in his book *Antipolitik* [Antipolitic], and other articles. The communist regimes and their propagandists soon sensed—and rightly so—that the initiated discussion constituted a threat: the growing awareness of the inalienable birthright on the part of this portion of the continent which had been changed into Soviet satellites and whose intellectuals were demonstratively espousing their traditions, particularly the cultural connections with the West; all of this, including the critical edge of the discussion, which was frequently being mitigated and concealed by all manner of considerations, was clearly turning against a foreign and retarding hegemony.

The discussion was particularly intensive in Austria (where it had a hefty dose of Hapsburg nostalgia added to it), in northern Italy (combined with the local and unsatisfied regionalism), in Switzerland, in France (here, consistent attention was devoted to it by LA NOUVELLE ALTER-NATIVE, published by Czech historian Karel Bartosek), and, of course, most vehemently in the opposition circles, which were less Polish in nature (here it was primarily

Czeslaw Milosz) and more Hungarian and Czechoslovak in nature. In addition to the excellent historical reports by the previously mentioned T.G. Ash, whose book has already come out in the Czech language as well, many enlightened perceptions were contained in a work by classics professor Rudolf Jaworsky in the representative periodical HISTORISCHE ZEITSCHRIFT; for the Czech discussion, the valuable article by the young German historian Martin Schulze-Wessel, published in 1988 in the excellent Munich publication BOHEMIA, which is edited by Eva Hartmannova (who is also an author and member of the Editorial Council of PRITOMNOST), is of particular value from the information standpoint. Both studies would be worth translating: Our public knows precious little about these intellectual events to this day.

The discussion on Central Europe came to Germany, that is to say, to United Germany, quite late—not until some time in the second half of the 1980's. The reasons are clear: The very concept of Central Europe (*Mittleuropa*) is compromised in the German environment by programs dating back to World Wars I and II. The nationalistically conceived integration project by Naumann of 1915 managed to lead Nazism into the misguided vision of a giant Greater Germany—encompassing even Austria, the Czech Lands, and a considerable portion of Poland—which would be surrounded by a cordon of satellites to the west and to the east, in the latter direction reaching as far as Hungary and Romania, if not further. On the other hand, the historical connection of Germany with an imprecisely outlined Central Europe is quite obvious: For centuries, the German and Jewish minorities played an important role in this territory; both related languages—German and Yiddish—held a not negligible position on the local linguistic map until 1945. However, this moment both attracted and also repelled German intellectuals; this dichotomy marked the entire discussion—not only in Germany.

The fate of the Central European discussion in Germany was the same as in other countries: Even here it soon showed signs of the most varied connections, including political ones. The debate ran athwart with regard to the traditional political camps; followers of the Central European concept were not infrequently recruited from totally contradictory sides, as were its opponents. For example, adherents of the Central European idea included people from the leftist opposition, Social Democrats such as Glotz or Bender, pacifists and "Greens" like Schilly or Loeser, but not infrequently also people from the camp of traditional conservative nationalism. To a considerable extent because the connection with the question of unifying Germany surfaced immediately—a question which never ceased to be the great topic for German society.

Within the Central European discussion, this connection with the German problem was projected into the most varied visions of a "third road" or a neutralizing "finlandization" which was popular among a not insignificant portion of the Central European intellectual dissenters; it is not without interest that it was particularly in our

country, in Bohemia, that this discussion culminated in noteworthy considerations of the need for and justification of German unification, as formulated by the well-known Prague challenges of 1985 and in the former Samizdat texts disseminated by V. Havel, J. Sabata, J. Dienstbier, and others. The fate of Dienstbier's small study entitled "Dreaming of Europe" regarding this topic was indicative—the study was never published in German, it did not seem appropriate either to the left or to the right, and looked to all of them as being overly unpolitical and utopian.

However, even the German opponents and critics criticized the unpolitical and utopian nature of the Central European debate; this is a platform upon which even recent opponents in the well-known (unfortunately, almost unknown in our country) conflict of historians (*Historik-erstreit*) came together—the leftist-oriented Frankfurt philosopher Juergen Habermas and the important conservative historian Michael Stuermer. The Central European visions, which had been compromised by the past of some kind of "Mitteleuropa," were criticized, in addition to unrealistic utopianism, primarily for the fact that they were leading Germany away from the proven and vital connection with the West, which is one of the fundamental pillars of postwar German democracy. At the same time, these criticisms included much from the existential position of the established parties and their perception of political realism: From the ranks of the government parties, including Chancellor Kohl, as well as from the opposition, particularly from the proponents of the so-called second phase of the Social Democratic Ostpolitik, one could hear that discussions of this type were violating the laboriously arranged "Helsinki" stability and are leading German politics into dangerous waters, threatening the European status quo. This was expressed in the most elegant manner by one of the German authors, Arthur Rosenzweig: "Everything which contributes to stability on the other side of the Iron Curtain is good for German interests." The liquidation of Central Europe was being noted with regret, the unification of Germany loomed, at best, as a distant and unrealistic prospect.

However, disagreement with this position was by far not limited to the leftist opposition. It met with equally resolute opposition in circles which were ideologically tied to traditional German nationalism—which were, at the time, also more politically marginal—for whom unification of the country never lost its attraction. It will probably not be inappropriate to take a closer look precisely here, at this portion of the German intellectual and political scene, about which we have no notions or at least only distorted notions in our country.

In 1988, a joint book was published in Herford—a book authored by two notably different authors: the political scientist Bernard Willms, who is noted for his previously published texts on the question of German unity, and industrialist Paul Kleinewefers, whose interesting memoirs also came out not too long ago. The book, which is entitled *Erneuerung aus der Mitte [Renewal From the Center]*, contains a broadly historically (primarily based on the

history of the Czech Lands) documented plan for the future organization of Central Europe, inspired by the old "middle kingdom," the Holy Roman Empire, which later added the appellation "German nation." On p. 33, the core of the work is formulated: "The target notion of all further considerations is a 'Central European federation,' involving the capital cities of Prague, Vienna, and Berlin," which is to encompass the territory of the Federal Republic of Germany, the GDR, Czechoslovakia, and Austria. However, its building blocks should not be these countries, but rather the historical countries of Germany, Austria, and the Czech Lands. Slovakia, which actually does not belong in this series, and the Slovak language, whose relationship with Czech is strongly emphasized by the authors, are not taken into account in the proposed Czech-German bilingual character of the proposed federation "for reasons of simplicity of the model" (p. 233). Similarly, even the special Austrian national awareness is supposed to become dissolved in the future. The prerequisite for the constitutional anchoring of this traditionally nontraditional union could, according to the authors, be the "great amnesty"—the forgetting of the odious past, which should even be placed under strict censorship: every reminder of previous conflicts would be considered virtually punishable. Despite all of the interest and its noble purpose, the work indicates how things should be with democracy in the future federation. Western democracy is unsuited for such a concept of Central Europe—it must grow from local roots, primarily from the principle of "professional councils" and a "new corporativism" (p. 214) with one of the examples intended to be set by the well-known "labor front" of the Third Reich, etc.—in pre-November Czechoslovakia, the regime propagandists of the time were restricted to such a degree that they did not even pay attention to a book which would have provided so many targets for their legendary antirevanchism. On the other hand, Austrian reviews of the book *Treti cesty [Third Roads]* (as can be seen, there are lots of third roads) rejected the work politely, but specifically, as an emanation of the traditional Greater German nationalism with all its antidemocratic affectations, no matter how they end up covered in the book through declarations of peace-lovingness and invocations of a new Europe.

Even though the book by Willms and Kleinewefers did not evoke any great echo even in Germany with its predictions of German unification (much like other works which are similar to it), thoughts of this type did not become extinct and are turning up ever new variations, frequently in totally different contexts. Not long after the November revolution, Prague experienced—as they say in Germany—the dissemination of the "paper" by Rudolf Hilf, in which this significant Sudeten German author deals with the changes that have occurred, primarily from the standpoint of Czech-German relationships. (Many of the intentions contained in this text by Hilf are also contained in the article by the same author which was printed in PRITOMNOST, No 6, 1990.) This personal declaration by Hilf contains a number of noteworthy ideas on Czech-German coexistence which the author, in their final summation, considers to be positive and historically fruitful. In

the rupture which occurred, "none of us—us in the sense of historic society rather than us as individuals—is free of blame." The guilt of the Sudeten Germans "lies in the fact that we destroyed the 1,000-year-old integrity of the Czech Lands..., that we robbed the Czech people of freedom and the right to self-determination, and that we committed a great deal of harm against them." The guilt of the Czechs involves their perception of the first republic as a national state and the fact that "we were collectively deprived of everything, without regard to personal guilt or lack of guilt—everything which we had created through centuries of work—and that we were expatriated across the border." The recognition of historical blame, however, does not mean, according to the author, "all of us should be apologizing all around. Falling on one's knees is a suitable answer in the face of history only in the totally exceptional case of the Jewish holocaust." Hilf rejects the "possible demand by the German side that another nation apologize"—this would only burden a Central Europe in the future. Hilf does not consider the condemnation of the expatriation, which was pronounced by Vaclav Havel at the time, to be "an apology" despite the fact that others "were foisting this intention upon him." He calls the condemnation a "historic action of the first rank," which opens the "doors for reconciliation with the entire German nation." An action to which German and Sudeten German policy should respond by assurances of the inviolability of borders, by rejecting any kind of attempt to "reverse the course of history. It is not important for us to insist on our former rights," but "for us to renew peace between us." Settlement must take place "only jointly," with Rudolf Hilf personally being opposed to the German side presenting demands, even though it might do so "justifiably." "We should do only that which the Czech nation considers to be correct and just, without any kind of pressure."

As can be seen, the ideological background for Hilf's consideration is miles away from the ideological background for the book by Willms and Kleinewefers. And yet, it is precisely this background to which the author ties his vision of the future which, at least at first glance, is reminiscent of the later pair of authors. Even Hilf visualizes that, in the future, "some kind of Central European commonwealth as a peaceful unit will come into being which would be composed of both German states, Austria, Czechoslovakia, Poland, Hungary, and possible other interested parties in southeastern Europe." If such varied motives can lead to similar or even identical projections, this is reason for contemplating this portion of the continent, for thinking about our Czech and Slovak opportunities within it, for thoughts about Germany and its future intentions, as well as thinking about German thinking and its progress. Things are also not so simple regarding the so-called third road because, as can be seen, it is not merely a monopoly for reform socialists, but also has other alternatives which must be taken into account in a critical examination.

From the time the above-cited considerations were published, from 1988 and since the winter of 1989, its as though cons had passed. Germany is unified and the early euphoria there has given way to difficult daily worries,

unemployment in the new lands, or tax increases which will impact more on the old lands of the Federal Republic—and to all of this has been added the problem of how Germany will fit into Europe and what role it will wish to play. In this country, as well as in the other postcommunist countries, things are similar and many problems are still more complicated. Without a doubt, we face what Ralf Dahrendorf called the "valley of tears"—social, nationality, and other conflicts, the outcomes of which are in the stars, not to mention the fact that they might not be happy. The extent to which we prevail in these conflicts is also obscured by the fog of an unclear future, which no one has the courage to predict. We face thorny paths and an untold number of possible ways out. It is as though the great Central European discussion has now ended and fallen silent. Its content, the Central European revolution, occurred under a different sign, under the sign of "the return to Europe." But this return is indeed still quite far away and continues to be uncertain. Let us not regard our future merely as a one-way street, at the end of which the membership of Czechoslovakia in the new united Europe is already more or less assured. There are other possibilities and options looming on the horizon: a Czech state constitution, if our union with the Slovaks fails; the so-called Czech positive policy, as it was prosecuted at the end of the 19th century—that is to say, complete with its autonomous prospects; and perhaps even a protectorate.... Intellectuals are supposed to be Cassandras and intellectual honesty requires that all scenarios (be they tempting as well as bitter) be permitted access.

Note: Jan Kren (1930), leading Czech historian; until 1969 docent at the Philosophical Faculty of Charles University. Thereafter, he worked as a laborer in the Water Resources Enterprise. At the same time, beginning in 1978, he participated in the publication of the *Samizdat Historical Studies*. As of September 1991, he is active in the Center for German Historical Studies of the Faculty of Social Sciences of Charles University. Of his most recent significant works, let us cite his *The Conflicting Partnership: The Czechs and the Germans, 1780-1918*.

### Details of Agreement on Federal Budget Revealed

#### Negotiators in Brno Compromise

92CH0218A Prague MLADA FRONTA DNES  
in Czech 5 Dec 91 pp 1-2

[Article by Ivan Nezval, Jiri Leschtina, and Vladimir Matejovsky: "The Federation Has Opened Its Hand—A Solution to the Budget Problem Was Found in Brno"]

[Text] "For us the alternative budget adopted by the Slovak government is the bottom line below which we cannot go," declared yesterday in Brno Slovak Prime Minister Jan Carnogursky, before the start of the negotiations on budgets. By the following words he underscored that the Slovak position was irreversible: "If we would go below that level, we would be forced to declare in Slovakia an emergency situation with all its consequences."

Despite such an immutable attitude on the Slovak side (the radical standpoint of the Czech government had been

known well enough), President Vaclav Havel and Deputy Prime Minister of the Federal Government Vaclav Klaus who met yesterday in the Tugendhat mansion in Brno with Czech Prime Minister Petr Pithart and his counterpart Jan Carnogursky reached a certain compromise. An official report about it states:

"In essence, it enhances the budgets of both republics to the detriment of the budget of the Federation by means of a one-time subsidy in the amount of 5 billion korunas [Kcs] to be divided according to a ratio corresponding to the number of the citizens, that is, Kcs3.3 billion to the budget of the Czech Republic, and Kcs1.7 billion to the budget of the Slovak Republic."

At the same time the Slovak side agreed to "shrink" to mere Kcs1.5 billion the Kcs3 billion paid in income taxes by Slovak wage earners employed in Bohemia, which was initially scheduled to be transferred to the Slovak budget. The remaining Kcs1.5 billion will be left in Bohemia; in the final analysis, this means that the Czech budget will be increased by Kcs4.8 billion and the Slovak budget will obtain Kcs0.2 billion in addition to the budget which the Bratislava government approved on Tuesday last week. After this amendment the Czech delegation withdrew its demand that the ratio for the distribution of revenues from profit taxes and sales taxes be changed from 41.5 percent for the Czech Republic (recently approved in Bratislava) to 43 percent. Karel Spacek, Czech finance minister, remarked about that concession: "I am not concerned so much about the percents as about the cold cash."

As Vaclav Klaus demonstrated on a blackboard at a press conference, if all governments and parliaments approve this agreement, next year it will be for the first time that more money will be allocated from the budget for every citizen in the Czech Republic than for every citizen of the Slovak Republic, namely, Kcs323 exactly (see the table). Prime Minister Petr Pithart commented on the whole structure of the budget that while he had no right to "obligate" his government, he hoped that it would approve the above-mentioned solution. Minister Karel Spacek later confirmed to us that even certain "fundamentalists" in the government might consider the Brno agreement acceptable. Prime Minister Carnogursky expressed his satisfaction that the agreement was not adopted at the expense of the already approved Slovak budget and moreover, that Slovakia had gained something "above the limit."

Now the federal government faces the task of locating additional Kcs5 billion in the tight columns of the budget. As the CSFR Deputy Finance Minister Ivan Kocarnik told us yesterday, that is a "ridiculous" amount, part of which the government may obtain by abolishing employees' compensation allowances and by savings in the state administration; one billion may be saved from the agricultural Fund for Market Control.

Minister Klaus introduced a pragmatic tone into a certain euphoria over the adopted solution for the budget when he stressed that nobody can foresee how the revenues for our state budget might develop in the coming months. The latest figures from November indicate that the revenues were "up from June but down from October."

### Expenditures of the Budgets of the Czech Republic and the Slovak Republic

Per Capita in the Czech Republic and the Slovak Republic		
(Difference Between Both Values)		
Year	Korunas per Capita (Czech Republic Minus Slovak Republic)	Difference in Absolute Expression in Billions
1989	- 2,277	12.5
1990	- 1,439	7.9
1991 (as of 30 June)	- 462	2.5
1992	+ 1,754	18.4
With the Budget of the Federation Included		
1991 (as of 30 June)	- 826	4.5
1992	+ 323	3.4

(When estimating absolute values, we proceeded from the number of citizens of the Czechoslovak Republic—10.5 million, and of the Slovak Republic—5.5 million; in other words, we multiplied, for instance, item "- Kcs2,277 per capita" by 5.5 million and item "+ Kcs1,754" by 10.5 million citizens.) The tables demonstrate that the higher per capita volume of korunas for the Slovak Republic has been declining since 1989, and that next year that ratio should turn for the first time in favor of the population of the Czech Republic. At the same time, the second table makes it clear that next year, again, the redistribution processes in the budget of the federation will continue to give advantage to the economically weaker Slovakia.

### Governments Respond Cautiously

92CH0218B Prague MLADA FRONTA DNES  
in Czech 5 Dec 91 p 2

[Report by (iv, jet) in Prague and (ps) in Bratislava: "Governments in Agreement"]

[Text] Prague—Yesterday the Czech government voted 10:6 to approve the results of the Brno negotiations on budgets. Nevertheless, in an evening press conference Prime Minister Petr Pithart stated that at the same time Finance Minister Karel Spacek was authorized by the government to continue the drafting of an alternate version of the budget in case that the developments in Slovakia make the further existence of the Federation uncertain. That will determine which version will the government submit to the Czech parliament on 18 December. The strengthening of the Federation, which according to Vaclav Klaus follows from the outcome of the Brno negotiations, is psychologically encouraging—as Prime Minister Pithart noted. That was his answer to the question of MLADA FRONTA DNES concerning the actually weakened budget of federal agencies.

Bratislava—After the meeting of the Slovak government yesterday Slovakia's Prime Minister Jan Carnogursky informed the journalists that his government had acknowledged the official report on budgets from the meeting in Brno but had not adopted, nor did it intend to adopt, any new position. "The additional Kcs200 million we are supposed to get will be used for the government's contingency fund," added the prime minister. In his words, the

decisions reached by the participants in Brno have not tied the hands of Slovakia's political representation which may approach the negotiations on powersharing with inner freedom.

### **Miklosko on Slovak Emancipation**

92CH0207A Prague ZEMEDELSKI NOVINY  
in Czech 21 Oct 91 p 3

[Interview with Frantisek Miklosko, Slovak National Council chairman, by Petr Novacek; place and date not given: "Frank Discussion With Slovak National Council Chairman Frantisek Miklosko About Czech-Slovak Relations: Confession at Midnight"—first paragraph is ZEMEDELSE NOVINY introduction]

[Text] He returned from Belgrade the night before, but on Saturday morning he was already in Poprad below the Tatra Mountains attending a meeting of Public Against Violence [VPN]. Although obviously tired, he nevertheless patiently, and with an amiable smile, kept answering all day long the numerous questions fired at him by delegates and above all by reporters whenever he appeared in the lobby. I did not want to bombard him with questions, but rather to have a talk; time for it was not found until close to midnight. And just then a curious thing happened: As a result of some failure, the entire building was plunged into darkness just as I was turning on the tape recorder. Perhaps for that reason, too, our discussion with the chairman of the Slovak National Council [SNR] was more frank than is usually the case between a Czech journalist and a Slovak politician.

[Novacek] We Czechs, Mr. Chairman, have always thought of you as an honest Slovak and a sincere supporter of Czech-Slovak coexistence. However, from some of your recent strong statements we get the impression that you may have ceased to believe in a Czech-Slovak accord. If that is so, why did it happen? Did the Czech side maybe lead you to change your position?

[Miklosko] I will be frank. I have had friendly contacts with former dissidents in Moravia and Bohemia for 20 years. I am friends with Dienstbier, Pithart, Benda, and others who are now in power. That gave me the hope that in the end we will somehow come to an understanding. That, unfortunately, did not happen, because these friends of mine must, of course, respect the position of their parties and movements, of the deputies; they simply often do not have the final word. Time is getting short, and it seems to me that the Czech side does not want to yield where it should, that it would like to preserve the status quo and views any effort to change it as something alarming. I can understand how it can consider our insistence on change as a never-ending process which can possibly lead all the way to total independence....

[Novacek] ...as, in fact, Prime Minister Carnogursky indicated by his metaphor of two stars in the European sky.

[Miklosko] I would put it this way: the Slovak political scene needs, not for achieving its election goals, but in the interest of Slovakia, to change the structure of the state, to give it another content. That is what we have been striving

for all this time. We did not hide the fact that we wanted to minimize the powers of the federal government and give as many as possible to the republics, thus automatically achieving an equal status, and to create at the same time conditions conducive to the development of Slovak national self-confidence as well as of responsible cadres, of whom, we must admit, we do not have very many at this time. That was my program, I have always emphasized that I am not in favor of dividing the state, but for such a change in the state philosophy that would enable Slovaks to feel unrestrained and equal in it. But then came the law on power sharing and the Czech side said: Very well, then, but no more. And it was clear to me even then that that will not be possible, that we Slovaks will want to go beyond the law on power sharing.

[Novacek] But of course at that time, at the end of 1990, you did not say it quite that clearly, Mr. Chairman.

[Miklosko] I did not want to disturb the smooth course of the negotiations. But they began to go around in a vicious circle and we are now getting ourselves into a blind alley. And that is the moment when it is no longer possible to proceed only at the cabinet level, when it becomes necessary to tell the public how things stand. The citizens have the right to know it—after all, the fate of the common state is at stake. We cannot tell them just at the last moment that we have finished—it is done! That is why I have been saying some things out loud lately, which gave the Czech side the impression that I have changed my views. I did not change them, I merely said in a clear way why it is we cannot move off dead center.

[Novacek] If I understand you correctly, you are complaining about the stubborn, uncomprehending stance of the Czech side toward Slovakia. But please understand on your part that the increasingly frequent Slovak statements about a conditional, only temporary coexistence with the Czechs hang over the Czech public like the sword of Damocles. And that causes uneasiness and distress, breeds dissensions with the parties, all of which adds up to a tense atmosphere that is not conducive to a friendly Czech-Slovak accord. The Czech public would be reassured if you could say to it: We shall stay with you in a common state, and we shall gradually settle all the other matters calmly in good time.

[Miklosko] I shall be very frank again: To say today that we shall live together forever, that we cannot do. It would not be true. We do not know what the future generations will think about our life together, and who knows what the situation will be, say, in five years. We are not keeping secret some goal that we have already clearly set for ourselves, we simply do not know. I told our Czech partners several times that the risk of the state's disintegration, because it is a state of two nations, will always be there. The Czech side, if it wants to live together with us—and it is not so certain today anymore—must accept the risk that perhaps in five years the Slovaks will say: We no longer want to. But it also can be the other way around, the Slovaks could say in five years: We have found ourselves, we want to live together with the Czechs, it is the only right solution. I want to say frankly: Our coexistence

should be based from this very moment on an agreement that will not rule out the possibility of future separation. We must accept this risk, same as you.

[Novacek] But don't you think that both our nations might lose a great deal by parting? And who knows what they would gain?

[Miklosko] Both Slovaks and Czechs would lose by the breakup of the republic. But we must realize that we have a different mentality. Whereas the Czechs are more rational and Western oriented, the Slovaks are in addition characterized by a spiritual dimension given by their deeply rooted commitment to their own land....

[Novacek] Yes, Prime Minister Carnogursky himself expressed it in a similar way. I'll just run through it: In your eyes we Czechs are a nation of atheists, corrupted by liberalism and consumerism—you, Slovaks, are more spiritual, more moral, purer. We Czechs see this concept as a misleading ideologization of Czech-Slovak relations.

[Miklosko] I did not mean it that way—and certainly not pejoratively. It is possible that after the breakup Slovakia could face the danger of conservatism which could bring its development to a halt, whereas after the parting with Slovakia the historically always more revolutionary Bohemia would have no one to slow it down—I mean that in the positive sense. I contend that we mutually complement each other. If we assume the risk of a breakup, it cannot be qualified only negatively, that the Slovaks are just out for themselves. It also has its positive side, the realization that we shall lose something if we go our separate ways. You already mentioned the sword of Damocles. You know, it also hangs over the Slovaks, it is the always unrealized sense of statehood. The Czechs have had it for a long time, and it is therefore difficult for them to understand us. For us, however, it is only an ancient dream which we just have never been able to attain. And that makes you uneasy.

[Novacek] By what I say next, I do not wish to offend you or the Slovak nation. What you actually are after is the completion of national rebirth. A hundred years ago, as well as during the First Republic, the Slovaks were denied that. But in today's Europe it is, of course, a somewhat anachronistic goal.

[Miklosko] In question is not only national but also constitutional emancipation. You must understand, for a thousand years we lived in a confederation of states the capital of which was Budapest, and our intelligentsia, if it wanted to achieve anything, had to magyarize itself. Now we live in another confederation, the capital is again outside Slovakia, and the dimension of Slovak statehood still remains unrealized. Yes, we had it during World War II, but it ended disastrously, and has had a traumatizing effect to this day. This is the way the Slovak nation of four and one-half million feels, and it is difficult for us to pretend that it is not so. A nation is a living organism that reacts and changes. And that is why I told the President: If we do not find a real solution, but only some fiction, we shall only postpone the problems and then maybe in a year or so they will explode the Lord knows how. I am asking if

a positive fulfillment of Slovak statehood must rest only in its becoming independent. Maybe not. Europe is in the process of integrating itself, and I can imagine that Slovakia could attain this goal also in another way. But whether that will succeed is for me, too, still only a question.

### **Economist Defends Czech Republic on Federal Budget**

*92CH0212A Prague LIDOVE NOVINY  
in Czech 10 Dec 91 p 9*

[Article by Dagmar Hanzlova, Institute of Economy, Czechoslovak Academy of Sciences: "Victims of Illusions?"]

