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# ***JPRS Report***

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# **East Europe**

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# East Europe

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## INTERNATIONAL AFFAIRS

### Peterle Meets Delegation From Hungary

91BA0451B Ljubljana NEODVISNI DNEVNIK  
in Slovene 22 Mar 91 p 3

[Unattributed article: "Better Times Promised for the Border With Hungary"]

[Text] Ljubljana, 22 March—If we can judge from yesterday's meeting in the city of Strmol between the delegations from the Slovene government and Zelezna Zupanija, better times are promised for cooperation along the border between Slovenia and Hungary. Slovene Prime Minister Peterle told the guests that the current situation in Yugoslavia does not change our republic's fundamental political aims, which also include better relations with our neighbors. Moreover, we expect that Slovenia will realize its interests more easily and more effectively by assuming some authority from the federal level.

Among the fundamental problems that should be corrected soon are transportation links and the opening of the two border crossings, Prosenjakovci and Martinje. On this occasion Lojze Peterle asked the head of the delegation, Dr. Gyulo Pusztaj, the president of Zelezna Zupanija's self-government body, to intervene with the Hungarian authorities to have the above-mentioned border crossings opened for the Easter holidays. In that way thousands of relatives on both sides of the border could visit each other without great complications and time-consuming travel.

The delegation from Zelezna Zupanija likewise expressed the hope that border cooperation with Ljubljana would also be easier in the future, since Hungary had eliminated some administrative barriers to more independent international cooperation between districts. The Hungarians are consequently already thinking about some sort of informal regional organization (a regional parliament), through which information could be exchanged more easily and more quickly and agreements could be reached on common problems. They likewise expect the central authorities to carry out the formalities concerning border crossings more quickly. They accepted with satisfaction the offer from the Murska Sobota opstina for temporary use of the Martinje border crossing building, the construction of which was to begin soon.

Both sides agreed that Zelezna Zupanija's one-year chairmanship of the Alpe-Adrija commission on the economy and tourism would open up new possibilities for cooperation, since this had to do with direct ties between economic entities, market transactions, and also road and railway transportation and telephone communications, which are now organized through Belgrade and Budapest.

The delegations could not overlook the problems of ethnic minorities. The Hungarians here and the Slovenes

beyond the Raab have a common problem—they do not have permanent priests, although it seems that this will also be done soon. The problem of the Slovenes beyond the Raab is particularly urgent, although they are organizationally no longer within the association of southern Slavs. In fact, this is a rather old population, and a Slovene school in Zgornji Senik, the recently established newspaper, and the border crossings cannot do enough to help preserve it. It is also necessary to bring into that town small and medium-sized economic enterprises, which will keep younger people in the areas they came from.

## CZECHOSLOVAKIA

### Former Communists in Meciar's VPN Faction

91CH0475A Prague FORUM in Czech 26 Mar 91 p 2

[Article by Jan Pavel Horsky: "Who Represents 'For a Democratic Slovakia'?"]

[Text] Relations between nations do not deteriorate or improve just all by themselves. If only 16 months ago Czechs and Slovaks were getting along without any great problems, today's state of affairs, when the Republic is close to breaking apart, cannot be the work of chance or sun spots.

I specifically blame Mr. Meciar for the current state of affairs. You may disagree with me and object that nationalistic intolerance was aroused by irresponsible journalists. You will be only partially right. Journalists write according to the signals they receive from the politicians, whether publicly—in the form of public utterances—or confidentially. If the premier assumes an equivocal attitude before the press and the public, he encourages the separatists to even more vociferous displays.

Mr. Meciar, as a longtime Communist apparatchik, undoubtedly knows how the public can be manipulated. If the circle of his faithful collaborators clearly expressed a sincere will to preserve the Republic, then undoubtedly journalists like Mr. Igor Cibule would write something else altogether. However, his tactics are entirely transparent: to support the feeling of national injustice in every speech, to blame, without being specific and often falsely, Czech politicians, but to always say at the conclusion, nice and loud—I support the federal arrangement of the Republic. For that reason, the naivete of some Czech politicians who were willing to swallow this cheap trick, seems all the sadder to me. History has taught us several times already that one must never on principle give in to men with leadership ambitions. The democratic countries of West Europe tried to deal with Stalin and Hitler in a conciliatory and friendly manner. The result was always the same.

