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INTRABLOC AFFAIRS

Changed Situation of Hungarians in Slovakia Discussed

25000601D Budapest NEPSZABADSAG in Hungarian
8 Jan 90 p 2

[Interview with CSEMADOK Chairman Zoltan Sido in Prague, 7 Jan, by Tibor Kis: "Do Anti-Hungarian Sentiments Continue To Survive?"; first paragraph is NEPSZABADSAG introduction]

[Text] Probably for the first time in history, the other day the Bratislava [Pozsony] television broadcast a roundtable discussion concerning the nationalities situation in Slovakia. The broadcast evoked great response, moreover a storm. For example, the Slovakian language newspaper LUD charged that the Cultural-Social Association of Hungarians in Czechoslovakia [CSEMADOK] "drowned out" the rest of the panelists. Our Prague reporter asked CSEMADOK leader Zoltan Sido, one of the Hungarian participants in the television debate, how he took these complaints.

[Sido] Indeed, there were some less tolerant manifestations during the program, not to mention some anonymous mudslinging phone calls which I received, but to my knowledge other panelists also received their share of such calls.

[NEPSZABADSAG] According to reports, some objected to the fact that the Slovakian government and the Slovakian parliament were represented at the discussion by persons of Hungarian nationality, specifically by Sandor Varga and Kazmer Nagy.

[Sido] Discounting all these dissonant voices, the CSEMADOK presidium is of the opinion that all in all the program was useful, because this was the first time in 40 years that the Slovakian public has had to confront the nationalities problem in its unveiled reality. As it turned out, many people did not even think that members of the Hungarian minority in Slovakia felt like second class citizens. In our view this broadcast served to prove that there is much confusion in society regarding the nationalities issue. For this reason our presidium wrote to the management of the television expressing the view that more similar nationalities programs should be broadcast in order to put an end to misunderstanding and prejudice, and to enhance the process in which such matters are clarified.

[NEPSZABADSAG] Despite all its undesirable waste, it is apparent that the roundtable conference is an expression of the new political situation, a new conduct on the part of government and society. How do Hungarians in Slovakia relate to this period, in CSEMADOK's view?

[Sido] Our presidium also dealt with this issue at its meeting held in Senec [Szenc] last weekend. In our view the new circumstances also had a great effect on our national minority; we are pleased that our membership

takes an active part in making changes. It should be noted here that in this regard materials dealing with Czechoslovakia in the Hungarian mass media played, and continue to play, an essential role, and this includes NEPSZABADSAG. Do not take this as flattery.

[NEPSZABADSAG] One of the signs that shows this activity is the fact that throughout Slovakia the beginnings of various Hungarian parties and movements may be seen. How does CSEMADOK, the Hungarian nationality organization which presently has the largest membership, view this process?

[Sido] We welcome all initiatives which place democratic and humanist goals on their banners, and would like to cooperate with them.

[NEPSZABADSAG] Would this also apply to the Independent Hungarian Initiative [FMK]?

[Sido] It would. It is yet another matter that the new Slovakian citizen initiative called Public Against Violence, of which the FMK is a constituent element, refrains from establishing relations with the National Front. And since CSEMADOK is a member of the National Front, the FMK leadership does not want to establish an institutional relationship with us. On the other hand, we are aware of the fact that cooperation exists at the basic organization, local, and administrative district levels; we know of many Hungarians in Slovakia who participate in the workings of both CSEMADOK and the FMK.

[NEPSZABADSAG] The situation you have just described may have its dangers, of course, particularly if we consider the approaching elections. It may be that the political power of Hungarians in the Northern region will become divided in the elections.

[Sido] CSEMADOK wants to prevent the political splintering of Hungarians in Czechoslovakia, because our national minority could not be present in public life to an extent commensurate with its strength, if that happens. This is why we must ponder the question of which nationality party we should establish relations with in the framework of elections. Needless to say, we would consider only those parties whose principles do not conflict with the CSEMADOK program.

CZECHOSLOVAKIA

New CPCZ Action Program Published

90EC0206A Prague RUDE PRAVO in Czech
22 Dec 89 pp 1, 2

[Action Program of the Czechoslovak Communist Party: "Toward a Democratic Socialist Society in CSSR"]

[Text] The goal of the Communist Party has been, and is, the creation of a socially just, democratic, humane society providing the broadest possible scope for a free development of all its members. But we ourselves have

lost sight of this goal many a time in the past, and we often greatly distorted the means which lead to it. Having learned from many bitter experiences, we wish to return with this program to our original goals.

I. Thorough Regeneration of the Party

Our aim is to transform the CPCZ into a modern political party that will incorporate itself into the Czechoslovak democratic movement and will be able within its framework to positively influence our society at the close of the 20th and the threshold of the 21st century.

We are therefore distancing ourselves unequivocally and conclusively from the Stalinist model of the party and society, which in all its representations is entirely foreign and hostile to socialism. We reject the deformations of Marxist theory and we stand for creative theoretical thinking free of any ideological dogma.

- On the basis of an objective and honest study of facts, we shall draw conclusions as soon as possible from serious blunders and mistakes made by some CPCZ functionaries.
- Based on the results of investigations, we shall thoroughly purge the party of those who misused their party membership and their position of power in economic, state, and national institutions for unjustified advantages and personal gain.
- At the same time we are firmly opposed to a blanket defamation of all communists. That is not only contrary to the truth, but is also inconsistent with the democratic political culture and atmosphere of freedom and personal responsibility which we are endeavoring to create.
- By the time of the regular party congress we shall have worked out a new and objective evaluation of the development and activities of the CPCZ from its inception in 1921 to the present.
- We consider the "Lessons from the Crises in the Party and Society Following the 13th CPCZ Congress" invalid. We shall prepare a truthful historical evaluation of the years 1968 and 1969 and the developments in Czechoslovakia that followed, and we shall present it to the regular party congress.
- The extraordinary congress of the CPCZ rehabilitates all party members who were unjustly expelled and struck out of the party in the past. We shall be happy to welcome those who show interest back to our ranks.
- We shall create party agencies at all levels with a real capacity for action, from the committees of basic organizations to the center. We shall elect to them new and competent people. We shall abolish the regional CPCZ committees. We shall radically reduce the apparatus of the party and substantially increase its efficiency. Even by its structure and cadres the party must prove that it will never intend to return to the situation which existed in it prior to November 1989.
- Before the regular party congress takes place we shall evaluate in the basic organizations the possibility of

establishing a new territorial CPCZ organization in the CSR.

- It is necessary to establish new as well as expand existing basic organizations of the party in places of residence. To these organizations we must transfer communists from the work places with as few losses as possible. At the same time we recommend that party members organize themselves in communists' clubs and other professional and special interest associations.
- Basic party organizations will entrust each member with specific informal tasks, particularly work with children and young people, in social organizations and associations and in public life. Each communist will regularly report to his basic organization on the fulfillment of his task.
- We shall give all party agencies and organizations legal status and the possibility to earn their own monies and engage in various forms of entrepreneurship.

II. Democracy for All

The Communist Party of Czechoslovakia will use its best endeavors for the creation of a democratic socialist society, in which a true government by the people will be ensured.

We shall make every effort to advance the principle of equality of all citizens before the law, to create a democratic electoral system based on proportionate representation, and to have direct participation of citizens in the activities of the administrative agencies, particularly the national committees. A narrowly partisan, group, or local viewpoints must not endanger the national interests.

- We commit ourselves to a legal state. It is a state in which the constitution and laws are supreme, the power of the state is applied only according to law and within its limits, and the international standards of human rights are fully respected. At the same time, the exercise of power is subject to public control as to its constitutionality and legality. The freedom of a citizen can be circumscribed only by the duties established by law. It must apply to everyone that a citizen is allowed anything that the law does not forbid.
- We consider the framing of a new CSSR Constitution and the constitutions of both national republics to be the primary task. In the constitutions will be anchored the principles of constitutional law, system of political democracy, and broad personal, political, cultural, and social rights of the citizens, including the right to work.
- We insist that the constitution and the entire Czechoslovak legal code provide guarantees of human rights concordant with the needs of the development of our society and with the international commitments of the republic.
- We consider it democratic to submit with dispatch to public discussions the laws of association, assembly, and press, the law on the right to petition, and the law on institutions of higher learning.

- We consider it necessary to create in the near future a constitutional court and introduce an administrative judiciary authorized to review the decisions of administrative agencies at citizens' request; to ensure dependable guarantees of judicial independence, broaden the authority of the courts in investigating, and guarantee by law the independent performance of advocacy.
- We are in favor of having all agencies of the National Security Corps work consistently within the framework of the law and to be placed under the control of the representative bodies.
- The party thanks all the members of the People's Militia who in the past honorably and conscientiously performed their tasks. The extraordinary CPCZ congress states that the People's Militia fulfilled its historical role, and as of 21 December 1989 dissolves it.
- The CPCZ is convinced that the relaxation of international tensions and progress on the road to disarmament makes it possible to reformulate the military doctrine of the CSSR as strictly defensive, and to reduce future outlays for the defense of the state.

The representative bodies of all levels must be created by free, secret ballot with the participation of all political forces and groupings under equal rights. The condition for a truly democratic and representative character of the representative bodies is the application of the principle of proportionate representation of all political forces.

- It is necessary to apply broadly various forms of direct democracy, referenda, and plebiscites at the nationwide, republic, and local levels in such a way as to enable citizens to express their views directly on questions that concern them. Appropriate laws must be drafted and adopted toward that end.
- We are in favor of a broad expansion of socialist self-government and for a further strengthening of the status and authority of municipal and local national committees. At the same time we think they should have greater responsibility for the development of the territory they administer and a greater economic independence, the basis of which is communal ownership. For the sake of simplifying state administration, we consider it useful to liquidate regional units and go to a two-level management.
- We consider the basis of the constitutional organization of the CSSR to be the federal system, in which the jurisdiction, mutual rights and duties of the federation and the republics will be precisely delimited. The CPCZ supports the mutual cooperation of the republics with full consideration of their equal rights and their more independent position vis-a-vis the agencies of the federation.
- We advocate full participation of all nationalities in the administration of public affairs and in the development of our country. Conditions for their social, political, and cultural development must be created.
- We make every effort to achieve political pluralism which will guarantee that all political parties, movements, and social organizations which respect the

constitution will have the right to freely express their political views and develop their activities. Efforts to gain any kind of monopoly and to discriminate against citizens on the basis of their political affiliation are entirely incompatible with such pluralism. We consider it essential that the principles of political pluralism, which are an integral feature of democratic socialism in our conception, be thoroughly reflected in the constitution and the entire legal code.

- We think that an open platform should be created as soon as possible for dialogue, consultations, cooperation under equal rights, and search for a sensible accord among political and social forces at all levels.

III. Be Clear Whose Interests the Party Defends

We speak up for the interests of broad strata of people and against any efforts to endanger their justified political, social, economic, and cultural needs and interests. We see that as the only way to gain trust and authority in society.

- In all our activities we shall defend the interests of the blue collar workers, push their participation in representative bodies. We shall insist that the implementation of socialist market economy and structural changes not be made at the expense of the blue collar workers' interests, that their position, conditions for utilizing their skills, culture of life and work, be fully appreciated.
- We shall stand up for the interests of cooperative farmers and agricultural workers, and a fair appraisal of their contribution to the development of society.
- We shall also stand up for the interests of members of all other cooperatives and small individual entrepreneurs.
- We are striving to regain the trust of the intelligentsia, artists, and cultural workers in the CPCZ. We shall speak out for a fair material and moral evaluation of their role in a modern society.
- It is a matter of importance to us to gain the trust of the young generation. The party will make every effort to see to it that young people get the necessary education and skills, that they are able to travel as much as possible and get to know the world, that serious social problems of young people are unfailingly resolved, particularly as far as housing is concerned.
- We insist on a truly equal status of women in society, on increasing the representation of women in political and public life. We shall make every effort to see to it that women are able to fully utilize their skills and are rewarded in an appropriate manner. Conditions must be created that will enable them to fulfill their role as mothers, devote themselves to the care of children and family, which we consider to be the foundation of the state. Women must be ensured even in the future the right to make free decisions about their motherhood.
- We insist on creating conditions which will make it impossible to place at a disadvantage, or even discriminate against, citizens with impaired health.

- We shall make every effort to see to it that in the life of the society, in social policies, in resolving other questions, the interests of retired citizens are fully taken into consideration.

IV. We Stand for Free and Rich Spiritual Life

We stand for a complete freedom of thought, spiritual and cultural creativity, and exchange of information. We respect and support the freedom of opinion, conviction, and religious belief. We are firmly against any attempts to gain monopoly in these areas.

- We oppose reducing the funds for the cultural and spiritual development of the people when decisions are being made on the budgets of the federation, national republics, and national committees of all levels.
- We are for equal rights of all political parties, associations, social organizations, as well as individuals who respect the constitution to publish on a regular basis. We demand that propriety and journalistic ethics be maintained in the media. The access to broadcasting by radio and television in particular must be equal for all political parties, social organizations, and civic initiatives. We categorically reject any censorship.
- We consider it of overriding importance to make possible in schools and educational institutions an all-around development of capabilities and independent creative work. In determining the admittance to studies at high schools and institutions of higher learning, we demand equal conditions for all applicants—regardless of their social background, worldview, or political orientation.
- We stand for full observance of the freedom of creative discussion in science, for competitiveness and equal conditions for applying scientific findings without ideological bias and administrative intervention.
- We consider physical education, sport, and tourism to be a part of social culture. We shall make every effort to see to it that everyone has access to sports and travel. We recommend the establishment of an independent ministry of physical education and sports.

V. Expand Social Certainties and Social Justice

We see the basis of our linkage with the people in the struggle for social justice. We are therefore fighting for the creation of all necessary conditions for a full utilization and appreciation of people's creative capacities.

- We are in favor of everyone receiving a fair reward for work performed according to its amount, quality and social utility. We are definitely against all undeserved or unearned incomes.
- We insist on maintaining the social certainties of our people and on a further expansion of the state-guaranteed system of social security. At the same time we shall also support non-governmental methods of dealing with social problems.

- We also link social justice with the effort to attain a healthy environment, uncontaminated food, pure water and air, and to preserve and restore the natural wealth and beauty of our country. We shall abide by the principle that only that can be economical in the long run which is at the same time ecologically correct.
- We demand that quality health care and preventive care be accessible to all. Expenses for health care must be substantially increased. But the responsibility of every citizen for his own health must also be substantially increased.

VI. Achieve Healthy Economy

We consider the goal of economic policy to be the growth of the economic potential of the country and satisfaction of the rightful needs of the public.

- We are in favor of equal rights for various forms of ownership while maintaining a decisive share of the national ownership. We reject the idea that national ownership should be divided and returned to private hands.
- We support a broad opening of our national economy to the world, particularly as extensive participation as possible of Czechoslovakia in the European market, which is an integral part of the building of a common European home. However, we are against such economic dependence that could grow into a political dependence.
- We consider as essential a socialist market mechanism, regulated by the state in accord with the needs of society. We shall insist that in implementing it drastic shocks be prevented. It will be necessary to protect above all young people, young families, workers who will have to be retrained, retirees, and those who cannot fully participate in the creation of national wealth.
- We shall make every effort to have self-government agencies and trade unions independent of political parties guarantee a broad participation of working people in economic decisions, including the disbursement of wages, rewards, and profits.
- We ask that a new wage and tax system be devised. Those who do honest work must have a feeling of dignity and pride in their work, and they must be assured of full rights in their participation in social life. Those who live as parasites off the work of honest people must suffer just consequences for their actions.

VII. Strive for Peaceful Developments in the Country, Bolster the Standing of the CSSR in the World

We realize that everything taking place in Czechoslovakia today is important not only for our future but also for the future face of Europe and the world.

- The Communist Party of Czechoslovakia strives for a strengthening of the role of our country in creating an atmosphere of international understanding, trust, and cooperation. At the same time it resolutely opposes all

efforts threatening the sovereignty of our state, political, economic, and cultural independence, and the freedom of our nations and nationalities.

- We consider as particularly important the building of a new Europe and deepening of the Helsinki process—with an emphasis on gradual solutions of military-political, economic, ecological, and humanitarian questions and on the protection of human rights and citizens' freedoms.
- We shall make every effort to deepen relations based on equal rights with all neighboring countries as well as with other countries around the world. We wish to be a reliable partner to all countries regardless of their social order.
- We wish to contribute to a gradual solution of all global as well as serious regional problems, including the thus far underestimated conflict between the rich and the poor on a worldwide scale.
- We insist on meeting the obligations which stem from our membership in the Warsaw Pact. We are in favor of developing the cooperation of Czechoslovakia with the Soviet Union and other socialist countries on the basis of full equality, on principles which are given scope by the policy of restructuring currently under way. At the same time we support the creation of conditions and necessary guarantees that will lead to a simultaneous dissolution of the Warsaw Pact and NATO. We speak in favor of the departure of foreign troops from the territories of all countries while respecting valid international agreements.
- Our goal remains a world without nuclear, chemical, and other weapons of mass destruction, realizing radical steps toward disarmament.
- The CPCZ will deepen its cooperation with all leftist and democratic parties, movements, and forces in the world. We support a broad implementation of popular diplomacy, in which each link of the party structure, beginning with the basic organization, has the possibility to participate in international and inter-party contacts.
- We demand the removal of all administrative and ideological barriers which prevent a free movement of people and ideas in Europe and the world.
- A part of the Czechoslovak foreign policy must be an active participation in all conferences, in all international organizations and structures which contribute in any manner at all to the implementation of universal values, humanism, and progress on a global scale. It is precisely such a policy that will be the best guarantee of a good name and prestige of our country in Europe and in the world.

Adamec's Closing Speech at Congress

90EC0207A Prague RUDE PRAVO in Czech
22 Dec 1989 p 3

["Closing Words of Comrade L. Adamec"—RUDE PRAVO headline]

[Text] The proceedings, which were fundamentally different from previous congresses, are over. This highest

party body was for the first time convened at the initiative and requests from below. The composition of the delegates, who were actually elected and not merely chosen as before, was also different. The course of the proceedings confirmed that through the words of those delegates the entire party was present in this hall. The discussions and voting bore the imprint of all the great social changes of these days. During the turbulent ferment of two dramatic days not all ideas were equally ripe, profound, or precisely expressed. Not every position will stand the test of swiftly passing time. Whatever the evaluation of our common work will be, it cannot be denied that ours is a sincere effort to part with all that was bad in the past, extricate our party out of an extraordinarily complicated crisis situation, and take on co-responsibility for a democratic development of our country. True, there may be—and certainly will be—comments on one or another aspect of the heated disputes, formulation of adopted documents, or composition of agencies. But it cannot escape the notice of an impartial observer that from the tribune of the congress was heard the voice of life; its wisdom and certainties, growing from the deep humanistic roots of the love of truth, appreciation of the value of creative work, respect for democratic rights and freedom of men, understanding of social progress based on good common sense, science, and preeminence of scientific interests. All this is not just a mere slogan for us, but a firm foundation of the interpretation and defense of the right of every citizen to dignified living and working conditions, assistance with his everyday concerns, understanding of all human joys and sorrows.

We are glad that most of the political forces in our country share these ideas with us. Far be it for us to claim them for our own, to claim some kind of exclusive responsibility for whatever was progressive in the legacy of the past. On the contrary, we are ready to cooperate with anyone who wants to join us. We have no intention of competing with others about who is more or less of an inheritor. It is foreign to us to lay some claim of orthodoxy, exclusiveness, or power of salvation for our program. We compete as an equal partner of others for people's trust on the basis of who will succeed in implementing the principles of full democratism, social justices, and economic certainties in the interest of all population groups more consistently, genuinely and honestly.

These days tens of thousands of our party members as well as the general public are asking themselves whether our congress is ready and able to come to terms with the past. Not a few people are forming their views on the membership and the status of the party under the new circumstances precisely on that point. Much has been said about it already and it is not necessary to add anything to it. Allow me to make a few observations.

One of the basic conditions for overcoming the crisis in the party is an objective evaluation of the responsibility for the deformations in the concept of socialism and in governing society. It is essential not only for the sake of

truth, honor, and moral health, but also for the renewal of the attractiveness and authority of the party and its capacity to act. Evasions, faultfinding, excuses, and tactics of any kind would be dishonest. We cannot for any reason or under any circumstances continue the practice of deceiving others as well as ourselves. We paid dearly for those mistakes.

In this connection discussions are quite rightly being held about what the party is, who represents it, whether we are all responsible for its actions equally or according to the functions held. Who can be considered to be the real or principal culprit responsible for serious mistakes and shortcomings. The past functioning of the party according to the principle of democratic centralism unequivocally shows that the decisive—although obviously not exclusive—amount of the responsibility is borne by the highest party authorities, particularly the CPCZ Central Committee, its presidium, and the general secretary. There is no way to deny or soften this fact. But the same blame cannot be mechanically ascribed to all in the same degree. A different kind of responsibility is borne by the creators and defenders of the wrong policies or even those who misused the functions entrusted to them for personal gain. A different one again by those who criticized such abuses but did not have the strength to change them.

As far as the entire aktiv of functionaries is concerned, it is only fair to differentiate in judging its share in the deformations; to distinguish those who created bureaucratism and issued orders from those who to a greater or lesser degree succumbed to this style of work. At the same time we must rightly acclaim those who had the courage to denounce and overcome these practitioners. Obviously, quite another group is formed by those who discredited their party membership card by their dishonest behavior or incompetence.