[Text] When the state budgets for the federation and for the republics were being drafted, Federal Prime Minister M. Calfa declared that the Slovak side must be frankly told that the Czech side is contributing a larger share; however, he was not very specific. As a matter of fact, the resources created in the Czech lands actually cover the expenditures of the whole federation (and thus, also the expenditures designated for Slovakia) and in addition, balance the budget of the Slovak Republic. The arguments of Slovak representatives that Slovakia is supplying the Czech lands with cheap semifinished products may be instantly refuted with counterarguments, that, for example, Slovak semifinished products are often manufactured from imported raw materials, and that roughly 80 percent of the "hard currency" for those imports is earned by Czech enterprises; or that Slovakia's economy is receiving its supply of cheap electric power from the devastated northern Bohemia. As it often gleefully emphasized, the customary policy in every normally functioning, stable state is to use part of the resources from the more developed areas to improve the less developed areas. Nevertheless, this does not seem to apply in the case of Czechoslovakia for the following reasons:

If the state and political representation of one of the republics systematically casts doubts on the legitimacy of a common state and thwarts the interests of the other republic in the international context as well, one cannot speak of stability. The results of public opinion polls as well as the exceedingly timid reaction of the Slovak public to President Vaclav Havel's initiative contradict the existence of a silent profederation majority in Slovakia. In fact, only a referendum can at last bring some clarity in this issue.

Another reason is the fact that for about 70 years Slovakia could no longer be regarded as a less industrialized region whose industrialization must be subsidized. Economic reasons for the transfers of resources from Bohemia to Slovakia have been irrelevant from the moment when the industrial potential and living standards in both republics became approximately balanced. In spite of that, resources continued to be transferred from the western to the eastern part of the state and therefore, it was not because the production capacities of Slovakia's economy were insufficient but because its material, power and labor inputs both

in industry and agriculture were considerably less efficiently utilized than in the Czech Republic. (Thus, for instance, in 1989 returns on adjusted value added amounted to 22.80 percent in the Czech Republic, but to only 17.79 percent in the Slovak Republic, while the share of wages in adjusted value added was 37.22 percent in the Slovak Republic and only 35.34 percent in the Czech Republic.) Even the communist reformers realized that it would no longer be justifiable to continue the redistribution of the resources from the Czech Republic to the Slovak Republic and in their concept of the so called rebuilding of the economic mechanism in the 1980's they tried to demand (it should be noted that quite unsuccessfully, due to the powerful opposition of the Slovak side) that each republic live "at its own expense."

During the so called normalization any comparisons of efficiency in management in both national republics were considered one of the strictest economic taboos. Alas, that taboo still exists in a modified form. In an effort to preserve our common state at any cost, an atmosphere is being created where the issue of the redistribution of resources between both republics seems to be a topic any mention of which is immoral or at least distasteful. Therefore, it is no wonder that the population of Bohemia, Moravia and Silesia may feel that those problems are considered state secrets.

As a rule, in democratic states with market orientation every taxpayer has the right to be informed about the ways public finances are managed, and consequently, the ruling parties are under the obligation to render accounts for their stewardship to their voters. This applies both on the highest state levels as well as on regional levels. Instead, the citizens of the Czech lands are being vehemently persuaded that it is their moral duty to underwrite not only all expenditures of the federation but also to contribute to the Slovak budget which even according to the statement of one of the ministers of the Czech government is very generous. It is strange that after the negotiations in Brno there will be no attempt to make cutbacks in the budget of the Slovak Republic and furthermore, we may look forward to the introduction of a highway tax (on top of current prices of gasoline).

The enormous requirements of free capital for modernization and reconstruction of our economy and the great shortages of such resources are felt not only in the Slovak Republic but just as urgently in the Czech Republic. In addition, the environment in large areas of the Czech lands (unlike Slovakia) have been devastated, housing resources are more depleted, etc. Such "achievements of socialism in Bohemia" also cannot be remedied without extensive financial inputs. Therefore, the criteria for the redistribution of the resources on the central level (which, in addition, is an unfortunate solution even in view of the experience of developed countries) should be above all economic and not political, as they used to be even in recent past.

One cannot have any illusions about a state that functions only because it transfers assets from its more productive regions to areas where every investment

brings much smaller returns, or where that money gets lost in a generous network of social services which discourage people from working. That policy lends support to the strategy of the KDH [Christian Democratic Movement] which aims at full independence for Slovakia but only after the Czech resources, among other things, would help it acquire independent power supplies and convert its arms production.

Another question is what rational economic criteria should be chosen for transfers of capital for investment between the republics (or rather, between individual regions), or what kind of transfers should they be. At any rate, it should be noted that any form of "international aid" should depend (as in fact the Czech government and the Czech National Council have already declared) on the compliance with standard economic and budgetary regulations and on the determination to live in a common state with no time limits but with total awareness of its advantages. However, there should be no more attempts to persuade Slovakia that the primary economic advantage of this common state is its boundless generosity to the detriment of the Czech side.

Because the final solution of the Czechoslovak constitutional crisis depends on the eradication of the causes of this crisis, the future form of our constitutional system must be based on a model that gives preference to the citizen and not to the nation, whereby it preventively protects (as much as possible) the state from being destabilized by emphases on nationalist demands. It seems that this objective is best served by the already proven model of federal system with a uniform statewide concept of economic policies, where expenditures of individual areas depend to a greater degree on economic outputs of those regions. This method of solution does not preclude the possibility of a statewide referendum but presumes that the referendum will pose an entirely unambiguous question (one that cannot lend itself to any other interpretation).

It is quite elementary that if anyone is called to make sacrifices, that person would want to know in whose interest he is supposed to lower his standard of living, and whether his sacrifice is appropriate as well as desirable, and he must be convinced that his sacrifice is necessary. So long as the Slovak side does not unequivocally accept the adopted program of economic reforms, and so long as it rejects (as may be expected in all probability) a model of a constitutional system that prefers the civic and territorial principle over the principle of increasingly looser union of two national republics, one cannot hope that the future will spontaneously resolve this very divisive conflict. The nationalist tone of a political party whose aim sooner or later is an independent state, just as the overemphasis on "Slovak specifics" in the economic field are destabilizing our common state and cannot be accepted by the Czech side which is striving for an expeditious economic transformation with an influx of foreign capital.

If an agreement advantageous for both national republics cannot be soon reached, then we should be prepared in the most "civilized" way possible to file for a divorce to be

followed by a mutually advantageous cooperation in the interest of both independent republics. It is certain that sooner or later such a solution will be viewed on the international scene with more understanding than the current endless crisis.

### Sources of Jan Carnogursky's Ideas Identified

92CH0203A Prague PRITOMNOST in Czech No 11, 1991 p 5

[Article by historian Jan Rychlik: "On the Ideological Roots of Jan Carnogursky's Thinking"]

[Text] At the seminar arranged in New York on the occasion of the 100th anniversary of the issuance of the encyclical "Rerum Novarum" by Pope Leo XIII (15 May 1891), the prime minister of the Slovak Republic, Dr. Jan Carnogursky, gave a speech in which he evaluated the importance of this encyclical to the solution of social problems, but, at the same time, he declared that, following the defeat of communism, the world must fight against a new danger, which he identified as liberalism. After returning from the United States, he granted an interview to LIDOVE NOVINY. It appeared on 23 October 1991 under the title "Two Hundred Years With Lucifer" and in the introduction, the Slovak prime minister states the following: "Liberalism represents a philosophical, social, economic, and political direction which, in the majority of cases, does not recognize God. It considers adopted solutions, for the most part, to be correct and either does not emphasize ethics as one of the criteria for decisionmaking, or emphasizes ethics only to a minimum extent. In the economic sphere, liberalism has the tendency to favor monetarism and favors economic policies which advantage purely practical effective solutions to the maximum extent, again without emphasis on their ethics or possibly even their social content." In addition, Dr. Carnogursky expressed an interesting thought on the freedom of the personality: "Although liberalism has decentralized decisionmaking from the top to the bottom down to the individual, it permits that individual, however, to do anything at the same time." Currently, Jan Carnogursky is stressing the nationalities principle and the necessity for expanding it.

Both speeches by Prime Minister Carnogursky resulted in immediate and sharp reaction. On the one hand, it is necessary to state that the encyclical "Rerum Novarum" itself is aimed against socialism and, particularly, against the idea of nationalizing the means of production. Liberalism is not directly mentioned in it at all and it might be possible to find an assault on liberalist theories in economics only once in Part Two, which demands that the state make incursions into the economy. Of course, the extent of these incursions is basically restricted, when viewed from the position of incursions which are customary today. Liberalism in thinking—in other words, rejection of any kind of noncritical faith in authority, without which, of course, no church can manage—is also only mentioned indirectly in the encyclical; it is criticized more in another social encyclical, in "Quadragesimo Anno," issued on 15 May 1931 by Pope Pius IX, which, as

can be seen from the title as well as the timing of its origin (quadragesimo anno = 40 years), ties in directly with "Rerum Novarum." And so the question arises as to what kind of philosophical resources Jan Carnogursky is actually drawing on?

From the time of the establishment of the republic in 1918, the clerical opposition, which was united in Slovakia in the autonomous Hlinka Slovak People's Party [HSLs], kept referring to the difference in the role of religion in the Czech Lands and in Slovakia. Catholicism in the Czech Lands could not become a national religion, as was the case in Slovakia or in Poland, because even if the majority of the population in Bohemia and in Moravia were Catholic, the Catholic Church was perceived here as being a power support base of the Hapsburgs. Czech Catholicism—the situation in Moravia was a little different—always had a certain worldliness or lay quality about it and gave rise to a lack of confidence from the standpoint of Polish and Slovak Catholics. In a way, the HSLs did not take into account that a strong Protestant minority lived in Slovakia. In the views of this party, the word "Christian" automatically meant "Catholic." This is not to say that there were not some Protestants in the HSLs. It remains a fact that the majority of the Protestant autonomists were repelled from the Hlinka Party by its extreme Catholic clericalism, which was attempting to identify Catholicism with the Slovak national Christian philosophy. This is the reason why autonomous-minded Protestants established their own Slovak National Party (SNS) under the leadership of the Protestant priest and author, Martin Razus. This party, the title of which was taken over quite illegally in 1990 by Slovak separatists, always sided with Czechoslovakia and democracy, in contrast to the HSLs. This was also the reason why, despite the cementing of an election bloc between the SNS and the HSLs in 1932, there was never any kind of permanent collaboration between the two parties and also the reason why the SNS was banned by the populists after they took power (6 October 1938).

A rejection of liberalism as a product of the spoiled West can be found in Slovakia in many speeches made by Andrej Hlinka, even during the period prior to 1918. However, many of his speeches contain repelling views and demonstrate no internal consistency (that is why they also were never published as a compendium). We find somewhat more firm outlines of the antiliberal position in statements made by Jozef Tiso, who was a generation younger than Hlinka, who was born in 1864, whereas Tiso was born in 1887. Tiso was undoubtedly influenced by the teachings of the leader of the Austrian Christian Socialists—Karl Lueger, whom he met during his studies at the divinity school in Vienna between 1906 and 1910. Lueger, who was the mayor of Vienna at the time, also based his position on the teachings of the church and on the encyclical "Rerum Novarum." He used Christian positions to criticize liberalism and its shady sides and, at the same time, was sharply critical of "Jewish capital." Tiso's anti-Semitism (which, in contrast to the anti-Semitism of the Nazis, had no racial characteristics) clearly had its origins, among others, precisely in the teachings of Lueger, something which his official biography, published in 1941, also

claims (Polcin-Simoncic, *Dr. Jozef Tiso*, Bratislava, 1941). However, with the exception of a few newspaper articles, even Tiso did not produce any theoretical work on society and we again have only his speeches at our disposal for that purpose—speeches which were frequently quite controversial. Hlinka's Slovak People's Party actually suffered from a shortage of intellectual capacities which manifested itself, among other things, by A. Hlinka—for lack of a better selection—hiring Vojtech (Bela) Tuka, the well-known Magyarophile, who had written a work prior to 1918 which “demonstrated” the necessity for the assimilation of the non-Hungarian nationalities in Hungary to be one of the theorists of the Hlinka movement. It was not until the 1930's, when a new generation of the Slovak intelligentsia had come along after being educated at Comenius University (which had been established after the establishment of Czechoslovakia in 1919), that the situation improved. The so-called young autonomistic generation surrounding the journal NASTUP entered upon the scene. Here is where the views of many subsequent officials of the wartime Slovak state became crystallized, among others even those of its minister of foreign affairs in the years 1939-40, Ferdinand Durcansky, the commandant of the Academic Hlinka Guard, Jozef Kirschbaum, but also the father of the present Slovak Republic prime minister who was a delegate in the Slovak Assembly between 1938 and 1945—Pavel Carnogursky (it must be said that he later parted company with the editorial board because he disliked its constantly more overt profascist course), and the docent at Comenius University, Stefan Polakovic. And it was particularly Polakovic who later, during the period of the Slovak state, when he was already a professor, acted as a sort of court ideologist for Tiso; his views on liberalism are downright unbelievably similar to those of Jan Carnogursky. In his book entitled *Slovensky narodny socializmus [Slovak National Socialism]*, dated 1941, at page 8, we read the following: “In addition to political, economic, and social ‘freedoms,’ which enslaved mankind (sic!), liberalism even proclaimed the freedom of unfettered thinking. And just like contradictory views in the head of an individual, which are spread by deliberate propaganda, give rise only to chaos, indecision, and internal dichotomy, so even in a national society contradictory slogans only gave rise to fragmentation and fragmentation then was the cause of weakness and national laxity. Liberalism also gave rise to the development, through natural methods, of free moral views and a loosening of morals than impacted upon the healthy roots of the nation.” Regarding politics and economics, we then read the following sentences (p. 11): “The nation, which politics was supposed to lead to an elevated living and cultural standard, found itself with an empty stomach, half-naked, and with its soul completely empty involved in a barren comedy looking at what kind of policy changes had been accomplished, that is to say, services to the common good, by the political generals of democratic parliamentarianism. Economic and social leveling became changed into a leveling (?) of thought. Because, according to the adherents of liberalism, everyone has the right to freely proclaim ideological slogans, so everybody also has the right to unrestricted free management and the conduct

of trade. The loosening of old economic bonds, which followed the dissemination of this slogan, instead of bringing benefits again brought mankind only harm and a decline in the social level. Free competition resulted in the formation of masses of proletarians and, soon, masses of unemployed and small groupings of legendary rich plutocrats.”

Also, when it comes to understanding the nation, the idea of Jan Carnogursky is far too similar to the views of Professor Polakovic. Polakovic, who emigrated to Argentina in 1945, throughout his life sanctified the working out of the theory of the so-called national philosophy. According to Polakovic, the nation is a spiritual company of people which has a certain mission and the state is the means for realizing this mission. For the Slovak nation, the basis is Christianity (identified practically with Catholicism) and the assertion of these values in Europe is best possible given the existence of a Slovak national state. This metaphysical understanding of the nation, which is based on German romanticism, is, naturally, not accepted throughout the world today and Polakovic was also not successful with these views anywhere at an international forum. After November 1989, he nevertheless gave a few lectures on this topic in Slovakia. The public listened and heard what it wanted to hear and therefore considered Polakovic's conclusions to be highly revealing. No wonder: According to that theory, an individual need not strive for anything; it is sufficient for him to be a member of a nation with such a beautiful mission. The practical consequence of this theory of nationhood, however, must be the rejection of the civic principle—and Carnogursky already did so by proclaiming that the Masaryk republic is coming to an end. And at that, the Masaryk republic in actual fact did not consistently pursue the civic principle, but based itself on the fiction of a Czechoslovak nation state which many Czechs understood in the ethnic rather than the political sense.

The rejection of the civic principle and the principle of liberalism, which Jan Carnogursky understands in a somewhat distorted manner, has, as a practical consequence, even the rejection of democracy. Polakovic wrote this quite openly in 1941 even though today he would likely rather take his words back. He wrote: “For its well-known mistakes (lack of purpose, corruption, disregard for the interests of the people, irresponsibility, etc.), parliamentarianism has not only become outmoded, but has become a hated state form. The weakness of governments in various states and the urgency of living problems have compelled the development of a government of the strong hand which takes upon itself responsibility for both accomplished and unaccomplished actions.... One nation can have only one will and one manifestation of such a will—a leader.” (SLOVENSKÉ POHLADY, No 1, 1941) Actually: If the nation is a spiritual community with a predetermined goal and the individual is nothing, what good is freedom then? Stupid people may, out of “ignorance,” hamper national development (as Polakovic already wrote in another one of his books—*K zakladom slovenskeho statu [On the Foundation of the Slovak State]*—in 1939), and so it is logically better for a nation to be governed by an enlightened leader!

I have no idea whether Jan Carnogursky has read Polakovic's work or whether he reached similar conclusions on the basis of his own contemplations or whether he acquired these views from his father who was undoubtedly also influenced by Polakovic. I have absolutely no intention of doubting that Jan Carnogursky is an honest Democrat who does not wish for totalitarianism of any kind. This is all the more reason why he should become aware that his (or actually Polakovic's) views have precisely totalitarian consequences. It has frequently occurred throughout history that, despite subjective efforts, the actual situation has turned out completely differently. As is well known, the road to hell is paved with the best intentions. The views of Mr. Polakovic, even though offered by Jan Carnogursky, are not acceptable to a democratic society for that very reason.

### **Economic Reform Seen Being at Critical Juncture**

*92CH0192B Prague HOSPODARSKE NOVINY in Czech  
13 Nov 91 p 9*

[Article by Milos Pick, CSAV Forecasting Institute: "The Reform at a Critical Crossroads"]

[Text] I would like to draw attention to three topical questions involving our transformation process—its principal results so far, the reasons for them, and some alternatives. I am restricting myself to the decisive substance of these problems, even at the price of considerable simplification.

We are clearly at the end of the beginning and at the beginning of the second more decisive phase in the transformation process—at its critical crossroads. What are the principal results of this beginning phase?

### **The Reality of the Current Status**

1. Following the precipitous and overwhelming liberalization of the domestic market as well as of foreign trade, their temporary nominal balance is being formed. These short-term stabilization trends (the halting of inflation) are showing up in the last three months both on the domestic market (where the aftereffects of the price explosion, price increases, have, for the time being, been completely halted at the new level of prices) and also in external economic operations (where, in the listed period, a balance is beginning to form between the current account of the balance of payments involving convertible currencies while maintaining a set exchange rate for the koruna and in which even the "black" exchange rate is approaching virtually the same level), even though this did not take place until after an increase in the free currency indebtedness to a critical level (debt service currently impacts on 25 percent of exports).

2. This nominal balance, however, is forming only on the basis of the real destruction of the economy. The immediate sharp and realistic adaptation of the economy has the character of a global decline—both quantitatively and qualitatively.

The quantitative measure of the decline (as far as its depth and duration are concerned) already threatens a substantial portion of our economic potential. In the third quarter of this year, the interyear decline in the gross domestic product amounted to 15 to 20 percent, that of the national income to 20 to 25 percent, real income for the population dropped 25 to 30 percent. Unemployment reached a level of 5 percent (in the Slovak Republic, 10 percent) and perhaps another 10 percent of the unemployed are, for the present, being retained in enterprises at the expense of a decline in productivity. All of this provides the foundation for a decline even into next year which (with an unchanged policy) can be exacerbated by additional accelerating factors (by discharging the retained unemployed and by the threatening bankruptcies of enterprises).

In the main, however, this decline does not have a healing character—it does not generate the factors of future prosperity. Instead of a rising restructuring aimed at improving the quality of production processes, we are seeing a structural decline—by increasing the share of heavy primary production processes (those that are capital-intensive, energy-intensive, materials-intensive, and ecologically intensive) for export, production, and profit (in the first half of the year, the increase in the share of these factors in the profits recorded by industry overall amounted to 15 points). The private sector is, thus far, still only negligible. Moreover, the existing and excessive energy-demanding and materials-demanding nature of our economy is rising, the unbelievably low productivity of labor is declining still further; investments in the obsolete production base and infrastructure are declining by one-fourth. Imports are also declining considerably, although their per capita level was only about one-seventh of the level of small economically developed European countries and we are, thus, still further closing our doors to the world (particularly regarding imports of technologies).

This is, thus, not a matter of the essential "throwing away of inefficient ballast" and a matter of initiating the process of rationalizing the economy, but rather of jump-starting its "regressive" character.

3. Conflicts between short-term nominal stabilization and realistic destructive adaptation (global recession) in the economy constitute a future threat in terms of instability and destabilization.

The new price level did not become stabilized until it reached a level approximately 80 percent higher than the beginning of 1990; this price increase almost fully siphoned off the influence of the nominal devaluation of the koruna (it also amounted to about 80 percent) and, therefore, the measure of real devaluation was already practically fully nullified by this inflationary shift. The distance between the exchange rate and the parity of the buying power of the koruna, which was temporarily increased by the devaluation from about double to virtually fourfold, is once more returning to the twofold level,<sup>1</sup> but the former balance in foreign trade was able to be maintained only through the application of regulatory and subsidizing policies. The temporary balance in the current account of the balance of payments, which is beginning to

form again during the postdevaluation period, is already based exclusively on macroeconomic restriction (suppression) of the cumulative domestic demand (without the supportive influence of the devalued exchange rate).<sup>2</sup> Its revival, on the basis of only an isolated mitigation of the macroeconomic restrictive policy (without comprehensive changes in the economic policy), would, therefore, primarily threaten the balance of payments—it would weaken exports and would “soak up” imports.

It is good that the government, in spite of assurances regarding the justifiability of this restriction, has already begun to mitigate it (as of the first half of the year, it “pump-primed” the economy twice by infusions of 50 billion korunas [Kcs] each time). However, this is not only too little, but too late, but for the most part, these are only isolated nonconceptual steps. Even this Kcs100 billion could increase demand for imports by Kcs20 billion, despite the presence of unchanged coefficients of the exacting nature of the cumulative demand for imports; in the current situation, it is possible to predict, with respect to demand expectations, that the “East German syndrome” will occur—this is a virtually neuralgic increase in demands for the importation of only “Western” goods. This could cause either an explosion with regard to the inability to pay off our foreign indebtedness or it could result in a devaluational inflationary spiral.

Moreover, under persisting conditions of the predominant monopolization of production, the revival of demand for domestic products need not even lead to reviving the product offering by this production, but is more likely to result in inflation.

Nevertheless, the revival of demand (the diminishing of macroeconomic restrictions) is inevitable, not only for economic reasons, but also for social and political reasons. The measure of decline in the standard of living and a declining confidence in its inevitability (as is signaled even by public opinion polls) indicate that the “presupplying of the population with goods and patience” has its time limitations; the threat to the social and particularly the national consensus (the less competitive economy of the Slovak Republic is impacted far more drastically) is already showing up in growing political tension. Slogans aimed at “holding on” are more in the realm of only rhetorical solutions. A transition to a policy of revival of demand has no realistic alternative. The choice is only whether reviving the economy will be accomplished in time and rationally or whether it will take place under pressure and irrationally.

The conflict between the inevitability of reviving the economy and the impossibility of doing so only in an isolated manner and within the framework of existing strategies of transformation is squeezing the economy into the pincers of the “reform trap.” This is not a specialty of ours. Other less developed countries also came to these crossroads “at halftime” in this transformation process (inadequate competitiveness) who selected a similar standard strategy for transformation and stabilization. The effort to breach the enchanted circle by reviving demand (for the most part, not until it was under uncontrolled

pressures) within the framework of an unchanged strategy resulted, for the most part, in failure—a transition toward long-term stagflation. The recession in the second phase was not only not overcome, but was augmented by new inflation. It was particularly the unsuccessful countries of Latin America who found themselves on this precarious path and it appears that even Poland has embarked upon it. The former GDR must be saved through many times greater assistance than the Marshall Plan provided for all of Europe. The long-term economic crisis in Yugoslavia has resulted in war.

#### External and Internal Influences

The causes of recession in our economy are undoubtedly also due, in part, to the “importation” of difficulties from the surrounding world—particularly from the former CEMA countries. However, this is only a minor portion of the overall set of influences—the decline of our exports to these countries represents, at most, about one-third of the decline of our cumulative demand. The gradual partial revival of our exports even to the USSR, in the face of the deepening crisis and the disintegration in the USSR and its economy, indicates that even this aspect is capable of being influenced by our activities. However, not even the difficulties imported to our country from these countries are completely foreign to us; they are the result not only of the breakdown of a system incapable of staying alive, but also of common mistakes engendered during its transformation.

The principal reasons for the overall recession in our economy are domestic in nature, irrespective of whether they are the “heritage of the past,” as well as the disregard of that past by the current strategy of transformation.

Our “heritage” is dual in nature—we are neither a developed nor a developing country; we are a “mezzanine.” On the one hand, we had relatively favorable starting conditions for transformation—at least in international comparisons we had a median level of economic efficiency, we had the qualifications, and we had the standard of living, as well as a low level of inflation and a low level of foreign indebtedness. At the same time, however, our handicap was an extraordinarily low commitment with regard to international transactions, particularly those involving the developed world (“the closed nature” of our economy), the deep backwardness of the technical level and quality (the lack of convertibility) of our products and services, as well as the record amount of nationalization and monopolization of our economy (economic entities which were not very adaptable).

The fundamental error regarding the selected standard strategy of transformation in our economy, however, is that the economy is paying little attention to these non-standard conditions of ours.

#### The Main Causes of the Current Status

1. The premature immediate opening of our economy to the world (the liberalization of foreign trade) did not provide the appropriate amount of time for adaptation (perhaps at least three to five years, particularly when it comes to more complicated production processes, where

we are less competitive in demanding world markets than is the case for the simpler primary production processes). We have opened our economy to the developed countries even more than they have opened theirs to us, although we should be striving for the reverse asymmetric process.

The paradoxical "punishment" for the premature opening of our noncompetitive economy is not only its qualitative and quantitative decline, but even its further "closing" toward the world (the lowering of imports). Even a weak economy is clearly stronger than the strongest desire.