The British prime minister was, until the outbreak of World War II, extolled by the press as well as by the British public as a wise politician who does not want to

bring about confrontation and has maximum understanding for the German Reich's specifics. What does this remind me of? It will probably do no harm to look somewhat more closely at the Slovak politicians who fully supported Mr. Meciar when he was casting doubts on Public Against Violence (VPN) and its congress. The biographies of these gentlemen have one thing in common. They are incomplete, hazy, and mostly lack data about membership in the Communist Party of Czechoslovakia [CPCZ]. At least that is the way they were presented to the Czechoslovak Press Agency. I emphasize again that a membership in the CPCZ is not a decisive factor in itself. Today, the public is mature enough to judge politicians exclusively by how hard-working they are, their real attitudes, and sincerity with which they defend Czechoslovakia's interests. The popularity of ministers Dienstbier, Dlouhy, or Mr. Calfa unequivocally attests to that.

Although the available facts in the biographies of Mr. Meciar's adherents are incomplete, nevertheless, a citizen interested in politics can glean quite a lot from them. He knows, after all, what tasks were assigned to our "economic" experts abroad, knows what students in political schools abroad studied, etc.

When we tried to ascertain basic data about members of the Slovak Government, we were horrified to learn that even the VPN Deputies know practically nothing about the people who represent them in the government. It is a sad fact that the Civic Forum deputies know equally little about the ministers in the Czech and Federal Government.

That has nothing to do with democracy, quite on the contrary. A deputy as well as the citizen must know who represents him. Nobody, of course, will be surprised that those affected immediately start a clamor complaining that somebody is again subjecting them to political screening, that it is totalitarianism all over again. It makes me laugh.

Let us look at the adherents of Mr. Meciar.

Milan Cic, member of the CPCZ without interruption from 1961 to 10 March 1990. Worked at the Justice Commission from 1961 to 1964, deputy minister of Justice of the Slovak Socialist Republic 1969 to 1970, associate professor at the Law School 1972 to 1979, chairman of the Department of Criminal Law 1977 to 1987, doctor of science since 1983.

Rudolf Filkus, Ph.D. at 30, associate professor at forty. Worked at the Economic Institute of the Slovak Academy of Sciences since 1972, during the years of normalization studied and travelled in the GDR.

Augustin Huska, leading scientist at the Economics Institute and Construction Organization from 1963 to 1989, spent time in the United States in 1969.

Michal Kovac, at 24 a lecturer at the College of Economics in Bratislava, held various functions including

deputy director of the State Bank in Bratislava, from 1955 to 1971 deputy director of Zivnobanka in London from 1967 to 1969(!!!), held positions until 1989.

It is probably unnecessary to write about Mr. Laluha or Mr. Kocuchov. All the above mentioned gentlemen, with perhaps the exception of one, were, although they are today futilely trying to keep it secret, longtime CPCZ members of merit, same as Mr. Meciar. I have been therefore arriving at the unequivocal conclusion that the organizers of the faction with the proud name "For a Democratic Slovakia" are in fact Communist functionaries of merit. I have no doubt that when somebody looks at their biographies in more detail, he will find other interesting facts.

If I can choose whether to subject people to political screening or allow myself to continue being led by the nose, I shall certainly choose the former. Somebody can object, saying I should not involve myself in the affairs of others. I am convinced that what is happening in Bratislava still concerns me, just as it is of concern to the Bratislavans what is happening in Prague or in Liberec. I did not allow myself to be sprayed with water near the Law School in January 1989, so that I would then look on without doing anything about it when former members of the nomenklatura are (exactly according to their terminology) "breaking up the Republic" with impunity. Only recently I considered the demand of the Club of Nonaligned Activists to purge all public life of Communist officials to be somewhat extreme. Today I see that they were right.

Because we were not "like them" and we did not give them a thorough going over, they are now beginning to give us a going over again.

### Czech Republic Without Slovakia Seen Viable

91CH0475B Prague FORUM in Czech 26 Mar 91 p 2

[Article by Jan Vavra: "Courage for an Independent Existence"]

[Text] Last week's events dramatically brought to a head the question about what is actually at stake in our state. Certain circumstances, such as, for example, the personnel changes of police commanders in Slovakia are too reminiscent of the scenario of the Communist putsch in February 1948 and point to a Soviet manuscript. The behavior and strange statements of Premier Meciar have a similar effect. We can only guess at how much State Security and foreign intelligence agencies contributed to the recent developments, although a certain percentage is beyond doubt. Nevertheless, Petr Pithart is right when he says that those forces are not the movers, they merely want to exploit the situation. Searching for a foreign director smacks of an effort to shed one's own responsibility and look for the author and culprit somewhere else.