The criticism of wrongdoings also applies to the tens of thousands of rank-and-file party members who implemented and defended—although some to a greater, some to a lesser degree—the line of the central committee. Some do not admit to any share of the blame and they place the responsibility for all, including their own, mistakes on the leading representatives. One can understand such attitudes, and it is difficult to reproach anyone for them. Acknowledgement is due to those members who admit to a certain share of responsibility, particularly for little consistency and decisiveness in making correct critical comments.

However, for the future work of the party it is important not to allow a blanket disparagement of the devotion of people in work places and jobs. On the other hand, it would not help the regeneration of the party if all responsibility were heaped only on a few individuals at the top, or possibly in regions and districts. Bad experiences must open the eyes of everyone. Everyone should give some thought to what he did well and what he did not, and what he must change.

Looking for the causes of the present crisis only in personal traits of certain people would deflect attention from revealing the deep roots of failure. They unquestionably exist, and moreover they have a long history and many causes. No authority or precepts proclaimed for decades can be considered above criticism. The key question is an analysis of the causes leading to the victory of Stalinism over Leninism at the end of the twenties and its almost 60-year reign in the entire international communist movement as seen from the viewpoint of the development of the CPCZ and Czechoslovakia.

We must judge the whole 70-year history of the CPCZ. We must find, without any constraints or regard for individuals, the reasons why the Stalinist model of the party and socialism became so widespread under our circumstances, why previous attempts to discard it foundered, and why our party was one of the last to part with it. We need an answer to the question why a country of such deep democratic, socialist traditions, of such high culture, was so deeply afflicted by the deformations. Without realizing the real causes of the deformations, a swift and lasting reform or creation of guarantees against the deformation of man's ideals and social justice are not possible.

Rapid changes in the political line always bring the danger that the substance of the changing situation will not be understood and that personal dissensions will arise, the danger of ideological disorganization and even organizational disintegration. During such critical moments the key question is why and on what to reach an agreement.

Is the majority of members able to unite on something? And if so, on what? The answers vary, and according to what they are, they are accompanied by greater or lesser apprehensions and hopes.

We gave up the illusion that by joining the party everyone immediately has the same interests and identical views on every question. Moreover, we are already well aware today that any effort to achieve an artificial, mechanical, or feigned unity is in fact unrealistic, politically damaging, and morally destructive. Such a concept of "identically thinking people" is unquestionably not only theoretically false, but at the same time also very dangerous in practice. Namely, it opens up the road to dictates, manipulation, and suppression of the rights of the minority. As long as there are no democratic mechanisms, or they do not function, it is impossible to objectively ascertain the real ratio of power among proponents of differing views. Without verifying the true ideas in open, critical discussions, progress is not possible. On the contrary, sooner or later stagnation and a crisis will occur.

However, is any effort to achieve a unity of views an anachronism or unnecessary? Under no circumstances. On the contrary, in complicated situations in particular

a unified approach becomes a key prerequisite for success. With one condition—that such unity is not formal or achieved under duress, but based on healthy foundations.

Without unity at least on the main points we cannot talk about a political strength of the party. It would be a great mistake to focus on secondary matters, such as those on which agreement cannot be reached or which can be put off for another time. But there are problems which, if not resolved, will make it impossible to move forward. Among them today are a condemnation as a matter of principle of past deformations and a commitment to democratic principles of governing society, the transformation of the party into an equal component of the political system.

We stand before a re-evaluation of a number of theoretical conclusions. That cannot be underestimated, an attempt to evade it would seriously damage the party in a democratic contest. Today, however, the key question is a renewal of the capacity for action. We must direct our efforts and unity toward that end. That is not a call for unprincipled attitudes, but for reason, realism, and revolutionary resoluteness.

During these serious moments many a party member calls for guarantees that the opportunities which the proceedings of our congress created not be wasted. The concerns are justified, in the past decades, particularly in 1968, we failed to make use of many opportunities.

Now we have others, but under fundamentally more unfavorable circumstances than at any time before. Although I do not wish to play prophet—it is perhaps the last opportunity to defend the positive values and remain an important political force.

Wherein lies the future of the party, its ideological foundations, and social mission? In the fact, that it will prove precisely today in a practical way that it is more than a political party and will truly become a vanguard of a new life. How? By giving up applying any kind of privileges for membership and all barriers to non-members, giving priority in all circumstances to the interests of society before narrowly partisan advantages. By its ability to put in first place moral qualities and by not letting itself be swayed by a vision of temporary victories in the political struggle; to prefer losing some single positions and a certain amount of prestige rather than covering up falsehoods, mistakes, and blunders. We have no doubt that most people will appreciate such a principled policy.

We must learn to build more on people's requirements, to base our policies more broadly on their needs and interests as the key source of social progress. The dissatisfaction of the citizens with the existing situation, their longing to change it for the better, gives rise every day to conditions for a richer, more just and beautiful world. If we understand this voice in time and well, and harmonize our words and actions with its rhythm, nothing can surprise and weaken us. If, on the other hand, we shall

force on life our ideas, give it an artificially construed terminology, and out of pride, contempt, and arrogance refuse to renounce anything, then we shall come to a bad end.

Several times during this century our country became the focus of attention of the international public. With regard to its location and the history and attributes of our nations, as well as the close links to neighboring countries, serious internal political events have had for the most part considerable international repercussions. That was true—to our advantage and sometimes also to our detriment—the other way around as well. To disregard these realities would bring us no good.

During these weeks and days there has been an unusually increasing interest in the situation in Czechoslovakia. Even though the reasons for it vary, at issue is a significant political factor. Why do I mention these things? Because in the current situation the foreign policy activities of our party play an extraordinarily large role. By providing objective information, by gaining the trust and support for the new policies. That concerns above all our relations with the CPSU.

Far be it for me to subjectively overstate the importance of the autumn of 1989 in Czechoslovakia, its consequences for the international workers' and communist movement, for the development of global politics. As a country of rich democratic traditions, many internationally acknowledged experiences with social and national struggles, with the transition from an industrially, agriculturally and culturally advanced state to the road of socialist development, we have an extraordinary responsibility to evaluate thoroughly the lessons learned. To a greater extent yet it concerns also the transition currently under way from the deformations of a bureaucratic, egalitarian, and administratively directive concept of socialism to its renewal on thoroughly democratic and humanitarian foundations. It is a matter of our honor and duty to give answers to a number of complex questions—particularly on the developments of the past two decades—as soon as possible. Therefore I recommend establishing immediately a commission of leading experts for a theoretical evaluation of these matters for the use of our party and our own as well as the international public.

Why do I consider the international aspect of the future CPCZ policy to be so important? We must put to right many debts from the past, when many a distortion and one-sidedness occurred in the interpretation and practice of patriotism and realization of national interests. We also must keep in mind that yesterday's mistakes cannot be answered by enclosing ourselves within the national framework, by limiting international contacts.

After approving the program and the new leadership, we face the question what to do next. In the past it was simple. The party mechanism kept going by inertia, and there was a period of slow detailing of the resolutions from one level of management to another.

The current situation is entirely different, but the danger of old habits remains; we cannot afford any assumptions or temporizing.

What are the specifics of the time in which we shall start to realize the resolutions of the congress:

—We cannot look passively at the spread of ideological confusion. We must begin as soon as possible to clarify the basic ideological positions of the newly reformed party,

—the organizational disintegration must be halted as quickly as possible by building basic components,

—the transition from factory organizations to local ones cannot be left uncontrolled, and the necessary organizational and material conditions must be created for it,

—a position of principle must be taken everywhere on the growing cases of returning party membership cards, particularly when it concerns honest members from the ranks of young people and blue collar workers,

—in instances when honest functionaries and members are wronged, we cannot remain silent either in the place where it happens or in the higher agencies.

What are the very next tasks of the party from the top down. I consider it useful, when giving the necessary attention to the renewal of the internal life of the party, not to lose sight of the fact that the strength of the party is in its activities in the public sphere. In that respect nobody will give us even one day of rest, nobody will willingly hand over anything. Marking time will only provide opportunity for other political forces to increase pressure and cause a further loss of influence. Every member must be conscious of the fact that speaking out is not for the satisfaction of higher authorities but in their own interest; defend publicly every member who has been unjustly wronged.

In the outside activities of the party these basic steps must be taken without delay:

—In the center, initiate discussions with the representatives of the National Front and civic initiatives on conditions for the preparation of general elections,

—with regard to the expected hard competition in the elections, it is essential to begin without delay to chose and prepare suitable candidates for representative bodies,

—immediately enter into discussions with representatives of existing as well as newly established political parties on the possibilities of creating certain leftist coalitions,

—approach immediately on an individual basis in places of work and residence former party members and suggest to them a way of joining in party work, and thus broaden our influence,

—pay careful attention to the criticism of the public concerning the pronouncements and behavior of some party functionaries and members, and without delay draw conclusions from verified facts.

What chances does the party have to overcome the current deep crisis? It would be a simplification to judge this question only by looking at the events of the past weeks and days. It must be said openly and with all determination that the monopolistic status, bureaucratic method of management, and regimented and egalitarian socialism belong irrevocably in the past. It must be given up once and for all, because—whether today anybody understands it or not—they did the most damage to the party itself, to the real achievements of socialism and its adherents. I am convinced that in a democratic order, under conditions of broad civic rights, in competition with various political directions, ideas, and people, the party with a socialist orientation has enough of a chance to prevail. Not for the sake of some special interests of its own, of ambitions for power and privileges, but for the well-being of the people of this country.

We shall never renounce this noble message of the pioneers of socialism, founders of the party, and several generations of its devoted members. We continue with a clean escutcheon in their meritorious, honest service to the nations of Czechoslovakia. On this road we offer our hand in cooperation to all patriots with whom we are linked by what is most important—common home, mine, yours, of us all without exception.

We commit ourselves to responsibility for future political developments. We leave the congress as a political party—strong in the number of its members, influential in its ideas and determination to fulfill the approved action program. We do not kowtow to anybody, we reject any demagoguery. Of the positive things we do not need to be ashamed. We can become weakend the most by a lack of confidence in our own strength, by timidity and overcautiousness.

We are convinced that we shall win support for our honest, open policies. We have no other objectives, we do no hide anything from the citizens of Czechoslovakia. We rely primarily on their sense of truth, justice, and the good.

CPCZ Democratic Forum Statement at Extraordinary Congress

*90EC0187A Prague RUDE PRAVO in Czech
21 Dec 89 p 4*

[Statement by Lubos Belka, representative of the Democratic Forum of Communists]

[Text] Comrade Lubos Belka in his statement to the congress said:

The Communist Democratic Forum [DFK] originated 3 weeks ago and by now more than 60,000 persons have applied for membership in writing. They are chiefly CPCZ members but also nonparty persons, including

those who were stripped of membership in the party during the purge of 1970. However, we know that the number of followers of the DFK in the party is much higher, today certainly up to 100,000. A strong current of opinion has surfaced in the party which, however, exceeds the party framework by its activity and member base. It originated as a platform for open discussion, like a current in which it is possible to formulate and promote basic democratic political demands. From these there is beginning to form, precisely in this period, a more comprehensive political program, gradually bringing into existence—in the meantime without a staff and with minimal means—a statewide organizational structure. The Communist Democratic Forum will continue in this work.

What are the reasons for the great and persistent interest in the DFK? Obviously because our movement consistently tries to pursue two objectives:

- a) To radically promote democracy within the party in words and deeds;
- b) To create thereby the basic conditions so that communists may start regaining the lost confidence of society and be able to function by democratic methods in the emerging pluralistic political system.

We will try to start democracy primarily within ourselves—by a fundamental reevaluation of our political activity, by genuine internal rejection of all privileges and advantages which issued from membership in the CPCZ, by rejecting everything undemocratic which passes off as principles of activity. The earnestness of affiliation with the DFK can be proved only by work within the party and in public.

It is sometimes said of us that we are too radical, that we want only to destroy, that we want to break away from all the past. Yes, we want and must get rid of the burdens and shame of the policy of so-called normalization, the burdens and shame of Stalinism. But that does not mean rejecting everything. It means, on the contrary, relating to the brightest moments in the history of the party, to the profound democratic traditions of the communist movement here which were expressed in the renewal process in 1968 and which the party was originally based on in the beginning of the twenties. At that time Bohumir Smeral said this—briefly paraphrased:

“Communism is not only a change of the political front and method of work; it is much more. As far as the history of mankind reaches, communism always stood as an effort for a whole new view of life. Various communist communities and groups which sprang from the bottom of a broken, demoralized society whose life conventions no longer expressed the vital needs of human relations always went to the heart of social transformation. It is important that the creation of new, great values, moral and esthetic, be passed on from the hands of rare individuals and a negligible minority to the keeping of the human masses, that these may produce together, not only by their voting, not only by their physical work for the welfare of their homeland, but also by their spirited direct cooperation in the creation of the cultural and moral development of the nation.”

This is what Smeral said at the constitutional convention of the CPCZ in 1921 and he had in mind the postwar bourgeois society of Czechoslovakia at the time.

Our task today is similar, with this difference—that we communists ourselves bear the greatest responsibility for the break-up and demoralization of today's society. Our task is all the more difficult and also more urgent.

As regards our specific proposals and demands, these are stated in the document “What the DFK is bringing to the Extraordinary CPCZ Congress” which we made available to the delegates and which was published in Wednesday's [20 Dec] RUDE PRAVO. I do not want to delay matters here by reading it or analyzing to what extent it is, for obvious reasons, only an outline of the program ideas. However, I will address two matters in more detail. First, a few words about party unity. It is our conviction that organizational and action unity must depend chiefly on an identity of views formed through democratic discussion and a refinement of viewpoints resulting in an identity of the main political viewpoints.

We must state clearly that there is no such conceptual and political unity in the party nor will there be for some time, that besides the broad mass of members calling for a purge and democracy in the party, there are many communists here representing conservative views, but, most of all, people, functionaries, employees of an administration encumbered with old thinking and connections, witting and unwitting, who bear the burdens of the past. Therefore, the party must first reach an ideological and political differentiation while consistently adhering to democratic methods. Only after we have clarified ideological and political viewpoints, only after we have—necessarily, in our view—divided up, can we begin to talk about ideological, political and action agreement. This process, under the influence of national events, can take place very quickly. It would be good if it could bring clear results to the elections and the regular CPCZ congress.

This overall position is also dictated by some specific viewpoints of the DFK leadership. We recommend to our members and followers that they be very vigilant in the matter of possible candidacies and work in the new bodies of the party. It must not happen that those who are really concerned about democracy become a cover for the old policies even though carried out by new persons, policies which would reflect the same group interests and power cliques.

Connected with this is also the necessity of a change in style and the overall concept of our work. Surely I am not speaking only for myself when I admit that I find it hard to speak and breathe in this luxurious palace. Henceforth, communists must not work in velvet covered armchairs and have plush secretary offices. They must return to the place of their origin, to worksites or close to them, to debate with groups of workers and intellectuals, to small editors' offices, meeting rooms and town and village houses of culture. They must go among the people, with the people for their honestly earned money. That must become

our style, our method of work, a sincere expression of our attitude toward the people. Associated with this is another question, the future of the DFK which we see as an important force, especially helping promote democracy and a new style of political work in the party.

I have already said that the DFK which originally was only a conceptual and ideological movement is also becoming an organized platform. We want it to be able to function effectively and consistently, particularly within the party where, among other things, it could act as an effective interface mechanism. So we consider it essential that the party form the conditions necessary for the DFK to function autonomously and therefore we propose:

1. To offer local forums of the DFK the rights of CPCZ basic organizations;
2. To finance the DFK activity through party dues of communists and DFK members.
3. To build up the DFK organizational structure to the local, district, republic and federal levels. To take care of operations, build up a small staff fully subordinate to elected officials of the DFK which will primarily see to the transmission of information and coordination;
4. To provide the DFK with a weekly publication starting with eight printed pages in the format of TVORBA or TRIBUNA;
5. To give the DFK an appropriate share of party property;
6. To grant the DFK the right to form at the 18th congress independent platform factions from its members elected to party offices at all levels.

The formulation of these provisos will facilitate the future favorable development of the DFK and will enable it to make available the potential of tens of thousands and hundreds of thousands of communists to revitalize the party. If this does not occur we are convinced that the DFK as a life-giving and ever strengthening movement will continue on its course, even if under more difficult circumstances.

(As it was announced to us, the presentation of Comrade Belka is also the viewpoint of the group of DFK members from Prague as expressed before the establishment of the national coordinating commission of the DFK).

First Steps of Economic Reform Discussed

90EC0218A Prague RUDE PRAVO in Czech
4 Jan 90 p 6

[Interview with Jaromir Matejka, deputy minister, former secretary of the government committee for questions of management, and current employee of the Secretariat of the Economic Council, by Miloslav Vltavsky: "What Will the Reform Bring—Something

Jaromir Matejka Only Dreamt About and Now Can Do"; date and place not given; first paragraph is RUDE PRAVO introduction]

[Text] The original proposals for a law on private enterprise and a number of other prepared documents dealing with the restructuring of the economic mechanism never passed the former Presidium of the CPCZ CC. So now what—is that which is in effect since 1 January a reform or not? We spoke about this matter with deputy minister Jaromir Matejka, former secretary of the government committee for questions of management and current employee of the Secretariat of the Economic Council.

[RUDE PRAVO] In the past, we frequently spoke with each other—without being able to publish it—about how many documents were prepared in the secretariat of the government committee, which were designed to accelerate the reform, but which never saw the light of day.

[Matejka] The secretariat of the government committee had only about 15 specialized employees and was only able to accomplish something because it even utilized the potential of progressive economists in the area of theory and practice through unofficial channels. Thus, a number of documents were prepared, but unfortunately many of them were never implemented in practice; if they were, they did so in considerably curtailed form.

[RUDE PRAVO] At one time, we wrote that not even the establishment of state enterprises was occurring in an optimum manner.

[Matejka] In my opinion, relatively good prerequisites had been prepared for the disestablishment of the general directorates of the economic production units and for the creation of independent enterprises out of these units. However, in practice, the fate of these principles was very unfortunate because approximately one-half of the economic production units were painted over as state enterprises and so the former national or sector-level enterprises lost their independence. The opposite of what we had in mind occurred.

[RUDE PRAVO] In an interview with our newspaper at that time, you had to back off from those principles.

[Matejka] You know yourself that you cannot break down a wall with your head. Every open criticism in the newspapers at that time was considered by some member of the government or of the Presidium of the CPCZ CC as an attack upon his person. And there is no need to add anything to this.

[RUDE PRAVO] What must necessarily be prepared now to make it possible for the independence of enterprises to actually develop?

[Matejka] The federal government has already approved rules according to which existing structural units of state enterprises—plants, concern enterprises, and other internal components of existing state enterprises—can apply for independent status and will, as a rule, also be

granted such a status. This is important for the formation of an antimonopoly environment in the economy, for the development of competition, and for the creation of conditions favoring entrepreneurship in the sense of the program declaration by the new government.

[RUDE PRAVO] What other steps do you specifically have in mind?

[Matejka] First, it is necessary to undertake the accelerated amendment of the law on state enterprises and the laws governing the cooperative movement. In essence, we wish to grant the right to all our economic organizations, cooperatives, and other economic entities to engage in foreign trade activities without permission, etc. We also want to amend the law on joint stock companies in such a manner that the state, organizations, individuals, or even foreign interests would be able to strengthen our economy from the capital standpoint through the medium of shares. In other words, even our workers could be stockholders. Finally, we want to prepare a new law on private enterprise. In essence, we want to grant citizens broad rights to engage in entrepreneurial activities in virtually all spheres of the economy.

[RUDE PRAVO] Every reform is connected with the fear that inflation will grow. The startup of such a process can even be a call for higher wages. In your opinion, what should be the procedure in this case so as to avoid paying undeserved wages?

[Matejka] The proclamation of the federal government clearly indicates that the government intends to engage in a strict regulatory policy in the area of wages, investments, foreign exchange, or foreign indebtedness, in conjunction with an anti-inflationary policy and with the goal in mind of clearly connecting the incomes of organizations and individuals with their actual efficiency.

[RUDE PRAVO] Do economic instruments exist to accomplish this?

[Matejka] It is not so complicated to find such instruments. For example, tough budgetary restrictions and the limitation of subsidies payable from the state budget, also a restrictive policy in the area of credits, taxes, and, in the final analysis, even regulatory systems in the area of wages and investments. The new government already adopted measures at its December meeting. Also, competition and the pressure of foreign prices play a fundamental role here. It is necessary to remind people that the proposals for the state plan for 1990—the state budget, the monetary and credit plan—which were presented by the former government, contain the greatest trespasses against the restructuring of the economic mechanism. And this was also the reason why the minister of finance had to call for a temporary budget in parliament for the 1st quarter of 1990. This was the only opportunity for preventing the continuation of the old methods of state policy and avoiding the serious risks posed by inflation.

Party Daily Calls for Renewal at Congress

90EC0188B Prague RUDE PRAVO in Czech
20 Dec 89 p 1

[Editorial by Zdenek Porybny: "Regeneration is Essential"]

[Text] This is the second week that we are publishing in our pages the opinions of delegates, rank-and-file party members and non-party members about what they expect of the extraordinary congress of the CPCZ which convenes today and tomorrow in the Prague Palace of Culture. They share the conviction that the dramatic new political situation also calls for new political solutions based on a new program and activated by capable persons.

The short, simple, essentially innovative action program which the delegates should adopt directs the whole party toward a possibly painful but absolutely essential transformation to a modern left-wing political party founded on pluralism of views and platforms operating under conditions of free political competition and reflecting the interest of broad classes of the population. We are going to try to win over the majority of the people toward the idea of democratic socialism not by hollow phrases and slogans but by patient and persevering political activity in the framework of the newly forming pluralistic society.