The successful countries (in the postwar period, this was West Europe and Japan and in the 1980's the "small tigers" of Asia) proceeded in a different manner with regard to their developmental phase—they first liberalized only the domestic economy, but "protected" it temporarily and gave it time to adapt to an anti-import and proexport selective intervention policy, whereas they liberalized foreign trade only after having reached a certain stage in their competitiveness (once they had achieved approximately one-half of the efficiency of the United States and once the "distance" of the exchange rate from the parity of the purchasing power of their currency was at a maximum 1.5-fold). But even Chile and Mexico achieved success by at least accomplishing a supplemental correction of their standard strategy, including the premature opening of their economies to the world by the temporary application of a specific structural (anti-import and proexport) intervention policy.

2. Although the macroeconomic restrictive policy following the liberalization of prices (even if this had not simultaneously led to a liberalization of foreign trade as well) was essential to the attenuation of the inflation caused by it, it was, however, overdone.

Particularly the pace of the money supply (bank credits) was already some 35 percent behind the price explosion in the first quarter of this year and resulted (accounting for approximately one-third) in an explosion of insolvency, that is to say, in the expansion of uncovered, forced, interenterprise credits, and, at the same time (accounting for about two-thirds) resulted in a deep sales crisis and a real decline in the efficiency of the economy.<sup>3</sup>

The linkage between these processes resulted in the insolvency of as many as 80 to 85 percent of the enterprises and thus advanced the "line of decline" to the extreme disinformation position, which cannot be an indicative yardstick for their conduct and adaptability as well as vitality, but is, primarily, an expression of the macroeconomic elimination of the room to adapt.

Similarly, fiscal restriction becomes transformed into a boomerang. With a lowered tax burden, the economy, which has been weakened by the recession, can "maintain" the budgetary sphere only at the price of its devastation or through deficit financing or both.

3. The absence of an effective policy calling for the accelerated creation of a competitive environment through the demonopolization of the domestic market, as well as by "importing" competition, at least from countries which

are at the same level of competitiveness (and with respect to which our immediate "opening" would not constitute a threat), results in the fact that an appropriate "external" competitive pressure on adaptability is not developing for our enterprises (pressure for the adaptability of their offerings).

4. Privatization, which should create the internal conditions of adaptability for our enterprises (as a result of ownership motivations and the influx of modernizing capital as well as know-how) can only be a gradual process. Moreover, an extensive strategy, particularly as it applies to large-scale privatization, will not even result in future guarantees that these decisive prerequisites will be created (it is oriented, on a priority basis, toward the coupon method of privatization, provides inadequate support for credit privatization, which creates an entrepreneurial middle class, endeavors to minimize employee participation which, the world over, tends to generate entrepreneurially committed co-owners; this strategy is, for the time being, not adequately credible, even for foreign capital—its influx for this year amounts to only \$400 million, although we would need \$2-3 billion annually). Small-scale privatization is being penetrated by criminality ("the laundering of dirty money"), large-scale privatization is being preceded by the disintegration of enterprise management.

Note: The second part of the article, which deals with the author's views regarding the necessity of making a transition to an alternate strategy of transformation will appear in tomorrow's edition of HOSPODARSKE NOVINY.

#### Footnotes

1. The distance between the exchange rate and the parity of the buying power of the currency is the natural result of obsolescence (the lack of ability to compete) within the country. The difference cannot be eliminated without overcoming this obsolescence. However, it has unavoidable consequences—it lowers the comparative advantage of this country (it is partially being "given away" to foreign countries). The artificial increase in this spread by the devaluation, accompanied by a premature opening of the country, however, tends to multiply this "giveaway" (the deterioration of exchange-type relations exceeds 25 percent).

2. The recession (destruction) in the offering of products (achieved through suppressing demand) in place of its distribution is an alternative result of the premature opening up of the economy (see below).

3. Failure to draw credit (and also wage) resources is only a consequence and not the cause, which lay primarily in the excessive interest rate (it reached as high as 24 percent). At the time of a price explosion, it is not possible to strive for a so-called positive real interest rate, but the "flight" of deposits should, moreover, be countered more like would occur in the case of an upside-down currency reform which tends to depreciate the currency (by partial valorization).

### **Economic Consequences of Nation's Breakup Weighed**

92CH0197A Bratislava KULTURNI ZIVOT  
in Slovak 3 Dec 91 p 6

[Article by Ivan Svejna: "Will an Independent Economy Save Us?"]

[Text] November 1989 gave the CSFR the opportunity to climb aboard (albeit after a long delay) the figurative train of the world community as an equal, and far from below average, passenger. The prospect of maintaining our dignified position on this train is, however, only one possible alternative for our future. The 40 years or so during which we marked time, more or less, at the station called real socialism, have not been without consequence for our position in the world, or for the quality of the internal shape of our society. After almost a half century of one sided ideological and political orientation, we now have to deal with, in a very short time, problems of a transition to a pluralist democracy and a market economy. In terms of current developments in the world community, the train is not travelling any other routes. The alternative is to return to horse drawn carriages.

### **What We Have the CEMA To Thank For**

We are currently looking for the most appropriate and efficient path to democracy, individual freedom, and a market economy based on private ownership in the context of a Czecho-Slovakia that is a unified country inhabited by two equal peoples and other national minorities. It appears, however, that certain sociopolitical forces consider this assumed base to be seriously flawed, unfair to the nationalities involved, and inefficient in terms of economic transformation.

Arguments over the justification for a single federation of two republics, the Czech and the Slovak, are nothing new on our political scene. It is a constitutional problem as well as a national, cultural, and economic problem. We therefore must realize the following realities in terms of the economic situation and economic development possibilities:

- The official one-party policy of the past 40 years has "preserved" the problematic nature of the relations between the two peoples (Czechs and Slovaks), chiefly by its ignorant attitude to these relations, justified by the supranational character of a strictly class based political spectrum.
- By incorporating our economy into the CEMA we have become a highly exogenously deformed economy within which domestic economic policy (and its regional variants) was operated as a bureaucratic attempt to achieve full employment and a demotivating social levelling, as well as the stubborn objective of making equal the economic levels of the countries of the "socialist bloc."
- By pursuing this policy we have come to play the role of one of the members of an association of "relatives that share everything equally" but, naturally, at the level of poverty.

All the basic aspects of the past political and economic system placed problems of national emancipation in last place. Since, today, the issue of the sovereignty of Slovakia is the main problem facing the future fate of Czecho-Slovakia, let us try as soon as possible to identify the main positions of advocates of the idea of the practical division of the current federation. These are the arguments that from time to time are being interpreted as in favor of a potentially faster and more successful entry of Slovakia as an independent entity under international law into the developed world.

### **Cards Held by Independence Advocates**

1. Proof of the potential viability of an independent Slovakia based on the existence of the Slovak state (1939-45).

The europist-patriotic version of this argument is one of the favorite arguments of advocates for "pure" Slovak independence. Nevertheless, demystifying it is remarkably simple, once one recognizes the historical context of the creation and existence of this "prosperous state." The Slovak state was openly a satellite of Germany during the second world war, and as such found itself supporting the position of national socialist totalitarian extremism that led to the war. In this context Slovakia could easily assume the role of a "prosperous" ally by virtue of its role in the German war economy. Deliveries of raw materials (iron, wood, food, and the like) created enough jobs to foster the illusion of unprecedented growth of the Slovak economy, compared with the first Czechoslovak Republic. The results of this "economic expansion," however, were meager: permanently uncollectible claims running into the billions against a larger ally that showed a chronic inability to pay (and after the war could pay only in worthless Reich marks), war damages, and the complicated post war situation in Slovakia because of this alliance. If this is the concept of the hidden potential of the current Slovak economy, then it is unfortunate, because clearly someone one is misinformed about the basis for economic prosperity, to say nothing of history!

2. The possibility of mobilizing the large capital resources of a broad spectrum of Slovak emigration (especially the North American), that is conditional on an independent Slovakia.

Put simply, our numerous countrymen in the West have been waiting for decades to invest their hard earned millions in our, and only in our Slovakia.

This is only partly true. So far a couple of these entrepreneurs have visited us, and their idea runs something like this: buy up whatever might be a tourist attraction (Tatras, historical points of interest, hotels...), then as much as possible preserve us as a folkloric paradise in Central Europe. Despite the great interest that we have in our current diaspora, we have still not been informed from this quarter of any specific investments, especially in the production sphere that would go the furthest to resolving our problems of unemployment and recession.

3. Faith in the vital impulses of an awakened national pride.

This extraordinary psychological fiction is presented as a spontaneous flowering of activity by every future citizen of an independent Slovakia after the achievement of true independence. This argument is excessively fond of the forthrightness of our national consciousness. In practice we would be more likely to clash once again with the uncompromising aggressive actions of activists that have been so characteristic for us (and not only us) at such watershed points in history.

4. Documented facts about the intentionally discriminatory economic policy of the Czechs against Slovakia, and about how the Slovaks have "paid for it" in the federation.

The Slovak side can scarcely complain of any kind of "paying for it" at present (see the interview with J. Danec, minister of finance of the Slovak Republic in the 3 October 1991 edition of *HOSPODARSKE NOVINY*). Discrimination against Slovak economic development is a highly problematic issue that can be evaluated as well in conjunction with Slovak economic development during the first Czechoslovak Republic (1918-39). During this period it was a question of a seriously asymmetrical model of coexistence between two qualitatively highly different national economic areas: Bohemia, Moravia, and Silesia on the one hand, and Slovakia and Ruthenia on the other. The tendency to deepen these economic differences were strengthened at this time by errors in principle in the resolution of nationalist questions, expressed in the official doctrine of a "uniform Czechoslovak people". After 1948 what is evident, however, is a policy, excessively exaggerated by the bureaucracy, of the industrialization of Slovakia, which brought with it an immense transfer of resources to the benefit of Slovakia. This policy is what we have in large measure to thank for the "current lack of flexibility" and unnatural structure of the Slovak economy (the highly monopolistic character of most of Slovak industry, a high percentage of highly energy intensive primary product industries, etc.). It is also essential to take into account the inconsistent (rather, generally distorted) predictive capability of statistical data. The primary role for these statistics was for manipulation, because statistics and other documentation were understood mainly as ideological instruments.

5. The argument about the lack of attention to the peculiarities of the Slovak economy during the implementation of economic reform.

To summarize, this amounts to emphasizing the problem of not taking account of the peculiarities of the Slovak economy (conversion, the collapse of employment brought on by the collapse of the regional "supergiant" industrial firms, agricultural problems...) and the generalization of reform as such for all of the CSFR. At the same time, these calls for a selective, socially oriented reform are nothing more than an attempt to pursue an alternative to the current economic reform, namely the well known need for the "benevolent and soft" hand of state paternalism. The

problem of creating a competitive market environment is, in the meantime, put off indefinitely.

### Economy in Transition

The foregoing brief (and far from exhaustive) description of the main "cards" held by the advocates of unconditional and absolute independence for Slovakia based on economic analysis only demonstrate the shallow nature of their arguments. These points, taken out of their context, have recently been put before the public with increasing intensity, with the spin on the presentation depending on the political climate of the moment. Calls for decentralization intentionally ignore the fact that progress in both economic reform and the constitutional organization issue is gradually creating the opportunity for economic decentralization in almost the full sense of the term—at the level of the individual citizen, while respecting points of individual freedom and protecting rights to private ownership as the foundation of a competitive market system. Economic reform steps, at the same time, tend to create (especially after focusing resources on full privatization and the formation of flexible capital markets) the conditions for a transition from the current situation of understandable economic recession to a "zero point", and then to effective economic growth. To maintain, however, that we can avoid the current economic conditions while making the transition from one diametrically opposed economic system (centrally planned economy) to another (market economy) with some kind of "better alternative, a socially more conformist approach" (and in Slovakia only if it is independent) is an irresponsible illusion fed by ignorance of basic economic relationships and deformed economic thinking of the preceding totalitarian period, coupled with grotesque nationalism.

At the same time it should be noted that certain economic authorities will necessarily continue to be exercised by centralized institutions (money issuing activities, certain aspects of budgetary policy, a uniform financial market...). The extent of this centralization is clear from the basics of the effective functioning of the federal economy. When discussing these areas of authority it does not make sense to look for some "feasible" alternatives on federal soil. On the other hand, when one discusses the formation of republic budgets, local taxes, the formation of free trade zones, tax breaks for foreign capital and the like, it makes sense to consider decentralization of authority.

### What Would Really Be Accomplished?

At this point I think it necessary to point out the most clearly negative aspects of the disintegration of the CSFR in terms of the possible existence of two independent republics, a Czech and a Slovak:

- Above all, there would be a rapid reduction in the importance enjoyed now by the CSFR in its role as a new democracy in Central Europe. The "sum" of the significance of two independent republics in the eyes of the world community, in terms of stability in the Central European region, can never be as great as the current value.
- The consequences of a quick termination of the long

term cooperative relationships in the domestic market of the CSFR would be unimaginably negative for both economies.

- A serious threat would result to the current level of the currency (actually already two currencies), and a threat to their internal convertibility. In short order this would result in lower exchange rates for the national currencies.
- Unemployment will increase significantly in both republics, but especially in Slovakia.
- Slovakia will have to increase significantly its imports of finished goods and come to terms with an absolute decrease in the influx (even today this is not too high) of foreign capital.
- Building new systems for government administration, an army, police force, diplomatic corps, customs system, and the like will swallow up huge sums.
- In the case of Slovakia, social tension will rapidly become evident as a problematic, and still unclear, "national unity" of regions as such. The term "Prago-centrism" will rapidly be replaced with the phenomenon of "Bratislavocentrism" and nationalist problems, especially the issue of the Hungarian minority, will reach new levels of intensity.
- Meeting the international obligations (especially economic) of the disbanded federation with individually negotiated government agreements will be a complicated task that will take a long time.
- Finally, trends will strengthen to call into question the territorial integrity and borders of these new independent countries which are so sensitively bound by many uncompromising international treaties and guarantees of territorial integrity (Versailles, Nuremberg, treaties with the FRG) that are based strictly on a unified Czecho-Slovakia.

The issue of equal standing for Slovakia and its economy in terms of the future existence of the CSFR and European integration is not, in our opinion, so much a nationalist problem as a matter of the success of economic reform at the federal level.

#### **We Have To Make the Final Decision**

More so than fruitless discussions and mutual accusations, current Czecho-Slovak relations would be helped, especially in Slovakia, by the exertion of more effective pressure on the competitive market environment that is in the process of formation. Such pressure would result in both better integration for the implementation of individual economic reform steps and set the foundation for a systematic transition to a new (pragmatic-opportunistic) way of thinking for managers in the enterprise sphere, thereby moving the economy closer to strategic and mainly market oriented self-administration.

We do not mean to deny, of course, the importance of the process of national emancipation, which knows no historical boundaries. It is just that we should all recognize as soon as possible that we will all be able to express ourselves differently on this issue as citizens of an economically strong and prosperous country (federation), who can share sufficient economic assets before making a decision

regarding an independent national existence, than we can under the present economic circumstances. It is also necessary to point out that the most effective form of emancipation for a people is its economic emancipation, the growth of its national wealth, and the resultant increase in the welfare of all its citizens.

The breakup of the socialist bloc clearly demonstrates that in countries where "increasing national welfare" was only an empty ideological fiction the transition to democracy first of all focuses attention on problems of the relationships between nationalities that were suppressed under totalitarianism by the "higher, strictly class" mission of the general public. In the case of Slovakia, each of us must choose whether we want an independent state, and accept the consequences of the breakup (which are clear to all the experts), or whether we want, along with the Czech Republic, to help each other get through the difficult period of transition to a prosperous economy. We therefore consider it necessary, while in no way discounting the right to national self-determination, to exhort our citizens to try their best to rise above the shackles of invective addressed at other peoples and nationalities and attempt, in the process of economic transformation, to strengthen the quality of their national emancipation through successful economic emancipation. Keep in mind that this form of coexistence does not rule out broad opportunities for asserting the sovereignty of Slovakia through regional economic cooperation and in foreign relations. If, however, we make a fateful error and, at whatever cost, separate ourselves today, when we are close to the most critical point in the economic transformation, then we will come out somehow, but not well. In the imaginary train of world prosperity the best we could then hope for would be an assigned place in one of the worst cars. That is, if we did not find ourselves on our knees in the mud at some totalitarian station. All that will be left to us then will be envious glances and chattering teeth. The "volume and weight of our voice" in the future, integrated Europe will, after all, depend primarily on the strength of our economy, and only secondarily on the "elegance" with which we resolve our nation problems. This is because the contemporary world is primarily a market.

#### **Inertia Said Hampering Industrial Changes**

92CH0193A Prague HOSPODARSKE NOVINY in Czech  
21 Nov 91 p 8

[Article by Eng. Jiri Mihola and Eng. Vaclav Havlin, Central Institute of Macroeconomic Studies: "Inertia Is Interfering With Changes"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] We continue to publish findings based on the diagnostic testing of selected and primarily industrial enterprises. Hitherto, we have monitored the manner in which enterprises are dealing with prices and sales, the successful mastery of which is an essential condition affecting the prosperity of every enterprise. Changes in the conduct of the financial economic area require, in the majority of cases, some fundamental innovation, which makes itself felt throughout the enterprise, ranging from

signals involving the fiscal management of the enterprise, the image of the enterprise all the way through the expression of goals and results.

Today, the enterprises have nowhere to which to escape in the face of the consequences of financial independence, despite the fact that many of them are attempting to do so in the spirit of the practices of central planning. These efforts, for the most part, involve attempts to become aligned with the category of secondary insolvency. The disproportionate growth of indebtedness is threatening to result in chain reaction bankruptcies. Today, the real possibility already exists that solving the debt problem is primarily only for those who are becoming insolvent through no fault of their own. The objective is to halt a possible chain reaction. In other words, efforts involve only supportive measures which can only be augmented by the anticipated effects of fundamental changes in the conduct of enterprises.

The diagnostic test has demonstrated that, in this area, changes are not happening to an adequate extent.

#### Status and Causes

Despite the fact that virtually all tested enterprises systematically analyze their financial economic situation, only one in three enterprises is capable of predicting this situation for two to three years ahead successfully. Only every other enterprise is capable of analyzing the financial situation affecting its organizational components and only half of the enterprises are capable of forecasting in this area.

One in four enterprises is not even dealing with any prognostication activities. These enterprises are clearly orienting themselves primarily toward solving the problems of the moment, as well as operating problems. Many enterprises are seeking to find solutions for their present problems by making use of various alternatives for future development. For the most part, however, there is no real concept and a clear notion of the transformation itself.

Essentially, virtually all enterprises (98 percent) have an overview of their financial needs for this year and next year; for the next two to three years, however, this overview is available only in 68 percent of the enterprises. Some 91 percent of the enterprises have these requirements covered or are clear about them for this year and for next year; only one in three, however, is in this position for the next two to three years. The availability of financial resources is beginning to be a burning problem for 80 percent of the enterprises.

These data signal the problems which the enterprises should already be solving systematically today. However, their activities in this direction are very slight. Only 60 percent of the enterprises are restricting their use of financial resources; only 62 percent of the enterprises are managing with the aid of their budgets; only 26 percent of the enterprises have accomplished a lowering of production costs in the last period, and only 4 percent of these did so in a conspicuous manner. Expenditures and profits are the object of systematic judgment within enterprises only

in 30 percent of the cases; only 56 percent of the enterprises are familiar with world developments of costs in their own areas of activity; only 74 percent of the enterprises are making important entrepreneurial decisions based on financial economic analyses of various types, etc.

The enterprises are seeking the reasons for their unsatisfactory financial-economic situations everywhere else except in their own enterprise. The enterprises most frequently state that the main reasons for their insolvency lie in unpaid deliveries (78 percent of the enterprises), high inventories, including stockpiling (71 percent), high taxes and fees (64 percent), the government's restrictive policy (56 percent), and the consequences of the old administrative command management (56 percent). Low efficiency and product quality, that is to say, the unsalable nature of their products, are cited only by 31 percent of the enterprises, unsuitable production programs only by 20 percent of the enterprises, the inability to prevail in the marketplace by 18 percent of the enterprises, and low levels of management are cited only by 20 percent of the enterprises.

#### External Resources

Even though virtually all enterprises are making use of financial resources which are not their own, their effect is unsatisfactory. For example, 42 percent of the enterprises accomplish investments exclusively from their own resources. The development of these enterprises is, for the time being, not being participated in at all by outside capital, including foreign capital. More than 20 percent of the enterprises either do not know the opportunities which exist to acquire outside resources or are inadequately familiar with them; 40 percent of the enterprises either do not know of or are inadequately aware of the possibilities of state support, guarantees, relief measures, etc.; 35 percent of the enterprises are not clear about the possible forms of foreign capital participation, etc. Outside resources which are predominantly used are only those involved in classic investments and operating credits (93 percent of the enterprises), but also penalties (61 percent) and subsidies (30 percent); bonds, mortgages, bills of exchange, and other loans or possibilities, including the issuing of securities, are not used at all or only to a minimum extent. In seeking new nontraditional resources, the enterprises are not demonstrating adequate initiative at present.

Foreign capital is undoubtedly one of the decisive external resources. The possible forms of foreign capital participation, however, are very well known only to 16 percent of the enterprises—64 percent of the enterprises are striving to achieve an influx of foreign capital this year and possibly next year. The enterprises, for the most part, feel that foreign capital participation holds out the promise of solving their investment problems, particularly problems involving their machine inventory (74 percent of the enterprises), their technological innovation problems (67 percent), their sales problems (63 percent), and their management and know-how problems (61 percent).

The principal causes for the current low degree of foreign capital participation are considered to be external factors, such as our overall political and economic instability (so considered by 82 percent of the enterprises), legislative shortcomings (75 percent), unclarified ownership relationships (61 percent), and high taxation (45 percent). The obsolescence of our production base is cited only by 20 percent of the enterprises, the obsolescence of our infrastructure only by 14 percent of the enterprises, the inability on the part of our workers is cited only by a single enterprise, and only two enterprises out of the 60 tested cited the lack of future in our production structure.

Only 65 percent of the enterprises are familiar with the current estimated value and overall financial position as it pertains to them and only 23 percent of the enterprises are able to use international comparable instruments to derive its value. Everything points to the fact that enterprises are just beginning to be aware of the importance of capital, its quality, and movement, and that, for the time being, they are unable to utilize it in their undertakings in such a manner that it would, decisively, influence their decision-making and their entrepreneurial activities. In the financial-economic area, we see perhaps the most long-term assertion of nonmarket approaches.

**In Spite of Pay Increases, Retail Sales Are Down**  
*92CH0193B Prague HOSPODARSKE NOVINY in Czech*  
*21 Nov 91 p 8*

[Article by Eng. Alena Hellerova, Czech Statistical Office: "Where Does the Higher Income Enjoyed by the Population 'Get Lost'?"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Since the middle of this year, the Czech Statistical Office, in addition to monitoring data obtained from state statistical reporting, has also been monitoring estimates of the activities of those economic entities which are not subject to reporting.

The most significant changes, for the present, are occurring in the commercial sphere. Retail sales in commercial organizations subject to compulsory reporting were only two-thirds as high in September, according to preliminary data, in comparison to January of this year. In contrast, sales by private entrepreneurs not subject to compulsory reporting increased during the same period of time, according to estimates, quadrupled, and the share of these sales in overall retail sales thus grew from 7 to virtually 32 percent.

Nevertheless, since April, monthly retail sales (including estimated sales) have failed to reach the same level as the same months of last year. At the same time, the overall monetary income of the population is growing. Where is this income "lost" if it is not used for expenditures on the domestic market?

First of all, the other living costs have increased, such as payments for heat, gas, electricity, water, television, radio, etc. Even though previously these sums were not among the most substantial in terms of expenditures made by the

population, their doubling and multiple increasing represented a sizable incursion into the structure of expenditures, given the relatively low growth rate of overall incomes (for the period January through August 1991, overall income rose only 12.1 percent). Also, efforts to find better jobs or increase one's language knowledge forced many more people than in the past to take paid courses, but the costs of these courses also increased, as did the costs of school requisites for current studies.

One reason for the change in the structure of expenditures is also a change in the conduct of consumers. Now, the majority think, and are also compelled to think more about the future; if they can, given our income growth conditions, they try to safeguard at least a certain portion of their level of savings, even at the price of limiting the consumption of food and purchases of industrial goods.

Even another factor has turned up—these are the immeasurably greater opportunities for travel. In a number of instances today, people are deferring making purchases of essential goods to a later time. Fewer marriages are being arranged, because marriage is connected with considerable expenditures; thus, the demand for capital goods in particular is declining (during the period January through August, the number of marriages declined by more than 20 percent, compared to the same period of last year).

Travel is also connected with purchases of goods abroad, primarily involving used automobiles, electronic merchandise, and goods which are available at cheaper prices than they are on the domestic market. By the end of September of this year, according to reports by customs officials, 87,197 automobiles and motorcycles, valued at 3.5 billion korunas [Kcs] (recomputed on the basis of customs duties paid), were brought into Czechoslovakia for individual use.

Last, but not least, expenditures on the domestic market declined because Czech Republic nationals were establishing foreign exchange accounts, irrespective of whether this was done in the beginning for reasons of lack of confidence in the Czechoslovak currency or by way of a reserve, set aside for travel and purchases abroad. In the period from January through August 1991, purchases of foreign exchange by the population were more than triple those for the same period of last year. If these expenditures had been spent on the domestic market, they would have translated into increases in retail sales of approximately 6 percent.

Apart from being influenced by changes in the structure of expenditures, global demand, as well as demand for specific goods, is influenced by a number of other factors. One of these involved an increase in the purchase of industrial goods, particularly during the second half of last year, which, with respect to a certain assortment of this merchandise, was tantamount to stockpiling, the influence of which will not disappear until the end of the average life of the individual products involved. Extraordinary purchases exhausted a considerable portion of the financial reserves

of households so that demand for otherwise well-salable goods will not be renewed until these financial resources grow again.