It is certain that among the Slovak population the tendency toward a socialist society is dominant. The fear that it will be mostly Slovak citizens who will be affected

by the economic reform is only partly the result of social demagoguery of certain politicians.

The second widespread and dangerous tendency of a part of the Slovak population is to search for an imaginary culprit in an international Jewish conspiracy. Slovak citizens will have to deal with these problems by themselves, the Czech part can only support the reasonable core of Slovak society, and try to be paralyzed as little as possible by its surprise at the thus far undiscerned and suddenly revealed side of its younger brother's character.

#### **Attitude of the State Leadership**

First of all, it cannot be overlooked that there were several instances of contempt for the constitution, and in some cases even a breach of it. Contempt for the constitution is the very idea about the possibility of concluding a state treaty between the Republics, which presupposes, albeit only for a moment, the abolishment of the Federation with its basic pillars, such as the president and the Federal Assembly.

The demonstration on 14 March, celebrating the founding of a state closely connected with Hitler's Germany as well as of its founder, is in itself a breach of the constitution. We must realize that celebrated here was a war criminal who participated in the deportations of Jews to the gas chambers, which definitely represents promotion of fascism. We are not talking only about the depth of the failure to understand one's own history, but also about a warning breach of the constitution that endangers the democratic principles upon which our state is built. And not even speaking about the reputation of the state abroad. The police certainly should have intervened, and the politicians who called the demonstration and shared in promoting fascism must be dealt with according to the law.

#### **Attack on the President**

The President certainly has the right to go where he wants, and to speak about a provocation is therefore laughable. Certainly, as a human being he behaved judiciously and bravely. The final result of the attack on him was positive, because the substance of the defenders of the fascist state was fully unmasked, and all decent people had to stand up for the president.

The question remains, of course, whether it was necessary to expose the president of the Republic to insults and humiliation. There is no doubt about the fact that Vaclav Havel likes dramatic situations, but in the given moment, of course, he could not be a brave person only, because he represents first and foremost his office. Therefore, the unanswered question remains why his advisers did not inform him better about the problematic nature of this step, and inasmuch as he decided to take it, why they did not make certain of better protection. This situation certainly cannot be brushed aside. We are talking about an attack on the symbol of the state, which is very serious, because it removes us from the civilized world. Would the British, for example, allow a

similar humiliation to the Queen? Could a French or U.S. president be defamed like this? A physical attack on the head of state is nothing but a membership card in the Balkans. If we do not mind that—and it seems that we do not—then we do not belong among civilized nations.

#### **What About the Czech Politicians?**

It seems that Public Against Violence found the courage to resolve fundamentally and decisively the Vladimir Meciar situation. Until now, he could zigzag at will, confuse the public with false information and outpourings. But if at least the elementary rules are not adhered to, then, of course, there can only be a breakup. There can be no doubt that the Civic Movement as well as the Civic Democratic Party should unequivocally support the determination of Public Against Violence to insist that certain principles be adhered to.

The Czech politicians should in any case make it quite clear that they are getting ready for the breakup of the state. First of all, it means to get rid of the idea that the Czech Republic cannot exist without the Slovaks. That is, overcome the generally deep-rooted fear of independent existence.

A determined and independent stance of Czech politicians would help their Slovak colleagues to assume a more responsible and more mature stance. For the time being, the more nationalistically oriented Slovak politicians either are not able to make a decision, or they are equivocating and want to gain as much as possible from the divorce. We must realize that such a neurotic marriage would hardly be acceptable to Europe. Even here it holds true that a couple always lives at the level of the less mature member.

An enormous task awaits the Czech politicians. They must find in their midst a politician who will have the courage to plumb the depth of the Czech fear of independent existence. A politician who will lead others toward a mature and responsible behavior. The one who will do this will not only be successful over a long period of time, but will contribute greatly to the prosperity and spiritual health of his country.