At the same time this will also represent a revival of the historic mission of the party and a return to the ideals of its founders. Yes, we want to be the party of the broadest democratism which is the chief guarantee of the means toward achieving a socialist majority. No, we do not want to become a sect of determined, tough but isolated defenders of an encircled wagon train uneasily viewing from behind at what is going on around it. No political party's interests may be placed above the interests of the people. And it is in the higher interests of our peoples that free competition of ideas, equal competition of political parties without any monopolies, together with development of the national economy based on balanced proprietary relations and social justice will bring about a release of the hitherto slumbering creative energies of our people.

Naturally, our party, in keeping with its whole history, must and also will defend the programs and convictions of its members, the interests of the working people who with their hands and brains create the national wealth of our country. We have lost a lot of trust and we are under pressure. Many sneer at us and say we are past hope. It is all the more important that at the extraordinary congress we elect the kind of party leadership which will be equal to the times. Party members expect it to be able to wisely formulate long-term goals and at the same time carry on the daily political activity skillfully, energetically and effectively. And at this time they must also be able to defend the thousands and thousands of honest communists being vilified and attacked from all sides. There is no question that the party has capable people in its ranks. And there is no question that delegates to the extraordinary congress have the right and responsibility

to give them the chance to lead the party out of its deepest crisis and return to it once more the pride and trust of the people.

Urbanek Talks About Tasks Facing Congress

90EC0188A Prague RUDE PRAVO in Czech
20 Dec 89 p 1

[Article by (val): "K. Urbanek Among the Delegates"]

[Text] The secretary general of the CPCZ Central Committee, Karel Urbanek, met with Prague delegates to the extraordinary party congress on Tuesday [19 Dec] in Prague. Among other things, he told the delegates present that an oral report on the causes of the crisis including naming the people who are to blame also contains passages on an action program and preparations of the party for elections. Its presentation ought not last more than 30 minutes. The delegates will have available a written report on the activities of the presidium of the CPCZ Central Committee since its election and other points of the program with discussion of an action program and cadre questions, particularly then, election of a new central committee. Election of a presidium is not expected but of a political executive committee which, according to proposals, should have 21 members even though, he admitted, it could be larger. Urbanek stated further that we do not anticipate approval of new party statutes but that provisional organizational rules will be adopted. The presidium also recommended that the congress include representatives of the Democratic Forum of Communists. Urbanek also negotiated personally with representatives of the Obroda [Renewal] Club but allegedly they did not show any interest in participating as guests of the congress.

In the discussions voices were heard calling for concrete steps to resolve the situation in the party and there was a display of dissatisfaction with the fact that the delegates would receive written materials [only] at the opening of the congress and criticism of the party leadership that it did not meet the expectations of rank-and-file communists in reacting to current developments.

HUNGARY

Implications of 'Duna-Gate' Wiretapping Broaden

Intelligence Service Position

25000598A Budapest NEPSZABADSAG in Hungarian
9 Jan 90 pp 1, 5

[Interview with two unidentified members of the secret service by Andras Szigethy at the NEPSZABADSAG editorial offices: "The Secret Service Seeks a Public Forum"; date not given; first two paragraphs are NEPSZABADSAG introduction]

[Excerpts] The Duna-Gate affair is broadening. Monday's communique issued by the military prosecutor clearly shows that the documents attached to the complaint filed by the Association of Young Democrats

[FIDESZ] and the Alliance of Free Democrats [SZDSZ] were prepared at the Ministry of the Interior.

The Constitutional Court has announced that it will launch an investigation about the secret data collection effort and in regard to related internal directives issued by the Ministry of the Interior. Nevertheless, a committee was established by Minister of the Interior Istvan Horvath to explore the details concerning this matter; the committee held its first meeting yesterday. The police union has announced that it will defend the legitimate interests of staff members involved in the wiretapping case. Our reporter prepared an interview with officers of the service: We learned that they had also collected data on the Hungarian Socialist Workers Party [MSZMP]. [passage omitted]

They Also Tapped Other Parties

Two young officers from the State Security Service, internal security, came to our editorial office saying that together with their fellow workers they had decided to form a group to protect their interests, and to join the independent police union as an independent branch of the union. The two officers requested that their names be withheld.

[NEPSZABADSAG] Why?

[Officers] In part because our evolving interest group has designated us to serve as temporary spokesmen, and it is this quality, rather than our names, that is important. In part we do not want our names published because indeed we are performing secret service functions, and we feel a sense of responsibility toward the secret service and our work.

[NEPSZABADSAG] Why do you need an independent interest protection group?

[Officers] Our fellow workers feel that in all probability their interests are not being protected even by providing appropriate reasoning, like for instance with regard to the present wiretapping scandal.

[NEPSZABADSAG] Do you feel threatened?

[Officers] We feel that they want to use us as pawns in the political arena.

[NEPSZABADSAG] In your view, what arguments should serve to protect your interests?

[Officers] First, we believe that it would be very beneficial for the public to realize that members of the service were first to adopt a position to the effect that we should be working on the basis of an open, legitimate state security law, the way the secret services operate in every civilized state. We said that although in progressing toward a constitutional state debating the coat of arms issue is very important, we felt that in the order of priorities it would be more useful to debate and to adopt a state security law. And further, it would be beneficial for someone to tell the story that once again we were first

to propose, and we suggested this in the framework of societal debate over the party law, that they categorically prohibit State Security Service employees from belonging to any party.

[NEPSZABADSAG] Please do not think that I am being sarcastic when I ask this question, but I am truly curious: Are the people working for you really this wise, this smart, this foresighted?

[Officers] A decisive majority of the employees at the internal security services is composed of young persons, 30-40 years of age, holders of degrees, perhaps of several degrees, whose job it is to safeguard the security of the prevailing state.

[NEPSZABADSAG] Even through illegal means?

[Officers] No. This is why we wanted to see a state security law. This is why we profess not only now, but also before—and we have spoken out in this regard—that law and politics must be separated from each other, once and for all. As a specialized executive apparatus we can hardly be blamed for the fact that the body of rules that applies to us does not constitute law. And we were not the ones to determine the level at which these rules were issued.

[NEPSZABADSAG] Accordingly, your organization could be regarded as a rather specially trained specialized apparatus.

[Officers] That is the only way you can regard us.

[NEPSZABADSAG] Accordingly, you could not be accused of having watched opposition parties and persons out of political interests?

[Officers] No. Our job is to obtain information from anywhere the security of the state is threatened, to appropriately evaluate such information, and to take appropriate steps if needed.

[NEPSZABADSAG] But why do you have documents only about the internal affairs of the so-called opposition parties?

[Officers] Because most likely this was in the interest of the one who leaked it.

[NEPSZABADSAG] And what if it had been in the interest of the person who leaked the information to publicize such documents with regard to the parties of this country in general?

[Officers] Then most likely he would have leaked that.

[NEPSZABADSAG] Would this also mean that you gathered information, for example, around the Hungarian Socialist Workers Party [MSZMP]?

[Officers] It also means that we are gathering information about any situation that originates from any extreme position, and which threatens internal security.

[NEPSZABADSAG] What is the primary direction from which the state's internal security is threatened?

[Officers] We would respond by saying that the state institutions and the parties are most threatened, but these institutions and organizations may also represent sources of danger as individuals in these institutions and organizations.

[NEPSZABADSAG] What is your most important function in the present situation?

[Officers] To ensure the peaceful character of transition. Believe me, the fate of the persons involved in the secret service is not our primary concern. Our primary concern is that in this unusually unstable situation, in which for example threats against people's lives have increased tremendously, and in which there are "leftist" and "right-wing" provocations, we are concerned that if this specialized apparatus falls victim to the political struggle, the degree to which the state and the citizen are threatened would increase by an inconceivable extent.

[NEPSZABADSAG] Could you confirm that in the old party state telephone wiretapping and violations of the privacy of mail were mass phenomena?

[Officers] However much you would expect to hear a "yes" answer, the answer is no. There simply would not have been a sufficient apparatus for that.

[NEPSZABADSAG] May we close this conversation by saying that we would like to see a public state security law as soon as possible?

[Officers] This is in our elementary interest, because without that the service will never acquire legitimacy. [passage omitted]

SZDSZ Blames Minister

*25000598A Budapest NEPSZABADSAG in Hungarian
9 Jan 90 p 5*

[Interview with SZDSZ spokesman Janos Kis, by Gy. Attila Fekete: "The Interior Minister Is Responsible"; date and place not given]

[Text] In yesterday's issue of NEPSZABADSAG we published an interview with Interior Minister Istvan Horvath. Among other statements he had this to say: Representatives of the SZDSZ [Alliance of Free Democrats] and of FIDESZ [Association of Democratic Youth] are operating on the basis of a well structured screenplay written in advance: They want to win the battle prior to the elections, and to acquire control over a highly desired ministry.

[Kis] We do not work on the basis of a "screenplay written in advance"! We have placed on the table our own evidence which proves that the observation, wiretapping, and mail censorship of noncommunist parties and their leaders continues. The proof we submitted to the Budapest chief prosecutor and to the prime minister is by now available to Istvan Horvath. In my view, he

should have made a statement regarding the proof we submitted, rather than becoming involved in political accusations.

[NEPSZABADSAG] In his interview the minister stated in this relation that the reports at issue are of the kind that neither he nor his deputy in charge of state security affairs sees.

[Kis] We believe that a minister is responsible for whatever happens in his ministry. A well developed apparatus that functions systematically conducted observations and manufactured reports on a daily basis. A minister is not supposed to be ignorant about this kind of thing. Or if he really was, he should be held responsible for not knowing about it!

[NEPSZABADSAG] In yesterday's interview Horvath said that the SZDSZ wants to remove him from his ministerial position because he is linked to the Hungarian Socialist Party [MSZP].

[Kis] First of all, let us establish the fact that in any constitutional state a minister would offer his resignation once he became involved in an affair like this one. That's the first point. And then, of course, having recognized his official responsibility, he may express his political views. In general, it is not desirable for him to remain at the helm of the Interior Ministry during the election period, because Istvan Horvath—as he said—is linked to the MSZP—to the party that once exercised power. But this is not why we are attacking him. We are attacking him because as the wiretapping case proves, the Interior Ministry is still not neutral toward organizations.

[NEPSZABADSAG] Do you have a candidate for that office?

[Kis] No, we don't. But we definitely would like to see a politically uncommitted person manage that ministry in the interest of the purity of elections.

[NEPSZABADSAG] We have received several letters in which readers ask this question: While it is obvious that the internal security service also tapped the telephones of other parties, why were you the only ones able to present evidence? Is it possible that you have special connections with the Ministry of the Interior?

[Kis] We have only one kind of relationship with the Interior Ministry: They have persecuted us for 15 years. Just how can these events be explained? These are the results of a coincidence, those who wanted to leak these facts got in touch with us. The time will come when we will publicize the whole story....

Interior Spokesman on 'Wiretapping Scandal'

25000599A Budapest NEPSZAVA in Hungarian
10 Jan 90 p 5

[Interview with Tomaj Barsi, spokesman for the Interior Ministry, on 9 January by Attila Schmidt: "The Service

Operates Under Obsolete Law—Interior Spokesman on Interior Ministry Scandal"; place not given]

[Text] As reported earlier, based on a complaint concerning illegal activities pursued by the Internal Security Service, the chief military prosecutor has ordered an investigation of unknown persons on charges of abuse of official authority. Simultaneously the interior minister has appointed a committee to establish the facts surrounding this situation.

[NEPSZAVA] Considering the fact that the secret police is still an organic part of the Interior Ministry, can we expect leading ministry officials to conduct an objective examination?

[Barsi] The committee appointed by Interior Minister Istvan Horvath will not investigate the activities of the Internal Security Service. It will not even evaluate the work of the Service, this is under the jurisdiction of the office of the chief military prosecutor. The committee's job is to assist in the investigation, so that military prosecutors can obtain a full picture of the Service's activities, and to find out if anyone, irrespective of function and rank, has committed a criminal act by abusing official authority, and if so, to initiate proceedings against such person.

[NEPSZAVA] The criminal complaint holds that in violation of the spirit and letter of the Constitution, the Internal Security Service gathered information about organizations and persons in an illegal fashion.

[Barsi] Doubtless, the new Constitution made fundamental changes to protect personal rights. But these changes were not followed by a change in all the laws related to the protection of personal rights. Such changes could not be accomplished because of the brevity of time. The new legislative proposals must be presented to Parliament by 30 April 1990.

[NEPSZAVA] Did the so-called wiretapping scandal that exploded last Friday accelerate the preparation of the law governing the activities of the State Security Service?

[Barsi] The leadership of the ministry has been urging the creation of a law governing the activities of police and the Secret Service for quite some time. The related concepts have already been approved by the government. In the event that Parliament adopts the new law at a date earlier than planned, we could say that indeed the events had accelerated these measures.

[NEPSZAVA] What laws govern the operation of the security service at present?

[Barsi] The service operates on the basis of a top secret decree with the force of law, created in 1974.

[NEPSZAVA] The decree with the force of law created a decade and a half ago is not really consistent with the Constitution....

[Barsi] The Secret Service must operate on the basis of laws and decrees in force until such time that better laws are created.

[NEPSZAVA] Most certainly this is an obsolete legal provision. What guarantees are there for enforcement, if indeed a new law is created?

[Barsi] Societal control.

[NEPSZAVA] What is the specific meaning of that?

[Barsi] A parliamentary committee will oversee the operations of the National Security Office. In other words the intelligence, counterintelligence, and internal security services.

[NEPSZAVA] Will the National Security Office operate in the open?

[Barsi] Every secret service in the world has secrets. This will also apply to the Hungarian service. Members of the parliamentary committee will be sworn to keep the secrets, and will control the activities of the entire National Security Office.

[NEPSZAVA] What will the fundamental function of the National Security Office be?

[Barsi] The protection of the constitutional order of the Hungarian Republic and of the personal rights of every citizen.

[NEPSZAVA] Will the practice of checking letters and parcels and of wiretapping continue?

[Barsi] Most likely the service will have to request permission from a court if it finds that more stringent control is needed over persons or groups in the interest of protecting constitutional order. The service acts not only against persons, but also in their defense. It is known that the wave of terrorism and crime has reached Hungary. Only an appropriately prepared, specially trained organization can counter these phenomena.

[NEPSZAVA] Does the present Internal Security Service also control the opposition parties and organizations?

[Barsi] The Security Service controls neither the parties nor the organizations. On the other hand, it tracks extremist manifestations which threaten the constitutional order by these parties and organizations. The extremists of the so-called left are not outside of the Service's purview.

[NEPSZAVA] Were the Interior Minister and the upper echelon leaders of the State Security Service supposed to know about telephone wiretapping practices and other types of controls exercised over letters and parcels?

[Barsi] Under no circumstances with regard to minor cases. Cases like this could have reached the deputy minister's level if controls of great significance, of international implications, were involved. The upper leadership received only brief summary reports of the events,

which were further abbreviated and forwarded to the government. This is one method by which persons become informed. The reports did not qualify matters, they conveyed facts. Reports of this nature which were supposed to be destroyed got into the hands of the Alliance of Free Democrats [SZDSZ] and the Association of Young Democrats [FIDESZ].

Acting President of Parliament Interviewed

25000599B Budapest NEPSZAVA in Hungarian
10 Jan 90 p 3

[Interview with Dr. Istvan Fodor, acting president of Parliament, by Vera Lendvai: "On Elections, Legitimacy, Missed Opportunities"; date and place not given; first paragraph is NEPSZAVA introduction]

[Text] Independent representative Dr. Istvan Fodor acquired the presidential dais in Parliament during historic times. He was appointed to serve as president of the National Assembly on 23 October. The appointment expires with the upcoming elections. Fodor is 45 years old. He works at the 15 March Producer Cooperative of Hernad, and is serving his second term as National Assembly representative for the city of Dabas and the surrounding area. In addition to the city, he represents the people of nine municipalities and settlements. He is married, has two daughters in high school, and is a well balanced, calm person.

[NEPSZAVA] You will probably regard this as a banal question: Did your appointment as president come unexpectedly?

[Fodor] I do not regard this as a banal question because indeed the appointment came unexpectedly. True, I had served briefly as vice president prior to this appointment, but I was convinced that the new president would be chosen from among previous vice presidents at the time my predecessor, Matyas Szuros, was appointed to perform the functions of the president of the republic. But several county delegations and fellow representatives recommended my appointment.

I feel that I am a part of an era in which something has begun to move in the process of peaceful transition. In my view the legitimacy crisis began in 1987. It was then that needs for a new legal framework, for new legal provisions, to accomplish economic reform emerged one after another. I consider it important that this Parliament created the legislation which narrowed the Presidential Council's authority to substitute the National Assembly on the basis of proposals made by representatives.

Was There a Prestige Crisis?

[NEPSZAVA] How did representatives react to doubts concerning their legitimacy?

[Fodor] It was not easy for anyone. Those who were placed in the National Assembly by the ruling power felt that the issue was addressed to them, and others who fought to acquire the confidence of their constituents

were offended by the new situation. At the same time, opposition groups raised the question of whether a National Assembly of this composition—with 75 percent of the representatives holding membership in the Hungarian Socialist Workers Party [MSZMP]—would be suitable to create new laws. This forced some tough debate to the surface. Everyone in this country knows what went on around us.

A similarly difficult issue presents itself if one asks under what conditions another National Assembly could be elected, and whether the present National Assembly would be capable of creating laws which enhance reform. I am convinced that this Parliament served proof of this ability at quite an early stage. In making decisions, representatives did not place primary emphasis on their party affiliations; they got over the matter of being offended, and followed the mandate provided by their constituents. This is the most important proof which shows that Parliament was capable of creating laws in the interest of peaceful transition, which in turn will lead us to a consensus. Quite naturally, a basic condition for all of this was that representatives of various forces sit down to negotiate. All of this has also created a confidential role for the opposition.

[NEPSZAVA] The populace, nevertheless, feels that it was difficult to get over the prestige crisis.

[Fodor] It was indeed difficult, but we have gotten over it. Representatives had to survive yet another crisis. In Hungary the practice of codifying laws was misunderstood. In virtually every bourgeois democracy in the world legislative proposals are drafted and submitted. Whenever the specialized apparatus or the government present legislative proposals to the National Assembly that were supposed to have been discussed already with the parties and in committees. In Western parliaments there are no 80 or 90 substantive amendments one may argue about, and thus may divert attention. Well prepared proposals are submitted to Parliament. These are then briefly justified to Parliament by the ruling parties. Representatives felt that something had been taken away from them. We have gotten over this critical period, at last. This is why Parliament was able to create the pivotal laws, such as the one about the institution of the president of the republic, the party law, the law establishing the Constitutional Court, and the election law.

[NEPSZAVA] Thus far in Hungary the institution of Parliament dissolving itself has been unknown. This must also have come as a shock to representatives.

[Fodor] This did not cause great shock in the course of the process. They took note of the dissolution candidly, even though prior to dissolution there was great debate over this matter in the corridors, at committee meetings, and among individuals. But everyone began thinking in a more staid manner once the time for decisionmaking arrived, and became convinced that the experience gained in 1956 was included in whatever we have achieved in the process of social transformation.

[NEPSZAVA] One frequently hears today that we fell behind the European countries in terms of a transformation process.

[Fodor] This may be true, but this is not a horse race, in my view. On the other hand we cannot postpone this thing either. Transformation will be a somewhat longer process than elsewhere, because in 1968 we missed our historic opportunity. But indeed we do not have another 20 years to waste, while on the other hand we do not want to blow the situation out of proportion. In my view the fortunate aspect of our situation is that in Hungary the political structure, the multiparty system, has already evolved prior to the elections. We may take pride in the fact that we have gotten this far through peaceful means. This may also be credited to the fact that we negotiated with representatives of the political forces and talked to interest groups, such as the National Council of Trade Unions [SZOT], and that they agreed that this is the way the transformation process must continue.

Definitive Role of the Countryside

[NEPSZAVA] Did you play a role in this, in your capacity as president of the House?

[Fodor] Immediately following my appointment I paid a visit to the prime minister and told him that in my view the time has come to deal with the issue of parliamentary elections. This, however, affects the fate of the government, the possibility of governing the country, and the economic situation of society as a whole, and influences the functionality of society. The prime minister discussed this matter with the government, they agreed, and this is how the three-day negotiation series with political parties and interest groups came about in December.

[NEPSZAVA] What is your view of the countryside's role from the standpoint of the elections?

[Fodor] I regard it as definitive. The referendum demonstrated that elections can be lost if the villages remain passive. Proportionately many fewer country residents took part in the referendum than city residents. I am confident that the countryside will also be shaken up by March. But at this time not even the parties have policies with regard to villages. They have reached the point of recognizing that the settlement policies pursued thus far, the ones that brought about the uncentered country, constitute a disaster. This process must be stopped, and there is no present opportunity to pursue anything else. But a real village policy would embrace not only the land issue, but also the living conditions of those who live there. For example, increased mortgage interest rates affect almost everyone in the countryside, because the construction of tens of thousands of houses was financed by such loans. There was no state residential construction in the countryside. And the people in the countryside buy milk, meat, and many other things in stores. Life in the countryside is different from one point of view: There the existential conditions may be improved perhaps in a more simple way, more easily under these difficult economic circumstances. It may occur that some people will plant potatoes instead of flower beds, or will fatten a pig, or perhaps will go to work in the forest to

obtain firewood. City residents have no other choice than to carve a living out of the money they earn at their workplaces. I can see that many young people are trying to find work in the countryside, and accept this new way of life.