However, the attenuation of demand is also contributed to by the actual growth of prices which is relatively high, particularly in the area of nonfood items (in September, prices had increased by 74.6 percent in comparison to the same period of last year).

Overall retail sales are influenced also by the development of average income for households. The overall rise in income does not give a true picture with regard to the social situation of individual families. Compared to the previous period, the current differences between the standard of living of individual families are increasing. The number of households which cannot afford to purchase a certain product is on the rise; and, for the time being, the current market does not offer a sufficiently wide choice of goods at lower prices. The decline in the income of certain families results, for example, from the loss of a job on the part of some family member, is also the result of the end of school attendance without the possibility of finding a job or, in the event the individual is not accepted for further study, is a result of having to wait for the next acceptance window without having the opportunity of drawing social payments or unemployment support.

All of these reasons for the decline in the interest in making purchases on the domestic market are reflected in a decline of overall retail sales which, according to preliminary data provided by the Czech Statistical Office, declined in the period January through September (including estimates for private entrepreneurs) in comparison with the same period of last year by 2.6 percent at current prices and by 40.2 percent in constant prices. Some of the above-listed causes will be only temporary in their effects; according to expectations, demand should begin to increase next year.

### **Harvest Said High in Quality, Low in Quantity**

92CH0195B Prague ZEMEDELSKE NOVINY  
in Czech 23 Nov 91 pp 1-2

[Compilation of statements by Eng. Jaroslav Novak, Czech Ministry of Agriculture Regional Branch in Cheb; Michal Novotny, director of Czech Ministry of Agriculture Regional Branch in Kolin; and Eng. Otakar Divisek, director of Czech Ministry of Agriculture Regional Branch in Hradec Kralove: "Quality Has Outstripped Quantity"—first two paragraphs are ZEMEDELSKE NOVINY introduction]

[Text] Despite the long-term drought during the vegetation period, the harvest of the majority of crops is average. For example, with respect to grain crops, the overall production in the Czech Republic amounted to 7.6 million tonnes, winter rapeseed accounted for 340,000 tonnes, potatoes for 2.5 million tonnes, and there will be enough sugar beet to produce the required quantity of sugar for the domestic market. Although sugar beet yields are, for the most part, only between 35 to 37 tonnes per hectare, the

sugar content is the highest it has been in the last 10 years. Similarly, the lower harvest of hops is compensated for by its very good quality.

However, let us let the representatives of some regional departments of the Ministry of Agriculture of the Czech Republic have their say.

### **Eng. Jaroslav Novak, Czech Ministry of Agriculture Regional Branch in Cheb**

In the first place, I would like to mention the harvest of grain crops. This year's total yield of 4.09 tonnes per hectare in the Cheb area and 4.36 tonnes per hectare in the Tachov area was worse than the harvest of last year, but, under our climatic conditions, we can continue to speak of success. The quality of the grain is also decent; however, the situation is worse when it comes to selling it. On the basis of individual economic contracts, concluded with the Cheb agricultural and purchasing and distribution organization, agricultural enterprises have sold approximately 60 percent of their harvest; for the present, they are retaining the remainder at home. Employees of the purchasing and distribution organization will now again visit farmsteads and cooperatives and negotiate for the sale of additional grain crops, all except seed stock, for which they continue to seek customers. There should be enough grain fodder; the inventory, for the most part, reflects the current status of the domestic animal herd.

If I were to evaluate the year from the standpoint of plant production, it would generally come out very well even though, to a certain extent, there was a price increase, particularly with respect to fertilizers and pesticides. The limited chemical protection provided to plants was discernible in the fields, causing, for the most part, a greater amount of weeds than were seen in previous years.

### **Michal Novotny, Director of Czech Ministry of Agriculture Regional Branch in Kolin**

The yield of grain crops this year was lower, particularly in low-lying areas, which suffered most from the drought. On average, our farmers harvested only 4.91 tonnes of grain per hectare, whereas in previous years the yield was over five tonnes per hectare. However, corn cultivated for grain remained at the level of previous years; we harvested 1,672 hectares and the yield was 5.5 tonnes per hectare. The sugar beet harvest is somewhat lower than in other years, but the sugar content is high. We have approximately 82 percent of the fodder crops we need for next year, in comparison with last year, but because the animal herd has been reduced, this should be enough for the total needs.

### **Eng. Otakar Divisek, Director of Czech Ministry of Agriculture Regional Branch in Hradec Kralove**

The drought since the beginning of this year had an unfavorable effect, primarily upon the quality and quantity of spring vegetables. On the other hand, the grain crops did very well. The same is true of sugar beet, which has a high sugar content. It is approaching 20 percent and this is a number we have not seen for a long time. We can also be satisfied with the yield of fall vegetables and silage corn. Much as was the case elsewhere, our region also had

problems with sales and with the fact that prices are not commensurate with expenditures per unit of output. I have in mind primarily the increases in the price of fuel—something which should be more expressly reflected in the price of agricultural products. For the most part, agricultural enterprises are living on their assets and are insecure. And because I am speaking of insecurity, this is also true of private farmers who do not know whether they will be able to sell that which they raise.

### Fall Agricultural Plowing Results Viewed

92CH0195A Prague ZEMEDELSKE NOVINY  
in Czech 27 Nov 91 p 3

[Article by Prof. Eng. Vitezslav Skoda, Agricultural University, Prague: "Difficult Fall Plowing"]

[Text] This fall's plowing caused considerable problems for our farmers in view of the unfavorable weather. This is particularly true in some portions of the beet-growing areas, where not only corn for silage, but also virtually half of the areas of early sugar beet are very good undercrops for winter wheat.

Winter wheat is a grain crop (and farmers know this very well) which reacts in terms of its yield more to a good undercrop than to fertilization with industrial fertilizers. These findings are confirmed not only by the results of polyfactoral experiments in our country, but also abroad, as well as by many years of practical experience. Therefore, given the current difficult financial situation, when the costs of industrial fertilizers are impacting on the economy of all crops, including winter wheat, farmers are attempting to make maximum use of good undercrops

which, as has already been said, include silage corn and sugar beet which has been harvested on a timely basis.

What is the reason for the successful stable yield of winter wheat following the above-named undercrops? Fundamentally, it is high-quality plowing and the subsequent preparation of the seedbed, to make sure that the stands have germinated uniformly before the advent of winter.

Let us look at what conditions were like this fall for high-quality seedbed plowing following the above-named undercrops in the intensively cultivated sugar beet regions. The fall weather in these regions has been characterized by a considerable deficit in showers and relatively high temperatures, particularly in September as well as October. Both of these decisive meteorological elements together with deteriorating physical condition of the soil and an absolute shortage of moisture in the soil caused farmers to reject any kind of plowing following the harvest of corn and particularly following the early harvested sugar beet. They justified their decisions that, given this state of the soil, this is not a question of plowing (one cannot even speak of high-quality plowing), but rather it was a matter of tearing the top soil crust into such chunks which, given our current equipment, could be impossible to "break up" and prepare the soil for sowing. Not to mention the consumption of diesel fuel.

In order for us to objectively judge whether our experienced practitioners are correct, we undertook to measure the plowing resistance of the soil following the silage corn harvest and following the early harvest of sugar beets on tracts of land operated by the Velke Prilepy Agricultural Cooperative at Horomerice, with the results listed in Table 1.

Table 1  
Weather  
(August, September, October 1991)

Cumulative Total of Precipitation	VIII		IX		X		Cumulative Total of Precipitation VIII-X	
	mm	%	mm	%	mm	%	mm	%
1971-1990	65.0	100.0	44.6	100.0	29.0	100.0	138.6	100.0
1991	52.0	79.0	15.6	35.0	4.5	15.5	83.1	60.0
Average Temperature (in Celsius)								
1971-90	18.7	—	15.0	—	9.3	—	—	—
1991	19.3	+ 0.6	16.3	+ 1.3	9.9	+ 0.6	—	—

Note: To measure plowing resistance, use was made of a Z-8011 tractor and a three-gang PH1-434 plow (the plow blade penetrated 35 cm into the soil) and the plow was equipped with a coulter wheel.

### What Did the Measurement Indicate?

The value of the penetrometric resistance of the soil (measured by a domestically produced penetrometer), following the corn crop, was 4 MPa at a depth of 20 cm, 3 MPa at a depth of 30 cm, and 4 MPa at a depth of 4 cm. Following the sugar beet crop, the penetrometric resistance of the soil was an average 5 MPa at 20 cm, 3.5 MPa at 30 cm, and 4.5 MPa at 40 cm. All measured values indicate a compacted soil cultivation profile.

It should be added that both tracts of land on which measurements were conducted are part of the seeding procedure and receive regular fertilization, both for the corn crop and also the sugar beet crop, using 40 tons per hectare of barnyard fertilizer. For purposes of crop rotation, alfalfa was used as a soil-improving and structure-improving crop. On these tracts of land at Horomerice, tracked tractors were used until recently for plowing, which have lower soil pressure than does the S-180 tractor and a wheeled tractor. It can, therefore, be stated that the

decisive agrotechnical incursions lack any substantial shortcomings. Nevertheless, the measured values show that, following the corn crop, the plowing resistance of the

soil was 11.6 percent higher, and following the sugar beet I crop 14.5 percent higher, and after the sugar beet II crop 15.7 percent higher (see Table 2).

**Table 2**  
**Measured Values**

Crop	Type of Soil	Soil Moisture, in % of Humidity	Plowing Resistance, in kPa Measured	Plowing Resistance, in kPa Average	Depth of Furrow, in cm	Speed of Plowing, in km/hr	Fuel Consumption, in Liters/Hectare, Actual	Fuel Consumption, Standard, in Liters/Hectare
Silage corn (18.10)	JH	10.8	46.7	40	20	4.6	26.8	18
Sugar beet I (4.11)	H	9.1	58.0	40	22	5.1	26.5	18
Sugar beet II	H	8.1	63.0	40	21	5.0	25.0	18

Note: \* According to Spicka, 1966, maximum resistance is 70-85 kPa.

The decisive influence upon seedbed plowing was undoubtedly the weather (particularly precipitation); in August, we received 79 percent of the long-term standard amount of showers, in September 35 percent, and in October only 15.5 percent. Overall, for three months, we only received 60 percent of the long-term norm, with average daily temperatures in August being 0.6 C higher than the long-term norm; in September 1.3 C higher; and in October 0.6 C higher (see Table 1). The higher average temperatures resulted in higher moisture evaporation from the soil so that the result was a critical soil moisture in terms of percent of humidity (see Table 2) where the values of 10.8 percent of soil moisture following the corn crop and 9.1 percent and 8.1 percent of moisture following the sugar beet crop are documentary proof. The optimum moisture content of clay-type soils following processing is around 20 percent.

On the basis of long-term experience, agricultural practitioners prefer not to begin plowing, particularly in drier beet regions, because harrow use does not fulfill its purpose.

#### Two Possibilities

What can be said in conclusion? Given the critical amount of soil moisture of around 9 percent, plowing virtually does

not fulfill its function. Half-broken, overly dry dirt clods cannot be broken up with existing tools and a seedbed cannot be properly prepared. The consumption of fuel rises precipitously, on an average by 8 liters/hectare during plowing (see Table 2), costs increase, irrespective of further follow-on operations which are fuel-intensive, accompanied by the considerable risk involved in germination and the uneven growth of winter wheat. That is why farmers, on the basis of long-term experiences, this year did not plant winter wheat in the drier beet regions following the silage corn harvest and particularly following the sugar beet harvest.

However, it is necessary to anticipate even such extremes of weather in drier sugar beet regions. This then leaves only two possibilities. To wait and plow after sufficient rainfall has occurred to make plowing easier and to leave the field in a rough plowed state; then plant spring crops in spring—something which is frequently done. Or plowing immediately following the harvest of silage corn or sugar beet on smaller areas and only those which have a satisfactory soil moisture content and have at one's disposal heavy clump cutters of the type represented by the Multi-tiller, manufactured by the RAU company, or similar equipment, which can be used, at higher cost, to prepare the soil for sowing.

### Commentary About Sejm, President, Party Relations

92EP0124A Warsaw POLITYKA in Polish  
No 49, 7 Dec 91 p 3

[Article by Janina Paradowska: "The Charm of Polish Politics. A Fully Revolving Stage"]

[Text] Politics has moved from the shabby hallways, dilapidated doorways, and narrow stairways of party headquarters to the parlors of the Sejm. The parlors have been spruced up, adorned with historic mementos, and reorganized. The employees of the Sejm and journalists were the first victims of reorganization. It is now forbidden for them to enter the parliament through the main entrance because, after all, it would not do if journalists trample on the same doormat the president uses, especially now that the president has embarked, as promised, on "cultivating" the Sejm and does not visit the swimming pool alone. Deputy Aleksander Malachowski was the only one to feel uncomfortable about the use of the kitchen doors by employees and journalists, and in a letter to the marshal, expressed his feelings in writing, for which we are grateful.

The transfer of politics to the Sejm was good primarily for politics itself. It became cleaner, more clear-cut and pronounced. First of all, it turned out that Lech Walesa remembers that he was elected president in general elections which, in countries with stable democratic systems, usually (though not necessarily) entails appropriate powers. Deputy Andrzej Bratkowski advised the High Chamber as early as the previous term: "It is high time to draw conclusions from the fact of general presidential elections." However, the chamber did not listen because for the most part, it believes that the president is against democracy and wants a dictatorship. Andrzej Bratkowski is no longer a deputy but the course of events is proving him correct.

#### Whose Government?

The president demanded a lot, much more than the Sejm will be willing to give him. Therefore, we may say that the president took a bargaining position. He proposed that the minor constitution should come first, and the new government should come next. This is a quite logical arrangement. It is worthwhile to note with some satisfaction that the proposal to put the horse before the cart has come up for the first time in the history of Polish revolution-evolution. So far, it has been the other way around, the presidential elections being the case in point. Second, the president wants to have complete influence on the shape of the government and its future. In this matter, the theses of the so-called minor constitution leave no doubt. The theses say: The president appoints the chairman of the Council of Ministers, and, at the suggestion of the latter, the rest of the ministers. The government submits to the Sejm its program and seeks its adoption by way of receiving a vote of confidence. The Sejm approves it by a simple majority vote in the presence of at least one-half of the deputies (116 votes will be enough). Of course, the Sejm may give the government a no confidence vote (in this instance, by an absolute majority, or one-half of the vote plus one), but the

president may not accept it. If the president does not accept it and does not dismiss the government, the Sejm may give a vote of no confidence yet again, but this time by a two-thirds majority. In this case, the president will have to dismiss the government. It is widely believed that in the current Sejm, getting so many votes is impossible, and therefore, the Sejm will not be able to recall the government. For his part, the president will be able to recall it without difficulty. One of the theses says that the president may dismiss the government on his own initiative.

Krzysztof Krol, chief of the parliamentary faction of the KPN [Confederation for an Independent Poland], said: "This is unacceptable. Jan Olszewski will not agree to be a candidate on such terms." Some maintain that this was precisely the intention, which I consider to be an unfair view of the presidential initiative. It is quite obvious that at issue is who will have real power, and how it will be shared in the triangle formed by the parliament, the president, and the government, regardless of how many cabinets come and go.

Therefore, a political controversy which has been underway for several weeks has finally been precisely described. A parliamentary coalition, even if it has an absolute majority of the votes, would not be able to foist on the president the candidacy of the prime minister and composition of the government. It is noteworthy that the institution of a constructive vote of no confidence is not envisaged in the proposals of the Belweder. The coalition does not like it because it formed in order to foist a candidate, among other things. Those who quite recently sought a strong presidency are now demanding "more power for the government and less for the president."

Unexpected changes of positions are a characteristic feature of Polish political life. We might say that we have a completely revolving stage. The Democratic Union cautioned against a strong presidency from the moment it emerged, but now is prepared to support Lech Walesa (though not entirely, especially in the matter of the mode of recalling a government). The Center Accord wanted a presidential system; however, when the Belweder submits requisite proposals, the Center Accord defends the position of the parliament and cries that democracy is in danger. The Liberals have once again ended up in an awkward situation (perhaps, out of habit). A strong president is their ideal. Upon reading the KLD [Liberal Democratic Congress] program, Ryszard Bugaj went as far as to call forth: "But they want an empire!" Therefore, the Liberals should wholeheartedly support the president. They also have an additional reason: The president wants Jan Krzysztof Bielecki to take the post of prime minister. However, the Liberals belong to a coalition which wants a stronger government rather than president. First suspicions have already surfaced that the coalition will fall apart before economic matters come up.

Should someone want to investigate why the stage revolves in this strange manner he would have a lot of difficulties. Supposedly, there are reasons. Some say that the president does not like it when somebody grows too tall, and in

general likes crop rotation in order to maintain equilibrium. Others say that PC [Center Accord] activists have not reconciled themselves to the idea that they had to leave the Chancellery at an accelerated pace (not to be confused with acceleration) and to a man. It is rumored that they cannot forgive for this the president, and Minister Wachowski who apparently caused these events to happen, and whom they now regard as the main danger to Polish democracy. You would admit that it is hard to believe that precisely such events shaped the systemic model of a state with, be that as it may, 40 million inhabitants. However, indications are that this is precisely the case, which undoubtedly gives Polish politics its charm.

### The Proliferation of Marshals

In general, politics has a lot of charm. So, the Sejm convened recently. In keeping with the desires of deputies, this was the first meeting of the Sejm of the Third Republic of Poland. Many parliamentarians referred to this with genuine emotion. The first meeting was not expected to be easy. In three weeks, the parties did not succeed in agreeing on who would sit where due to, among other things, fundamental differences. A coalition which wishes to engage in decommunization cannot coordinate anything with the communists. Meanwhile, had it not been for the rambunctious disposition of Deputy Jacek Soska, who ordained that his seat would be private ("This is where I sat in the previous term, and this is where I will sit"), there would have actually been nothing to talk about. There was no row which was detrimental to the prestige of the parliament. A loss of prestige occurred due to something absolutely different. The Sejm began its activities with belittling its presidium, or more precisely, the positions of deputy marshals. It was resolved to elect six instead of three. Due to the fact that the Democratic Union abhors trading in fish (as Professor Geremek put it), they ended up having five. This was necessary to satisfy coalition appetites, which is otherwise understandable, because nothing cements a commonality of interests better than sharing positions.

I see no reason to beat our breasts over the fact that the cohesion of the coalition costs the Republic of Poland a lot because new offices, secretaries, guards, and cars will be needed. The Sejm has a certain budget, and let us leave it up to the Sejm how to manage it. I for one, think that we need to be concerned about the poor qualifications of some individuals elected to high state positions. The public following parliamentary proceedings will soon see this with its own eyes.

The following question is the greatest mystery in this whole affair: Why did the parties coming to an agreement fail to review their ranks more closely and come up with candidates who are appropriate for these positions? To be sure, information is circulating in the lobby of the Sejm that the leaders of at least two clubs still do not recognize their deputies, but this could not have been a factor in this instance. Alas, well-known individuals were drafted for the most part.

### Our Beloved Union

During the first meeting of the Sejm, President Lech Walesa made what may have been his best speech to date (the presentation in the Senate was equally good; the Political Services Group deserves applause). Quite unexpectedly it did not generate a major response, and few commentaries were made about it, perhaps because the president reminded political parties not to put their interests before those of us all, and to show moderation. Meanwhile, they were not in the mood for moderation. There was a grabbing mood.

On the other hand, a speech by Tadeusz Mazowiecki, who on behalf of the Democratic Union recommended Olga Krzyzanowska for the position of the marshal of the Sejm, was extensively commented upon. The view prevailed that, instead of a recommendation, Mazowiecki offered a government expose and in addition, in keeping with the tradition of the Union, lectured everybody about his party being the best, the noblest, and the one that knows what the good of the state is about. A majority of the Sejm takes very badly to such lecturing, perhaps, unduly so. At any rate, the debut of the Union in the new Sejm was unfortunate, but few people could think that it was going to get even worse. After all, the course of events was such that the Union lost everything it had to lose, causing in the process, concern among those at whose hands it was losing.

It came to the point of the opponents of the Union openly showing their regret over its defeats, and some went as far as to make the requisite statement on the matter. The statements were against marginalizing the Union. Therefore, the attitude was uncommon. Everybody was concerned about the Union which, as it is commonly known, possesses tremendous intellectual and political potential in its ranks, whereas the Union stubbornly failed to take care of itself and kept losing.

This concern was so genuine that a rescue program for the Union was quickly developed in the lobby. The program called for this party to be divided. The liberals will eagerly give shelter to the right wing; their parliamentary fraction may win a lot by virtue of this. The left wing should be married to, at the very least, a segment of the post-PZPR [Polish United Workers' Party] left which is also agitated, though not a lot. Upon completing this division, we will come very close to the American model, which means there will be two parties and two election machines—one somewhat more to the left, and the other to the right. This is the ideal which Solidarity elites have been dreaming about for a long time, and which they did not succeed in implementing by dividing the Movement.

The fact that the Union stubbornly refuses to be divided poses a problem for implementing the rescue program. The more it loses the more it is in favor of unity. However, the parties composed of persons holding Master's degrees, or the coalition, still hope to break up the party of professors and laboriously deepening divisions.

Thus, without manning a single post in the parliament, the Union has been very successful because it has become the subject of particular concern for all who care about the

future of Polish democracy. However, it should be mentioned that compassion and concern do not transcend certain borders; even in the fifth round of voting, a representative of the Union was not elected a deputy marshal of the senate. Sentiments and business do not mix—this correct principle was fully confirmed by the new Sejm.

Since for now the Union remains whole, the coalition parties are looking around for other opportunities to increase their ranks. It appeared that unfaithful beer lovers would be a target of opportunity. Since they are businessmen, the liberals counted on them, but doubts of an ethical nature appeared. After all, loyalty is the rule in business whereas the businessmen clearly left the beer lovers stranded. In the eyes of the businessmen associated with the liberals this does not recommend the liberals well. They use one group of people, and who knows how they will treat the next—this question is in the air. So far, the sides are engaged in individual consultations, without assuming obligations. If politics improves business customs this will be good news for the Sejm.

#### A Question of Flavor

The Sejm was interested in the future of the Union, but it was also interested in the coalition. On the eve of the first meeting, it was already known that the coalition is quite solid, though unfortunately not too esthetic. To avoid misunderstandings, let us mention that "not an esthetic coalition" is a definition by Donald Tusk, the star of all negotiations. Indeed, there is no hiding the fact that the coalition does not meet many social requirements which, after all, is not the most important point because nobody is under any obligation to show up with the coalition in public or invite it to one's house. However, the coalition unfortunately does not meet program requirements which, as it is generally known, is the most important point, or at least it should be the most important point. The coalition is trying to do all in its power in order to improve its standard, and its economic experts already met in the Marriott Hotel. However, since the coalition is not liked, it was immediately accused of being wasteful in a poor country. The experts humbly moved to lowly party premises; at that point, everything became still worse, especially in view of the fact that so-called itinerant experts appeared among them who had already advised various individuals and parties; this had undoubtedly contributed to the defeat of the latter.

Almost everybody suspects the coalition of wanting nothing but appointments. Participants in the negotiations swear: "We did not discuss the distribution of portfolios for a second." But nobody believes them because the following question comes up: "If not this, then what was discussed?" The coalition does not answer such questions and hides behind the resolution that it will keep silent. Therefore, the thing to do is to be afraid of the coalition, whose main virtue is that it is the only one which they have managed to put together. At any rate, this is what participants in the coalition say, especially those who consider esthetic issues somewhat significant. However, most consider efficiency more important than esthetic impressions.

Efficiency is so fashionable a word at present that it is successfully crowding out the previously ubiquitous pragmatism. Efficiency is what young and energetic politicians, who came to the Sejm parlors in great numbers, pride themselves on. They have no hang-ups at all due to which things happen in the Sejm which until recently were out of the question. For example, the young maintain, and quite unanimously at that, that the politicians of the Democratic Union are not speaking the truth about various negotiations, and that the Union should change because it is not capable of practicing politics in a modern manner. In terms of parliamentary customs, this is a veritable earthquake. The new elites are not afraid of the word "game" either, and they openly say that politics is a game. Those from older elites, who are (or were) capable of playing as well, never said that out loud. This is once again a question of flavor.

The result is such that there are people who maintain that Polish politics is becoming normal, and those who believe that it is growing wilder. These are not extreme opinions. The former group wants to form the government camp whereas the others rather see themselves in opposition. Along with political divisions, considerable cultural differences have developed in the Sejm. Unfortunately, this matter is not a very good subject for negotiations.

#### Sejm Composition: Parliamentary Clubs, Deputies

92EP0126A Warsaw *PRAWO I ZYCIE* in Polish  
No 47, 23 Nov 91 pp 1, 7

[Article by Zdzislaw Zaryczyn: "The New Sejm's Opening Night"]

[Excerpt] [passage omitted] Every fourth deputy has already tread a path to the halls of power on Wiejska. Of the 113 newly reelected members, the largest number of deputies are from the UD [Democratic Union], SLD, and PSL [Polish Peasant Party]. The electorate's sympathies are rather unchanging. The campaign was at its best when the "Polonia" GfK [expansion unknown] Institute for Public Opinion made up a list of 30 of the most active deputies of the 10th Sejm and asked which of them deserves to be reelected.

Those polled most frequently mentioned: Jacek Kuron, 45 percent; Jan Krzysztof Bielecki, 41.3 percent; Adam Michnik, 39 percent; Bronislaw Geremek, 36.7 percent; Roman Bartoszcze, 34.1 percent; Mikolaj Kozakiewicz, 32.1 percent; Aleksander Malachowski, 30.1 percent; Wlodzimierz Cimoszewicz, 27.9 percent; Ryszard Bugaj, 15.3 percent; Olga Krzyzanowska, 13.4 percent; Wieslawa Ziolkowska, 12.7 percent; and Izabela Sierakowska, 8.3 percent. All of these outstanding persons of the "contracted" Sejm—with the exception of Michnik, who stepped down as a candidate—again found themselves on Wiejska [in the Sejm] and will undoubtedly be counted as parliamentary VIP's.