#### **Lawyers on Constitutional Arrangement**

91CH0478A Prague TVORBA in Czech 27 Mar 91  
pp 4-5

[Interview with Michal Lakatos and Jan Pinz, Institute for State and Law of the Czechoslovak Academy of Sciences, by Rudolf Misek and Petr Nemec; place and date not given: "On the State"—first paragraph is TVORBA introduction]

[Text] Our country is living through a frequently emotionally conducted discussion on the future constitutional arrangement of the Czech and Slovak Federal Republic. Unfortunately, in this discussion, the voices of specialists are fading out. Therefore, the editors of TVORBA invited two experts from the Czechoslovak

Academy of Sciences, from the Institute for State and Law—Michal Lakatos, doctor of jurisprudence, and Jan Pinz, doctor of jurisprudence—to a roundtable discussion on this topic. The discussion took place in mid-February and it therefore cannot be ruled out that by the time it is published there will have been a movement in the entire matter which can be of considerable significance to this state. The roundtable is perceived by the guests as well as the hosts as a contribution to the ongoing discussion. It should be emphasized that it is an extract from a far more extensive set of "roundtable" minutes, with the editors being responsible for the selection of appropriate passages.

[TVORBA] We have come together to discuss the constitutional arrangement of the state. Perhaps it would be appropriate, for the sake of basic orientation, to speak first on historical development.

[Lakatos] The liquidation of a totalitarian state which persisted for 40 years brought our citizens, for the second time, to the idea of rehabilitating Czechoslovak statehood. The first time this occurred was in 1968, the second time was after 17 November 1989. In 1968, the national principle was connected, in the minds of Slovaks, with a desire for their own autonomous self-realization. The federation was the expression of this desire and became a part of the model of Czechoslovak statehood. However, the totalitarian system was not capable of realizing a national and state policy; its starting point was represented by a class and party approach. Currently, an intensive process of national and democratic renaissance is occurring and it is necessary to have it also include the problems of an authentic federation and problems dealing with territorial administrative arrangements.

[TVORBA] You said that there was a renaissance of the idea of Czechoslovak statehood—for the second time. If we overlook 1918, when our republic came into being. You speak of two republics. In 1968, the Moravian question did not surface. Is this a product of our times?

[Lakatos] The Moravian or Moravian-Silesian question from the standpoint of constitutional arrangement cropped up, to a certain extent, in 1968, but the will of the Moravians and Silesians at that time was not as intensive so as to be reflected in their own autonomous self-realization desire—in other words, they simply did not get that far to be able to struggle through to, say, a federal state which might be composed of three territories. But let me return to the introduction: Our state is a federation of two republics; that is a fact. There exists a legal arrangement of jurisdictions between the federation and the two republics, it was not accomplished without crisis situations. We either accept it as a starting point, after which we may deal with the question of the territorial administrative arrangement of the Czech Republic or the Slovak Republic, or we reject it—and then we may connect the problem of the constitutional arrangement with territorial administrative arrangements. As far as I can judge, the Moravian-Silesian

representation connects the question of territorial administrative arrangement with the question of constitutional arrangement. We should keep that in mind.

[Pinz] We have material here regarding the territorial administrative and constitutional arrangement of the Czech Republic dating back to November 1990 which contains four variants. The first is called territorial, that is to say, a solution of a territorial system solely within the Czech Republic which contains four subvariants, anticipating only two territories within the framework of the Czech Republic, Bohemia and Moravia-Silesia, or three territories—Bohemia, Moravia, and Ostrava-Silesia—or the territories of Bohemia, Moravia-Silesia, and the capital city of Prague, all the way through the breakdown into four territories: the territory of Bohemia, Moravia, Ostrava-Silesia, and the capital city of Prague. Then there is the variant under II, the regional variation, which is a sort of hermaphrodite between the territorial system and an autonomous okres system. Clearly, this version must be rejected immediately because it is totally inorganic and untraditional. Variant III, the combination variant, again combines the features of a territorial and regional arrangement; it is a relatively impractical combination of the first two variants. And then there is variant IV, the federal (federative). At first, it was thought that it would not be successful, but now it turns out that it has the greatest chance because it meets the requirements of history and constitutional theory. And this is the federal variant. This means a triple federation consisting of the republics of Bohemia, Moravia-Silesia, and Slovakia as independent federal territories.

[Lakatos] It is possible to visualize a transformation of the Czech and Slovak Federal Republic into a triple federation as stated by Dr. Pinz. Each would have its own constitution, its highest representative offices, its executive branch, and its judicial branch. The territorial arrangement would be a matter for each republic. I believe that this reflects the desires of the Moravians and of the Silesians. I only fear that this requirement will not find adequate support among the Czech representation.