Representatives Should Not Have To Go Door to Door

[NEPSZAVA] Representatives must deal with all of these issues.

[Fodor] I find it unavoidable, but I am convinced that this is not really the work a representative should be doing. I have been saying this for a long time: Good laws must be created to establish conditions for the production of material goods; a representative should not have to go from door to door and act as a lobbyist. He should speak up when he feels that he can do something for the community, for the country.

[NEPSZAVA] Have you experienced such situations in your work as a representative?

[Fodor] Yes, twice. Once in 1988, when the then president of the House paid a visit to the independent representatives' committee and promised to provide more information. This happened at the time of Bos-Nagymaros, and essentially we knew nothing about it. At that time I spoke very firmly, although in a staid manner. The other incident relates to the pension benefits of state leaders. We did not receive information on that subject either, whereas I had already read the story in the REPORTER. I spoke up on the floor of the House even though they asked for my statement in advance.

[NEPSZAVA] I understand that you will run in the March elections.

[Fodor] Indeed, as an independent representative, but only if the legal provisions to be developed regarding representatives permit me to perform this work independently, work that is increasing, and at the same time my district would be twice as large. Incidentally, the election law does not favor independent representatives because there is no party behind them. They must fight their battles locally, with the help of their own resources. I agree to that, and I have no other ambitions in this regard. I consider it the great gift in my life that I was able to serve as acting president in this historic era. In the future I would like to be a good representative. If not, my profession as a veterinarian awaits me.

MSZP Seeks 'Democratic Socialism,' 'Market Economy'

90UI0270A Moscow PROBLEMY MIRA I
SOTSIALIZMA in Russian No 12, Dec 89 pp 37-40

[Article by Sandor Zsorczik, representative of the MSZP to the journal: "The Birth of the MSZP"; passages in boldface as published]

[Text] An event which engrossed the attention of all Hungary and which is certain to have a considerable

impact on its future and on the fate of the nation—this is a good description of the congress of the Hungarian Socialist Workers' Party (MSZMP) in October 1989. After heated debates, the establishment of the Hungarian Socialist Party (MSZP) was announced. The history of the MSZMP as the state party, the party in power since 1956, came to an end.

From the Party Conference to the Congress

The Hungarian society was approaching a state of crisis in the second half of the 1980's: There was increasing dissatisfaction in all strata of the population, the authority of political leaders was undermined, and the moral crisis was growing more acute. All of this also undermined the belief in the possibility of attaining socialist goals.

The state of the country made it necessary to convene a national party conference in May 1988, without waiting for the next MSZMP congress. For the first time in over 30 years, the performance of the leadership and executive agencies, and of the government and its establishments, was criticized. The conference concluded that national progress and development would require a policy line diverging radically from the line which had led to the crisis, stepped-up reform in all spheres, the coordinated renewal of the economy and the political system, and the mobilization of the society's constructive forces. Above all, this meant the use of market mechanisms in economic affairs, the establishment of a new system of political institutions based on pluralism and legality, and—probably the main thing—the restructuring of the MSZMP through the development of intra-party democracy.

Sweeping reforms began after the party conference. One reform followed another at a dynamic speed in the sphere of politics and law; new laws were passed; the Hungarian constitution was debated; the prerequisites were established for a multi-party system; there was a change in the relationship between the administration and parliament, and so forth. Dozens of sociopolitical movements, associations, clubs, groups, and various types of societies came into being one after the other. Parties which had once been active were revived—the Social Democratic, Independence, Smallholders, and National Peasants parties and others. All of this created a special situation for the MSZMP: It had to adapt to the changing conditions. The democratization of party affairs rejuvenated its organizations and organs, past errors and the development of the country were debated, etc.

Diametrically opposed currents made their appearance in the party: Some viewed the need to alter the model of socialism as a rejection of it, while others felt that what had failed in Hungary was not Marxism, but a leadership which had deviated from this doctrine. Still others wanted a party of the Stalinist type. There were even some who proclaimed a "revolution within the MSZMP."

In short, by the end of the decade the Hungarian society had reached a turning point. The authoritarian system

which dated back to Stalinism had exhausted its potential. The imminent crisis could only be surmounted by the profound restructuring of social, economic, and political relations. The reformist forces which had existed in the MSZMP for decades were encouraged by other currents wanting reform to take advantage of the favorable external circumstances to pave the way for a peaceful transition from state socialism to democratic socialism. Comprehensive and radical social, economic, and political renewal, however, called for the formation of a new party.

The MSZP—A Leftist Socialist Movement

It was in this complex political atmosphere, accompanied by economic uncertainty, that the last MSZMP congress began. Four-fifths of the almost 1,300 delegates were taking part in this kind of forum for the first time; 85 percent had a higher education; 80 percent were between the ages of 30 and 45; 8 percent were women; and workers, young adults, and retired citizens represented 3 percent each. All areas in Hungary were represented by their own groups; besides this, there were delegations representing the ministries of defense and the interior and the border troops.

The main role at the congress, however, was not played by territorial associations, but by the **platforms** represented by at least 12 delegates each, and this was one of the ways in which this forum differed radically from earlier ones.

The most representative and perhaps most radical of the platforms was that of the Reform League. It advocated the radical transformation of the party which had led the country to a historic impasse, a break with the monstrous conglomerate the government had become, and the dissolution of party cells at enterprises, in internal affairs organs, and in courts, and opposed the discredited leaders and "secret" conservatives. At first around 460 people supported this platform, and the number had increased by 10 or 15 percent by the end of the congress.

Another platform—popular democratic—was represented at the forum by around 40 delegates. The program won the support of almost 300 people, however, because it was balanced and therefore represented a satisfactory compromise to many. Like the Reform League, it rejects bureaucratic and dictatorial socialism, but it places a higher value on state ownership and on the introduction of elements of self-government into democratic procedures.

It turned out that these platforms and the much smaller youth movement, the movement "for provincial equal opportunities," and the agricultural platform advocated the formation of a new party of the socialist left. Members of other currents—the Movement for the MSZMP and the Union for MSZMP Renewal (35 and 30 delegates respectively)—had another point of view and did not want to change the party's name. The members of the first group felt that the forum did not have the authority to dissolve the MSZMP (the members dissolved the group at the end of the congress). The second group was promoting unity within the

earlier party. The advocates of renewal, however, were in the minority. The MSZP was born. Only 159 of the 1,202 delegates present in the hall voted against this decision, and 38 abstained.

The congress resolution says that the MSZP regards itself as the heir to the reformist ambitions of the MSZMP and unconditionally acknowledges the common human values of humanism, liberty, democracy, and respect for constructive labor.

The MSZP will uphold the timeless **traditions and values of the socialist and communist movement** and will subscribe to the principles of solidarity and social justice. Its activity will be based on philosophical and political tolerance.

The MSZP is being transformed from a state party into a modern leftist socialist movement, a political mass party controlled by its members. It is rooted in the basic ideals of Marxism. Its goal is the construction of democratic socialism. Observing the statutes of a law-governed state unconditionally, it is prepared to unite with all forces willing to cooperate in leading the country out of crisis. It intends to promote the construction of a multi-party system of parliamentary democracy based on mixed ownership, a social market economy, and a system of self-government.

The MSZP is not a communist party in the earlier sense of the term and it is not a social-democratic party. It is a socialist party seeking a chance for the future merger of these two movements.

"What must we disavow?" asked R. Nyers, the chairman of the new party. Above all, the narrow and outdated class policy. Of course, this does not mean that the interests of the working class and the cooperative peasantry and intelligentsia should be ignored, and we cannot agree with those who want to turn the new party into a bourgeois organization. The party will discard the principles of democratic centralism and dictatorship by the proletariat. It disavows all forms of Stalinism and neo-Stalinism.

The MSZP must be an organization of the masses, but who is being invited to join it? Above all, people who work for a living, but also small businessmen, our fellow citizens of the Hungarian and other nationalities. In a special appeal, the congress asked all of those who agree with the new party's political program and charter to join the MSZP. Dissident views will not preclude participation in MSZP activities. This is one of the basic principles announced at the congress. The party is an alliance of different platforms. The basic premises of its activity are voluntary participation and joint action governed by a sense of solidarity and common principles and political goals. Internal party affairs will be distinguished by broad democracy: All decisions and actions will be engendered by the will of the members. They will be able to freely express their opinions, organize and form groups, and arrange for joint political actions.

The Goal—A Democratic Socialist Society

The new party believes that the move to democratic socialism will necessitate the creation of a state with a social policy based on an effective market economy. Furthermore, this policy will not be a burden to the national economy but will become an organic part of social reproduction. Our goal is a state where people will feel comfortable and will have a chance to develop their abilities, realize their interests, and establish the prerequisites for a peaceful life and a secure future for their children.

The MSZP intends to guarantee the **socialist nature of the social system**. To this end, priority will be assigned to the free development of the group and the individual and to the elimination of the alienated, bureaucratic, and excessively centralized government; the establishment of public representation at all levels of the political system, self-government, democratic culture, and public control. Besides this, dynamic social development will lead to the fuller realization of personal freedoms in the future. The MSZP wants to establish a solid system of social justice and solidarity, equal opportunity, and social protection.

The **establishment of the political system of democratic socialism** will first entail the construction of a law-governed state on the basis of a broad national consensus and the introduction of the referendum as an institution for the direct expression of the public will. The balanced distribution of power will prevent its excessive concentration and secure the autonomy of local and regional self-government. In the activities of local councils, priority will be assigned to public representation. The parliament will be controlled effectively by public opinion and a constitutional court. The political system will be based on the separation of judicial, executive, and legislative powers. The multi-party system will be a guarantee of civil liberties. There will be separate mechanisms for the representation of social interests and constitutional guarantees for the protection of ethnic, religious, and other minorities.

Property reform is a fundamental prerequisite for economic renewal during the transition to democratic socialism. In the opinion of the MSZP, the best system would simultaneously promote economic development and social security. The basic elements of a diverse property structure already exist in Hungary: state property serving the needs of the entire society, cooperative and social forms of collective property, the property of social establishments and independent institutions, and private property.

The new party supports the free acquisition and disposal of property. The accumulation of property through legal channels does not hurt the civil rights of other people and does not signify a return to capitalism. First of all, government property should be made more democratic. It should be turned over to new owners on the basis of legal regulation and under social control. Cooperative

property will become an important form of social property after it has been freed from state patronage. Municipal property, belonging to cities and other communities, will come into being as a result of the reform. The circle will be widened by the creation of various organization and establishment funds.

Private property, in the MSZP's opinion, can become an organic part of social property and can work for the good of all the people rather than benefiting only its owner. In view of the growth of commercial enterprise, participation by workers and employees in managerial decision-making should be secured. In short, the party advocates a variety of forms of ownership and intends to establish constitutional guarantees of their economic equality and security, including the property of foreign capital.

The economy must be a market economy. This was the unanimous opinion of congress delegates. The market, however, does not consist solely of goods, but also of manpower, capital, land, and information. The development of a market economy will necessitate the elimination of unjustified state subsidies. The negative effects of the excessive concentration of economic power must be surmounted, the monopoly status of enterprises must be revoked, and competition and commercial enterprise must be encouraged. The party has stressed that "we are fighting against impoverishment, not enrichment." For this reason, it supports the offer of social assistance to the workers of the less competitive enterprises, the development of a personnel education and advanced training system, and the creation of new jobs.

What will the **state's role** be? In all developed countries it regulates market relations, guards the economy against harmful influences, and encourages the incorporation of new technology. The modern state and the market economy are mutually engendering and mutually restricting entities.

Many speakers at the congress mentioned the need for the **equitable distribution of income**. We acknowledge the legitimacy of wages and of all other income (including capital gains, commercial profits, development bonuses, and finder's fees) as long as it is used effectively for the good of the society. Furthermore, people who take risks and seek new routes are justified in expecting greater rewards. This is not contrary to the principle of social justice and equal opportunity. In fact, it puts it on a solid material basis. The MSZP policy statement says that "we want the kind of sociopolitical, economic, and distributive model in which the diligence of citizens and state-guaranteed social security constitute the basis of proper coexistence."

The system of taxation should not be geared to immediate advantages. This would reduce the incentive to work harder, to do better work, and to strive for spiritual enrichment. According to the MSZP, the main purpose of social policy is the **minimization of extreme differences in the standard of living**. The development of a strategy

for the creation of new jobs and the planning of educational and advanced training programs, the encouragement of commercial enterprise, the provision of workers with broader opportunities to take jobs abroad, the institution of part-time employment, and other measures should minimize the number of people without jobs. "We still regard the right to work and to social protection as a fundamental value, but we interpret it as a way of securing the future of individuals and their families, and not of enterprises operating at a loss." The party resolutely declared its support for changes in the economic and social conditions perpetuating the low standard of living.

The right to health is a basic human right, and this means that the material basis of the health care system must be improved and that a larger portion of national income should be allocated for this purpose. We advocate resource-conserving and energy-saving forms of economic activity. The MSZP program also focuses attention on the issues of aid to families, youth, and retired citizens.

The MSZP regards the development of science and the elevation of educational and cultural standards as an elementary condition of progress. Financial and moral incentives for creative labor and the activities of the intelligentsia require immediate and radical changes. The party is opposed to the state monopoly in education and supports academic freedom and autonomy.

Our Place in the World

The MSZP will work with progressive and democratic forces in the international arena to solve this century's problems and encourage mutually beneficial political and economic relations with all countries. Hungary must work with the developed states to augment the new achievements of human civilization and strive to become an active participant in international integration in economics, science, culture, and everyday human contacts.

The party is in favor of an **independent Hungary**. National interests can be secured only with consideration for the country's ally obligations and only on the basis of a sober assessment of the current international situation. The MSZP affirms the importance of a balanced relationship with the Soviet Union. The party supports all political and military steps to strengthen detente in Europe. As a member of the Warsaw Pact, Hungary must aid in the conclusion of agreements between the blocs, the reinforcement of trust, and the removal of ideological confrontation from intergovernmental relations. In the opinion of the MSZP, the time has come for an internal reform of the Warsaw Pact, the

democratization of this organization, and the reinforcement of the defensive nature of its military doctrine.

Hungary will have to adapt to basic trends in the world economy while simultaneously taking measures to prevent the growth of unemployment and inflation and to defend national interests more effectively in cooperative projects with CEMA partners. We must stress that we regard our membership in this organization as an objective reality.

The MSZP will promote the establishment of a **unified Europe**. After all, the future of Hungary will depend primarily on its future. The security of the continent should be safeguarded not with weapons, but with political, economic, and cultural cooperation, direct contact between people, and trust. The new party sincerely hopes for the solidarity of the nationalities of the Danube region.

The main moral obligation, the policy statement says, is consistent struggle for the human rights and equality of ethnic minorities, for the genuine realization of these rights in Hungary and the rest of the world.

As one of the members of the European leftist movement, the Hungarian Socialist Party has declared its willingness to cooperate with all forces acknowledging their responsibility for the future of Europe. These are mainly forces for reform, communist, socialist, social-democratic, and other leftist currents with an interest in the successful completion of our historic mission, various new movements for environmental protection and peace, and youth and women's organizations.

The MSZP intends to build its relationship with other parties on the basis of the unconditional observance of the principles of autonomy and equality and the complete freedom of each side to think and act according to its own wishes. We want to maintain contact at many levels with the parties of the international communist movement. Our particular interest in the experience of social democrats stems from our common traditions and from their significant achievements. The MSZP will also seek areas of possible cooperation with bourgeois political forces because it appreciates the efforts of progressive bourgeois humanists to secure peace, democracy, and equality in economic relations, and it is prepared to accept values which have proved to be timeless.

The work of the congress was finished to the accompaniment of "The Internationale." The MSZP has mapped out its policy line. The faith of millions of Hungarian citizens in the new political organization, which has proclaimed itself a party of the laboring public, a party of the people, will depend on how this line is implemented.

GERMAN DEMOCRATIC REPUBLIC

Military Sports Organization Seeks New Orientation

90EG0109A East Berlin *SPORT UND TECHNIK* in
German No 12 Dec 89 p 3

[Unattributed article: "Invitation to Further Discussion"; first paragraph is *SPORT UND TECHNIK* introduction]

[Text] The executive board of the Society for Sports and Sports Equipment (GST) has contacted all its members, section directors, boards of basic units, presidents of sports clubs and their specialized commissions in the Bezirke and Kreise as well as all partners of organizations that are part of the social life of the GDR. GST has submitted for discussion the following ideas developed by the seventh session of the GST executive board on 14 November 1989.

1. For a GST as an independent and democratic organization within the political and social life of the GDR.

- The GST views itself as an organization that shares the responsibility within the socialist society for protecting the achievements of the GDR, determines its activities on the basis of economic needs and opportunities, and is committed to providing interesting, meaningful and active leisure time, particularly for the young.
- It contributes to a better socialism in the GDR.
- Its objective is to meet the interests of GDR citizens for sports and sports equipment. In so doing, it helps young people prepare on a voluntary basis for military service. To reservists, it offers the opportunity to continue their sports activities after they have completed their military service.
- Given the interests of the citizenry in sports and sports equipment, it makes available to its members all its personnel and facilities as well as the knowledge and experience of its many instructors, athletic directors, and trainers in basic units, sections, and other GST groups to help them earn their driver's licenses, other licenses or permits, and spend their leisure time in a meaningful way.
- It considers itself an organization of sports clubs, basic units and sections that are independent, act on their own responsibility, and have broad rights and competence.
- It works as part of the GDR social life on its own responsibility, seeking and supporting comradesly cooperation with all parties, mass organizations, democratic forces and state bodies.
- In its activities, the organization is characterized by such principles as: voluntary membership, self-responsibility, pursuit and realization of active interests, interesting community life, activities and attractiveness, etc.

2. For independent, active sports clubs.

- The sports clubs enable their members to pursue specific sports and technical interests. Many different

types of sports are available to citizens who are interested in sports and equipment.

- They are sports clubs within the GST, and that makes them highly efficient and gives them a firm basis for their work.
- They are responsible for their own activities, have their own management, and are largely self-financed.
- The GST motor vehicle and sports car clubs offer the working people more opportunities to get, in particular, drivers licenses for classes A and M, C and E, and class B vehicles, to gain the required qualifications to work as driving instructors and to train motor vehicle experts, managers of repair collectives, traffic safety assistants, and training managers for motor sports. In water sports, they can obtain permits to drive speedboats and sailboats on inland and sea waterways. For radio amateurs, it offers a greater possibility to get a transmission license to manufacture and set up and operate amateur receiving and transmitting facilities in the high and very high frequency area. Divers can take the A and B exams, earn divers licenses and qualify as physical education instructors and referees. Hence, young men planning to pursue a military career, have the opportunity to acquire the experience, capabilities, and skills necessary for such professions.
- GST and the sports clubs are open to:

- ways of engaging in new types of sports and activities;
- new and interesting competitive methods and rules;
- ideas to make their activities and sports overall more attractive, and
- opportunities for continued or changed military multi-discipline competition and military sports, etc.

3. For attractive sports and for interesting satisfaction of technical interests.

- With these facilities we want to help develop, in close cooperation with the DTSB [German Gymnastics and Sports Federation] in the GDR, the mass character of sports and the levels of their achievements. That includes the promotion of top athletic performances.
- Likewise, sports and the satisfaction of interests in technical matters—even those of small groups—have a firm place in GST.
- Sports and the satisfaction of interests in equipment matters enhance the development of individuality and personality growth.
- GST facilities offer in a more comprehensive way an attractive, social community life that reflects the interests of the population, particularly the young.
- Sports and technical activities can be presented to the public in a more attractive, more enjoyable and—in terms of advertising—more effective way.
- International activities of the sports clubs, including encouragement of top-notch performances, are of central GST concern since they serve international understanding and encourage, in particular, children and young people.

4. Democracy in GST and the sports clubs.

- Both the GST and the sports clubs need democracy in order to fit harmoniously into the pluralism of the GDR's reevolving socialist society.
- Democracy in the GST and its sports clubs requires independence, the ability to act on personal responsibility, public control, election from the bottom to the top, adherence to the majority principle, etc. Decisions shall be made by those who have the technical competence and the passion for a particular type of sport.
- Democracy in the GST and its sports clubs must not permit number chasing, determination of activities from top to bottom, centrally led mass actions, corrections in reporting, high administrative expenditures, etc.

5. For solid material foundations of work.

- The activities of GST and its sport clubs need the support of the state, but must burden our society and economy as little as possible. Hence, state responsibilities should be established by law. The cost-benefit relationship, self-financing, the receipt-expenditure relationship, capital preservation, etc., must have new positive effects.
- In this context, some rethinking must be done on the problem of GST services for both the economy and the people, and more effective solutions must be found.
- Questions such as license, permit, and other GST service fees should be discussed and resolved.

Multiple use of GST equipment; expansion and establishment of repair shops; emphasis on establishing central basic or training facilities in a club-like manner; repair services and production in small quantities to meet the needs of the population, etc.

6. For clean relations with the environment.

- In addition, GST and its sports clubs face ecological problems in a more public, controllable and active way.
- Through their sport activities they seek to minimize the burden on the environment and explore novel ways to accomplish this.
- They look for new ways to preserve, care for, and improve the environment.
- They encourage their members to take a new positive attitude towards the environment and thus strengthen their love of their native land and their love of nature.

Any opinion on these and other problems of our future work are welcome!

Write to: Zentralvorstand der GST Langenbeckstr. 36-39 (1272) Neuenhagen

Write to: Redaktion "SPORT UND TECHNIK"
Storkower Str. 158 (1055) Berlin.