They will already have, however, very great competition. For all practical purposes, the entire political elite in the country will serve in this Sejm. The leaders of all the parties involved government officials—past, present, and future—ministers, many provincial governors, and

chairmen of central institutions. This includes a small group of businessmen scattered among the different clubs, but already noticeable. There are many professors and professional Warsaw Pact soldiers. It is curious that there are almost no artists or sports personalities, who formerly served an ornamental purpose in this lofty body. Undoubtedly, the 62-person UD deputy club has at its disposal the richest potential and the greatest opportunities. For now they are still without a chairman and are led directly by party leaders. The leadership of the KP [Deputies Club] UD showed their good side in the previous term, bringing to mind: Jan Rokita, Jozefa Hannelowa, and Jerzy Zdrada from Krakow; Barbara Labuda and Radoslaw Gawlik from Wroclaw; Hanna Suchocka from Poznan; Grazyna Staniszevska from Bielsko-Biala; Juliusz Braun and Michal Chalonski from Kielce; Jan Litynski and Henryk Wujec from Warsaw. Now coming to their aid: Tadeusz Mazowiecki, Andrzej Wielowieyski (from the Senate), Piotr Nowina-Konopka, Aleksander Hall, Tadeusz Syryczyk, Wladyslaw Frasnyniuk, Jerzy Cierniewski, Piotr Fogler, and Marek Dabrowski.

With such a group, the KP UD can without difficulty occupy the government and every leadership position in the Sejm. The fiasco with regard to Professor Geremek's mission attests, however, to the fact that names are no longer enough. Responsible collective policy requires other methods, more decisive and practical. Many observers today express anxiety about the future of the UD, which is threatened by the ever growing contradictions and divisions. Hall is most frequently mentioned as the initiator of secession; he, however, as the leader of the Forum of the Democratic Right and loyal to Mazowiecki, stubbornly denies these charges.

The 60-member club of the Alliance of the [Democratic] Left [SLD] will have the most difficult time, despite election successes. It is also without a chairman, although Cimoszewicz's candidacy appears certain. Namely, all the groupings ostentatiously isolate themselves from the left in the Sejm. Sometimes, this display takes on grotesque forms, but most frequently it is blind hatred, accentuated by anticommunist demagoguery. It is unknown how long this will continue. This club which is discriminated against and under great pressure can get into trouble, especially since even internally all is not well. The differences regarding the concerns of 37 SdRP [Social Democracy of the Polish Republic] members and 20 OPZZ [the communist-sponsored trade union founded in 1984] activists can become difficult to surmount.

To fight these adversities the SLD has displayed a party that is mature and seasoned with polemics. The chief skirmishers will most certainly be: Cimoszewicz, Aleksander Kwasniewski, and Leszek Miller, or the "CKM" [a play on words, referring to the heavy machine gun CKM and also the first letters of each of the above surnames] of the left, as noted by TRYBUNA, and assisted by Ireneusz Sekula, Jozef Oleksy, and Janusz Szymanowski. The club will benefit considerably from the galaxy of professors debuting in the roles of deputies: Jozef Kaleta, Aleksander Krawczuk, Tadeusz Iwinski, Longin

Pastusiak, and Jerzy J. Wiatr. Incidentally, the SLD is surpassing the other clubs in its educational level. Among the delegates from the left there are, among others, 11 scientists, nine engineers, eight political scientists, seven economists, six lawyers, four journalists, and only four blue-collar workers and two farmers (one can question whether this really is a leftist club). The average age of the SLD delegates is 44.

The Confederation for an Independent Poland [KPN] is the third largest group in the Sejm, with 51 delegates, including four from the Polish Western Union and one from the Krakow's Women's Alliance Against Life's Difficulties (Barbara Gaj, an ecologist). The leader of the club is the chief of the KPN, 61-year-old Leszek Moczulski, who is accompanied by others in the "gallery of elders" including 67-year-old Zbigniew Brzycki, a retired engineer from Szczecin, and 60-year-old Jan Mizikowski, a lawyer from Siedlce, but these are the only three exceptions.

The KPN is betting on the youth. The average age in the club is 35. The 22-year-old Adam Sengebusch from Bydgoszcz is not the only young member of the Sejm; other students include, for example, Katarzyna Pietrzyk, a University of Warsaw law student; Artur Then, a Jagiellonian University law student. Also included are people in their 30s, such as Andrzej Mazurkiewicz, legal adviser from Jaroslaw; Piotr Aszyk, businessman from Gdansk; Wojciech Pegiel, miner and historian from Poznan; and Michal Janiszewski, leader of the KPN election campaign. Also in this club is Colonel Prof. Jozef Pawelec, one of the founders of the "Viritim" organization considered illegal by the military. Worthy of mention is the fact that the KPN was never in the Sejm, and today its members are there en masse. They are dynamic, hungry for recognition and political success. They will definitely play a big role in this parliament, the only question being, what role?

The PSL-Programmatic Alliance also has reason to be pleased. It brought 50 of its delegates into the Sejm. This is almost twice as many as its chief rival, the PL [Peasant Alliance] of Gabriel Janowski and Jozef Slisz. It was not only the well-organized campaign that accounts for this, but also the very auspicious selection of young Waldemar Pawlak as PSL chairman. Today, the party's representatives have the basis to claim that they represent rural sector interests. The majority farm their own land, thus setting a good example for the rest and for this they are appreciated. Almost one-half of them have undergone training in the 10th Sejm PSL club, led by Jozef Zych. Deputies like Jacek Soska, Wlodzimierz Wiertel, Wladyslaw Zabinski, Zenon Witt, Wojciech Zarzycki, supported by Mikolaj Kozakiewicz and Aleksander Luczak (the party intellect), have always voted by raising their hands high.

The Catholic Electoral Action [WAK], which has already managed to return to the name Christian-National Union [ZChN], has 49 deputies. Prof. Wieslaw Chrzanowski is the chairman. The ZChN leadership are well-known fighters from the previous term: Marek Jurek, Jan Lopuszanski, and Stefan Niesiolowski. They have now received reinforcements, among other, in the persons of ZChN leaders like Henryk Boryszewski and Antoni

Macierewicz, as well as legendary Solidarity activists Alojzy Szablewski and Stanislaw Wadolowski (incidentally, it is significant that many Solidarity fighters from the years 1980-81 went from left wingers to right wingers, often to extremely conservative positions).

These first five groups, with identical major ideologies and accepted today by the public, reign over a total of 272 seats, or a solemn majority in the Sejm. The remainder total only 188. Recent days have convinced us, however, that arithmetic, especially with regard to election results, does not interest the already obstinate politicians.

"Much is known about our Sejm but nothing good is heard," one can quote Rej from 450 years ago. "They have been talking nonsense for several weeks now and still they cannot agree on anything. Much like last year everyone takes care of his own interests. Certainly, no one has the Republic's interests at heart."

The subsequent "battle at the top" can have a very negative effect on the direction and atmosphere of the new Sejm's work. The continuing conflict between the president and Jaroslaw Kaczynski, the architect of the alliance of five, namely, the PC, ZChN, KPN, PL, and KLD, threatens the nation with paralysis, all the more so since there is no arbitrator (the primate?). The hours and days pass, and Lech Walesa has dug his heels in and does not want to designate the statesman Olszewski as premier, which paradoxically only strengthens and consolidates this strange coalition of aspirations, and certainly not the programs. Indeed, something so complicated has never been seen before. The UD, SLD, and PSL, three of the strongest and most rallied-around Polish parties, which won the elections, are dredging the opposition's entrenchments, and the difficult to understand national-clerical-liberal hybrid prepares to take the helm, dividing up the portfolios and influences.

It would not have come to this turn of events if Professor Geremek's mission had succeeded. The fiasco of the mission exposed all the groups to the left of center to injury. After all, the right recognized Geremek's defeat as the Waterloo of the center left in the new Sejm. If this were really so, if the shattered and agitated UD and SLD were to lose their influence on the course of events then such a parliament deprived of its "left leg" would represent a fatal prognosis for the new constitution. Perhaps, the constitution would create an operettalike state in a museumlike style from the III Republic.

Lech Walesa's indifference puzzles us. Surely, as judged by many commentators looking objectively at the bloodletting of the various parties, he is waiting for the opportune moment to take full control of the nation. It is not unlikely that a large portion of the population is tired of the horror served up to them by the obstinate parties who are battling among themselves and would welcome such a step with relief. At that time, however, parliament will become a fake and the deputies will begin to yearn for the days of the 10th Sejm.

A review of the situation preceding the Sejm's inauguration would not be complete without emphasizing the role

of several politicians. Especially politicians and not parties. We can, however, gnash our teeth at the ruthlessness of Jaroslaw Kaczynski and the disloyalty of Donald Tusk, but it is difficult to deny them success. As a matter of fact, they successfully beat all their partners and turned the defeat of their parties into victory. Now, they have set a trap for Lech Walesa himself. He who is the master of every possible ruse has now found himself in an awkward position.

The chaos in the trojkat—the Sejm, the government, and the president—is growing. Despite the fanfare and pathos which awaits us in several days the future of this Sejm appears to be very nebulous.

### **Regionalization, Self-Government Concepts Discussed**

92EP0124B Warsaw TRYBUNA in Polish 26 Nov 91 p 4

[Interview with Prof. Roman Sowinski, director of the National Institute for Research on Self-Government, by Zygmunt Rola; place and date not given: "When Will We Have Regions?"]

[Text] [Rola] In recent months, a number of concepts concerning the regionalization of Poland have come up. Recently, even an international conference devoted to this problem was held in Poznan. This is too much of a good thing, would you not say so?

[Sowinski] No, this excess of "the good thing" does not terrify the employees of the Institute for Research on Self-Government. It is very good that so many different ideas have surfaced at the preparatory stage, before a policy decision is made. Given this, we may expect that one concept will be worked out which will be favorable for our society, individual regions, and the state.

[Rola] Therefore, this time we will avoid a hasty decision, such as was made in 1975, when the number of voivodships was increased from 17 to 49....

[Sowinski] At present, it is no longer possible to resolve matters of such import only in quiet offices, all the more a matter which affects the vital interests of all communities. Therefore, I hope that a social coordination of views will occur in some form. Self-government bodies will participate in it.

[Rola] In your opinion, how should an administrative map of Poland look?

[Sowinski] A concept developed by our institute makes gminas the basic structural elements of future regions. However, the issue of regionalization is not the most important subject of interest to us. We became interested in this issue because the self-government bodies of cities and gminas and their unions, especially regional unions, frequently advised us of the need to develop a self-government concept.

However, the problem of regional borders takes a back seat in our concept of self-governing regions. We are trying to develop a proposal which may be implemented in all parts of our country, or a proposal for a region as such, but with

pronounced elements of self-government. Proceeding toward specific solutions will be a lengthy process. To be sure, a policy decision on the introduction of a new administrative division may be made quickly.

However, the objective is to shape better institutions than the ones currently in existence, as well as for gminas, in their capacity as basic units, to be reinforced and granted all authority which local communities expect. Without erasing the current administrative borders, we should stimulate the development of region-creating factors. Our institute is of the opinion that the path toward creating strong regions runs through bringing back the powiats [administrative districts comparable to a county] as the second level of administration. We approach projects calling for quick changes with caution.

[Rola] Is your caution prompted by the fact that some concepts, from among those which have come up to date, are extreme and mutually contradictory?

[Sowinski] Yes, in part. For example, some are proposing to create between six and eight regions, while others are proposing 22. However, the first set of proposals does not meet social expectations, whereas the second is ineffective. Both history and experience associated with the centralized exercise of power in the previous period suggest to me a mode of thinking about dividing the country into regions. This particular critical assessment of the management of the country by the center to date is an essential prerequisite for arriving at regional concepts. They are saying in many [provincial] centers that, if they are going to be managed the way it has been done so far, it would be better to do it by themselves, within a region.

[Rola] Since you mentioned powiats, I will recall the public excitement caused several months ago by reports on the restoration of this second level of administration in the immediate future, precisely, effective 1 January 1992. It appears that the supporters of smoother and well prepared actions came out on top.

[Sowinski] The two schools continue to clash quite markedly at present: The trend toward settling this issue rapidly has many supporters, but the other school is also strong. I believe that we should bring back the powiats without waiting too long to make this decision. Our society is already prepared to do this. However, this is not an easy matter. If currently existing voivodships, within their borders to date, are preserved, the issue comes up of how to draw the borders of powiats without violating the current borders of voivodships.

[Rola] Perhaps, in this case we should create regions simultaneously with bringing back powiats?

[Sowinski] There are many concepts for solving this dilemma, and in all of them we may find elements which immediately draw criticism. However, I believe that a decision on the issue of powiats will be made next year.

[Rola] The variety of concepts, as well as some haste, and the short deadlines in question, are causing frustration among officials working in government and self-government administration. It is known that many will

have to move from one locality to another, and others will simply have to be laid off. This state of uncertainty may cause a disruption of the regular pace of work in the offices. This will have unfavorable consequences for the efficient operation of the state.

[Sowinski] This does not have to be the case. It should not be, because at present, we rather have a shortage of people for work in the administration.

[Rola] This is hardly surprising. Wages in this sector are low, which forces many people to look for more lucrative occupations.

[Sowinski] I would like to reassure good officials because, when powiats are created, we will most likely have to recruit people. Therefore, a good lawyer or administrator will certainly remain. Many of them are employed by gmina and regional offices right now.

[Rola] Thank you for the interview.

### **German Minority Parliamentary Circle Profiled**

92EP0108A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 29 Nov 91 p 3

[Article by Stefan Dietrich: "Seven Swabians in the Sejm: No Stage Fright Seen; What Are the Germans Doing With Their Mandate?"]

[Text] Warsaw—Gerhard Bartodziej entered parliament not without stage fright. In no way did he expect the first freely elected Polish parliament of the postwar period to receive the first elected representatives of the German minority with open arms. Warsaw is not Strzelce Opolskie, where Bartodziej as mayor has practiced a civilized relationship between Germans and Poles since May 1990, nor is it Opole where he represents the interests of the German Silesians as deputy chairman of the voivodship council. Everybody knows him there, likes him or doesn't like him, but at any rate he is not the black sheep among all the white ones.

In the Senate of the Republic of Poland, Bartodziej is the only German. Bielecki once said to the representatives of the minority that he wished they would refer to themselves as "Poles of German descent," but it is still "too early" to come to that point, Bartodziej says. Not even two years have passed since the German Friendship Circles of Silesia were entered in the Register of Membership Organizations and thus emerged from illegality. For a year and a half their elected representatives have been represented in the local self-governing bodies—primarily in the Opole region—without the dreaded confrontation's having occurred. For the past year the German flag has flown at the consulate general in Wroclaw, which, as the good neighbor treaty provides, is permitted, entirely officially, to look after the interests of the minority and also does so without interference.

But, before that, much bitterness had built up concerning the demonization and treatment of the Germans as pariahs, concerning expulsion and discrimination, concerning the destruction of cemeteries and historical monuments. Communist propaganda just as long kept alive

fears and prejudices among the Polish population. Everybody was harmed as a result of that. The change in Poland made possible the release of a great deal of pressure from the nationalistically charged Upper Silesian atmosphere. With every month of quiet cooperation of German and Polish officeholders and legislators in the self-governing bodies, confidence and faith that a better future can be jointly created are growing.

With the 27 October parliamentary elections a new stage of normalization was reached. The German minority is represented in the Warsaw parliament by seven deputies and one senator. Of the minority of Ukrainians and Byelorussians, also numbering in the hundreds of thousands, neither has been able to concentrate its votes to obtain a seat in parliament. Heinrich Kross, the leader of the German parliamentary circle, regrets that. He would like to make himself spokesman of the national minorities not represented in the parliament. But he does not have a mandate for that. Even prior to the elections it had become apparent that the organizations of the Ukrainians and Byelorussians maintained a noticeable attitude of reserve toward the Germans as if they were afraid to make themselves additionally unpopular with the Poles by making common cause with the Germans.

The "seven Swabians" in the Sejm (in Polish the term "Szwaby" for the Germans does not have a good ring to it) and their associate in the Senate now face the question of what to do with their mandate. Much for which they have fought either has already been decided in their favor or at least, such as the regionwide introduction of the teaching of German at the schools, is well on the way. For the remaining wishes, such as the introduction of the German place-name signs or the fostering of German cultural heritage, the Warsaw parliament is not the proper forum.

Krol's parliamentary circle is aware of the danger of maneuvering itself into provincialism if it advocates only the interests of the minority. The desire is to participate in as many committees as possible and, if participation in the government is out of the question, to act as "constructive opposition." For reasons of gratefulness to the pioneers of change in Poland, who also paved the way for the political breakthrough for the minority, Krol's men feel closest to Mazowiecki's Democratic Union under party group chairman Geremek. The latter group was the first and so far only parliamentary party group that has tried on its own to establish a dialogue with the minority group in the Sejm. If it went after the German minority, the liberal line of Finance Minister Balcerowicz would be continued. Thus politically they are somewhat left of center and that is where the seats were assigned to them in the plenary session, according to the size of their parliamentary party group on the back benches, but not in the last row.

That is not yet a program, but a starting point. "We have not promised anything to our voters that we cannot achieve," Bartodziej says. They stand for a better mutual relationship between Germans and Poles, for a democratic constitution which makes Poland not into a national state but into a "citizens state," as well as for the economic development of the region by as diverse foreign relations

as possible. The election campaign was jointly conducted with these three points and they will be reflected in the votes and speeches in parliament. How strongly they will advocate a law for the protection of minorities will depend on the relevant formulations in the new Polish constitution. The minority is still distrustful due to the fact that international conventions and treaties which Poland has signed thus far are not automatically valid within Poland and are not enforceable in the courts. With Poland joining the Council of Europe this week, this barrier has fallen. Only the confidence is lacking that things will change.

Bartodziej's concern that he would be slighted by his 99 Senate colleagues disappeared even before the constituent session this week. The 10 nonparty Senators urgently wanted to include him as the 11th person in their group. The independents—among them one of Poland's wealthiest men, the motor transport entrepreneur Stoklosa—want to work as economic lobbyists in the Senate. Silesia's economic development is also Bartodziej's concern. His three children went to Germany because they see no prospects for themselves in their homeland. Although he does not expect to live to see the day when they will return to a flourishing Silesia, he does want to do something so that the next generation no longer will feel compelled to emigrate.

#### **Belorussian Publishers in Poland Described**

92EP0129A Warsaw EX LIBRIS in Polish  
No 14, Dec 91 p 8

[Article by Tomasz Szczepanski: "Belorussian Publishers in Poland"]

[Text] Belorussians are one of the most numerous and better organized national minorities in Poland. According to various sources, there are 200,000-300,000 of them in Poland. Besides the Belorussian Social and Cultural Society (BTSC), founded in 1956, the only political party of a national minority in Poland has been in existence for a year—the Belorussian Democratic Union, uniting mainly the intelligentsia and the Belorussian Student Union, which was registered in 1988. The Belorussian writers in Poland are united in the Belorussian Literary Society (BSL) "Bialowieza"; many of them are active outside of this in other literary organizations. This year the Belorussian Intelligentsia Club was founded in Bialystok, and the forum for all the above-mentioned societies is the Council of Belorussian Organizations.

By Belorussian publications we mean publications in the Belorussian or Polish language, but published by Belorussians. Belorussian Poles—writers, journalists, and scholars—naturally publish in various outback premises, but the books of Sokrat Janowicz, Jan Czykwin, and Jerzy Turonek have appeared in large Polish publishing houses. These latter publications, however, are not an indication of independent Belorussian publishing activity. This activity is conducted in Poland by several centers for a relatively narrow circle of readers.

The oldest Belorussian periodical is the weekly NIWA, published since 1956 in Bialystok, and recently with a

circulation of 2,200 copies. The periodical's strong point is the news and coverage from Belorussia; also important is information about Belorussian life in Poland, including the sharp polemics of the minority's activists.

The weekly has hundreds of faithful readers in Belorussia, where there is less freedom of speech and more remnants of communism. NIWA's sympathy for the Belorussian People's Front, "Adradzennie," was probably the reason the Belorussian government halted its distribution in spring of 1991 (trade regulations were the official obstacle).

The competing periodical of the young Belorussian intelligentsia, which distances itself from the Betsk, is CZASOPIS. The monthly, published since April 1990, also has to win over linguistically Polonized people, who want to maintain contact with the Belorussian culture, and therefore prints texts in two languages. It gives large space to matters of Belorussian culture, and the nationalistic (and Belorussian-Ukrainian) and religious relationships dominating there. It has also written about Polish-Belorussian relationships right after the war, when the political division assumed an ethnic-religious character. A very large part of the Belorussian population (much wider than the Orthodox population) supported the communist government in this region, drawing on itself the repressions of the Underground, which often struck innocent people. Recognition of each innocent victim killed by the Belorussian Underground arouses justifiable Polish support, but the very touching on these problems in CZASOPIS takes courage for the civilian editors.

The Belorussian Student Union intermittently publishes the bulletin SUSTRECZY (ENCOUNTERS); the Betsk funds the publishing of such thick works as the collected poetry of Aleksandr Barszczewski, *Blizkosc dalekaha* (Bialystok, 1983), and a Belorussian calendar published annually in book form. NIWA, CZASOPIS, and Betsk are supported financially by the Ministry of Art and Culture.

Local authorities are also sponsors. The Voivodeship Office in Bialystok funded the publication of the literary almanac *Bialowieza* (1983), and the Voivodeship Palace of Culture in Bialystok funded the collected poetry of Mikolaj Szachowicz, *Napiewy*, and of Mikolaj Haduk, *Cisz* (both are published in Belorussian using the Latin alphabet). The BSL "Bialowieza" also publishes low-cost volumes of poetry. So far two issues of the Belorussian Democratic Union's bulletin BIELARUSKIJA NAWINY have been published.

Belorussians have been writing and publishing in a second circulation. As early as 1981, the Belorussian Independent Publishing House (BNV) was created by the eminent writer, Sokrat Janowicz. BNV published four issues of the periodical BIELARUSKIJA DAKUMENTY; its successor was ARCHIWNY SWYTAK (1987). Both publishers were used by Polish underground publications. In the second half of the eighties, contacts with Polish opposition circles warmed up, although these contacts were rather frowned upon by the general Orthodox population (including the Belorussians). The Polish underground "Nurt" funded publication of a work by Eugeniusz Kalubowicz in Belorussian about the

founders of soviet Belorussia *Ajcy BSSR i ichny los*. The Belorussian second circulation is mainly thick works—political journalism and collections of poetry. The most important periodical was KANTAKT, which came out twice a year in Poland and Belorussia. A catalog of the exhibit *The Belorussian Second Circulation*, organized by the "Pomost" Society in Lodz in 1990, mentions 20 entries (more information on this topic may be found in an article by Mikolaj Dawidziuk—"Uncensored Belorussian Publications" in WIEZ No. 2/1991).

The current reality, after the fall of communism and elimination of censorship, is, on the one hand, freedom of initiatives, on the other, material hardships. Belorussians do not have numerous, wealthy emigrants in the West, who would finance their publications. State aid is, by necessity, limited, and cannot satisfy demand. In this situation, the Belorussian publishing movement, by its very existence, testifies to the will to endure and develop this community.

### Issue of Return of Church Property Examined

92EP0118A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15 Nov 91 p II

[Article by Danuta Frey: "Church Property: Title Deed"]

[Text] A regulatory proceeding to return nationalized property to the Catholic Church is not an administrative procedure. A ruling by the Property Commission [KM] is not an administrative decision and thus a complaint against it to the administrative court is not an administrative decision either, established the NSA [Supreme Administrative Court]. Some questions, however, were still unresolved.

In October 1989, the religious order of sisters, the Servants of Jesus, approached the KM in Warsaw for the restoration of the title deed to property located in Krakow on Siemiradzki Street. The property had been purchased in 1917 by the Young Girls' Welfare Association in operation at the time, under the patronage of St. Joseph. The association, which conducted charitable-guardianship and educational-formative work for young girls, was liquidated in 1951 and its property was seized by the state. A children's home for boys was opened in the building on Siemiradzki Street.

### The Regulation of Property Affairs

In its request for their property to be restored, the order argued that the Young Girls' Welfare Association, like many other associations of this sort, was a religious institution which masked its religious nature. In reality, it belonged to the sisters of the Servants of Jesus and its charitable-guardianship work was conducted by sisters belonging to the order. It operated in this manner because the authorities of the former Russian tsardom did not permit the creation of new Catholic order on Polish soil.

This legal formula for sisters who do not wear religious garb existed until 1949, i.e., until the regulations of the 5 August 1949 decree regarding a change in certain legal regulations on associations went into effect. Religious

orders that do not wear religious garb, which operated formally as church associations until that date, were excluded from the legal regulations on associations. However, according to the terms of the decree, in the eyes of the law they had the same duty to register as secular associations. In the 1950's and 1960's, many liquidational proceedings were conducted which ended in legally valid administrative decisions for the seizure for the state treasury of property left by "nonexistent church associations."

These restrictive actions were lifted in 1980 according to the terms of an agreement between the state and the Catholic Church. On 17 May 1989, a law on the relationship of the state to the Catholic Church took effect. This law provided for the so-called regulation of the property affairs of the church. Based on this law, certain properties or parts of properties in the possession of church legal persons became their property legally. As for other nationalized property or their parts, the possibility of initiating a regulatory proceeding to restore their property based on a request from these persons was provided for, but even before this law took effect, many decisions attesting to the invalidity of former decisions to liquidate the property of "nonexistent church associations" were handed down.

In a January 1991 ruling, the KM in Warsaw restored to the order of the Servants of Jesus the title deed to the Siemiradzki Street property. Binding the Office of the Superintendent for Education and Upbringing in Krakow to hand over the property by 31 July 1991, the KM also obliged the order to run a children's home for boys there from 1 August 1991 until the facility is vacated by its present students.