[TVORBA] The Slovak position, according to which it is necessary to promote strong republics and derive a federation from them, is well known. This means weakening the central functions of the federation. If the variant of a triple federation is adopted, I believe that the function of the center—excuse that expression, please—would be strengthened. So that a triple federation would actually strengthen the federative idea!

[Pinz] Let us clarify some concepts. Let us begin with public administration because this is a concept which we encounter during the period from the Austro-Hungarian Empire through the first republic and to this day. I shall say straightway that the system of public administration, as it was taken over by Czechoslovakia from the monarchy, was very good. It was a system which was essentially ahead of its time. The system was pluralistic and a two-track system. It contained an autonomous element

and a state element. It had a political obec, a representative okres, a crown territory. And, attention: there were three territories! Bohemia, Moravia, and Silesia. Even the founders of Czechoslovakia conceded the necessity of starting with this fact! So that the Czechoslovak Republic took over and newly defined state administrative offices which it created to function in parallel next to autonomous offices; the constitutional offices were then divided into political, that is to say, general offices. In other words: There were okres sheriff-type offices, territorial political administrations, the Ministry of Interior or other ministries. The autonomous portion also had three levels, but they were one level lower because, as it should be in a democracy, power emanated from below. In other words: there was the political obec, the representative okres, and the crown territory.

[TVORBA] I think you might prove able to speak on this for a long time. Can you concentrate on the concept of the territorial system?

[Pinz] The concept of territory in this sense is an administrative district with a certain autonomy; in those days, these territories were called the Kingdom of Bohemia, the Margravate of Moravia, the Duchy of Silesia. A territory was the public administration corporation which handled the agenda of public administration; it was endowed with legislative power. Of the institutions which executed these functions, I shall mention the Territorial Committee, which functioned as a legislative committee, that is to say, like an organ of territorial administration and its highest instance of autonomy. It was an instance which had decisionmaking powers with respect to matters coming before subordinate autonomous components, which were the okres committees, the okres representative offices, the obec representative offices, the okres highway committees, etc. It should be stressed that the territorial committees enjoyed financial sovereignty—in other words, that for which Moravia is calling today.

[TVORBA] That was the situation under the Austro-Hungarian Empire. You say that the new Czechoslovak Republic took over this administration?

[Pinz] Actually in modified form. In 1920, a law was issued which established district and okres offices and, essentially, eliminated the territories. The greatest advantage of this law was the fact that it actually never became effective—at least not in the historical territories—something which, among others, resulted from the resistance by the political parties at the time the proposed law was being discussed in parliament.

[Lakatos] I already wanted to protest because in Slovakia, where a different historical situation prevailed prior to the origin of Czechoslovakia, this law was in effect.

[Pinz] Yes. In 1927, this unsuccessful law was replaced by another which reconfirmed the existence of the territories and formulated them as new administrative units—the Territory of Bohemia, the Territory of Moravia-Silesia, and the Territory of Slovakia.

[TVORBA] And what about the Carpatho-Ukraine which, after all, at that time also belonged to Czechoslovakia?

[Pinz] This area represented a special problem; in accordance with the 1919 Treaty of St. Germain, the Carpatho-Ukraine was granted constitutional autonomy. As a sub-Carpatho-Russian territory, the autonomous Territory of Carpatho-Russia had its own legislative organ. In this connection, the former Czechoslovak state appeared to be virtually a federation.

[Lakatos] We have spoken of history and I believe that the lesson to be drawn from it is unequivocal: the return to the territorial system.

As far as the variants of the constitutional arrangement are concerned, we can think up many of them; what is decisive is the opinion of the citizenry. It would be neither democratic nor sensible to impose a territorial arrangement on the citizenry or upon the various nations. The Soviet Union can clearly demonstrate for us where this can lead. The dissatisfaction of Moravia and Silesia with the current status is understandable, it must be taken into account and that is not all—we must respect the desires of the Moravians and Silesians.

[TVORBA] What then are your recommendations or views with regard to a constitutional arrangement?