HUNGARY

Professional Border Service To Be Established

25000595A Budapest NEPSZABADSAG in Hungarian
10 Jan 90 p 5

[Text] Never before have there been so many foreigners in Hungary within a year as in 1989, according to Lieutenant Colonel and District Commander Dr. Bela Prokai at a press conference held by the Ministry of the Interior Border Guards Miskolc District Command. It was stated at the press conference that in the future Hungary's state borders will be guarded by professional officers and noncommissioned officers only. No enlisted men may become border guards as a result. The Council of Ministers reached this decision mainly because in virtually every country in Europe professional soldiers guard state borders and control passports. In their efforts to integrate with Europe, citizens of neighboring countries will soon have global passports, and thus they will be able to travel anywhere. Consequently, fewer people are needed in Hungary to guard the green border, and this work can be performed by professional patrols.

The new organization will be first introduced in Borson-Abauj-Zemplen County. In this area professionals will perform the function of enlisted men toward the end of this year. At the same time, half of the 14 existing border patrol posts will be discontinued. The superfluous barracks will be converted into schools and productive plants. On the other hand, the Border Guards may purchase apartments for officers and noncommissioned officers out of the money received from the sale of these buildings.

As part of the beginning of establishing relations with parties, representatives of the Ministry of Defense negotiated with the military experts of the Social Democratic party on Tuesday. The meeting was held at the Miklos Zrinyi Military Academy and general military policy issues were discussed.

POLAND

Tank Disassembly, Recycling Described

90EP0233A Warsaw ZOLNIERZ WOLNOSCI in
Polish 15-17 Dec 89 p 4

[Article by Andrzej Wasiak: "Into the Furnace or for Civilian Use?"]

[Text] Not too long ago these armored colossi scurried about proving ground tracts. They executed the most difficult tasks, surprising observers and pleasing the tank crews. They glistened with fresh paint, proudly raising their cannons during reviews. Today they stand forlorn, awaiting judgment.

The restructuring of our armed forces, brought about by the stabilizing international situation, placed entirely new tasks before soldiers. The equipment they cared for

so greatly, cherished and nursed tenderly, suddenly was designated for scrapping. Those very hands that only a few days ago cleaned with great care the radio's controls, wiped the cannons till they shone, and painted over even the smallest scratch now must disassemble the armaments.

Destroyed With Sadness

It is sad to destroy that which to date has been so dear. Nonetheless, in the army obeying a command is mandatory, and this command is unequivocal.

"Our army is being reduced systematically," explains Col. Roman Jozwik, representing the General Staff of the Polish Armed Forces. At the beginning of this year we had 234,100 soldiers in the land forces. But by the end of this year only 206,600 will remain. Next year this number will be reduced further to 202,000. Obviously, these reduced ranks will require significantly less equipment. Therefore, this year 400 tanks and 600 armored personnel carriers are being designated for scrapping. These numbers were calculated accurately by general staff specialists such that the reduced army will not lose any of its defense capabilities.

Seven workstands are installed on the repair battalion grounds and in the hangar in Opole. Each one is serviced by four soldiers who work on dismantling a tank in stages. After a steel colossus passes through all the workstands, only the completely empty shell of the tank remains. Then the shell is hauled by an artillery tractor to a railway siding. There it is loaded on an open platform and sent on its final journey to a steel mill. The soldiers use about 400 man-hours for the entire operation.

"We were not trained to execute such a task," says Col. Zdzislaw Caputa, service chief for tanks and vehicles for the Silesia Military District. "Until now we were involved in repairing and maintaining the equipment on hand. However, the command of the Silesia Military District ordered us to retire from service 212 tanks and 77 armored personnel carriers by the end of this year. But, in doing this, we must remember to be economical. The eliminated armaments must go at the best prices possible. To this end we are collaborating with the R&D Center for Mechanical Equipment in Gliwice, where two models of an AT-55 caterpillar bulldozer were developed using the chassis of a disarmed tank. We will be able to view prototypes in the unit."

That Which Cannot Be Transformed

"That which cannot be transformed into vehicles that are useful in mining, forestry and land improvement work must, with heavy heart, be cut into pieces. But even here we must operate economically in accordance with the spirit of the times. In the maintenance units of our district—in Zagan, Krosno Odrzanskie, Ostrow Wielkopolski, Poznan, Gubin and here in Opole—we remove everything from the armored vehicles that still can be useful. We sell for scrap only the useless remainder."

We walk to the first disassembly station. Three soldiers under the direction of a sergeant perform the initial tank inspection. From the tank they remove equipment and spare parts, that is, all those treasures that the driver-mechanics hid so assiduously up to now. They also remove the optical equipment. All of this can still be put to use.

The cleaned out colossus is then driven to the next four specialists who efficiently remove the radio and dosimetry equipment from it. A tangle of cables, lamps and potentiometers accrue rapidly on a side table. Later on they will be taken to the storeroom where they will be carefully cleaned and packaged and be available for new users.

Further on there is a self-propelled crane. With lightning speed, three soldiers breakup the steel flooring. They move to the side. Meantime, the tank turret and its protruding cannon are lifted up. The head of the tank, thus separated, is hauled to the hangar where all of its mechanical equipment will be removed. Finally, the engine is removed, and at the same time its supports are removed using torches. This completes the final destruction of the tank. After such an operation, it is impossible to remount the engine.

Meantime, another crew removes the cannon from the removed turret. The cannon and its lock are made of high-alloy steel which is more expensive than the steel used for armament. It is sold separately, just like the nonferrous metals obtained during the disassembly process.

The artillery tractor is driven to the tank wreck. Both the wreck and its turret are loaded on the tractor so that both parts can be transported at the same time. The tractor, like the people, is performing an unusual task. It is hauling something that will never fire again. It pulls without undue effort the empty shell of what once was a dangerous weapon toward the Opole Bierkowice railway siding. Here, for the second time, the tank loses its head which, with the aid of a crane, is placed on a separate platform. The tractor shoves the remainder on another platform, and the soldiers secure it just like they secured a real tank moving over a proving ground.

Not All Armored Vehicles

Not all armored vehicles await such an end. Some are put to "civilian use."

In a space by the hangers that shield the area where the tanks were disassembled stand two type AT-55 caterpillar tractors that are the work of the R&D Center for Mechanical Equipment in Gliwice. They demonstrate their ability for transformation, raising and lowering a large plow.

"These are high-powered bulldozers," explains Andrzej Skoluzdra, the center's deputy director for technical matters, "that are designed for extremely heavy work, such as: rolling, moving large volumes of earth, rubble or slag. They can also be used in construction, mining mills and communal dumping grounds. To build the bulldozer we adapted the chassis of a T-55 tank with a 427-KW

engine. We equipped it with a large blade that is lifted and lowered hydraulically. A highly reliable power transmission system and a flexible suspension system guarantee a highly efficient bulldozer. The operator's cabin is derived from a mobile crane. It has excellent visibility. It is roomy, heated, well designed ergonomically, and well insulated from chassis noise and vibration. In the deluxe model, the bulldozer is equipped with a lift capable of carrying a load of 2.8 tons.

"It is a product that is competitive with the Stalowa Wola plants. To date the monopoly in our market sells its bulldozers for foreign exchange only. Our basic model bulldozer presently costs about 100 million zlotys. It takes 3 to 4 months to build a bulldozer. They are prepared to adapt in this manner all the chassis they can

get from the army, as long as there is a demand for them. However, I believe I will find many eager buyers."

Waiting For Enterprising People

Tank engines are also available from the warehouses for enterprising people. They could provide excellent propulsion for fishing cutters, among other things. Radio equipment is also available. One need only come and buy.

The barrack grounds are full of additional tanks. What will become of them? Will they be put to civilian use or become razor blades, which also are in short supply lately. One thing is sure: none of these armored colossi will be wasted. Our disarming forces are aware of the basic interests of the national economy and are quietly counting on reciprocity.

CZECHOSLOVAKIA

Agrobank Selling Shares to Organizations

90EC0201B Bratislava ROLNICKE NOVINY in Slovak
29 Dec 89 p 1

[Interview with Eng. Karol Ceresna, secretary of the preparatory committee for the establishment of the Agrobank, by Marta Liptakova: "Do You Wish To Become a Stockholder"; date and place not given; first paragraph is ROLNICKE NOVINY introduction]

[Text] There are only a few countries in the world where a special-purpose bank for agriculture and for the production of foodstuffs in general is not functioning. For many years, farmers have been striving to have their own bank, something in which they have finally, under present conditions, been successful. At the Federal Ministry of Agriculture and Alimentation, a preparatory committee has been established for the purpose of setting up the Agrobank. We asked the secretary of the preparatory committee, Eng. Karol Ceresna, to discuss the details surrounding this bank for farmers.

[ROLNICKE NOVINY] What is the Agrobank?

[Ceresna] The Agrobank fundamentally differs from existing banks in the CSSR. It is a stock company, in other words, it is a bank of shareholders—of agricultural organizations, foodstuffs enterprises, and others who share in feeding the populace. From this, it follows that the shareholders will also determine the mission of the bank in developing entrepreneurial activities among the organizations of the agricultural-foodstuffs complex.

[ROLNICKE NOVINY] What services will the bank provide?

[Ceresna] We are counting on the fact that the basic capital which our organizations will deposit in the bank in the form of shares will primarily be used to serve the realization of efficient investment programs, particularly for unified agricultural cooperatives, state farms, foodstuffs enterprises, service organizations, but also suppliers of capital goods. Approximately one-third of the share capital will have a foreign exchange character. This means that the bank will be making loans even in foreign currencies. This is the quickest way we can make it possible for our organizations to penetrate into foreign markets as far as the purchase of modern technologies is concerned.

[ROLNICKE NOVINY] What is the price of one share?

[Ceresna] The preparatory committee originally authorized capitalization of up to Kcs 400 million with a nominal value of Kcs 100,000 per share.

[ROLNICKE NOVINY] The purchasing of shares has already begun. What is the situation today?

[Ceresna] Thus far, customers have already purchased Kcs 320 million worth of shares out of the total authorized capital. These shares have, for the present, been purchased by approximately 120 organizations throughout the entire republic. At its last meeting, the preparatory committee decided that the sale of stock will continue because the interest on the part of our organizations is constantly growing. At the same time, negotiations were held with foreign banks which evinced interest in purchasing shares in the Agrobank. We also got these banks to apply their capital to the technical restructuring of our organizations. This means that they are striving to obtain a greater volume of the bank's capital than we had figured originally. In principle, however, we want to maintain the ratio between our capital and foreign capital at about 60:40.

[ROLNICKE NOVINY] What will the stockholders use to pay for the shares?

[Ceresna] Shares can be paid for from financial resources which the enterprise has in its various funds (the developmental fund, the reserve fund, etc.). It is anticipated that the first installment on the shares, amounting to about 10 percent of their value, would be paid by the shareholders in March or April of next year. If the bank can be successfully opened, effective 1 July 1990, the entire share deposit would be payable at that time. I would like to remind you that the bank is open not only to enterprise shareholders, but also to individuals. For the present, the purchase of shares by the populace has not been legally solved, but we are expecting that this status will not last very long. Consequently, the bank is accepting individual customers as well. Toward this end, it set aside a certain reserve of capital, including a portion in foreign exchange resources.

[ROLNICKE NOVINY] And will a shareholder have some advantage?

[Ceresna] The basic advantage consists in the interest paid on his shares. Shares in korunas are expected to yield an interest of 10 percent, foreign exchange deposits will yield interest on the level of the dividends paid by foreign banks. Shareholders have still other advantages. They include primarily the purchase of all available shares in the bank.

[ROLNICKE NOVINY] And under what conditions will the bank be providing services?

[Ceresna] As far as credits in korunas are concerned, the bank must be guided by the credit conditions which are set by the state bank and which will apply to all commercial banks in Czechoslovakia. With respect to foreign exchange credits, however, credit rates will be those normally applicable in foreign banks. A bank as well as an organization requesting credit must have a guarantee that the loan resources will be utilized in the accomplishment of activities having a high degree of efficiency and an appropriate return pertaining to the deposited capital.

[ROLNICKE NOVINY] Is the bank also preparing to provide services for the populace in the countryside?

[Ceresna] The bank will organize its services in such a manner that it would have its branch offices in the proximity of the populace to the maximum extent possible. It intends to function directly in economic organizations in the countryside. The bank has a general character and will serve everyone. Its goal is to be the bank for the rural population. We know that in rural areas there is a great appetite for entrepreneurship, not only in the cooperatives, but also among the citizens. We wish to provide all forms of loans and other services to finance individual entrepreneurial interests by expanding services in rural areas, but also by supporting private agricultural production.

U.S. Bank Adviser Offers Construction Funds

90EC0201A Bratislava ROLNICKE NOVINY in Slovak
22 Dec 89 pp 1-2

[Interview with Dr. Michal Sumichrast, U.S. bank adviser, by Marta Pawlicova: "I Would Like To Build Houses"; date and place not given; first two paragraphs are ROLNICKE NOVINY introduction]

[Text] Since the time of his arrival in Czechoslovakia, only a few hours had passed and he had already spoken with representatives of the Government of the Slovak Socialist Republic, as well as of the Czech Socialist Republic. At the beginning of the brief conversation we had between his meeting with Vaclav Klaus, federal minister of finances, and Jan Carnogursky, first deputy premier of the CSSR, he told me "my time, but also your time, is expensive—Czechoslovakia has waited far too long, today it is time to act."

Some 41 years ago, he left the country with \$20 in his pocket as a young economist who had not finished his studies and went overseas. A native of Trencin, he was writing articles in Bratislava for UNIVERZITNE NOVINY and for OBRANA LIDU in Prague while he was a student of economics and, because his convictions did not agree with those of the regime which was coming into power, he preferred to emigrate to the United States. There, he finished his studies, became independent, and today Dr. Michal Sumichrast, who did not even Americanize his name, is among the important personalities of the commercial world. He is an economic adviser to large banks, for many years he directed the Organization of American Contractors and 170,000 members of this organization consider him to be an important specialist to this day.

[ROLNICKE NOVINY] What brought you to Czechoslovakia?

[Sumichrast] During January, a meeting between the director of the World Bank and representatives of Czechoslovakia is to take place in the United States and they will negotiate on the possibilities of involving Czechoslovakia in world trade. I am here to examine the

possibilities for investment by American banks, to identify areas and specific enterprises in which it would make it worthwhile for us and for you to invest capital. I will try to do everything possible to see to it that Czechoslovakia receives the maximum advantage. And the second reason for my arrival in Czechoslovakia are the changes that have occurred in your country. I am a great fan of yours and I believe that you will need assistance, particularly now, so that you can stand on your own feet as rapidly as possible. American capital, suitably invested, would certainly be of great help in this endeavor.

[ROLNICKE NOVINY] Do you think that Americans will feel it worthwhile to invest in our country?

[Sumichrast] I do not think so, I am convinced of it.

[ROLNICKE NOVINY] And what do you think of our country?

[Sumichrast] I have been in Czechoslovakia only a few hours; as yet, I do not have a precise picture and I must admit that my conceptions are at some variance with the facts. I am pleasantly surprised. You are better off than your neighboring countries, you do not have any debts, you have a relatively well-developed industry, and you also have one great plus—an industrious people. You need to change people's views, orient people in the proper direction, eliminate the bureaucracy. If you want to take hold in the world, you have no other possibility. It will be necessary to give economic freedom to all entrepreneurs so they can produce for themselves, so they would be appropriately motivated. Their hands should not be tied by regulations, planning, high taxes. Fettered hands have never produced anything big.

[ROLNICKE NOVINY] Where do you see the most advantageous areas for investment?

[Sumichrast] I would like to build houses here. I do not like the prefabricated "panel" buildings. Everyone should have the opportunity of living in his own single-family house which would be serviceable and inexpensive. You have the conditions and materials for this and you would even be capable of exporting. The cities of Prague and Bratislava are certainly very attractive for foreign visitors, but you have other gems which you value very little—Karlove Vary, Marianske Lazne, Piestany, Trencianske Teplice. Investments in spa locations are another advantageous area for investing. Hotels should be built in this country, old houses in city centers and in important cities should be reconstructed, investments should be channeled into recreation centers. There would be many opportunities and it would be up to the Czechoslovak Government how it decides in this area.

Our brief conversation was over, Dr. Michal Sumichrast was already being awaited by Dr. Jan Carnogursky so they could both discuss some legislative questions pertaining to the guarantees for American firms investing in this country.

GERMAN DEMOCRATIC REPUBLIC

Environmental Report on Gera Area Water Quality

90EG0099A Gera VOLKSWACHT in German
8 Dec 89 (Weekend Supplement) p 2

[Information on water quality in the Gera Area provided to the media by the Saale/Werra Water Management Office in November 89: "Our Water—Naturally Clouded?"; first two paragraphs are VOLKSWACHT introduction]

[Text] Water quality is carefully monitored. Physical, chemical, biological, and radiological data are collected for purposes of analysis. There are 161 measurement locations in Gera Bezirk.

At a press conference in November, Chief River Master Sven Heuschkel of the Saale/Werra Water Management Office, Gera Chief River Master's Office, gave journalists extensive documentation containing data on water quality in our Bezirk. Inasmuch as our readers are always asking us questions about the environment in general and the quality of our water in particular, we have decided to publish this documentation in its entirety:

The Bezirk Environmental Laboratory of the Gera Chief River Master's Office and the Rudolstadt-Schwarza Branch of the Main Laboratory of the Saale/Werra Water Management Office are responsible for obtaining and analysing water quality data in Gera Bezirk. They obtain physical, chemical, biological, and radiological data. Depending on the specific requirements, up to 65 elements are measured, 18 on the average in running water and 33 in standing water. In Gera Bezirk 161 measurement stations have been set up in rivers and streams, 11 in ground water, 146 in sewage outlets, and 76 in the Wismut SDAG's [expansion not given] special measuring network. In addition, we test seepage water from dumps, rain water, and drain outlets and conduct other special tests. Approximately 135 measurement stations have been set up at dams and reservoirs.

Water quality is monitored on the basis of state standards. Running water falls under TGL [Technical Standards, Goods Descriptions, and Supply Conditions] 22 764 "Classification of the Water Quality of Running Water," 1 March 1981, while water at dams and reservoirs falls under TGL 27 885/01 "Classification of Standing Internal Water," 1 January 1983.

Running water falls into one of six quality categories:

Class 1: water of particularly high quality.

Class 2: water that can be used for all purposes.

Class 3: water that can still be used for most purposes.

Class 4: water that can be used only for some purposes.

Class 5: water that cannot be used for most purposes.

Class 6: water that is poisoned and polluted.

The class into which water falls is determined on the basis of three groups of criteria:

A) Organic substances and oxygen content.

B) Salt content, e.g., sulphate, chloride, hardness.

C) Other specific substances that are present naturally or because of use in industry, agriculture, or cities, e.g., sediment and material in suspension, tensides, heavy metals, toxic materials, particularly chlorinated hydrocarbons.

Dams and reservoirs are assessed on the basis of:

1) hydrographic and local criteria.

2) oxygen, nutrients, and bioproduction relationships (trophic criteria).

3) salt content and particularly health-related criteria such as nitrate, ammonium, and phosphate.

Here particular attention must be paid to:

- the nitrogen and phosphate inflow into the reservoir;
- how long the water stands, which depends on inflow and outflow;
- oxygen content in the reservoir;
- nutrients;
- algae growth;
- salts, heavy metals, and other specific materials in the water.

It is important to determine which of the so-called trophic classes the water falls into:

- oligotrophic = few nutrients;
- mesotrophic = average nutrients;
- eutrophic = rich in nutrients;
- polytrophic = extremely rich in nutrients;
- hypertrophic = excessively rich in nutrients.

Test Results for Running Water

Table 1 shows selected criteria and allowable concentrations as used in the categorization of running water in Gera Bezirk.

Table 1

Water category		1	2	3	4	5	6
Water category criteria							
A							
Oxygen	mg/l	greater than or equal to 7	greater than or equal to 6	greater than or equal to 4	greater than or equal to 2	less than 2	Poisoned water with no biological function
Ammonium	mg/l	less than or equal to 0.5	less than or equal to 2	less than or equal to 4	less than or equal to 10	greater than 10	"
Degradable substances measured in terms of CSV-Mn	mg/l O ₂	less than or equal to 5	less than or equal to 10	less than or equal to 30	less than or equal to 50	greater than 50	"
B							
Chloride	mg/l	less than or equal to 50	less than or equal to 100	less than or equal to 250	less than or equal to 500	less than or equal to 1,000	greater than 1,000
Sulphate	mg/l	less than or equal to 100	less than or equal to 150	less than or equal to 350	less than or equal to 500	less than or equal to 1,000	greater than 1,000
Total hardness	°dH	less than or equal to 10	less than or equal to 15	less than or equal to 30	less than or equal to 50	less than or equal to 70	greater than 70
C							
Sediment and material in suspension	mg/l	less than or equal to 10	less than or equal to 20	less than or equal to 50	less than or equal to 100	less than or equal to 200	greater than 200
Tensides	mg/l	less than or equal to 0.1	less than or equal to 0.3	less than or equal to 2	less than or equal to 3	less than or equal to 5	greater than 5
Iron, total	mg/l	less than or equal to 0.25	less than or equal to 1	less than or equal to 1.5	less than or equal to 5	greater than 5	—
Manganese	mg/l	less than or equal to 0.05	less than or equal to 0.1	less than or equal to 0.5	less than or equal to 1	less than or equal to 3	greater than 3
Lead	mg/l	less than or equal to 0.05	less than or equal to 0.1	less than or equal to 0.2	less than or equal to 2	less than or equal to 5	greater than 5
Zinc	mg/l	less than or equal to 0.005	less than or equal to 0.01	less than or equal to 0.1	less than or equal to 1	less than or equal to 3	greater than 3
Cadmium	mg/l	less than or equal to 0.001	less than or equal to 0.003	less than or equal to 0.005	less than or equal to 0.01	less than or equal to 0.05	greater than 0.05
Copper	mg/l	less than or equal to 0.005	less than or equal to 0.01	less than or equal to 0.1	less than or equal to 0.5	less than or equal to 5	greater than 5
Mercury	mg/l	less than or equal to 0.001	less than or equal to 0.005	less than or equal to 0.01	less than or equal to 0.02	greater than 0.02	—
Chromium	mg/l	less than or equal to 0.01	less than or equal to 0.03	less than or equal to 0.05	less than or equal to 0.1	less than or equal to 1	greater than 1

mg/l = milligrams per liter

CSV-Mn = chemical oxygen consumption measured with manganese

O₂ = oxygen

°dH = degrees of German hardness

On the basis of Table 1, the most important rivers and streams in our Bezirk are classified as follows in the six class water quality system:

- Just three percent in class one—i.e., very high quality;
- 31 percent in class two—usable for all purposes;
- 42 percent in class three—still usable for most purposes;
- 20 percent in class four—still usable only for some purposes;
- and another four percent in class five in local areas—unusable for most purposes.