#### **An Order or an Association?**

In reaction to this order, the superintendent for education and upbringing in Krakow and State Children's Home No 6 in Krakow, which currently occupies the building on Siemiradzki Street, filed a complaint with the NSA. Both the superintendent and the children's home demanded a statement that the decision was invalid. They brought up the fact that the property on Siemiradzki Street in Krakow belonged to an association of a secular nature registered as such. Thus, it was neither the property of an order which does not wear religious garb nor a church association.

During the interwar period, when the Young Girls' Welfare Association was in operation, no restrictive regulations of the tsarist authorities were in effect. Thus, there was no need to conceal its nature as a religious order or its church character, if such an association did have such a character. For these reasons as well, the law on the relationship of the state to the Catholic Church and the regulations stipulated in it have no application in this case. Thus, the ownership of those buildings or lands which never belonged to church legal persons cannot be restored to them.

In examining this complex case, the NSA noted above all that the so-called regulatory proceeding, which was initiated at the recommendation of church legal persons and which had the purpose of restoring to them the ownership of nationalized properties or their parts, is conducted by

the KM, which is composed of representatives designated in equal numbers by the minister who heads the Office of the Council of Ministers and the Secretariat of the Conference of the Polish Episcopate. Participants in the proceeding may come to a settlement before the ruling team. If a settlement is not reached, the team hands down a ruling. Moreover, both settlements and rulings carry the force of judicial executive orders. Thus, the KM cannot be considered either an organ of the state administration or an organ equal to an organ of the state-self-governmental administration. Moreover, the subject of a regulatory proceeding is of a civil-legal nature in that it concerns the restoration of property ownership, the awarding of replacement property or the awarding of damages to church legal persons. The regulations of the 8 February 1990 order of the minister who heads the Office of the Council of Ministers does not provide for concluding a regulating proceeding by administrative decision. Nor do rulings which may be determined in the course of the proceeding have such a character. Meanwhile, such rulings may come down only when the majority of members of the ruling team decide on this.

Thus, the KM is not a organ of the administration deciding a case but an institution which has the task of settling the claims of church legal persons out of court. Likewise, its rulings are not administrative decisions. Thereby, the NSA determined that a complaint cannot be filed with the NSA over a ruling and it rejected the complaint (I SA 768/91).

#### **Difficult Cases**

Obviously, this court decision has broader significance. The 1989 law on the relationship of the state to the Catholic Church stipulates that the restoration to the church of property found in the possession of church legal persons on the day the law takes effect takes place through a decision made by the local organ of the state administration (currently the voivodship governor). These decisions may be appealed in an administrative court. Thus, the only complaints which may not be filed with the NSA concern the so-called regulatory procedure.

However, in this manner two different legal statuses have been created. Since the law itself stipulates merely that "a ruling of the ruling team (the KM) may not be repealed," that "such a ruling or settlement constitutes a basis for making entries in real estate registers and in land record books" and that "settlements and rulings carry the force of judicial executive orders," the NSA decision quoted above should be treated as broader and as a binding interpretation in such cases.

But there arises the question of the nature of the procedure in such cases as the one described above if they are matters at issue which cannot be settled out of court. Should KM rulings be conclusive or should the added possibility of the judicial route and the issuance of a ruling by an independent judicial organ be anticipated? After all, the NSA itself states in the decision described above that "persons who are in reality directly interested in the results of the regulatory procedure may join the ruling team."

The subject seems to be worth broaching, especially since the law passed on 11 October 1991 updating the law on the relationship of the state to the Catholic Church significantly expands the scope of the regulatory proceeding, including in such proceedings the so-called Warsaw properties which were seized based on the 26 October 1945 decree as well as the lands seized in the course of executing the law on mortmain, from which farms of up to 50 hectares may be set apart for individual dioceses, seminaries and convents. Likewise, the possibility was created for transferring lands from the State Land Fund in the western and northern areas was created. Since in these latter cases this is to take place through a decision by the voivodship governor, which is to constitute a basis for making entries into the real estate register, the question may again arise whether in such a case the interested parties may file a complaint with the NSA or whether they are not entitled to file such a complaint at all.

I think that it is worth knowing the answer to this question in advance, if only because of the importance of this question.

#### **POLITYKA Weekly News Roundup: 1-7 Dec**

92EP0120A Warsaw POLITYKA in Polish

No 49, 7 Dec 91 p 2

[Excerpt]

#### **National News**

[passage omitted] In a sharp attack on the president in issue No. 2 of NOWY SWIAT, Prof. Stefan Kurowski, an official of the Center Accord, writes, among other things: "A serious threat for the emerging democracy, of which parliament is the emanation, is approaching from another side, the Belweder. Walesa has never hidden his power ambitions. He always said much of the need for pluralism, but he would like it to denote such a fragmentation of the political scene in which he will be the only arbiter. He did not hide this; he said: I will strengthen the side which is weak and weaken that party which is strong. Such was the main motive of the war at the top last year (that was in line with the interests of Poland and so we supported him in that war at the time), that is why he delayed the election date, that is why he did not effectively oppose the election law, which led to the fragmentation of the Sejm, that is why he supported the candidacy of Deputy Ziolkowska for the Presidency of the Supreme Chamber of control, that is why he gave leftist groups the main newspapers and television, that is why he named the leader of a small provincial party premier."

Beginning 1 December 1991, the lowest working wage is 700,000 zlotys (Z). Beginning 1 December, family supplements will increase to Z143,000, child-raising supplements to Z445,000, and birth supplements to Z283,000.

The presidium of the Sejm consists of the marshal and five deputy marshals. It organizes the work of the Chamber. Its members are Wieslaw Chrzanowski of the Christian National Union (ZChN), Henryk Bak of the Popular Accord (PL), Andrzej Kern of the Center Accord (PC), Jacek Kurczewski of the Liberal-Democratic Congress (KL-D), Dariusz Wojcik of the Confederation for an

Independent Poland (KPN), and Jozef Zych of the Polish Peasant Party (PSL). There are no representatives of the Democratic Union (UD) and the Alliance of the Democratic Left (SLD), which gained the largest number of votes, in the presidium. As regards the chairmen of the largest deputy clubs, they are: Bronislaw Geremek (UD), Aleksander Kwasniewski (SLD), Wieslaw Chrzanowski (ZChN), Waldemar Pawlak (PSL Program Alliance), Leszek Moczulski (KPN), Marek Dziubek (PC), Donald Tusk (KL-D), Gabriel Janowski (PL), and Bogdan Borusewicz (NSZZ Solidarity).

KONTAKTY reports that the chairman of the Board of the Lomza Section of Solidarity has paid a union visit to Paris, London, Tokyo, and the United States.

According to data from the Central Office of Statistics, the average life span in 1986-90 was 66.79 years for men and 75.33 years for women ("Life Span and Mortality by Factors in the Voivodships").

The Office of State Security has given the Warsaw prosecutor working materials associated with loans taken by the former PZPR from the former CPSU "with a recommendation to initiate preparatory proceedings in a case of the turnover of convertible currency without a permit between the PZPR and its legal successor the Social Democracy of the Republic of Poland (SdRP) and the CPSU." In the opinion of the prosecutor, the criminal treasury laws were violated since the incriminated activities required the permission of the president of the National Bank of Poland. The criminal penalties for such cases amount from Z10 million to Z50 million.

Since January 1991, agriculture retirements have increased (the lowest to Z622,500 from Z545,000), as have the contributions (25 percent of the lowest retirement, i.e., to Z155,625, including accident, health, and maternity insurance (an increase of 29 percent).

The police is in debt by more than Z250 billion according to a spokesman for the Main Command; through the end of the year, there is only enough for the wages of the policemen.

GAZETA WYBORCZA presents a sketch of a proposal for a new administration division of the Catholic Church. Its goal is to bring the faithful closer to the diocesan bishop. It calls for a division of the Archdiocese of Warsaw into right and left bank dioceses and a Lowicz diocese, the creation of dioceses in Sosnowiec, Gliwice, Bielsko-Biala from the Katowice diocese, and the creation of Sandomierz-Stalowa Wola and Rzeszow dioceses from the Przemyśl diocese. The formation of dioceses in Kalisz, Torun, and Elk is being considered. The proposal calls for the formation of six new metropolises in Bialystok, Gdansk, Katowice, Olsztyn, Przemyśl, and Szczecin in addition to the ones in Gniezno, Warsaw, Poznan, Krakow, and Wroclaw.

The total amount of damages which the Lodz Voivodship Court has awarded so far for improper sentences by Stalinist courts has reached more than a billion zlotys. The highest award given is Z727 million, the lowest Z20 million. There are more than 120 claims of from Z27 million to Z6 billion still to be considered.

The Social Arbitration Collegium of the Supreme Court has decreed that the introduction by the ministry of a cost-cutting program in education without consulting the Union of Polish Teachers violated the law on trade unions. In its decisions, the Collegium emphasized that the cost-cutting actions lowered the teachers income and worsened their working conditions. In the opinion of the Union of Polish Teachers, the third cut in costs in 1991 in education (by nearly Z1 trillion) cannot be realized. [passage omitted]

### **Modifications to Monetary, Fiscal Policies Proposed**

92EP0098A Poznan WPROST in Polish No 44, 3 Nov 91  
pp 16-19

[Article by Marek Dabrowski, economist: "Flat Busted"]

[Text] Despite the opinions of many economists (such as Pawel Bozyk, Ryszard Bugaj, Jozef Kaleta, and Stefan Kurowski), monetary and fiscal policies have not been excessively restrictive. Except for the first months and the end of 1990, there has been a rather abundant supply of money in the economy (see Table 1), with numerous fluctuations (the stop-go-stop policy) continually eliciting an inflationary hiccup. If someone calls this by the name of dogmatic monetarism, then he does not know or does not want to know what monetarism is really all about.

The situation with fiscal policy is similar. The temporary success in the first half of 1990 was quickly squandered, and since February 1991 the budget deficit has been growing. The new Sejm and Senate and the new government have run up against this problem, no matter what sort of mirages were promised by individual politicians during the electoral campaign.

The inflationary threat has not been definitively eradicated—just the opposite. Hyperinflation may again rend the tissue of our economic life. To avoid this, a responsible macroeconomic policy, replete with difficult decisions, must be pursued. In this article, I intend to concentrate on two of its most essential segments: monetary policy and fiscal policy.

### **Monetary Policy**

#### **1. The Monetary Supply**

The fundamental goal of monetary policy should be the continued systematic, smooth lowering of the inflation indicator to a level of 15 to 20 percent per year in 1992 and to less than 10 percent in 1993. To achieve this goal, unnecessary losses in the level of economic activity would have to be avoided. This is achievable, provided that monetary policy is stabilized (in other words, the political cycle that has obtained until now is eliminated) and it is bestowed with greater traits of foresightedness. The competing conception of monetary policy (increasing the monetary supply in order to stimulate economic growth) seems to be completely unrealistic. It is highly doubtful that it could have a positive effect based on supply, and a renewed explosion of high inflation is very likely.

Assuming zero growth (and perhaps even a bit of a drop) in GDP (gross domestic product) for the rest of this year and next year and assuming also that there is no chance for further remonetization (growth in the demand for money), realization of the above plans indicates the necessity of curtailing growth in the monetary supply during the remainder of the year by about 10 trillion zlotys [Z] in relation to original assumptions (+ Z48 trillion) as measured by the indicator of net domestic assets (NDA). This would mean a growth in NDA in the second half of 1991 by about Z38 trillion relative to the first half of 1991. In 1992, assuming the level of the GDP and the demand for money are stable, the growth in NDA would have to be kept within limits of 15 to 20 percent, that is to say, within a limit of Z31 trillion to Z42 trillion. This means that the budgetary deficit should not exceed Z20 trillion to Z25 trillion in 1992 if any sort of growth is to take place in credit for economic activity.

#### **2. The Interest Rate**

The gradual withdrawal of the NBP [Polish National Bank] from refinance credit and the development of the operation of the open market as the chief instrument of monetary policy should favor marketization of interest rates, at least medium-term and long-term interest rates. However, the NBP should be extremely careful in initiating this reduction, at least during the next few months, for the following reasons:

- a) the considerable growth in the inflation rate in September of this year (4.3 percent); the October and November indicators, which look to be above the level of July and August; the "natural" inflation rate under the monetary policy pursued in recent months seems to amount to at least two to three percent;
- b) the danger of a growth in inflationary expectations related to the election campaign and the uncertainty as to the composition of the future government;
- c) the growing budget deficit;
- d) the definite elasticization of exchange-rate policy and perhaps also the need to eliminate the "popiwek" [tax on above-the-plan growth of wages] next year.

From this point of view, the decision made by the NBP to reduce the discount rate and the interest rate on refinance credit after 16 October seems careless and premature.

#### **3. The Mechanism of Credit Allocation and Financial Discipline**

The outlook for shaping the interest rate also depends on the state of payment discipline in the economy. The better the allocation of credit—from the point of view of efficiency criteria—the lower the interest rate for any given monetary supply.

Currently, given the utter lack of commercially sound behavior among the large state enterprises on the one hand and the state banks on the other, the interest rate does not

satisfactorily fulfill its function as an instrument of efficient credit allocation. Inefficient debtors, taking advantage of the banks' sluggish behavior or their own political position, squeeze out more efficient debtors. This is an undeniable fact.

Escape from the situation, however, does not depend on reducing the interest rate because that will make the allocation of credit even worse. Limits on credit are not in a position to replace the interest rate in its role as a tool of equilibrium and a tool of distribution in the monetary market. This is an instrument that is easy to use but difficult to enforce, which to an even larger degree prefers political criteria over economic ones for distributing credits.

How can the situation in this area be corrected? The long-term solution is undoubtedly privatization of enterprises (debtors) and banks. It seems that an acceleration in the privatization of banks, even at the price of deriving a lower income from their sale and executing this operation less "perfectly," would on all accounts be financially advantageous for the economy. The improvement of credit allocation and an increase in financial discipline have singular significance both for macroeconomic equilibrium and for heightening microeconomic efficiency. It could also protect the state budget against the danger of bearing the burdens of the recapitalization of the banks, which might be inevitable if some state banks continue the line of behavior they have been following up until now.

Increased activity in the NBP's bank supervision and in ownership supervision on the part of the Ministry of Finance (especially the new supervisory councils) and applying definite sanctions against the boards of directors of banks that maintain and expand their portfolios of bad assets may in the short run be a "prosthetic" solution.

However, restraint on the part of the government and, in particular, its branches in putting any sort of pressure on banks to "relieve" indebted state enterprises is of crucial significance. It is likewise necessary to abandon any sort of declaration on "debt reduction" for enterprises, because the very discussion of such a prospect is already giving rise to strong expectations in enterprises and banks which encourage them to continue to behave irresponsibly (because, in any case, the government "will have to do something"). Possible individual decisions ("Ursus" [a tractor manufacturing plant], FSC Starachowice [a truck plant]) can create only the dangerous effect of demonstrations. Of course, every action of "debt reduction" will further worsen the situation of the state budget (the necessity of paying off the banks' losses and decapitalization) and "soften" monetary policy.

#### 4. Exchange-Rate Policy

The scenario outlined in Point 1 of "extinguishing" inflation, along with the need to achieve a trade surplus in 1992 on the order of at least 1.2 to 1.5 billion dollars (in regard to the necessity of servicing the foreign debt, assuming there is no change or only a slight increase in the level of reserves), constitutes a policy of fixed exchange rates that is impossible to continue. At the same time, it would be

necessary to avoid abrupt devaluations of any sort that would undermine trust in the stability of monetary and exchange-rate policy and bring losses in the balance of payments (an uncontrolled inflow of capital) and make speculative operations possible.

In connection with this, the NBP's decision of 13 October 1991 to move to a policy of creeping nominal devaluation, announced in advance, of the zloty's exchange rate by Z9 per day with respect to the previous basket of currencies and with adjustments to maintain the real level of the exchange rate or its minimal, real depreciation is correct.

The condition for the success of this type of scenario, however, is a strict monetary supply policy and greatly broadened caution in reducing interest rates. The objective should be to introduce an institutionalized currency market and a fluid exchange-rate regime with certain stabilizing interventions by the NBP [National Bank of Poland] (a managed float).

#### Fiscal Policy

The threat of a budget deficit growing like an avalanche constitutes the most serious challenge to the macroeconomic stability of the Polish economy. This is not, by the way, a transitory crisis that can be ridden out with the help of immediate internal and external loans, but a dramatic structural crisis that demands quick and radical action to make adjustments in income as well as expenditures. Even with the consistently overoptimistic projections of expected income, preliminary budget forecasts for 1992 gravitate around a deficit on the order of Z80 trillion to Z100 trillion. Maintaining the above assumptions of monetary policy would require limiting the deficit to a maximum of Z15 trillion this year and Z25 trillion next year (in any case, repayment of this debt will be a serious problem in the future). Otherwise, we will be threatened once again with high inflation or hyperinflation!

An analysis of the structure of budgetary income and expenditure (see Table 2) influences the direction of adjustment activities.

#### 1. Retirement and Old-Age Pension Programs

The Sejm's decision of 17 October 1991, which finally accepted the government and Senate version of the retirement and old-age pension statute, permitted the worst—a budgetary deficit next year on the order of Z130 trillion—to be avoided. None the less (in spite of the governmental revalorization variant), the deficit of the Social Security Fund may still reach Z40 trillion and that of the Farmers' Social Security Bank, more than Z20 trillion. Further corrective actions are therefore necessary both on the income side and in expenditures.

The general directive should be the aspiration to full self-financing of employee insurance and a significantly greater degree of self-financing of agricultural insurance. It seems that the error committed by the last two governments and by the parliament was consenting to the deep deficit in retirement funds. This anchored the general

conviction that retirement and old-age pensions are financed by the budget and not by retirement contributions.

It seems that raising employee and farmer retirement contributions is a necessity. As for employee contributions, their increase would mean a growth in personnel costs and an additional stimulus for judicious wage decisions—in effect, it would be an additional safeguard enabling the “popiwek” to be eliminated. Two variants of this decision would have to be considered and calculated:

- a) a moderate rise in contributions;
- b) a larger increase in contributions linked simultaneously to the lowering of income tax rates on legal entities in order to thus increase the profit motive.

Other actions are also necessary to increase the income and limit the expenditures of retirement funds. These include:

- a) limitation of opportunities to take an early retirement;
- b) more rigorous enforcement of limitations on linking the right to a retirement pension to paid employment and the conduct of economic activity, especially if it is unregistered;
- c) sharpening the criteria for conferring authorizations for disability pensions (especially Group III) and verification of those who have already been given entitlements;
- d) creation of incentives for the temporary suspension of retirement entitlements;
- e) restoration of the duty of persons taking an agricultural retirement (and for persons who have already taken these retirements) to transfer agricultural land;
- f) providing retirement funds with stocks from the privatization of enterprises.

## 2. Other Social Services

It is necessary to make another attempt at “tightening” the regulations on awarding unemployment benefits. I have in mind, among other things, consideration of a shorter period of awarding benefits, the reduction of benefits in the first months of unemployment, more rigorous enforcement of the duty to accept offers of work proposed by the employment office, and also more rigorous enforcement of the duty of persons conducting as-yet-unregistered economic activities to register and pay taxes. Many of these persons are receiving unemployment benefits. An increase in contributions to the Labor Fund should also be considered.

The statute on group layoffs, which gives almost everyone the opportunity to receive generous separation pay, also demands revision. The burdens that it adds to the budget are indirect in character—lower profitability of enterprises, delay of essential restructuring processes, pressure on the financing of separation pay, worse chances of collecting what is owed the state treasury in the event an enterprise goes bankrupt or is liquidated, lower sale price

in privatization, higher costs of liquidation or reducing employment in budgetary units and departments, and so forth.

It is also necessary to rationalize the system of family benefits (which the current government has begun to do) and social assistance benefits.

## 3. Subsidies and Intervention and Restructuring Programs

The reduction scenario should entail the complete liquidation of subsidies for coal (together with the complete liberalization of prices), fertilizers, and rents. It should significantly limit subsidies for central heating and hot water. The question of subsidies for automobiles bought on a prepayment basis should be addressed once more.

The scale of assistance to the housing program from the state budget and the form this assistance takes demand separate treatment. In a dramatic situation of budgetary crisis, one cannot devise ambitious programs for expanding housing construction that are in large part financed by the budget!

Product subsidies, in other words, financing various types of restructuring and intervention programs, also absorb considerable sums. Agricultural intervention (including the operating costs of the Agency for Agricultural Marketing) constitutes a significant portion of this account entry. These expenditures, along with subsidized agricultural credits, must undergo fundamental limitation.

## 4. Reform of the Budgetary Sphere

Undertaking radical market reforms in the health services, along with considering the introduction of reimbursement for some services, has key significance here. In the long run, a similar reform should embrace education. These reforms will not immediately yield positive budgetary effects (or improvement in the quality of services, which is no less important), but nevertheless it is already necessary today to be thinking about 1993 and 1994, which will in no way be easier than 1992.

The scientific sphere should ultimately be cut from the budget, leaving state financing only for a certain indispensable range of basic research. Moves, such as further cuts in the budget of the MON [Ministry of National Defense], also require analysis [passage missing] in the next few years the international position and security of our country will not be decided by the number of tanks and cannons, but by economic stability, structural reform, and the curtailment of the number of persons employed in the central administration.

## 5. Increase of Budgetary Income

For the last two years budgetary income has been based primarily on direct taxes, chief among them income tax on legal entities. This has led to a tendency to run from profit.

Aside from an increase in discipline in the collection of existing taxes from all entities, the rescue of the fiscal situation must also depend on a definite increase in the role of taxes and direct burdens in supporting the budget.

Earlier proposals to increase contributions to the ZUS [Social Security Agency] and the Labor Fund aimed in this direction.

The objective is to finalize as quickly as possible the statute governing taxes on goods and services (without any exemptions). Delaying the legislative process on this matter is a huge mistake! Unfortunately, without this statute, we are condemned to further stopgaps, the so-called tightening of the system of turnover tax and an increase in the tax's rates. An urgent increase in excise

taxes, in other words, the rates of turnover tax on fuels, tobacco products, and alcohol, is also necessary.

The preservation of dividends from state enterprises (and also capital interest in companies belonging to the state treasury) also fits in this group of activities as an immediate burden that will force the competitive use and exploitation of capital possessed.

I believe that attempting to gain higher income from privatization, particularly from the sale of enterprises to foreign capital, would be realistic.

**Table 1**  
**Net Domestic Assets [NDA] for the Period**  
**October 1989 to June 1991**

Year	Month	Amount (billions of zlotys)	Previous Month = 100	December 1989 = 100
1989	December	80,396.6	—	100.0
1990	January	77,933.7	96.9	96.9
	February	77,401.0	99.3	96.3
	March	81,174.6	104.9	101.1
	April	84,326.7	103.9	104.9
	May	85,538.1	101.4	106.4
	June	91,217.9	106.6	113.5
	July	96,975.8	106.3	120.6
	August	106,151.9	109.5	132.0
	September	108,019.6	102.7	135.6
	October	116,519.2	106.9	144.9
	November	124,863.7	107.2	155.3
	December	112,242.5	89.9	139.6
1991	January	119,097.9	106.1	148.1
	February	127,539.9	107.1	158.6
	March	138,863.5	108.9	172.7
	April	153,728.6	110.7	191.2
	May	159,179.7	103.5	198.9
	June	169,842.5	106.7	211.3

Source: MIESIECZNE BIULETYNY INFORMACYJNE NBP

**Table 2**  
**Structure of Income and Expenditure in 1991 State Budget,**  
**Not Including Service on Foreign Credits**  
**(September 1991 Version)**

Entry	Amount (trillions of zlotys)	Share as a Percentage
TOTAL EXPENDITURES	251.2	100.0
I. SUBSIDIES FOR ENTERPRISES	23.0	0.2
1. Product subsidies	9.5	3.0
—Portion for bituminous coal	5.1	2.0
2. Subsidies for communal housing	1.4	0.6
3. Subsidies for housing cooperatives (r.n. and c.w.)	6.2	2.5
4. Product and other subsidies	5.8	2.3

**Table 2**  
**Structure of Income and Expenditure in 1991 State Budget,**  
**Not Including Service on Foreign Credits**  
**(September 1991 Version)**  
**(Continued)**

Entry	Amount (trillions of zlotys)	Share as a Percentage
II. SOCIAL SECURITY	32.9	13.1
1. Social Security Fund	18.6	7.4
2. Farmers' Social Security Bank	13.6	5.4
3. Remainder (Alimony Fund, Combatants' Fund, etc.)	0.7	0.3
III. CURRENT EXPENDITURES IN THE BUDGETARY SPHERE	147.5	58.7
1. Personnel costs (salaries + overhead)	62.5	24.9
2. Material expenditures	43.9	17.5
3. Social welfare	11.8	4.7
—Subsidy for the Labor Fund	7.8	3.1
—Social welfare services	4.0	1.6
4. Subsidy for off-budget administration	6.0	2.4
5. Remaining expenditures	23.1	9.2
IV. ACCOUNT CLEARING WITH BANKS	11.1	4.5
1. Housing construction (interest, amortization, guaranteed premiums)	5.9	2.4
2. Subsidies for agricultural credits	1.2	0.5
3. Account clearing with the Bank of Commerce	2.8	1.1
4. Payment of interest on credits for central investments	1.0	0.4
5. Miscellaneous	0.3	0.1
V. INTEREST ON FOREIGN CREDITS	10.7	4.3
VI. CAPITAL EXPENDITURES	18.0	7.2
1. Investments	16.9	6.7
2. Decapitalization of banks and other financial institutions	1.1	0.5
VII. SUBSIDIES FOR GMINAS	6.6	2.6
VIII. RESERVE OF THE COUNCIL OF MINISTERS	0.7	0.2
IX. REMAINDER	0.7	0.2
Entry	Amount in Trillions of Zlotys	Coverage of Expenses as a Percentage
TOTAL INCOME	227.0	90.4
I. TAX INCOME	184.5	73.5
1. Turnover tax	64.5	25.7
2. Income tax	67.1	26.7
—From enterprises with legal status	53.0	21.1
—From financial institutions	10.0	4.0
—From natural persons	4.1	1.6
3. Tax on wages	18.5	7.4
4. Dividends	14.4	5.7
5. Other taxes	20.0	8.0
—"Popiwek"	15.0	6.0

**Table 2**  
**Structure of Income and Expenditure in 1991 State Budget,**  
**Not Including Service on Foreign Credits**  
**(September 1991 Version)**  
**(Continued)**

Entry	Amount (trillions of zlotys)	Coverage of Expenses as a Percentage
—On salaries	4.2	1.7
—Compensatory	0.8	0.3
II. NONTAX INCOME	35.5	14.1
1. Payments from gains from financial institutions	5.7	2.3
2. Import duty	17.1	6.8
3. Miscellaneous	12.7	5.0
III. INCOME FROM PRIVATIZATION	7.0	2.8
DEFICIT	24.2	9.6

Source: Ministry of Finance data and the author's own calculations

**[Box, p 19]**

Marek Dabrowski is an economist and an assistant professor at the Institute of Economic Sciences, PAN [Polish Academy of Sciences]. He was deputy minister of finance in the government of T. Mazowiecki. He resigned from this post in protest against the relaxation of the rigors of financial policy. He is chairman of the Council on Ownership Transformation and a member of the leadership of the Democratic Union. In October of this year, the Sejm rejected his candidacy for the position of chairman of the Polish National Bank.

**Emigration Continues for Economic Reasons**

92P20098A Warsaw TRYBUNA in Polish 18 Dec 91 p 1

[Article by (DMX): "Leaving the Third Republic for Bread"]

[Text] The establishment of the Third Republic of Poland did not stop economic emigration. In 1989, 26,000 people emigrated, while in 1990 the number was 18,500. In 1991, emigration again began to increase. Young men in the age bracket 26-30 with high school or trade school diplomas emigrate most often. These individuals are in good health and have worked abroad previously; they tend to come from regions of high unemployment. According to a poll conducted by the Institute of Labor and Social Policy, every third Pole is interested in emigration, every tenth person has undertaken concrete steps in this direction, and every twentieth person has completed all the necessary paper work. This research was conducted in July 1991 on a small group of 200 people and thus cannot be viewed as a typical cross-section of the entire country.

The main motivations given for emigrating are, above all, curiosity and a desire to know the world better, getting rich quicker, and a sense of hopelessness concerning Poland's rapid economic development.

**Loss of Soviet Market Affects Szczecin Shipyards**

92EP0116A Warsaw RYNKI ZAGRANICZNE in Polish  
No 142, 26 Nov 91 p 8

[Article by: S. Sok: "Polish Development Bank To Help Szczecin Shipyards"]

[Text] "This year is not the best for us," says Krzysztof Piotrowski, chairman of the board of the State Treasury's Szczecin Shipyards Stock Company. The shipyards' poor economic condition stems largely from the breakdown in trade with the USSR and the termination of government-guaranteed compensatory export subsidies. Resulting losses are estimated at from 260 billion zlotys to even 500 billion zlotys.

Three ships built for the USSR remain unsold. Nine contracts signed with Soviet shipowners have been canceled, for a loss of about 50 million dollars. The Szczecin shipbuilders are trying to make their way onto other markets, but for the moment the company's debt to the banks is 560 billion zlotys, its debt to the budget is 170 billion zlotys, and its debt to its suppliers is 500 billion zlotys

The Szczecin Shipyards, which became a joint stock company four months ago, have the technical and personnel capacity to build any type of ship up to 35,000 deadweight tons. General cargo vessels and bulk carriers predominated in production in the past, but ferries for passengers and automobiles and chemical cargo vessels were also built. The chief customers were Polish and Soviet shipowners.

After the disintegration of the market in Poland and the Soviet Union, the Szczecin Shipyards managed to find customers in Western countries, and they presently have contracts validated for 43 ships and two submersible vehicles [kompleksy nurkowe] worth 800 million dollars. The portfolio of orders also includes 15 ships for the PZM [Polish Marine Shipping] worth 200 million dollars and nine ships for the USSR. The shipyards will build 17 units valued at 360 million dollars, including ten container ships, two ro-ro carriers, and two [refinery] products

carriers [produktowce] for Western shipowners, in Liberia, Germany, and Sweden.

Contracts should be finalized in the near future for the construction of six universal carriers, eight [refinery] products carriers, and two ro-ro carriers for Western shipowners and for two sulfur carriers for PZM. It is anticipated that by 1994 the shipyards' production capacity will be fully utilized and that there will be 51 vessels in the portfolio of orders.

The company's normal operation depends upon implementation of the financial restructuring program. The Polish Development Bank has approved the program. The bank was the instigator and set the shipyard restructuring program in motion. The program provides for the creation of a bank consortium to transform the debt into shares, long-term credit, and the amortization of penalties and interest. Balance-sheet surpluses will be divided up among workers, suppliers, and the consortium.

The decision was also made to try to shorten the ship construction cycle and reduce costs. Financing sources are to be sought among Western insurance firms, the World Bank, the European Development Bank, and other financial institutions. If the recovery program is successful, Szczecin shipyard workers will build about 12 ships per year for a total value of between 350 and 400 million dollars.

### Alternatives to State Farms Examined

92EP0119A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 22 Nov p III

[Article by Bogdan Skwara, director, Rural Office in the Presidential Chancellory: "Privatization in Agriculture: What Alternatives to the State Farm?"]

[Text] The Sejm has finally passed the long-awaited law on the management of properties of the state treasury. But will this resolve the basic dilemmas associated with the privatization of the PGR [State Farm]?

The reform of the state sector in agriculture is an extremely complex, multilevel problem. It involves layers of problems of an economic, political, social and legal nature. In this context, the establishment of general state agricultural policy, which will determine the adoption of certain legal solutions and not others, will be of fundamental significance. Changes in the state agricultural sector cannot be an end in themselves, but the result of a policy of change throughout the entire agricultural sector.

### Barriers

Here we encounter our first barrier. Until now such a policy has not existed. Legal solutions have not become guidelines for the implementation of policy, but have, in some measure, left policy behind. Thus it is difficult to determine which long-term ends these legal solutions are to serve. The actions that have been taken have proceeded in a manner completely opposed to that of West European states, where, for example, during the period of introduction of the Marshall Plan it was first determined that state agricultural policy is to serve the building of large-scale

family farms. Only then were the appropriate legal instruments adopted to implement this long-term goal.

The lack of a clearly defined agricultural policy has caused the discussion on changes in the state farm production sector to amount to the technology of PGR privatization. And here there are several obvious questions:

- First, what end should privatization serve, the building of the farm system based on Polish-style family farms or American-style farms?
- Second, should the legal solutions that are adopted serve total privatization or should we expect to maintain the state sector in the future, as was the case in the Second Republic?
- Third, what should be done with specialized farms based upon the capital-intensive production of seeds or genetic material and with PGR's situated in depopulated areas?
- Fourth, will the process of liquidating PGR's be tied in with effective instruments of state aid for employees who lose their jobs so that they may commence their own economic activity, or will they just swell the large ranks of the unemployed?
- Fifth, will special credits to facilitate the purchase and bringing into cultivation by private farmers of land managed by the liquidated PGR's will introduced?

### The Lack of Incentives

The lack of clear answers to these basic questions means that in most cases the managers of PGR's do not have any incentive for efficiently managing enterprises or even investing, although at present this is becoming more and more difficult to do. Among workforces the frustration related to uncertainty about their job future is growing. The difficult situation in the state sector is also worsening.

Every meeting with PGR representatives begins with the fundamental questions of what is going to happen to us, whether it is possible to work well under such conditions, and whether we ought to squander property built at the cost of an enormous monetary investment over many years. Unfortunately, the law on the management of farm properties of the state treasury, which focuses on the technical aspects of privatization (this is understandable) does not offer an answer to this question. The definition of the assumptions of farm policy does not belong to the sphere of legal regulations.

Socioeconomic realities provide answers to these questions which plague PGR workforces. Thus, it appears that we ought to expect the state farm production sector to last for a long time, assuming of course that the regression throughout the agricultural sector does not deepen. We must take into consideration that given the present financial situation, the private sector is not in a position to rapidly take over 25 percent of the lands (and 50 percent in some voivodships). A large number of PGR's are also found in depopulated areas where there is a lack of people willing to purchase state land. It does not seem that the agency would decide to liquidate all PGR's located in these

areas. Moreover, liquidation is in no way such a simple matter, especially from a social, economic, and technological standpoint.

Due to the shortage of work, the employees of such PGR's will swell the large ranks of the unemployed anyway. At the current interest rate on credit, the prospects of their opening their own (primarily services) economic activity are very unrealistic. In areas which are depopulated and which are becoming depopulated, there will be few people who are willing to purchase the property of the liquidated PGR's. The profits from the sale of this property will not cover their bank debt. Thus, this obligation will descend upon the agency. There remains the question of land which for a long time will lie fallow, thereby causing its further impoverishment. It is difficult to imagine that the concept of the forestation of such lands will be implemented in the near future. The settling of claims of the former owners of lands and buildings under the management of PGR's remains an unresolved problem.

The next issue, which speaks for the continuance of the state sector in farming, is that of the specialized farms based upon the production of seed and genetic material to serve the needs of all of agriculture. Given the capital-intensiveness of production, these farms cannot be profit-oriented. Making this kind of production market-based has already yielded its first negative results in the form of an undesirable chain reaction. The increase in the price of seed material has caused a decline in the purchase of such material by farmers, which in turn has led to a decline in harvests. Instead of increasing productivity we struggle through a continuing crisis. Thus, it is necessary for such specialized PGR's to remain in the hands of the state in conjunction with the state's financial support. These farms have both large assets and much experience. Thus, privatization proceeding from above can only be associated with the unnecessary squandering of this wealth.

Another question which the law on the managements of agricultural property of the state treasury does not answer is the situation of multiplant enterprises, which are found quite often in the PGR hierarchy. In particular: Will these enterprises be divided up or will their existing structure remain in place? Of course, this must depend upon the concrete conditions, but if they are not divided up before privatization, then it will be necessary to take steps to modify the system of management in multiplant PGR's.

### **The Opportunity Should Not Be Lost**

The lack of a farm policy means that just as has been the case until now, privatization will not be accompanied by legal instruments in the form of cheaper credits or investment rate reductions stimulating the purchase of state land by private farmers. Does this mean that the opportunity privatization gives for improving the area structure of our farms will be lost? It must be stated clearly that during the period of association with the EEC, this direction for improving the area structure will be imposed upon us, just as it was in the case of Spain. But even if such instruments were introduced, then what kind of system would they go

into building, a system based on American-type farms or a system based on French or Italian family-type farms?

Our farm policy does not provide an answer to this question. This does not mean, however, that the issue remains open. On the contrary, entry into the EEC will create the need for our implementation of the joint farm policy which clearly defines that the farm system of EEC member states is to be based upon family farms.

In conclusion, we should dispel yet another myth related to the law on the management of farm properties of the state treasury. It will change property relationships and the system of management, but its impact on improving the economic situation of the state sector will be negligible. Exiting from the current difficult situation of the PGR's and all of agriculture is contingent upon changing the approach of the state to agriculture. Without this change in farm policy, no legal solution will fulfill the hopes placed in it.

### **Research Paper Promotes Microeconomic Strategies**

92EP0117C Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 21 Nov 91 p II

[Article by Piotr Gorski: "The Opinion of Poznan Economists: A Difficult Return to Economy"]

[Text] "A Difficult Return to a Market Economy," written by Prof. Wacław Wilczyński, is the first chapter of a collection of expert analyses entitled *Exit Routes From the Polish Economic Crisis* and prepared by Poznan economists. The entire work totals 260 pages. It was prepared over the course of six weeks at the recommendation of the Scientific Research Committee in Warsaw. In its book form, this work is intended to reach decisionmakers in the new Sejm and in the government. The same subject was "assigned" to two other centers in Warsaw: the Main Board of the Polish Economic Society and the Main School of Commerce.

Above all, Professor Wilczyński proposes microeconomic strategies. "Despite the introduction in January 1990 of drastic steps related to the Balcerowicz plan," he says, "the state continues to act as the director" and not as the sovereign of a given property." In his opinion, privatization should be understood as "seeking a good economy" and not as a technical operation associated with a change in the ownership relationship.

For Prof. W. Wilczyński and his coworkers, Balcerowicz's plan contains imponderables which cannot be denied. Without a doubt, these include the battle against inflation, but the Poznan economists claim that winning this battle will depend on whether the economic incentive is successfully put into practice. In their opinion this has not yet been done.

At a presentation of the expert analyses on 20 November in the meeting hall of the Economic Academy Senate in Poznan, many controversial ideas were raised. These include the quality barrier for Polish agriculture; putting an end to the perception of housing construction as a

priority field (Professor Wilczynski favors the development of small towns); cost-cutting intervention in industrial policy; the development of extratariff import barriers (for example, on the Polish market an item with a Polish label); a severe or almost brutal transitional period as an indispensable element for creating a "healthy" market economy, and many others.

Professor Wilczynski also advanced the thesis that "a market economy is the market plus a good police force." Thus, in his opinion it is high time that effective policing in the areas of the treasury, construction and health be created in Poland.

Speaking out in favor of the grassroots initiative in the restructuring of the economy, Professor Wilczynski perceives the need to create a good law which would limit the rampant impunity from punishment there. In this context, the other authors of the expert analyses note the need to increase the powers of gminas. They demonstrate that the financial picture at the lowest level is quite good and that it in no way resembles the disastrous picture of the state budget.

Docent Wladyslaw Balicki wrote a commentary to *Exit Routes from the Polish Economic Crisis* which expresses divergent concepts (for example, he favors controlled inflation instead of "squelching demand"). This scholar frequently takes a critical stance against what his colleagues have written.

**New Council Urges Stronger Local Economic Role**  
92EP0117A Warsaw RYNNKI ZAGRANICZNE in Polish  
No 141, 23 Nov 91 p 1

[Article by (baj): "The Polish Economic Council Has Been Created: The Importance of the Economic Self-Government Is Growing"]

[Text] To grant the self-government a proper status is to make possible joint decisionmaking regarding the changes that are taking place in the Polish economy and to shift a part of the functions borne by the state administration. This active role is ascribed to the self-government in countries with a market economy. Our country aims to become one of these countries.

"Until now the role of the economic self-government in Poland was too weak. It had no driving force," said Andrzej Arendarski, chairman of the National Economic Chamber [KIG], at a meeting with reporters devoted to the 19 November creation of the Polish Economic Council [RGP]. "In creating the council we want to reactivate the economic self-government and grant it its proper status."

Three supreme self-government organizations that are in operation in Poland created the council: The KIG, the Confederation of Polish Employers [KPP] and the Polish Handicraft Union [ZRP]. The council has no political ambitions. Each of the three organizations preserves its own identity and organizational individuality. Nor will this be another bureaucratic institution with a staff of

officials, but rather a body which represents employer interests, a lobby that wants to be a part of the changes taking place in Poland.

"As self-governmental institutions we cannot enter into Europe fragmented," said Jerzy Bartnik, president of the ZRP. "Nor do we want to hang on at the edge of another government and wait for it to hear us out. We must arise as a self-government. In a difficult political and economic situation, the tasks of economic self-government cannot be overestimated. Nor can they be implemented in a solo manner."

Specifically, the council will deal with preparing and publishing positions, opinions and expert analyses in such key fields for economic development as: economic, financial, industrial, agricultural policy, ecology, environmental protection, and institutional support for economic activity in terms of protection, professional training, economic cooperation with foreign countries and the like. The council plans to invite economists and lawyers to cooperate with the council. It will submit its expert analyses to the Sejm and the RP [Polish Republic] government.

The council's expectations of the state administration are, above all, to uphold those positive tendencies that have been achieved (strong money, standardized prices), but also to promote the activity of economic units, to limit burgeoning bureaucracy and to promote the Polish economy abroad. Of course, it also expects the state to give over a part of management of the central government, to give economic units access to foreign capital, to create conditions for revitalizing activity and the like.

The RGP is open to all serious self-governmental institutions.

**German-Polish Rail Cooperation Expansion Discussed**

92EP0117D Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 21 Nov 91 p II

[Article by WM: "More Rapid Travel to Berlin: Berolina in Eurocity"]

[Text] On 20 November, reporters were informed that our first train in the Eurocity system will be the Berolina. This will not be an immediate occurrence, but will follow the introduction of a new train schedule, i.e., on 30-31 May 1992. The topic of the conference was cooperation between the Polish and German railroads, following the visit of a railroad delegation from the FRG to Poland.

"The railroads will play an important role in the big Europe to which we aspire, for economy is transport," said Heinz Durr, chairman of the board of Deutsche Bundesbahn and Deutsche Reichsbahn. He added that he, along with his Polish colleagues, were considering how to find the technical means to bring into the PKP [Polish State Railways] the "Course 90" seat reservations system, which is based on electronic data processing. The terms for linking up this system with the corresponding reservations system which functions on west European railways were defined.

"We are neighbors, and we should examine many questions jointly, especially when they are difficult questions," the guests emphasized. One of these questions is product transport. As everyone knows, the Polish railroads transport much more than they did or could in the past.

Reporters' questions touched on the transit of the Soviet armies withdrawing from the FRG. Since the Mukran-Klajpeda line has begun operation, we have fewer opportunities, especially since a part of the contingents travel through Czechoslovakia, despite the fact that Poland is closer and, thus, cheaper. The head of the German delegation responded to this that they are also experiencing a decline in rail transits and that the Mukran-Klajpeda line (served by six modern train ferries) is not fully in use.

Alluding to the Berolina in the Eurocity system, participants in the meeting learned that the train cannot continue in its present state because then there would be no question of progress. The new Berolina is to be faster (90km per hour, while its present speed is 70km per hour). It would make the trip from Warsaw to Berlin in 5.5 hours and not 9.5 hours. The customs and passport check would take place while the train is in motion and the train would cross the border without stopping. The first class cars will be air-conditioned, and no train will be without a dining car (with international standards).

PKP general director Aleksander Janiszewski, who chaired the meeting, noted that in the FRG railroads operate in the Intercity system and compete quite effectively with highway carriers. Despite the fact that generally all European railroads have problems of a financial nature and that cargoes have dropped off everywhere, there is no comparison between the scale of rail problems in Europe and the problems our railroad industry battles.

### **Bulgarian Trade Steadily Decreasing**

92EP0122B Warsaw RYNKI ZAGRANICZNE in Polish  
No 144, 30 Nov 91 p 2

[Article by (J.Z.): "Transactions With Bulgaria Decreasing"]

[Text] Bulgaria, once one of Poland's leading economic partners, has lost its high position on our list of trading partners. Economic needs in both countries have changed along with the systemic changes; the artificial, ineffective links have been broken.

Bulgaria's high indebtedness to our country, amounting to 670 million transfer rubles, has influenced the state of transactions this year. In accordance with the trade protocol signed in April of this year, the payment of the balance on the settlement account was to be completed in transfer rubles by 30 November of this year, on 1990 conditions and prices. The list of goods proposed by the Bulgarian side and attached to the protocol included, among others, a wide assortment of machine tools for shaving metal, battery carriages, electric lifts, personal computers (for 100 thousand rubles), fruits and fruit products, manufactured consumer goods, and other goods.

Climatic conditions, and above all Bulgaria's difficult payment situation, brought fundamental corrections to the dimensions of exchange. Galloping inflation, and the lev's unreal exchange rate, eliminated the interest of producers in deliveries to Poland. Thus, in the course of the [first] ten months of this year, Bulgarian export, in transfer rubles, came barely to 100 million rubles; our purchases reached the sum of 30 million rubles. There still remain, therefore, 600 million transfer rubles. Free-currency transactions are also insignificant; this year, they come to about 20 million USD.

Intensive discussions are being held regarding the settling of our accounts. A delegation of Bulgarian experts is presently in Poland, and is conducting negotiations.

### **Cooperation With Italy in Food Processing**

92EP0122A Warsaw RYNKI ZAGRANICZNE in Polish  
No 144, 30 Nov 91 p 2

[Article by (TER): "Cooperation in the Food-Processing Industry: Poland and Italy"]

[Text] A meeting of the Polish-Italian working group on agriculture and the food industry took place in Warsaw. The group, formed by a joint Polish-Italian commission over a dozen years ago, has not met for a long time. Now, as Guglielmo Galli, the director of the Warsaw office of the Italian Foreign Trade Institute (ICE), said in a conversation with RYNKI ZAGRANICZNE, its work has been renewed in the new political and economic realities in Poland, and in the context of relations between Italy and Poland which are closer and more sincere than ever before.

The delegation of nearly thirty Italian business people active in the food-processing industry and in branches of industry producing production equipment for farmers and processors of agricultural products, was headed by Carlo Zuegg, a producer of fruit products which are known beyond the Italian market. On the Polish side, the working group's activities were directed by Slawomir Gburczyk, undersecretary of state in the Ministry of Agriculture and Foodstuffs. The first day of the Italians' visit in Poland was spent in discussions at the Ministry; the second was allotted to direct contacts with our foodstuffs producers.

"We want," said Carlo Zuegg, "to find possibilities for further development of trade of processed food items and of equipment for manufacturers of such items; to identify your needs in the area of technology and know-how; and also to crystallize joint venture projects. The modern food industry requires appropriate solutions not only in production itself, but also in the area of storage, packaging, and marketing. I am aware that Poland wants to export agricultural products to the EEC, including Italy; to do so with success, one must have a sought-after products of appropriate quality, and at the right price. I believe, however," Carlo Zuegg continued, "that Polish firms should at the present moment concentrate their activities above all toward the Polish market, which is flooded by imported goods. It is good to try out a product in the country, and win over one's own market, before one begins a costly export offensive. I have noticed that Polish firms seem to

be oriented exclusively toward the product, toward producing anything at all, while in the West, we think first about the market, and the existing demand to which we might respond. In a situation in which Poland is trying to move from a planned system to a market economy, your firms should change their approach to business: turn their attention above all to the market and its needs. The market will itself show what you should produce."

### **Swiss Program Encourages More Local Initiatives**

92EP0117E Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15 Nov 91 p II

[Article by B.S.: "Poland-Switzerland: Regional Cooperation"]

[Text] On 12 November 1991, an agreement was signed between the government of the Swiss Confederation and the Polish Republic's government regarding a Polish-Swiss regional program.

Within the framework of this agreement, the Swiss government reassigned the sum of 4.8 million Swiss francs for use in the preliminary phase of this program, which will last from October 1991 until September 1993.

The purpose of this program is to create new places of work in small and midsize enterprises of the private and cooperative sectors and to support local initiatives in the field of initiative, in accordance with local and regional needs (in this case the region of Rabka will be the main beneficiary).

The institution responsible for the implementation of this program is the Fund for Cooperation, which is under to the authority of the government plenipotentiary for European integration and receives help from abroad from Jacek Saryusz-Wolski.

### **Waste Dumping Proposed for Technology Access**

92EP0117F Warsaw GLOB 24 in Polish 22 Oct 91 p 11

[Article by Zbigniew Wojtasinski: "The Garbage Invasion"]

[Text] An attempt to smuggle commercial gypsum into Poland, transported on barges from West Berlin, was thwarted at the Szczecin port. "It was not radioactive dust," assures Andrzej Walewski, chief inspector for environmental protection. An attempt was also made to dump approximately 500 tons of plant pesticides taken out of utilization in Germany. It is unknown how many such attempts have succeeded and how secure our borders are against an invasion of foreign trash.

"Certainly nothing that we have known about has gotten in," explains A. Walewski evasively. Since the beginning of the year, more than 100 attempts to import trash in Poland have been thwarted for a total of more than 2.8 million tons of waste. But that may be merely the tip of the trash heap that foreigners try to smuggle in. Last year, Greenpeace estimated that, from 1989-90, West European contractors offered Polish customers at least 22 million tons of wastes. At least 50,000 tons of this did infiltrate Poland. Although authorities oppose this, more trash crossed the

border than was discovered. This year scrap metal represented the largest quantity of an item involved in a smuggling attempt (300,000 tons), followed by scrap paper (100,000 tons), fly ash for construction (30,000 tons), used oils (60,000 tons) and blast furnace slag (180,000 tons).

Since 1 July 1989 an absolute ban on importing wastes has been in effect in Poland. In many cases, however, it is difficult to assess what waste is. Recently the minister for environmental protection was accused of having a hand himself in importing trash, specifically, waste sulfite liquor. This is considered to be a waste, and an especially dangerous one. Minister Maciej Nowicki explains that it is a misunderstanding. "Lye is a waste only when it is stored in dumps. In Poland it is used in the production of copper, fodder yeasts and in road construction. As such it is a raw material in short supply. That is why we must import it." The same situation exists with regard to commercial sulfuric acid. It is both a by-product and a valuable raw material. "But in Poland it is not dumped into the rivers or the sewage system."

In the west mafias are active that, when requested by various firms, will stop at nothing to dispose of waste at the expense of others. During the recent period, approximately 80 countries that do not belong to the OECD (Organization for Economic Cooperation and Development) were offered enormous amounts of industrial waste from Europe and the United States. Says Greenpeace, "More and more people are becoming involved in this type of activity."

In Poland customs officials are still inexperienced in ferreting out waste. They are poorly equipped to do this. The PIOS [State Environmental Protection Inspectorate] agency (the green police) is just in the formative stage. Cooperation has been established with only two environmental protection organs from different countries—Germany and Holland. "We devote most of our attention to preventive measures. We verify draft agreements on the import of waste goods," asserts A. Walewski. This year in more than 20 cases, the transport of waste that was allegedly to be used in production was held up at the border. A total of 24 tons of leftover paint and 72 tons of pesticides were outdated and were not allowed in for use in Poland.