Our most polluted streams are the Orla below Neustadt to where it enters the Saale, and the Rauda in Stadtroda Kreis.

The figures for the main rivers—the Saale and the White Elster—are shown in Tables 2 and 3:

Table 2: Indicators for the Saale, January-October 1989

Location	Above Hirschberg	Harra	Eichicht	Below Rudolstadt	Camburg
Criterion					
Oxygen content	3	5	3	3	3
Ammonium	4	4	2	2	3
CSV-Mn [chemical oxygen consumption measured with manganese]	2	5	4	4	3
Chloride	2	3	2	2	2
Sulphate	2	3	2	3	3
Total hardness	1	3	2	2	2
Filterable materials	2	3	2	2	3
Tensides	2	2	1	2	2
Iron	2	2	-	-	2
Manganese	-	4	2	2	2
Lead	-	-	1	1	1
Zinc	-	-	3	3	4
Cadmium	-	-	3	3	4
Copper	-	-	1	3	2
Chromium	-	2	1	1	1

Table 3: Indicators for the White Elster, January-October 1989

Location	Elsterberg	Below Greiz	Wuenschendorf	Below Gera
Criterion				
Oxygen content	3	5	3	5
Ammonium	4	4	4	4
CSV-Mn	3	3	3	3
Chloride	2	3	3	3
Sulphate	3	3	4	4
Total hardness	1	2	3	3
Filterable materials	3	5	4	3
Tensides	2	2	2	3
Iron	2	2	2	3
Manganese	3	3	4	5
Lead	1	1	1	1
Zinc	4	4	4	4
Cadmium	2	3	3	3
Copper	1	3	2	3
Chromium	2	2	1	1

These figures indicate that on the whole, water quality has held steady over the past 10 years, thanks to the sewage processing measures implemented in industry, agriculture, and cities and towns, in conjunction with measures to recover valuable materials. However, there is still a problem with a high organic and salt content—the latter is partly local in nature—and pollution of

specific types, such as sediments and materials in suspension and heavy metals like zinc, chromium, lead, and cadmium.

Chlorinated hydrocarbons appear in water only briefly after insecticides, herbicides, etc. used in agriculture and forestry run off in high waters and heavy rain. Water is

monitored in close cooperation with the public health organizations. Even when concentrations appear in rivers and streams, they are of absolutely no significance to human health. Furthermore, these materials break down within a few days in biological systems.

The antipollution measures that need to be taken must focus on the leather industry, the paper and cellulose industry, the chemicals and chemical fibers industry, and on the lack of municipal water purification facilities or facilities which are purely mechanical in operation. These have a massive effect on rivers and streams. In 1988 fines amounting to 10.3 million marks were assessed for sewage violations, and the figure for January-October 1989 was 8.6 million marks. The main enterprises fined were VEB [state enterprise] CFK Schwarza, Chemiewerk Griez-Doelau, Kunstseidenwerk Elsterberg, Lederfabrik Hirschberg, and Zellstoff- und Papierfabrik Blankenstein.

These enterprises also account for most of the sewage release compensation for failure to achieve final limits; this amounts to 68.9 million marks a year. In the municipal sector, the Gera Water and Sewage Processing Enterprise accounts for approximately 11 million marks of this sum.

The necessary sewage processing measures must be linked even more closely and increasingly to efforts to recover valuable materials from sewage for reuse in the economy.

Each year in Gera Bezirk, some 576 kt [thousand tons] of valuable materials (including sulphate solution; yeast; cellulose remains; biological, fat, and other sludges; iron; manganese; and other heavy metals) are recovered from sewage for reuse in the economy. For sludges, salts, and heavy metals in particular, we can and must achieve even greater recovery rates.

In the municipal services sector, the Water and Sewage Processing Enterprise operates 69 purification facilities, including 32 biological ones, of which 25 are sewage pond facilities in rural towns, mostly in drinking water collection areas. Today 86 percent of all citizens live in areas served by public waste treatment networks but only 53 percent have purification facilities available. In cities and villages new biological sewage purification facilities must be built and existing ones reconstructed and expanded in connection with the housing construction program. The Bezirk capital and selected Kreis capitals must be provided in coming years with facilities just as efficient as that possessed by the city of Jena. It is very important to construct low-maintenance biological sewage processing facilities—primarily at the initiative of the rural population, agricultural production societies, and enterprises. Our goal must be to double the existing 25 facilities by 1995.

Test Results for Major Dams and Reservoirs

The water at the Bleiloch/Saale dam is hypertrophic. That is due in part to the high phosphate intake from its

drainage area, which was 16 grams/m² of lake surface a year through October 1989. The lake has a surface area of 9.2 km². The cause for this lies in the intensive use made of the entire area.

At the beginning of November, the lake contained 7,800 tons of degradable organic substances—a very large quantity. That is measured in terms of chemical oxygen consumption, CSV-Mn. On the other hand, the lake contains only 290 tons of oxygen. Depending on the location and depth of the measurement, one obtains values between 0.8 and 3.2 mg/l of O₂. These poor conditions are due to the large quantities of sewage released by the VEB Zellstoff- und Papierfabrik Blankenstein, in a year (1989) when water inflow into the lake was low. For that reason, it is necessary to stabilize the lake's oxygen content by adding chemicals in the VEB Zellstoff- und Papierfabrik Blankenstein and by means of an aeration facility at the head of the lake and 13 deep-water aeration facilities in the Saalburg/dam area.

Algae growth is significantly braked by the brown coloration of the water. The brown is caused by ligninsulfonic acids created in the course of the chemical break down of wood in the VEB Zellstoff- und Papierfabrik Blankenstein; they become resinous and turn dark. They are not poisonous.

The lake at the Hohenwarte/Saale dam is also hypertrophic. The self-cleaning capacity of the lake at the Bleiloch dam, of the open stretch of the river down to Ziegenrueck and of the Hohenwarte lake itself improves the situation considerably. There is 2,300 tons of degradable organic substances to 700 tons of oxygen. This relationship is normal for the time of year and low inflow and creates no problems for any water uses permitted.

The lakes at the drinking water dams of the Weida system—Zeulenroda and Weida—are eutrophic to mesotrophic.

One factor limiting the use of the water for drinking is the nitrates content, which is primarily due to runoff and drainage from farmland. Almost three-quarters of the total drainage area is intensively farmed.

Today measurements in the two lakes show a nitrate content of between 34 and 35 mg/l. The limit for consumption by infants is 40 mg/l. Between mid-February and the beginning of August 1989 this limit was exceeded by up to 6.4 mg/l. The algae growth did not affect the use of the water for drinking.

The state monitoring organization, the Bezirk Public Health Inspectorate, is also publishing the following on the testing of drinking water:

- The Significance of Nitrate for Health and an Explanation of the Special Measures To Provide Water for Infants.
- The State Public Health Inspectorate's Testing of Drinking Water for Materials That Can Affect Health.

- On the Status of the Drinking Water Supply From the Weida Dams From a Public Health Point Perspective.

Atmospheric Precipitation

Thus far in Gera Bezirk we have had data from the Meteorological Service's Gera-Leumnitz precipitation

measuring station. The measuring network will be expanded in coming years. Summaries are prepared for six month periods.

The pollution for the period October 1988-March 1989 (307.8 l/m of precipitation) was as shown in Table 4.

Table 4

Criterion		Average	Maximum	Minimum
Deviation from neutral, pH 7		-1.92	-2.32	-0.89
Sulphate	mg/l	25.7	84.6	9.2
Chloride	mg/l	2.6	13.1	0.8
Ammonium	mg/l	1.7	7.0	0.3
Nitrate	mg/l	3.0	13.4	1.2
Sodium	mg/l	1.3	6.4	0.6
Potassium	mg/l	1.4	1.5	0.1
Magnesium	mg/l	1.1	3.1	0.4
Calcium	mg/l	6.5	17.9	2.4

The State Water Supervision Service proposes to update or supplement the water data published here on a quarterly basis. In addition, citizens, enterprises, social organizations, and the media are entitled to see further information in the Gera Bezirk Environment Laboratory of the Chief River Master's Office, Friedericistrasse 8.

It is open to the public Tuesdays from 9:00 to 18:00.

[Boxed item: Editor's note: If you, dear reader, should have further questions about this material, please direct them to the above address.]

Viability of Microelectronics Industry Questioned

90EG0123A *Duesseldorf UNSERE ZEIT in German*
28 Dec 89 p 7

[Unattributed article: "Does the Microelectronics Industry in the GDR Still Have a Future?—The Euphoria of Recent Years is Gone: Reality Also Strikes in GDR Microelectronics"]

[Text] In August 1989, the GDR media did somersaults once again: Erich Honecker accepted the laboratory prototype of a 32-bit microprocessor produced in East Germany. It was about the same in September 1988 when Carl-Zeiss Combine in Jena delivered the first exemplar of a one-megabit memory chip. The GDR proved once again that it was among the few countries that mastered the entire production cycle in microelectronics, from production of pure silicon to manufacture of computers. The *HANDELSBLATT* wrote: "In the field of microelectronics, the GDR has made notable technological accomplishments with its own resources."

This development began as early as 1977, when a special session of the SED [Socialist Unity Party of Germany] Central Committee shifted the switch in the direction of

microelectronics. Within a few years, the necessary factories were conjured up in Erfurt, Dresden, Frankfurt/Oder, Teltow, and other cities. The necessary personnel were trained and production was begun. The Carl-Zeiss Combine was built up to become the high-technology center of East Germany. Robotron [in Dresden] began personal computer production. This "unparalleled forceful act" cost the GDR economy over DM14 billion. This money is missing other places—which can be seen today.

For Wolfgang Biermann, Zeiss Combine general director in Jena, there was no alternative: "From our side, conditions were completely different. That is always forgotten. When we received our orders—no general director does this sort of thing as a hobby or out of boredom or perhaps because he has too much money—the level of production was suffering under the strictest embargo." Even today, the COCOM list hinders the delivery of high-tech products in the GDR. Biermann: "They are not available for sale to the GDR. And not for the socialist camp, either. We cannot get any machinery for manufacturing in the sub-millimeter range."

The—doubtless justified—pride in the successes of East German microelectronics led to a wave of exaggeration in the mass media—in which *UNSERE ZEIT* also partially participated—which led to a "mutual praising frenzy" (in the words of ex-Robotron manager Dr. Klaus Holland-Moritz). This frenzy clouded the view of reality. Laboratory models of microprocessors or memory chips are not yet in mass production. This is shown with the megabit memory chip. Carl-Zeiss wants to produce one million of these electronic building blocks in 1990. Siemens, which is one of the smaller megabit-chip producers in the world, currently produces two million of these chips per month. They are still not in the profit-making zone at that level (of production). In the meantime, both Japan and IBM are producing

four-megabit chips in serial production. With that, and in light of the immense costs, production in the GDR can only lead to high-quality losses.

Following those are the catastrophic consequences for other branches of the economy as investments are concentrated in microelectronics. GDR machinery construction, above all, has fallen far behind. This also has an effect on the application to microelectronics. Joachim Abicht, one of the Robotron directors: "The innovative gap in our hardware is eight years. That is two market periods." A few prestige objects in the direction of "new factories" (CIM) thoroughly meet international standards, but cannot cover up general weaknesses. The propaganda numbers on reported installation of industrial robots (1989: almost 100,000) and CAD/CAM [computer-aided drafting/computer-aided manufacturing] workstations (June 1989: 82,500) in the GDR economy also distort the view of reality. This is because those numbers say nothing about the quality of the technology and their application.

"In order to evaluate results in microelectronics in the GDR, one has to objectively compare (those results) against international standards," believes Prof. Dr. Wolfgang Marschall from the Academic Central Institute for Economic Sciences. In a study just published, the Institute comes to the following conclusion: "The percentage of GDR microelectronics in world production in this business sector is less than 0.4 percent. Ten years ago it was 0.8 percent. In all probability, the East German percentage will decline further in the 1990's, because production in Japan, South Korea, China, other Asian countries and increasingly also western Europe will increase so rapidly that the low GDR production volumes will represent a further decreasing percentage." The study states that in electronic components, the backwardness in GDR microelectronics is between three and eight years. Since the international norms in production volume are not being reached, the costs are too high. Advances in Japan in integrated circuits would be valued as 70 times higher than those in the GDR. The conclusion of the study: "In the future, the GDR can only follow international trends, without influencing them."

In the study foreword, Prof. Marschall passes hard judgement on past GDR technological policies: "Grandstanding, intoxication with partial technical-technological successes, the negation of economic consequences were standard diet for microelectronics in the GDR, which they viewed sensibly but developed rather meagerly." This does not lessen the performance of many industrious researchers, engineers, and workers who have created the East German microelectronic base and labored for its application. It is clear, "that it cannot continue as in the past." Instead of providing something for the economy, GDR microelectronics has "always remained sort of a vessel without a bottom, and indeed a vessel which is constantly growing broader and deeper." Prof. Dr. Marschall sees a significant sign for the future in increased international division of effort. This cannot

be limited to the CEMA countries. In the study: "Previously, restrictions were caused by the subordination of international work to national state planning—without deliberate orientation on international market requirements. The GDR can only break embargos with true cooperation." Prof. Marschall gives a powerful example: "We offer foreign capital the opportunity to be applied with us. An example would be in joint (ventures) in which a possibility of connecting to advanced technologies could be built upon." In a concentration of all forces—according to Prof. Marschall—the GDR (micro-electronic) gap could be reduced to a justifiable level within four or five years.

Trade Journal on Media Accuracy, Specific Retail Problems

90EG0095A East Berlin DER HANDEL in German
No 6, Dec 89 pp 5-6

[Article by Helmut Strecker: "More Disputes and Constructive Discussions"]

[Text] [Boxed item: Quote by Eberhard Heinrich, chairman of the Journalists Association of the GDR, from a discussion with ADN (German General News Agency): "An unrestricted view of the way society functions must become a commonplace, normal occurrence and journalists will become fully committed to perform their duty as conveyors of information. Their research will be done more accurately and with a greater sense of responsibility; which is to say that they have a duty to be competent in their investigative pursuits; they will promote a dialogue and help create social consensus. And they will do these things using language which is comprehensible and in a style which provokes thought and involvement."]

The changes which are taking place in our republic in these weeks make journalism much more difficult. This also applies to the editors of this journal. As a trade journal with a lead time of several months we cannot, of course, be compared to a daily newspaper. Justified demands by citizens to the media have already been dealt with by the media and the newspaper scene, as so many others, has visibly changed. We cannot, however, quickly follow suit because the articles in this issue were written many weeks ago; editorial work was also completed a weeks ago and, as indicated by the copy date, passed on weeks ago to be set and printed. Naturally, one or the other author would formulate his thoughts differently today than he did weeks ago. On the other hand, many tasks, experiences and responsibilities are hardly totally different today from those of yesterday. Thus, the articles in this issue remain topical and, in my opinion, as useful to the reader today as they were yesterday. This introduction, which occupies space in this issue that was made available at short notice, is needed to help our readers approach this year's final issue in the right frame of mind. And now, a few more thoughts about our journalistic activities.

Great Demands on Journalistic Abilities

The current drafting of media legislation already points to a cardinal problem, namely to award the press a respectable place in our country and enable it to represent the citizens, its readers, more effectively; to render social problems more realistically and to address shortcomings and contradictions openly by their proper name when they occur. By this we do not, of course, suggest resorting to the only too familiar style of sensationalism or to exaggerate specific events for the sake of gaining an advantage in the tough competition for the largest circulation but rather to organize and write factually correct articles as responsible journalists. This approach calls for considerable journalistic skills in performing objective research and also for imaginative, tough, thorough, and even courageous editorial work. Differences of opinion should be encouraged to a much greater extent. Intelligent and persistent debates about the best and most practical solutions to problems should be passionately pursued by our journal in theory and practice. In that sense we want to do our part in an early phase of decisionmaking, thus giving solutions a chance to mature and the necessary strategy to develop.

An Alliance With Authors

This cannot be done without the authors, especially not since here, in accordance with the character of our trade journal, professionals write for professionals. Thus, the greatest priority for the editors of this journal is to establish even closer ties to their authors and jointly with them produce a lively, helpful, and progressive publication.

We are convinced that, given the circumstances of revitalization, we will receive many suggestions from readers, professionals, old hands and scientists. After all, the problems, which are openly addressed today, have been debated by responsible managers for some time. These thoughts and considerations should now, in conjunction with a thorough analysis of the real economic situation, be offered for discussion as constructive proposals. Everybody is invited to do his part for economic reforms as an element of revitalized socialism. Accumulated negligence, for instance in the cooperation between wholesalers and retailers, or apparent discrepancies in the procedures which interfere with good distribution can, obviously, no longer be swept under the rug. In this sense journalists also have an obligation to expose nonsense and, as far as I am concerned, to notify, if necessary, management of the Ministry for Trade and Supply. In cooperation with our authors and scientific and practical experts, we systematically want to remove anything that holds us back and to convey all valuable experiences by applying even better journalistic skills. Just in this area we have—at least so we have been told by many readers—made progress in recent years. Building on this, we plan to make additional changes in our journal in the new year to provoke more discussions, encourage better performances and, last but not least, to improve its readability even more.

By raising questions and other multifaceted stimulations, the editors of a professional journal should, of course, initiate publications through which additional sources for providing for the people can be uncovered. For instance, we have been concerned for some time with the question why complaints are heard about a labor shortage in our branch while labor-saving progressive sales techniques are curtailed at the same time. Here are a few examples:

Very Limited Self-Service

Department stores, I am glad to say, have for years been developing fruitful relationships in their territories particularly with manufacturers of consumer goods. In this area they keep installing more and more new "stands" and, consequently, they assure labor-intensive individual sales from the start. One can't help but feel that the Centrum management in Leipzig, for instance, does not consistently focus on the implementation and expansion of progressive sales methods. The new B&C [bag and carry] areas, which have been installed in many department stores and which are very popular with customers, are organized quite differently in various stores. While self-service predominates in Dresden's Centrum, customers always have to stand in line at stands in the Centrum at Berlin's main railroad station. Different approaches between these two extremes can be found in other stores. This applies not only to the B&C areas. Screws and similar items, packaged for self-service, are sold in one store at individual stands (Magdeburg); in yet another place the cosmetic department is arranged to combine regular service with self-service, but there is always a line (Berlin-Alexanderplatz). By the way, cosmetic stores in which self-service predominates are the rule in other countries.

Paying Attention to Demand

We are not, of course, ignoring the established self-service departments of Centrum department stores. But in many a conversation the idea was reinforced that self-service is still much too limited. In this journal we have already made suggestions along these lines several times; specifically, by suggesting that deserved attention be paid—or even prescribed—to organization when drafting documents or in existing documents concerning job directives, innovative solutions, project dispositions, and similar matters. In this context a display of goods which might tempt customers should also be avoided. How one can observe this phenomenon in a department store was the subject of an influential article in this journal. It was written by a department store executive about 15 years ago and was the last time we have come across such ideas in our business.

There is, in our opinion, actually a whole complex of questions which must be reexamined, so that self-service—because of its great potential for saving time, for fast and easy shopping by the customer and for the rational use of available sales personnel—can be utilized. This, of course, is impossible without packaging goods for self-service. The more correct this approach, the

more incomprehensible is the above-stated example of selling packaged screws at a stand or—as also occurred at a Centrum department store—to offer meat that was packaged at Eberswalde at a meat counter but not as a self-service item in the market halls. More consistency is obviously possible and more pressure on this branch of trade is, of course, necessary. Beginnings have undoubtedly been made, as shown, for instance, by the first argument between retailers and manufacturers at the beginning of November in Leipzig about young people's fashion. Here one could still observe how the buck is passed from retailers to textile plants, then to primary producers and to distributors and back to retailers. But—and this illustrates how the atmosphere differed from that of former events of this type—it did not stop with mutual accusations. There were realistic, honest and constructive discussions; things that could be accomplished today were identified, while those that still seemed utopian from an economic point of view were at least tabled. A way was also found to express clearly whether or not to respond to young people's desires for such things as large labels, neon colors and leather trim. A tardy response would unnecessarily call for greater capital investments. Unfortunately the Berlin outerwear combine, the Republic's largest manufacturer of fashions for young people, was conspicuously absent. Numerous good ideas emerged which indicated a trend away from the quantitative orientation to a demand-oriented approach. There was, for instance, the decision of the Hohenstein-Ernstthal state enterprise for knitwear to stop production of a type of T-shirt—for which there was limited demand but which did not sell because of prevailing fabrics and hose shapes—in favor of more stylish undershirts with popular shapes, colors and trim, even though the enterprise had to accept lower production because of the price structure. In the next few years 950,000 undershirts are supposed to be produced. In any case, the trade branch gratefully accepted the offer which was entirely consistent with current demand.