Many western firms propose access to their technology in exchange for our taking their trash. The Belgian STPI enterprise made an offer to provide Poland with methods for producing so-called alternative fuel, under the condition that we would accept 50,000 tons of combustible industrial waste (a combination of sawdust, leftover paint and used oil). The Germans want to build a compost plant for Opole with an annual production capacity of 500,000 tons of manure. The condition is the import of municipal waste and sewage deposits amounting to 400,000 tons a year. The Dutch propose the utilization in Poland of 1.25 million tons of municipal waste per year. To this end they are building a plant and are assisting in the construction of a hospital and in highway development. A project for supplying Poland with 100,000 tons of a combination of fine coal, metal ore, grinding grain and fertilizers, to

originate from a mass cargo transshipment in the port of Rotterdam, has also developed.

Some of these offers are justified in terms of their economic benefits. The Germans proposed to supply Poland with 100,000 tons of waste papers for the cellulose-paper industry. It is cheaper than domestic waste paper, which cannot even be procured of late. How many such transactions will end in the depositing of trash in Poland?

### **Employees Argue Gerber Takeover of Alima**

92EP0119B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 22 Nov 91 p II

[Article by Ewa Zychowicz: "The Meanderings of Privatization: White Slaves or Lucky Devils?"]

[Text] We have been told constantly to economize because we have built a new plant. We have worked for 30 years for the good name of our firm and now Gerber comes in and, without asking our opinion, takes everything for itself.

Such opinions predominate among the workforce of the Alima Rzeszow Fruit-Vegetables Industry Plants, which became a company of the state treasury in April of this year and is now finalizing talks regarding the sale of 60 percent of stock to the well-known Gerber children's food production corporation.

Minister of Ownership Transformation Janusz Lewandowski, who is responsible for conducting this transaction, was invited on 21 November to Rzeszow to explain to workforces why the agreement to sell the major package of enterprise stock was concluded not only without consulting the workforce but also without the participation of representatives of the supervisory council of the company and trade unions.

The Alima employees who took the floor during the meeting with the minister all concurred that in the beginning they wanted privatization, but that they were not told that Gerber demanded 60 percent of the stock for itself. The employees feel that they will not have anything to say regarding their plant's affairs. Had they been informed at the proper time of this manner of selling the enterprise, they probably would not have supported this privatization. The representatives of 5,000 growers who have worked together with the plant for years, supplying it high-quality farm products, likewise voiced their doubts that the new conditions of enterprise operation will guarantee their former work.

Minister Lewandowski defended his manner of conducting negotiations with the foreign partner by saying that according to the law, the ministry did not have the duty of consulting with the workforces of privatized enterprises. As one may guess, his putting the issue this way caused unfriendly murmurs among the audience. Nor did the minister's next statement improve the mood. He said that consultations cause negotiations and the entire privatization process to drag on, as is happening, for example, in the change of the ownership status of Orbis. Minister Lewandowski, citing this example, stated that negotiations in this firm have been dragging on without any progress for a year

now and that, as a result, the firm cannot be privatized. Arguments of an economic nature were more favorably received. In the opinion of the minister and his employees, in the course of negotiations with Gerber, very good terms for the future operation of Alima were negotiated. While it is true that the new owner will receive 60 percent of the stock, 20 percent of the stock will be sold to growers and another 20 percent will be sold to plant employees on very favorable, preferential terms. Gerber paid \$11 million for Alima. This money will enter the state treasury. In addition, however, Gerber has committed to invest another \$14 million to expand and modernize the plant.

Maria Potocka-Bielecka, company chairperson of the board, sees this conflict between the ministry and the enterprise in categories of a struggle between the old and new ways of thinking. She said that only time can tell whether the transaction has succeeded and whether it has benefited the plant. Personally, she is convinced that it has because Alima will make a broader entry into western markets through Gerber's intervention with its excellent-quality Bobo-Frut juices and infant purees. This will make it possible for the plant to expand production and ensure work for the entire workforce.

Minister Lewandowski admitted that the example of Alima is a lesson for him and that the ministry must do some work on changing its information policy.

### **British Offer MBA, Management Training in Gdansk**

92P20099A

[Editorial Report] Gdansk TYGODNIK GDANSKI in Polish on 17 November on page 3 carries a 400-word article about the opening of a postgraduate International School for Managers in Gdansk. The school's inauguration was attended by Princess Anne during her recent visit, and it is organized by the Gdansk Foundation for the Education of Managers (GFKM). Lecturers at the school are from the Strathclyde Graduate Business School in Glasgow and they employ a system called "distance learning" including an internship in Great Britain. Prof. Michael Thomas is in charge of the group of British lecturers and consultants; he has been assisting Polish educators implement "new systems for the training of managers and consultants for many years now." Thomas says he hopes that this will become a kind of "Gdansk 'Harvard'" in the future.

According to the article, the British Government has designated 50 million pounds for training and advising in the areas of marketing, banking, and the economics of the market system. Polish experts take part in the training under the auspices of the Know-How Fund. It is due to the "competency of the Gdansk Foundation for the Education of Managers as well as the high substantive level of the Polish specialists associated with the International School for Managers" that Poland was able to begin a program of study that leads to earning the British MBA diploma. This will allow Poles "to benefit from British experience and knowledge" without having to pay the high cost of foreign study.

Dr. Maciej Rydel, chairman of the Program Council of the GFKM, is the promotor and organizer of the postgraduate MBA program. The GFKM was founded one year ago by the Economic Foundation of NSZZ "Solidarity," Gdansk University, the "Doradca" Cooperative, and by the president of the City of Gdansk. In addition to the business school, the Gdansk Foundation for the Education of Managers also conducts a number of other courses and workshops for management personnel. The article notes that it is not a mere happenstance that the Gdansk International School for Managers occupies a leading position in Poland, for it was on the Baltic coast that the first advisory firms using new methods of training appeared in Poland in the early 1980s, and it was also there that the "entrepreneurial movement" quickly developed. The Management Advisory and Training Center was one of the "experimental plots" from which today's respected consultants and experts emerged.

#### **PKO Profits by Lowering of Bank Reserves**

92EP0117B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 21 Nov 91 p 1

[Article by P.J.: "The PKO for Savers and Capitalists: Reserves Are Down and the Interest Rate Is Up"]

[Text] On 1 October 1991, the NBP [Polish National Bank] lowered the required reserve rate. Formerly banks had to turn over 30 percent of the value of funds amassed in a vista accounts and 10 percent of funds in time-deposit accounts to the NBP. These reserves were non-interest-bearing.

For a month now, the rate of obligatory reserves drawn on a vista savings accounts belonging to physical persons has been reduced from 30 to 20 percent. This decision impacts significantly to improve the financial condition of banks specializing in serving the people (Pekao, BGZ [Food Industry Bank] and PKO BP [Polish Bank General Savings Bank]). The PKO profits especially by this decision. Recently it began to specialize in carrying a vista accounts for the populace. It offers the highest interest rates and a network of many branches facilitating easy access to accounts.

To utilize the funds saved due to the reduction in the level of required reserves, the PKO decided to raise the interest rate on time-deposits beginning 20 November. To put it gently, the previous percentage rate was totally uncompetitive with the rates offered by other banks. Its rate was one-fourth or even one-third lower than the rate offered by other banks. Of course, this led to an increasing decline in interest in placing money in time-deposit accounts in the PKO. In September, the increase in savings in the PKO amounted to 407 billion zlotys[Z], or more than sevenfold lower than in April. This decline is not compensated for by the increase in funds in a vista accounts. This type of savings in the PKO carries the highest rate of interest in Poland (20 percent). The interest was increased on those investments in which clients are most interested, i.e., three- and six-month deposits (correspondingly from 27 percent to 30 percent and from 34 percent to 36 percent).

Longer term deposits are not popular. According to polls conducted by the PKO, the unwillingness to invest for longer than six months is associated with uncertainty regarding the continuation of the policy of maintaining the value of money. The interest rate on multimillion deposits in zlotys was also increased. In this way, the fact was considered that the higher the sum of a deposit, the less the (relative) cost of servicing it. At present, the PKO is paying postage of Z3,000 for every transaction, no matter how small. Likewise the services of its agents cost the PKO money.

Despite the increase in the interest rate of time-deposits in the PKO, its rate is still lower than that of other banks. In a situation where the largest banks offer interest on three-month deposits of 32-41 percent and 39-45 percent on six-month deposits, what the PKO offers for small savers continues to be uncompetitive. The situation is significantly better for large depositors, especially for those investing more than Z50 million. Their interest rate is often higher than that offered by other banks.

#### **Soviet Gold Smuggling Reaches Alarming Rate**

92EP0108B Munich *SUEDDEUTSCHE ZEITUNG* in German 25 Nov 91 p 10

[AFP dispatch, Warsaw: "How the Gold Gets Out of the Soviet Union: Poland Is the Transit Country for Precious-Metal Smugglers"]

[Text] At first Poland was in danger of drowning in Soviet vodka. When Polish customs officers increasingly stopped this contraband at the border, thousands of visitors from the east switched to earning the "quick buck" with precious stones and nonferrous metals. In the past the Soviets illegally sold annually an estimated 20 million liters of vodka. Now, gangs, as well as retailers posing as tourists, specializing in gold, platinum, titanium, copper, bronze, aluminum, and even mercury, have been organized.

"Poland is a transit country for huge amounts of precious metals and nonferrous metals. The customs officers are sounding the alarm, for the smuggling apparently is taking on constantly increasing dimensions," according to a recent remark by a jeweler. He does not want his name mentioned—for a good reason. For he, himself, participates in the flourishing black market deals. "The game pays for the Soviets. In their own country they received 300 rubles per gram of gold. I offer \$6.00. After all, that is twice the amount." The supplier seems to be convinced by the calculation. Some supply the jeweler, according to the latter's information, with several kilograms of gold per week.

Between 70 and 100 tons of gold, mostly in the form of rings, chains, and bracelets, were traded in for foreign currency in Poland last year, the fence estimates. In view of the galloping inflation everybody tries to hoard as much foreign currency as possible. Policemen recently discovered more than five tons of copper in a Soviet truck. The raw material was hidden in an additional loading space on the underside of the truck. In another truck, security officers found 500 kg of nickel-chromium steel.

After a chase the police of Legnica caught three young Soviet citizens. They had loaded more than 100 kg of mercury and eight kg of a radioactive red mercury compound in the trunk of their Lada car—a load worth several hundred million dollars. The Polish authorities suspect that the highly toxic substance was smuggled in by Soviet military aircraft. The reason for this suspicion is the fact

that Legnica is the headquarters of the Soviet forces stationed in Poland since the end of World War II. In the Warsaw press suspicions were openly expressed that in the military aircraft, which are not controlled by Poland, contraband not only is flown in but is also flown out. Luxury cars stolen in the West or in Poland itself are said to be delivered to their new owners in this way.

**Bosnia President Requests Muslim 'Moral Support'**

92AE0122A London AL-SHARQ AL-AWSAT  
in Arabic 25 Nov 91 p 4

[Report by Ahmad Kamal Hamdi: "President of Islamic Republic in Yugoslavia: We Expect More Muslim World Attention to Our Difficult Problems"]

[Text] Bonn—Alija Izetbegovic, president of the Yugoslav Bosnia-Herzegovina Islamic Republic, said that his republic seeks to bolster ties with the Arab and Islamic nation.

He told AL-SHARQ AL-AWSAT, in an exclusive statement at the conclusion of a visit to Germany, that: "We hope for moral support and for familiarity with the conditions of our Muslim people. We welcome visitors, and especially officials, since we expect more attention from the Muslim world, especially since we are going through difficult times because of the ongoing civil war in Yugoslavia."

President Izetbegovic added that he looked forward to visiting Saudi Arabia on the haj and meeting with officials. He said that his government is currently making arrangements for an visit to Jiddah by Haris Kamel Silajadzic, foreign minister of Bosnia-Herzegovina, at the invitation of the Islamic Bank; and that it has high hopes for the outcome of that visit and its effect on relations with Saudi Arabia and with the Arab and Islamic world.

He said that Muslims in Yugoslavia adhere to centuries-old Islamic mores and that they have preserved those customs and traditions. He added that Sarajevo, the capital of his republic, today boasts 83 mosques, a college for Islamic studies, and the largest Islamic library in Europe.

In discussing the Yugoslav crisis, he said that after spending eight years in jail under the Communist regime, he was elected president of the Bosnia-Herzegovina Republic in 1990 in the first free elections in Yugoslavia since the end of World War II. The elections reflected citizen aspirations for freedom, democracy, a free economic system, and regard for human and minority rights.

President Izetbegovic added that the old institutions and the chauvinistic Communist mentality in Yugoslavia, having failed to offer new reform programs, attempted to regain their former powers, rouse sectarian and ethnic animosities, and forcibly control the new liberal movements. Yugoslavia was therefore inflamed with sectarianism and prejudice.

He said that the Bosnia-Herzegovina Republic encompasses three peoples, the largest of which, at 44 percent, is the Muslim people, who adhere to Islam both as a religion and as a nationality. Orthodox Serbs account for 31 percent of the republic's population, while Catholics represent 18 percent.

He added that Islamic Bosnia-Herzegovina has never in its long history submitted to either the Serbs or the Croats, and has therefore declared impartiality to both parties to the conflict. It advocates coexistence by all Yugoslav

peoples and it, since it has all needed components, seeks to create a comprehensive political entity, similar to Switzerland, within the framework of a Yugoslav confederation.

He expressed satisfaction at the outcome of his visit to united Germany, which is home to some 120,000 Muslims from Bosnia-Herzegovina, and pointed out that he will be making similar contacts in Austria, for which he left yesterday at the conclusion of his German visit.

While in Germany, President Izetbegovic met with German chancellor Helmut Kohl and foreign minister Hans Dietrich Genscher to discuss the Yugoslav crisis, the ongoing civil war between the Serbs and the Croats, the need for a peaceful solution to the Baltic crisis that would guarantee freedom and self-determination to all peoples of the region, political support and economic assistance from the European Community in accordance with resolutions of the Hague Conference, and the need for dispatching UN troops to Yugoslavia to bring an end to the current armed conflict there.

President Izetbegovic also updated the German chancellor on the difficult conditions of some 2.5 million Muslims in his republic. He was assured by Chancellor Kohl that European economic barriers were not directed at Bosnia-Herzegovina, which is using its good offices to bring the warring parties to peaceful terms, and that recognition of the Yugoslav republics is to be preceded by negotiations between the parties concerned.

**Serbia's Kosutic on Arrival of Peacekeepers**

92BA0269A Belgrade BORBA in Serbo-Croatian  
12 Dec 91 p 6

[Article by S. Pokrajac-Stamatovic: "No Dispute About the Arrival of the 'Blue Helmets'"]

[Text] Belgrade—Commenting on Cyrus Vance's recent statement that the conditions have not come about for the "blue helmets" to come to Yugoslavia, because peace has not been secured, Budimir Kosutic, Serbian deputy prime minister, said in yesterday's press conference of the government of Serbia that this does not mean that the decision of the UN Security Council will be negative, and he believes that this idea will not be given up. Kosutic emphasized in this connection the efforts of federal authorities, primarily the Yugoslav Presidency and Federal Secretariat for National Defense, in securing the conditions for arrival of the "blue helmets." However, the desire of federal authorities and of the JNA [Yugoslav People's Army] to secure the truce resulted in new casualties among Serbs. The report, nevertheless, was negative, but I hope that Vance will incorporate these facts and say who is to blame for breaking the truce and committing the large-scale genocide against the Serbian people in western Slavonia.

As to Serbia's responsibility for respecting or not respecting the truce, Kosutic pointed to Vance's statement that he had reached an understanding with President Milosevic on bringing about the conditions for the "blue helmets" to come. In response to the observation that Cyrus Vance had hinted the possibility of a total embargo

on petroleum imports, Kosutic replied that he did not consider that embargo a possible or sensible act, because this would threaten first of all the general public, not the parties to the conflict. The United Nations must above all protect the population without imposing solutions which are not in the interest of any nationality.

Answering a question about political and economic contacts with Slovenia, Kosutic said that the government has taken the position that its economy is open and will not allow cooperation with anyone to be interrupted or blocked. The government will take all the measures to control and protect its own economy for the simple reason that an attempt is being made to infiltrate a monetary unit which is not the right one. As for political contacts with Slovenia, at this point there is no need to establish contacts between the two federal units as though they are two foreign states.

Concerning the statement of the communist Movement for Yugoslavia of Bosnia-Herzegovina to the effect that Kosutic denies that the Muslims are a nationality, the deputy prime minister said that the competent authorities in Serbia recognized the right of all citizens to declare themselves to be representatives of the Muslim nationality, that is, that every citizen of Muslim, Catholic, or Orthodox faith has the right to declare his nationality as he wishes.

Kosutic says that he knows nothing about the fate of Nenad Canak, but that he was not mobilized on the basis of the party to which he belonged, but rather military authorities sent out the call on the basis of needs, regardless of what party to which someone belonged.

Concerning the statement of Vuk Draskovic and the opposition that the Serbian government should be brought down and the question of the communists in it, Kosutic said: "Democratic rules apply in our country, and so it is possible to offer even such assessments of the government as those of Vuk Draskovic. Without disputing everyone's right to join the party he wishes, there is not a single member of the League of Communists in the present government of the Republic of Serbia."

### **Osijek Commander on Need To Reduce Human Losses**

92BA0258A Zagreb VJESNIK in Serbo-Croatian 12 Dec 91  
p 4

[Interview with Branimir Glavas, commander of defense of the city of Osijek, by Sanja Kapetanic in Osijek; date not given: "Croatia Does Not Need Dead Heroes"]

[Text] After a decree of Dr. Franjo Tudjman, president of the Republic of Croatia, awarded him the rank of bojnik [major, commander of a bojna, equivalent of a battalion] in the Croatian army, Branimir Glavas was also named the commander of defense of the city of Osijek. This occurred in what we would say are probably the most difficult moments for defense of Slavonia's capital—following the fall of Vukovar and after the enemy in just 15 days advanced the first line of the front another 15 km closer to

the city in some places, so that now the enemy units are within range of almost any artillery gun from three sides.

[Kapetanic] Mr. Bojnik, what does the fall of Vukovar mean to you as commander of the defense of Osijek?

[Glavas] By no means can we consider the fall of Vukovar a defeat. Vukovar is actually a victory of the Croatian army. For 90 days, that is, three months, Vukovar was a Croatian fortress tying up 30,000 soldiers and reserves of the so-called JNA [Yugoslav People's Army] and another 5,000 Chetniks. In Vukovar, we managed to destroy 300 tanks and armored personnel carriers, about 10,000 enemy soldiers were killed. In any case, we have estimated that about 7,000 enemy soldiers were killed, but according to the estimates of European observers the figure is between 10,000 and 12,000. And all of this was done by about 1,500 Croatian fighters, of which only a few hundred managed to escape the encirclement at the end! For example, they were not strong enough to take the Vukovar Garrison in which there was a considerable strength in equipment and personnel, but they did manage to block it in such a way as to neutralize it for all practical purposes. In the last days of the fight, guns were taken up even by 12-year-old boys. What is more, people forget that fighting is still going on in Vukovar. The Serbian army still has not taken Mitnica; this has not yet been mentioned even on TV Belgrade, and they certainly would be very happy to report and to show that Mitnica has also fallen, when it has been referred to so many times as the strongest "Ustasha point of support" in Croatia.

[Kapetanic] Can you tell us something more about what the fall of Vukovar means to the security of Vinkovci and Osijek and all of Slavonia?

[Glavas] The situation is much more difficult now, following the fall of Vukovar a great deal of equipment of the Serbian army has been freed, and it is directed toward Osijek. But we must bear in mind that Osijek, an opcina with 180,000 inhabitants, received its first guns—650 Kalashnikovs—a year and a half ago. We gave up 100 of those to Vukovar, 100 to Baranja, and 50 to Orahovica. After that, nothing new came until this summer. Some weapons reached our hands following the fall of the garrisons and storehouses in Osijek. But here again one must realize that the garrisons in this area were not surrendered following negotiations. We had to take them. Twenty of our soldiers lost their lives taking the White Garrison. And the army destroyed or disabled all the weapons which they could, especially the heavy ones. We have, of course, also managed to buy some weapons in recent months, and some we have been producing ourselves. For example, the attack on the White Garrison in fact included missiles which we ourselves produced from rockets used against hail. They weigh 45 kg, and they have a range of 700 meters.

[Kapetanic] What is the significance for Osijek of the fact that 15 km of the depth of the front has been lost at some places in 15 days?

[Glavas] We face here the immense strength of the enemy, especially his technical strength. We still cannot oppose

him with complete equality. That is why, I am convinced, it is better to pull people back than to allow them to "die cheaply." Croatia has no need for dead heroes. If a position cannot be held, then, it is better to pull people back and save them, preserve them for the time when they will be able to oppose the enemy with technical equality and thus pay back what we have lost.

But still that takes time. We do not have armament factories. Since 1918, they have been systematically built according to plan exclusively on the territory of Serbia. Nor do we have our own air force, but, I am profoundly convinced, we will soon have it! We have a sufficiency only of soldiers, not only Croats, but also all other citizens of Croatia who consider the Croatian state their homeland and are ready to fight for it. The units of the Croatian army in this region consist of 2 and 3 percent Serbs, and I feel that those Serbs who have not left and are now remaining at their jobs are also making their contribution to the defense of Croatia. At the same time, the Serbian army is still receiving weapons from the USSR and Romania, and there are strong indications that mercenary pilots from the USSR are flying their planes.

[Kapetanic] Recently, there has been a great deal of talk about HOS [Croatian Armed Forces] units. What role do the HOS-ites have in this area?

[Glavas] I personally am not bothered if soldiers wear that insignia, especially if they perform their missions in a disciplined manner. They have been doing that in this area, and I so far have not received information to the contrary from commanders of other regions either. In any case, I think that this label for a great number is a question of fashion, just like the black bands which they wear around their heads. At the outset, to be sure, many HOS-ites came because they would obtain uniforms and weapons more quickly that way. But I talked several times with Mr. Paraga, and he also asked me to try to obtain weapons for his people.

[Kapetanic] In recent months, there has been a great deal of talk in the region of Slavonia about the truces doing more good than harm in this area.

[Glavas] Fourteen truces have been signed during these six months of war. Many were expensive for us from the strategic military standpoint, many times we have had to withdraw because a truce had been signed from positions we had taken or almost taken. But those truces were necessary for us to prove our goodwill to Europe and the world. And because in this war 90 percent of the decisions are in the hands of politics, and only 10 percent in the hands of the army, we must comply in a disciplined way with those truces and the orders of the republic Supreme Command and command headquarters of the Croatian army.

[Kapetanic] General Kadijevic has said that Dubrovnik was bombed without his knowledge and approval. Do you believe, as a man in the field, that the so-called federal Army is still under firm control?

[Glavas] The Serbian General Staff and Slobodan Milosevic have been planning this for years now. There are dozens of teams which have planned everything to the last detail from what is to be said when to what is to be taken when and in what manner on the battlefield. When Kadijevic says something like that, he is lying. The Army is under exceedingly firm control. This can be seen even from the propaganda. They are even massacring their own dead in order to show them later on TV Belgrade as victims of an "Ustasha slaughter." And, for example, two days after our withdrawal from Laslovo, TV Belgrade showed the body of an elderly civilian whose throat had been slit, and the commentary said that this was a Serbian peasant from Laslovo whom the Ustashi had slaughtered. But in actuality it was the corpse of a Croat from the village who was killed by a bullet during an attack of the Serbian army.

### Chief Editor of TANJUG Submits Resignation

92BA0258B Belgrade *POLITIKA* in Serbo-Croatian  
13 Dec 91 p 10

[Article by M. Pesic]

[Text] Mladen Arnavotic, editor in chief of the Yugoslav news agency TANJUG, yesterday informed the collegium and workers' council that he has asked the federal government to discharge him from the post he has held more than seven years. The reason Arnavotic gave for his resignation, which he announced a month ago, was his desire to contribute personally to preventing the division among TANJUG employees and to normalization of the situation at TANJUG.

In yesterday's meeting of the agency's workers' council, we have learned, when the editor in chief was asked to read the text of his resignation, he refused, saying that this was a personal, moral, and professional act. In any case, Mladen Arnavotic's resignation has come at a time when a referendum on confidence in the leadership of TANJUG was scheduled for 25 December.

Dissatisfied with the ever deeper divisions in TANJUG, the workers' council adopted a decision back on 26 November to take a vote of all 700 employees on whether they still had confidence in Risto Lazarov, TANJUG director, in the editor in chief, and in the editorial collegium.

The decision to hold a referendum was first requested by the signers of a petition, 170 of them, back on 12 November. These TANJUG employees also made themselves heard on 2 December with a proclamation stating: "Voting in the referendum to replace the present leadership, the working people will be voting for change, for a new TANJUG. That vote will signify the end of political manipulation by individuals, who behind a cloak of 'neutral' news have used TANJUG to launch falsehoods into the world about the real situation in the country."

By contrast with the petition backers who desire a TANJUG, as they say, in keeping with the "new state" which is coming into being, the Independent Trade Union, which

also supported the referendum, sees the agency extending over the entire space of Yugoslavia regardless of whether Yugoslavia survives.

It is of interest, as we have unofficially learned, that the news of Mladen Arnautovic's resignation was communicated back on Wednesday "by messenger" to the Independent Trade Union. At the same time, the day before yesterday the TANJUG collegium received a letter from Mustafa Cengic, deputy secretary of the Secretariat of the

Federal Executive Council for Information, in which he rejected in the tone of an ultimatum the idea of any referendum whatsoever.

Regardless of how events develop in the future, Mladen Arnautovic seems to be leaving TANJUG. As of 23 December, he is taking his annual vacation, and according to his own statement, he will not be going back to the building on Obilicev Venac.

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