Two Sides of a Coin

There is an equally large potential for better marketing and for reliable and effective trading in cooperation between the wholesale and retail trade. The editorial staff will soon start to devote itself to this aspect of our work. A good businessman must surely be enterprising and always find a way to be in touch with his partners as illustrated by numerous managers of well-known markets in Wittenberg, Leipzig, Karl-Marx-Stadt, Cottbus, Hoyerswerda, Jena, Gera, Rostock and so on and so forth. There one does not find empty shelves or refrigerators, disorder or dirt. These markets have also problems with timely and suitable deliveries but they are expeditiously taken care of by personal efforts and are, therefore, hardly noticed by customers. But such cooperation with partners rarely occurs today without these initiatives even though the description of all job requirements covers many a page. The reliable performance by partners of agreed to tasks and personal contacts represent different sides of the same coin. Also important are

civilized, personal relations. What do we mean by that? Retailers have informed us on various occasions that packages are again becoming larger and heavier while wholesales make few efforts to help in this critical situation. On the contrary, the textile wholesalers of Potsdam informed the Potsdam furniture and decorator store by letter that in future the branch will deliver floor covering in larger bales and that wholesalers lack the technical facilities to cut bales. The furniture retailer was expected to make suggestions to the wholesaler. The letter also made the side comment that the Potsdam furniture store was, after all, one of the most important sites for selling floor covering. This is no way to deal with one another. The furniture store also lacks cutting machines and even if it did have them, it would need two additional workers.

Utilizing the Science of Productivity

Undoubtedly a number of other examples of potential sources [for improvements] could be listed, but our readers are usually more aware of them than the editors. Here we only want to point out with a few examples how we intend to make our future journalistic work more helpful to our readers, the managers of the marketing sector and of the organs of domestic trade. However, this can only be considered a beginning since, on the one hand, the social development in the GDR is rapidly progressing as anyone can see and since, on the other hand, more profound questions and ideas relating to the role of the press should still emerge. Herein we will not overlook the science of productivity and—also in the interest of our readers—we will cooperate more closely with scientists at the School of Economics and other scientific institutions to publish in this trade journal substantiated, revealing analyses and, above all, pragmatic contributions from the scientific community.

HUNGARY

Text of SZOT President's Letter to Nemeth on Price Increase

25000594 Budapest NEPSZAVA in Hungarian
6 Jan 90 p 3

[Text] "To Prime Minister Miklos Nemeth, Budapest

"Dear Mr. Prime Minister!

"As you are aware, last fall the trade unions took a firm stance when a 'concept' concerning the removal of price controls over basic food products emerged. This took place not too long after 1.5 million people expressed objections in the form of a 30-minute warning strike over a totally senseless and unnecessary price increase. The government not only disregarded this protest. It condemned the strike with grave words and insults.

"Those days your immediate associates and individual members of the government competed in condemning

the trade union, which in their view was a 'Stalinist' organization unfamiliar with the laws of the 'market' and concerned only with its own interests, and which took action against an 'insignificant' price increase to salvage its own positions (?). The truth is that at that time it was already apparent that the problems experienced in the food economy would demand a comprehensive solution. Short of comprehensive measures one could count on significant price increases within a few months. By raising retail prices it became apparent that the government had once again chosen the path of least resistance.

"Explanations, condemnations of the trade unions, and lecturing analyses could be assembled into a small volume. Some highly influential editorial offices of mass communications, primarily television, proved to be enthusiastic spokesmen. The chief commentators—on occasion lacking even the minimum of factual knowledge and competence—rushed to the government's aid: The idea that trade unions that warned about runaway inflation by way of a work stoppage were the chief enemies of reform was pounded into the public mind.

"It is indeed miraculous that the loud voices of those days have become much more quiet. They are silent with regard to the background of the stunning price increases due on Monday. If they would talk, they would have to explain why bread made of 5 forints worth of wheat costs 18 forints in the store, or why all of us have to pay for the transportation of livestock from one end of the country to a slaughter house irrationally established at the other end of the country. They would have to explain the kind of governmental direction we have, which enables foreign trade enterprises to almost double the price of exported meat they purchased at low prices, and they would have to explain why these foreign trade enterprises receive several billions of forints in subsidies from the taxpayers' money. Just as they would have to explain why consumers must pay the price of an evolving domestic shortage which resulted from exports that were made economical from the outset at the expense of consumers. Perhaps if they were to respond to all these questions they would have to reconsider whether they had cause to condemn the trade unions last August.

"Surely all of this and much more would have to be presented by the press, but quite naturally, it would most of all have to be presented by competent persons in government. It is possible that the press does not know, or at least does not really want to know about the true reasons. It would be difficult to assume the same about competent government officials—at best we could assume that it is not really in their interest to present the actual situation.

"I am not recalling the recent past just to prove once again that the warning action taken by trade unions last year which called attention to the consequences of decisions being prepared were based on foresight. Unfortunately, the present wave of price increases serves as retroactive proof of that. I am much rather doing so because the danger of a narrow power and economic elite

attempting to rule this country is far greater and far more threatening than ever before. This is an elite in whose interest it is to discredit trade unions which raise their voices in the interest of people who are inexperienced and uninformed in regard to economic issues, not counting on, or perhaps on the contrary: consciously counting on the consequences of all of this.

"Dear Mr. Prime Minister!

"I would like you to know that very many people are beginning to recognize what is going on in this country beyond the objective constraints of the economy. Their numbers will only increase. The situation is this: A few individuals want to resolve all the conflicts and bankruptcy situations that have accumulated to date for their own benefit and to the detriment of the majority. They can see that many who influence the fate of this country today lack a sense of humility that the grave situation would demand; fail to subordinate personal, official, and partisan political interests; and fail to make efforts in the interest of avoiding a national catastrophe and to act in a humane fashion guided by inner conviction. Instead we find an abundance of tactics, spectacular pseudo-solutions, curses, and condemnation campaigns and the rest.

"It would be beneficial to take note at last: People, those hundreds of thousands struggling with everyday existential concerns, are becoming increasingly impatient in the way they ask their questions.

"How could it be that the government that agreed to represent the national interest did not even express an opinion regarding the merits of an issue, when certain parties playfully swept the country to underwrite a more than half-a-billion-forint expense by forcing a senseless public referendum? Why does the same government suddenly act firmly when it comes to rejecting proposals that aim for the relaxation of social tensions? Why does the government act in a firm manner only when it must reject proposals to increase pensions that are below the minimum subsistence level, or family supplements and minimum wages which do not provide for living, or when it comes to rejecting the development of a collective bargaining system which would enable the pursuit of decent wage policies based on solidarity? Why do the government and the press still not talk candidly and clearly about the fact that negotiations with the IMF became tense as a result of mistaken foreign exchange policies which were corrected only at an impermissibly slow pace? Are they not talking about these matters because they would have to admit that the government's own economic policy mistakes played a role in the necessity of having to persuade the National Assembly to accept a 10-billion-forint budgetary deficit which is totally irrational in the context of a 600-billion-forint budget and the present economic situation?

"What reason could there be for the series of actions which result in the enrichment of a narrow stratum, and the subsequent payment of the bill by the large majority

because the measures have changed? Why should the worker at the Tuzsef lumber yard, the peasant at Letavertes, the teacher at Papa, and the lathe operator in Budapest pay so that a few may get rich on decrees governing customs, on foreign exchange rules obviously prone to be abused, and on the legal loopholes in the Law on Transformation, to mention just a few examples? Why does the government have no energy to impose at least a partial tax on invisible income which amounts to about a hundred billion forints? Why did the government not consider a proposal that the financial situation of present residents' would be taken into consideration when rearranging the apartment rental fees? Who knows; why is the government not willing to engage in real interest reconciliation that would respect the equality of the partners, and would serve the purpose of streamlining prices and wages?

"Dear Mr. Prime Minister!

"The most important issue which includes all of the above is raised by people as follows: How will we manage to live this year? In the interest of providing an answer I am obliged to burden this already lengthy letter with some figures.

"Beginning on 1 January 1990 minimum payments for pensions acquired in one's own right amount to 4,190 forints. As anticipated, in 1990 the pension payments received by half a million pensioners will not reach the 4,500 forint level. In terms of "gyulai sausage" this translates to between 11 and 14 kg. But those who receive low pensions have long abandoned eating gyulai sausage. But if we start out from the fact that a significant part of pensioners will have only between 1,000 and 1,200 forints (or perhaps less) left for food after paying for their apartments, basic costs, and other minimum needs, the amount left will suffice only to buy approximately 2 liters of milk per day. The situation is the same with regard to minimum wages. And quite naturally, it can be easily seen that the situation of those who receive a net average wage of about 8,000 forints is no better, perhaps worse, if one assumes a family of four, including two children. What makes the government believe that these people are able to perform well at work, or perhaps to increase their performance, as long as they must deal with existential concerns in the strictest sense of that term, and severe existential concerns. How will hundreds of thousands of people accept the fact that their income does not depend on the volume and quality of their individual performance, but instead on the ability of an enterprise to pay taxes after wage increases? Who will explain to these people that an enterprise, which on the basis of its situation can increase prices the way it wants to, will be able to provide even a 50-percent wage increase, while another enterprise not in the same situation has problems in increasing wages even by a few percentage points? What arguments could explain to these people that the wages of, and the possibility of wage increases for lathe operators in two adjacent enterprises may differ greatly because one of the enterprises is

a joint enterprise, and therefore earning regulations do not apply, while the other is a state enterprise where these regulations do apply?

"I can hear the answers to some of these questions, for instance, the response according to which there is no owner in state enterprises, therefore the reins must be held more tightly in state enterprises! This and similar reasoning amounts to flat economic demagoguery—pardon me for adopting this terminology—because it does not pertain to the essence. The essence is that the government is not willing to accept the conflicting situation in which the state and its representative could conduct itself as a real owner. The government does not want to draw the conclusions that flow from the mistaken enterprise council structure; it does not dare to accept the task of getting rid of unsuitable enterprise managers.

"I know that there will be persons and organizations who will also level charges on this occasion: In taking advantage of the difficult situation in which the country finds itself, the trade union tries to incite moods by using social demagoguery. I have reckoned with all that. I know from experience that these people and these organizations are preoccupied with the matter of who is saying something, rather than thinking of what that person is saying. These people and organizations wish to muzzle those who conflict with their interests, and in their books democracy extends only as long as someone agrees with them. Nevertheless they must be aware of one fact. All of this does not change on the economic and social impossibility by which the average hourly wage in Hungary today buys not quite 2.5 liters of milk, or 11 dekagrams of sliced ham, or somewhat more than 25 dekagrams of bacon rind, or approximately 20 dekagrams of cheese.

"Dear Mr. Prime Minister!

"In describing these matters and by having described the path which has brought us to this point, my purpose was not merely to remind you of the dangers implicit in the existing situation. Much more, my purpose was to call for joint thinking and joint action at last, to alleviate social concerns which threaten to explode, and to preserve that fragile peace in society—if it is not too late.

"I would like to know your views, Mr. Prime Minister, concerning all of the above. I believe that in addition to myself, very many people anticipate hearing your response.

"Greetings: [signed] Sandor Nagy

"P.S.: I would not want to suppress the fact that I also have some 'favorable' experiences with regard to the government's activities. I have in mind, for example, the sincerity by which the president of the Hungarian National Bank admitted in the press the other day that our financial situation has been painted in dark colors primarily in order to 'work' on representatives, because

after all, the situation is not that bad. Well, this kind of sincerity is truly commendable!"

Privatization of State Hotels Stirs Controversy

25000592C Budapest NEPSZABADSAG in Hungarian
13 Jan 90 p 8

[Interview with Gyula Gyokossy, president of HungarHotels; Dr. Attila Kiraly, commerce ministry division chief; Tamas Beck, commerce minister; and Istvan Tompe, deputy finance minister, by Zsuzsa Gal: "What Is Yours Is Mine"; date and place not given]

[Text] Commerce Minister Tamas Beck: "We act to protect state property. We are filing a legal challenge and recommend that the corporate registration of Hungaria Hotel, Incorporated be declared null and void."

Deputy Finance Minister Istvan Tompe: "This transaction resembles a situation in which I would enter a bicycle shop, would receive a bicycle as well as the purchase price, and would then use the purchase price to fix the bike."

HungarHotels President Gyula Gyokossy, chairman and president of Hungarian Hotel, Incorporated: "They are attacking us, instead of engraving our name in gold, and they cite our transformation as an example."

"I have two apples; you have one. Let both of us own these apples, then we will have three apples. What would you say if we shared the three apples on a 50-50 basis?"

"I agree to this bargain, of course."

This conversation did not transpire between HungarHotels, which manages state property, and the foreign firm Quintus which was formed to buy and sell. The conversation took place only in this writer's imagination. I guess my imagination began working as a result of what I read in documents related to the marriage between HungarHotels and Quintus. True, one may read into the text of these documents a number of things because of confused wording, but I feel that this matrimony came about similar to the apple deal. Notably, HungarHotels had assets worth 11 billion forints, to which Quintus added 5.7 billion forints worth of foreign exchange. Hungaria Hotel, Incorporated came about as a result, owned half and half by Quintus and the Hungarian state.

Gyula Gyokossy has an entirely different explanation for the events. According to him Quintus purchased half of the HungarHotels assets, the appropriate end result of which is ownership on a 50-50 basis. As the reader will see, this is not the only element of the transaction that can be interpreted in two ways.

Even a person inexperienced in business would find it surprising that although to date the buyer has paid only 177 million forints of the 5.7 billion forints, the stock corporation, half of which is owned by the buyer, has already been registered at the Pest County Court of Registry.

But this amounts to a featherweight nothingness compared to the more coarsely knit entanglements of the transaction. It is perhaps less insignificant that none of the document, not even the balance sheet, reveals what the Hungarian property consists of, the property which changes hands as a result of establishing a stock corporation. And HungarHotels did not contribute just nameless objects to the common property. Instead, it contributed objects such as the Forum, the Intercontinental, the Royal, the Beke, and the Astoria [hotels] or like the Gerbeaud [pastry shop], the Karpatia [restaurant], and the Hungaria. So that we list examples not only from Budapest, the Lover [hotel] of Sopron, the Aranyhomok of Kecskemet, the Marianna of Balatonfured, and the Annabella also were parts of HungarHotels, just as Szeged's renowned Virag pastry shop, or Tihany's no less known Rege espresso coffee shop. And we have not listed even one quarter of the assets.

The Gilded HungarHotels

Doubtless, many aspects of this transformation are suspect, and therefore the upcoming conversation promises to be strained. Chairman and President Gyokossy is pale as he slumps into an armchair. One cannot tell whether he is pale from anger or as a result of anxiety. He does not veil his anger: He objects to the 3 January article that appeared in NEPSZABADSAG under the heading "The Elites Sold," even though he is unable to contradict any statement that appeared in the article. It is as if the article, and not the transaction itself, had led to an intent expressed by superior authorities to take action against the peculiar metamorphosis of HungarHotels. After a few relaxing sentences designed to relieve tension I asked:

[NEPSZABADSAG] "Actually, why was it necessary to sell half of HungarHotels?"

[Gyokossy] "As I have said many times before, this is not a sale, it is an attraction of foreign capital, a transformation consistent with law. Money was needed because the enterprise was still indebted to the tune of 6 billion forints. The installment payments took most of the profits. This is why there was no money left for development. But now that Quintus is going to become majority owner in the second step of transformation, we will liquidate the entire indebtedness in a single payment, and in special consideration to the World's Fair, we will initiate vigorous development. We will expand the Intercontinental, we will purchase the Gresham Palace, we will build motels along highways, some 3,000 hotel guest accommodations...."

[NEPSZABADSAG] "Excuse me for interrupting, but I do not understand: Why engage in development at any price if there is no money?"

[Gyokossy] "There are not enough hotels in Budapest; we must reject a large number of guests."

[NEPSZABADSAG] "But still, HungarHotels could have managed for a while without development."

[Gyokossy] "A hotel enterprise will go permanently broke if it just vegetates."

[NEPSZABADSAG] "But what good does all of this do if half or an even larger share of the profits are gone?"

[Gyokossy] "It's not the profits that count. The foreign exchange revenues stay in Hungary, and that is of the essence. Accordingly, as far as we were concerned, the only issue was whether to sell these hotels individually, or to maintain the firm in one piece, and draw foreign capital into the entire enterprise. The enterprise council decided to follow the latter alternative."

[NEPSZABADSAG] "And as long as this is what happened, why was the real estate brokerage firm chosen?"

[Gyokossy] "Only Quintus complied with the requirements we established."

[NEPSZABADSAG] "Rumors are that among many others, the former president of Forum appeared on behalf of the foreign firm for which he now works."

[Gyokossy] "He did not appear in an official capacity. Akos Niklai called me over the phone and I told him that individual hotels were not for sale."

[NEPSZABADSAG] "Presumably some other people who made better offers did not even receive a response."

[Gyokossy] "There was no such thing. We received a written offer on 9 December from a firm we were not familiar with, and on the following day a lawyer called on behalf of the firm. I told him that it was too late."

[NEPSZABADSAG] "Hungaria Hotel, Incorporated is domiciled in Szentendre. How did you get there?"

[Gyokossy] "The Budapest Court of Registry is overloaded, while the Pest County Court of Registry registered the stock corporation very quickly."

[NEPSZABADSAG] "Why was it so urgent?"

[Gyokossy] "The buyer insisted that we establish ourselves prior to January. This was also more advantageous for us, because there are hardly any revenues at the beginning of the year; in that period of the year some heavy millions must be borrowed at high interest rates."

[NEPSZABADSAG] "Compared to this situation, you spent quite a lot on constructing the new presidential office."

[Gyokossy] "We did not expand my office. We expanded the headquarters where each worker had only three square meters of space. We purchased one floor of a house, and this is how we spent 14 million forints on the improvement of working conditions."

[NEPSZABADSAG] "The appraisal of the value of the Hungarian property contributed is also debatable. How did that happen?"

[Gyokossy] "We had a world renowned British firm perform this task, and we paid a lot of money for it. They did not take into consideration the book value. That would have amounted to only 3.2 billion forints. They appraised the property at 11 billion forints; then they added the indebtedness of HungarHotels and arrived at a property value of 18.6 billion forints."

[NEPSZABADSAG] "Why did you say that the name of HungarHotels should be engraved in gold?"

[Gyokossy] "Because we are the first ones to transform not on the basis of the Law on Business Organizations, but pursuant to the Law on Transformation. It is due to this fact that the Hungarian state is entitled to 80 percent of the purchase price; that a state property manager received 34 percent of the stock; that local councils receive stock and dividends after stock for the land area occupied by the individual hotels, and they can use those funds to build nurseries and nursery schools."

The Defrauded Owner

But no one wants to engrave the name HungarHotels in gold, not even several leaders of the former enterprise. The two supreme authorities having jurisdiction have the least intention of engraving that name: the Ministry of Finance and the Ministry of Commerce, neither of which have discovered the advantages derived by state, as were described by Gyokossy. Commerce Ministry Division Chief Dr. Attila Kiraly finds that the opposite is true.

[Kiraly] "As the documents indicate, we requested HungarHotels to provide us with a detailed property appraisal. They have not complied to date. We could hardly have reached an agreement with HungarHotels in the absence of an appraisal establishing property value, i.e. for the hotels and restaurants. I am emphasizing this fact because the bylaws of the stock corporation indicate that they have agreed with the property manager, and this was approved by the ministry. In contrast, the truth is that no agreement has been reached, and no approval has been granted."

[NEPSZABADSAG] "Nevertheless the stock corporation has been established."

[Kiraly] "It was, but in a manner which seriously violates the state's interests. The fact that the state has been virtually excluded from directing the stock corporation is also unacceptable to us."

[NEPSZABADSAG] "But how could they have excluded the state when half the stock became Hungarian property?"

[Kiraly] "Just read the bylaws carefully! The bylaws say that the state property manager is entitled to 34 percent of the stock and that local councils are entitled to 16 percent of the stock, meaning that half the property is

Hungarian. You may also find there that council stockholders have no voting privileges. Thus the representative of the Hungarian state may cast his vote only on the basis of 34 percent of the shares, which means that at a general meeting, where all significant matters, such as the amount of dividends to be paid or the sale of the firm, are decided, the foreign owner will control the majority of the votes."

[Beck] "We have good reason to file a legal challenge and to initiate proceedings to hold persons accountable, if the assumptions concerning violations of law prove to be correct."

While at the Ministry of Commerce they are examining details, at the Ministry of Finance, Deputy Minister Istvan Tompe has developed his own, clear position:

[Tompe] "I am unable to judge the details of the property appraisal, nevertheless I am certain that if the Hilton could have been sold for more than \$60 million, the \$170 million total value attributed to HungarHotels appears to be too small. It should not be sold if indeed only such a low price can be achieved.

"I do not claim that HungarHotels excluded competitors, but I am able to state that several persons inquired at my office about the possibility of buying HungarHotels. And I feel that it is important to point this out because the buying price that can be achieved depends on competitive bidding announced pursuant to international rules. There was no such thing, as we all know, even though when similar firms are being sold they usually hire a world renowned expert firm—representatives of a dozen such firms are milling about in Hungary—and they would be the ones to proscribe a broadly based, closed competition. These expert firms organize competition between potential buyers from Canada to Hong Kong.

"The stock corporation paid nothing to the state budget, and the documents show that the stock corporation has no intention of doing so. Whatever they provide to the state, (and I request that you put the term 'provide' in quotation marks because this is a peculiar provision which started out from 100-percent state ownership, so whatever they 'provide') is none other than a 34 percent, i.e. minority stock package.

"The purchase price is not a realistic purchase price because the corporation uses that money for its own purposes, i.e. for the construction and expansion of hotels. Building hotels is a useful endeavor of course, but if the so-called purchase price is used for building such hotels, then the stock corporation will increase its own, or more accurately: its acquired assets with the purchase price. This is why I said that this transaction resembles a situation in which I would enter a bicycle shop, would receive a bicycle as well as the purchase price, and then would use the purchase price to fix the bike."

[NEPSZABADSAG] "What can be done retroactively to protect state property, i.e. after a stock corporation has been registered."

[Tompe] "In my view this transaction may and should be challenged in two ways. First on procedural grounds, and second on substantive grounds. The procedural challenge is based on the fact that property appraised at 11 billion forints—at least according to the documents—was provided in the form of capital contribution for half that amount. This represents an incredible devaluation which could be accomplished at best with the agreement of the owner. I am not aware of any consent or approval given by the owner, moreover Minister Beck even rejects the idea of an intent of this nature. The substantive challenge goes like this: Even if the contract was valid from a procedural standpoint (based on the weakest provisions of the Law on Transformation), the devaluation of property to this extent represents a grave violation of the law, and therefore I will file this challenge at the Supreme Court."

Brotherly Sharing

So that we do not get lost amid the barrage of words, let us summarize the essence of this intricate story. The state as the owner did not receive the purchase price of 5.7 billion forints. It can enforce its rights only if it sues for the return of its property, or if it persuades the stock corporation to change the agreement. This is because according to the agreement the purchase price—provided that it is received—would be deposited to the stock corporation's account. And the state receives nothing.

Compared to this, the following issues which have not been clarified carry little weight. We will try to provide our answers in parentheses.

(1) Provided that the stock corporation receives the 5.7-billion-forint purchase price, and uses that money—as Gyokossy says—to instantly pay off HungarHotels' 6-billion-forint indebtedness (?), what funds will HungarHotels use to build the promised hotels? (At best they can use funds that remain with the stock corporation as a result of tax benefits to which joint enterprises are entitled.)

(2) Why does the property appraisal not list hotels individually? (Perhaps because if the value of the 50 hotels were listed individually a remarkably small value would be attached to each individual hotel. Or, because an individual listing would reveal that perhaps only four or five hotels represent substantial value, and that the rest constitute loss operations and are worthless.)

(3) Why is the stock corporation's headquarters building in Szentendre vacant? (Most certainly because the Szentendre headquarters were needed only to accomplish registration of the corporation faster.)

(4) Why was it so urgent to consummate the transaction? (One may assume that this was necessary because the

founders were concerned that new laws will soon put an end to spontaneous privatization.)

(5) Why is it that in two separate places within the 20-page bylaws there appear sentences which reveal only when read in conjunction with each other that stocks owned by councils have no voting privileges? (This way it is not apparent that in the course of voting at general meetings the Hungarian interest remains in the minority.)

One can only stop asking questions, but not complete the asking of questions at this point.

It is possible that the two ministries will be able to annul the corporate registration and sue—perhaps use persuasion—to reacquire the state property. But the value of the (former) HungarHotels represents only a fraction of the state's property. One wonders, would the rest of the property not be in danger? Would every enterprise manager be able to resist the temptation of enforcing the new owner's—the new boss'!—interests against the interests of the present owner, the state? Or would other enterprise managers also be inclined to perform some brotherly sharing with the state? Brotherly, on grounds that what is yours is mine, and once it is mine, you have nothing to do with it any longer.

One matter must be made clear: the story of HungarHotels has hardly anything to do with the reform concept of changing ownership. Whatever happened here took place under the pretext of privatization. For this reason it is possible that the moral damage is greater than the financial loss. And this damage may be found in the fact that proprietary reform has been compromised.

State Property Protection, Trust Scheduled for Legislative Action

Role of Workers Councils

25000590A Budapest NEPSZAVA in Hungarian
6 Jan 90 p 7

[MTI report: "State Property Protection Law a Temporary Measure; Government Agrees: Workers Councils Should Be Restored; Spontaneous Privatization Must Be Suspended"]

[Text] The government will submit to Parliament in January legislative proposals concerning the protection of state property and the establishment of a State Trust. The Council of Ministers discussed the two legislative proposals at one of its December sessions and adopted those proposals at the same time, providing that they must be reconciled with political parties and interest groups. Several parties, including the Hungarian Democratic Forum [MDF] and the Hungarian People's Party, urged more firm measures with regard to the protection of national assets. Thus they urged that enterprise leaders assume unlimited financial responsibility, and that workers representation in enterprise councils be strengthened.

Several parties felt that these laws should not be enacted by the present Parliament. The Hungarian Liberal People's Party, together with other parties, proposed that workers councils be restored. The government agreed with this proposal, thus these organizations may be suitable for the increased enforcement of workers interests in the course of selling state property.

From among the interest groups, the National Council of Trade Unions [SZOT] and the Association of Autonomous Council Governments claimed that more forceful steps are to be taken. SZOT believes that a committee to deal with the protection of national assets should be established immediately. The committee should include parliamentary representatives. On the other hand, the Association of Autonomous Council Governments believes that spontaneous privatization must be suspended altogether.

In preparing the legislative proposals the government took advantage of several recommendations. The government felt that concerns expressed in regard to other forms of infringements upon national assets were well founded. The government regards the law concerning the protection of property as a transitional solution, one that is suitable to prevent the selling out of state assets only in the course of establishing a corporation, or in the course of selling an enterprise.

Concepts Explained

25000590A Budapest NEPSZABADSAG in Hungarian
9 Jan 90 p 8

[Article by Deputy Finance Minister Istvan Tompe: "Passionate Thoughts on Property and Managers' Interests"]

[Text] I borrowed the adjective from Janos Kornai—for that I apologize. But I did not borrow the problem from him, I found it in our everyday lives. It is also urgent that I, as one of the experts responsible for working out details concerning the trust fund, express my views in the fight surrounding national property. Let us begin with the dry facts.

Not too long ago the Council of Ministers discussed and adopted legislative proposals concerning the protection of state property. These proposals were perfected during the past few weeks, mainly in response to our discussion of the most important goals of these proposals with the most important political parties and interest groups.

Privatization Agency

In the final analysis the legislative proposal presents simple suggestions. On the one hand, it would make property appraisal mandatory and would thus put brakes on spontaneous privatization that is now spreading like a feverish disease. On the other hand, the proposal makes recommendations for the establishment of an agency to deal with national property, one that would perform functions related to the protection of property,

and would begin establishing the professional background needed for privatization.

Elections are just an arm's length away. For this reason neither the framers of the proposal, nor any politician who has any self-respect could seriously believe that concepts in regard to the protection of property and concerning the trust fund could provide final and long-term programs.

The primary purpose of the law on property protection and the trust fund is to establish professional control over privatization implemented by the enterprises, and to establish representation for the state as an owner. It would accomplish this without instantly discontinuing the status for which the enterprises have historically struggled. By taking this step, the Hungarian state would not even come close to the self-evident authority Western European states exercise in the field of objective property appraisal and competitive bidding relative to the sale of state property. Above all, the most urgent task of the trust is to establish the technical background for these property protection tasks.

The trust could also be perceived as a one-of-a-kind privatization agency. Considering the total lack of this kind of service background in Hungary, it is obvious that prior to the elections, or until next summer or fall, the trust will only be able to begin its professionally based privatization efforts. To a large extent it will have to start its operations all by itself. It may expect to receive general assistance from sober politicians and from citizens concerned with property, and professional help from foreign banks, enterprises, and state property trust agencies. As for its spirit, it must be prepared to face the fact that all the professional and political charges levied against it will continue; in fact they will increase. The trust cannot function by leaving everyone's interests intact.

The establishment of the property trust and the operation of the laws designed to protect property may exert a beneficial effect on the development of a more balanced proprietary reform. Part of society reacts in a hostile manner when hearing daily reports concerning privatization, particularly when they hear reports about foreigners who have purchased property at low prices. It is a tragic peculiar feature of the functioning of this system that the removal of the state, the growth of privatization, and the beginning of the influx of foreign capital which has been expected in vain for decades coincides with often selfish spontaneous privatization efforts which take the narrow view of issues and are dangerous from a societal standpoint in the long term. By now, very many cases have served to prove that the managers' interests will not provide sufficient basis for the balanced appraisal of state property, and that enterprise managers, and to a significant extent employees, will give primary consideration to their personal income and to their short-term existential security, rather than to the optimum value of the capital that exists in the form of state property. Enterprise councils do not sell their own

property, even if the fragmented nature of state ownership in the sociological, and the political sense, is undeniable. The reform rhetoric of the past 20 years, and politics captive to large organizations, strengthened the consciousness of the large enterprise managerial stratum in regard to ownership. A manager is not an owner, nevertheless. In putting these words on paper, we are far from depriving enterprise presidents from a right they have acquired. We are simply calling attention to a difference between an incentive related to income on the one hand, and to capital on the other.

Our Deteriorating Acclaim Concerning Investments

Hungary's reputation as a potential target for investments is far less favorable abroad than is often reported in Hungary by our economic and political leaders. Our reputation among known, serious investors in the world is often bad because the private sale of large enterprises to foreigners takes place on the basis of personal contacts, and not openly, on the basis of competitive bidding. Invitations for competitive bidding are rare; a competitor offering a higher price is often excluded from competition. Much too often competitive bidding (if it exists at all) is decided on the basis of the advantages contained in an offer, as viewed from the standpoint of managers. State property is being sold by enterprise managers, but in such a way that they become directly dependent on the new owner from an existential standpoint. Well then, we may ask, could they resist the buyer's natural pressure to reduce the value of property? Shaky property appraisal and uncontrollable waste of property go on in cases involving a series of large enterprises with valuable real estate. There should be no misunderstanding: The manager should not be blamed for this situation. The primary responsibility rests with the failed economic system which did not take into consideration ownership conditions, which let loose instinctive self-interests in the overly centralized state large enterprise sphere without protecting society either by the letter of the law, or by way of a political counterbalance.

Why could the sale of enterprises not be accomplished through competitive bidding if it turned out that competitive bidding, rather than closed negotiations, produce far more revenues? How did a situation evolve in which there are no legal means to stop closed negotiations at a time when it is apparent that a series of closed negotiations has produced societal damage and business loss? There is no simple answer. In enumerating reasons, the political alliance which has evolved between high politics and large enterprises during the past decades, and which has rendered this relationship a private affair, should top the list. To use a comparison: A state-owned large enterprise had as much internal decisionmaking authority with regard to property as did the Politburo with regard to national affairs not so long ago.

The second reason appears to be an appropriate endeavor on the part of large enterprises to accomplish structural transformation. Such a change, however, takes

place in a fiber that contains no offsetting weight, and thus large enterprises are able to attempt structural reform without a change in leadership. The manager should not really be held responsible for the depreciation or disappearance of state property as a result of agreements that were frequently reached in the course of closed negotiations, at a time when the income of the managers involved in these negotiations is increasing, but more importantly, when the situation of these managers appears to become stabilized in the framework of defending a bourgeois structure. In this regard we are obviously dealing with an error on the part of the government, a grave mistake. But we should not think that it will be easy to bring about change in the relationship of power that has evolved between large enterprises and the political sphere, even in the framework of political battles fought in the course of elections. All political parties are observing the large enterprise managers, and large enterprise managers are appropriately examining from their own vantage point the promises made by political parties. It is no coincidence that vocal protests expressed by parties concerning the sale of state property at prices below the real value of such property have become increasingly quiet during the past few months, as we are drawing closer to election day.

What Is Protected by Interest Representation?

In the final analysis the interest group which blindly protects traditional large enterprise entitlements exerts an effect contrary to the medium- and long-term interests of the managerial stratum. In addition to its negative aspects, in the course of spontaneous privatization the entrepreneurial aptitude of businessmen employed at large enterprises has become evident, and there is no value that could express the worth of this fact. At the same time, anti-enterprise and antimanagement moods gained strengths in society and in political life, mostly as a result of selling out property. All of this has some clear anti-entrepreneurial aspects; more than once we have witnessed romantic anticapitalist sentiments and fear from foreigners. Economic nationalism is on the increase. Politicians and heads of large enterprises make promises to foreign investors in closed meetings. It is of no use that the political institutional system is about to change, society does not at all control closed agreements, and promises are being made that are contrary to written law.

On the other hand, the "removal of the state" rendered in an organized, transparent fashion protects those involved. Interest protection efforts in this direction are contrary to this endeavor, in my view. Such efforts endeavor to discredit the government's belated but appropriate actions, and thus the interest group follows its own short-term goals, making a mockery out of the long-term interests of entrepreneurs and leaders.

A country stumbling through tests examining its solvency has become cheap. It has become cheap not only to foreigners, but also to Hungarian investors! The laws protecting property endeavor not to discontinue this

spontaneous branch of privatization, but to place it in a transparent, societally acceptable, and controllable framework, so that thereafter the new Parliament may cut a wider, societally more effective and more just path for proprietary reform. I am not concerned that enterprise managers who have squandered state property find out in the final moments of the ancien regime that they may be in an adverse situation after the elections. I could even find this to be natural. I am more concerned about the fact that the managerial stratum as a whole will pay for the mistakes made by an eager minority. Accordingly, it should also become their concern to see to it that political and economic transition are not made more difficult by new stumbling blocks. Concerned, farsighted businessmen should take into their hands the matter of removing the state from enterprises.

NEPSZABADSAG Editorial on Price Increase

25000592A Budapest NEPSZABADSAG in Hungarian
8 Jan 90 p 4

[Commentary by NEPSZABADSAG economic reporter Zsuzsa Gal: "In Lieu of Absolution"]

[Text] One wonders what makes a government whose months in office are numbered implement such stirring measures which incite society to turn against it. Could it be the fact that they have nothing to lose, and that we should regard the steps it takes as fatal leaps?

Even if the government as a body has nothing to lose, some of its members may. Most certainly several members of the government are counting on becoming part of the new coalition government, but even those who do not contend for such laurels would not enjoy continuing their lives under the pressure of being unpopular. One could not imagine that the government, or its individual members, would derive personal benefit from—mildly put—a tough economic policy which incites citizens against it.

Well then, what catalyzed the frightening price increase which was not accompanied by reassuring wage increases. Undoubtedly the government is aiming at reducing the 50-billion-forint budgetary deficit, and thereby regaining the confidence of the IMF, which then preserves the country's solvency and consequently its creditworthiness.

One can see that as a result of both customs and foreign exchange rules, and the coarse price increases, the budget is bound to realize huge revenues. This fact hardly requires proof with regard to cars and gasoline—the prices of these products already included substantial amounts for the state. And the budget profits in two ways as far as food products are concerned. On the one hand, certain state subsidies will be reduced or discontinued, while on the other the treasury will collect increased sales tax revenues because of increased prices. It has been openly admitted that the tax levied on residential mortgage interest payments serves the purpose of coming closer to a balanced budget.

If this were the only thing to be considered we could say that respect and appreciation is due to a government which is no longer postponing the task of placing the budget in good order, a government which has the courage to accept the responsibility for doing away with subsidies and for all its consequences, a matter that has been promised for decades. If that were the only thing to be considered we could even absolve the government for the sins committed in this process, which materialized in the form of hasty and mistaken actions.

But while the government is manifesting tunnel vision—it seems that it is paying attention to nothing but the preservation of creditworthiness and solvency—the population of this country is forced to recognize many other things. For example, they find that the cabbage patch was entrusted to the goat: The agricultural pricing authority was transferred to the Ministry of Food and Agriculture. This ministry represents the interests of producers. It is capable of raising food prices to a level from where the road leads only to galloping inflation.

Further, the population recognizes the fact that the government is not weaving that oft-mentioned social safety net, the one designed to catch those who fall. The population knows that the little raise in pensions and family supplements does not at all replace this safety net—a safety net endeavored to be spread not only by the left, but also by expressly right-wing governments in times of crises.

Signs indicate that the government intends to bequeath this task to the next government(s), just as it does with the waves of the inflation that it has started with the increase in food and gasoline prices, postal charges, and car prices. These will disturb the waters for the future government(s). All of this, however, adds bitterness to the lives of all families, which do not have an abundance of goods anyway.

People ask: Do we have to pay for the crimes of the past? They are asking this aloud, even though inside they know the answer: Who else could pay for those crimes?

Swiss Leasing 'Unrealistic' for Pet Nitrogen

25000590C Budapest NEPSZABADSAG in Hungarian
9 Jan 90 p 5

[Interview with Dr. Janos Szakonyi, deputy president for economic analysis at Pet Nitrogen, by Janos Czingraber: "Situation Report from Pet Nitrogen Works: We Do Not Have Any Decisionmaking Authority"; date and place not given; first two paragraphs are NEPSZABADSAG introduction]

[Text] This newspaper reported last week about uncertainties surrounding Pet Nitrogen Works. A demand had taken shape at the plant stewards' meeting: Workers should participate in negotiations which affect their existence; they should receive information concerning all essential written documents; those who make the decisions should visit the plant; and the government should discontinue all actions and regulations which render Pet unable to compete.

Amid the explosive atmosphere, workers are most interested to learn what will happen tomorrow. Will the Swiss Sauer firm permanently relinquish Pet?

[Szakonyi] We cannot interfere with this issue. Our job is limited to maintaining daily production. We have no authority to make decisions.

[NEPSZABADSAG] Nevertheless, some people are expressing apprehension about the professionals at Pet. According to some it was the 600-million-forint 1990 loss estimate that scared the Swiss buyer away from consummating a deal....

[Szakonyi] Our job is to examine the conditions for production. We have developed quite a few plan alternatives, one of which included that certain 600 million figure. On the other hand, some alternatives project a 360-million-forint loss.

[NEPSZABADSAG] In other words, this amounts to no more than juggling with figures?

[Szakonyi] Not at all. We simply do not know the changes that will occur in the conditions for production. The alternative forecasts depend on information concerning changes in costs and sales.

Pet is not economical under the present circumstances. At present the domestic price of urea fertilizers is twice the amount at which Soviet products could be purchased for by the agricultural sector. The situation is similar with regard to phosphate fertilizers: Cooperatives and state farms are receiving subsidized imported products. At the same time, Hungarian producers do not receive subsidies, therefore the manufacture of fertilizers runs at a loss. Other plants are able to offset this deficit with profits derived from other products, while Pet has no other products.

In my view, under present conditions it is impossible to economically manufacture fertilizers in Hungary. Whoever plans to pursue economical production obviously counts on the discontinuation of competitive inequalities which strike Hungarian manufacturers. We have heard of promises to that effect. Discontinuing these inequalities would result in less costly natural gas and in freely priced fertilizers, but according to information leaked just now, neither of these measures will be implemented.

[NEPSZABADSAG] It has been said that perhaps that Swiss partner would make a final decision after leasing the plant for half a year.

[Szakonyi] I regard this expectation as unrealistic. During the fertilizer season this would stimulate the partner to remove all profits from the plant as soon as possible. At the same time, the partner would hardly think about investments. Thus perhaps after half a year he would leave us in a far worse situation than we are now.

Possible Sale of Uranium to West

25000590B Budapest NEPSZABADSAG in Hungarian
9 Jan 90 p 5

[Interview with Mihaly Varga, president of Mecsek Ore Mining Enterprise, by "U. T."; date and place not given]

[Text] Last weekend the Mecsek Ore Mining Enterprise [MEV] signed a statement of intent to cooperate with a Western firm which did not want to be identified.

Enterprise President Mihaly Varga had this to say about the contract:

[Varga] This does not obligate our partner in any way. It is enough to recall the number of statements of intent Recsk has survived. I can say this much: This commercial firm envisions an opportunity to sell our enriched uranium in world markets, at a price which would render our production feasible. To accomplish this state of production, however, we must also continue our austerity measures: We must reduce the number of employees and develop highly profitable adjunct activities. Negotiations will continue in February. We are also negotiating with other Westerners who have expressed an interest.

[NEPSZABADSAG] Accordingly, will the liquidation of MEV come to a halt or perhaps slow down?

[Varga] We will continue to abide by the requirements established by the Council of Ministers, and we will

continue to implement those measures. Under no circumstances would liquidation take place overnight. We have already discontinued geological research and exploration. We are organizing independent profit centers. These changes are unavoidable, regardless of whether there will be uranium ore mining in Mecsek.

Social Democrats Score Mortgage Interest Tax

25000592B Budapest NEPSZAVA in Hungarian
9 Jan 90 p 12

[Text] The Social Democratic Party of Hungary [MSZDP] suggests that citizens unite in a civil disobedience movement. The party recommends that the so-called tax on interest payments added to National Savings Bank [OTP] mortgage loans not be enforced until the Constitutional Court issues an opinion. This tax levy is in disregard of the principle that the public burden must be distributed proportionately, because it does not have a uniform impact upon persons in the low and high income brackets. Everyone is entitled to a residence as a matter of civil rights. Since the government was unable to enforce this right otherwise, it was forced to do so by way of preferred loans granted by the OTP. The MSZDP points out that no foreign capital will flow into a country in which contracts may be changed on a retroactive basis, and in which the security of parties to contracts is not guaranteed by the National Assembly.

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