[Lakatos] If we consider the territorial arrangement of the Czech Republic, it is possible to speak of three variations. Proposals involve a system of territorial administrative offices headed by an appointed territorial president or the establishment of a territorial state administrative organ and a territorial autonomous organ; a third possibility is the possibility of establishing a structure of territorial organs similar to the structure of the highest state organs with territorial parliaments, governments, although without the other prerogatives of the federal arrangement. The historical territories would be broken into two countries—the territory of Bohemia and the territory of Moravia, or into three: Bohemia, Moravia, and Ostrava-Silesia, or possibly Bohemia, Moravia-Silesia, and the capital city of Prague. The last variant actually considers four territories: Bohemia, Moravia, Ostrava-Silesia, and the capital city of Prague. This would create four levels of management—in other words, the obec, the okres, the territory, and the republic, and, in practical terms, would result in significant bureaucratization and would be cumbersome. This would most likely not satisfy the demands of Moravia. This is the first variation. The second variant is, in my judgment, even worse. It anticipates the establishment of about 15-30 regions, some kind of larger okreses on the territory of the Czech Republic. From the standpoint of the structure of regional organs, two solutions appear possible. The establishment of autonomous organs and the introduction of purely administrative organs. Again, in my opinion, this is an unacceptable variant. The third variant connects the features of a territorial and a



regional arrangement. I believe that it is also unacceptable because it only complicates state administration and autonomy. Finally, the third variant. This is the most interesting one; it anticipates changing the Czech and Slovak Federal Republic into a confederation or into a federal state which would be represented by a Czech Republic, a Republic of Moravia-Silesia, and a Republic of Slovakia. I consider this variant to be the best if we wish to connect the solving of the territorial arrangement with a constitutional arrangement. In other words, a federal state composed of a Slovak Republic, a Moravian-Silesian Republic, and a Czech Republic within their existing borders. The territorial arrangement would be a matter for the individual republics.

[TVORBA] Do any kind of examples exist in this direction?

[Lakatos] I have here with me the Constitution of the Federal Territory of North Rhine-Westphalia from the United Republic of Germany. This, I believe, is an example of a good arrangement.

[TVORBA] But we know that even in Germany there is extensive reallocation of finances, etc. That means that the central government would be taking over the coordination function and representation abroad?

[Lakatos] In this connection, I wish to emphasize that Germany is not only a legal state, but a social state as well. Yes, the state must take over certain guarantees for citizens in this direction.

[Pinz] I would like to only briefly summarize that which Dr. Lakatos has said. In adopting the first of the above-mentioned variants, we would be left only with a dual membership and with a resulting contest—the Czech Republic and the Slovak Republic. The second variant—that is, a certain russification in the direction of governments. Even though Civic Forum ardently promotes this variant, it appears to be completely unacceptable. The third variant is only a worse variation of the second variant. Finally, the fourth variant appears to us to be the most generally acceptable because it takes into account both the justified demands of the Moravian-Silesian region, and also those put forward by a number of political parties. It would not be good if Czech and Slovak egoism, shortsightedness, and narrowmindedness were to unnecessarily create and possibly aggravate Moravian and Silesian nationalism.

[Lakatos] In this connection, I would like to remind you that in eastern Slovakia, voices have begun to be heard demanding the establishment of two Slovak republics. In my opinion, this idea came about in the mind of a politician who is not thinking realistically.

[TVORBA] We are speaking of nationalism. Sometimes it seems to us that Czechs are sort of lacking any nationalistic influences. Or perhaps it is a shortage of constitutional conscience here in Bohemia. Some of these campaigns appear to us, let us say, to have been forcibly dragged in, even though we must admit that the

territorial arrangement, with which we are familiar only in historical terms, is very appealing to us.

[Pinz] Perhaps only because the manifestations in the Moravia-Silesia region are substantially commensurate with the degree to which its justified demands are being overlooked. Let us be aware that we have a long way to go to live up to the legacy of history, to the legacy of the founding fathers. We cannot overlook the role which this awareness played with respect to the characteristic Slavic democratism!

[TVORBA] If we accept the federal arrangement, what influence will this have on the international standing of Czechoslovakia?

[Lakatos] I have already said that I see no problem in a territorial division, but rather that I see a problem in a constitutional arrangement which would certainly not cause internal objections, provided it was carried out with feeling, and which would, even to a lesser degree, encounter external objections. Czechoslovak statehood will only become firm if it solves all problems which exist at this stage of its development. To the extent to which any given problems are not solved consistently—and I consider a consistent solution to be the establishment of a federal state—then we shall be struggling again with problems in a short while and, as everyone knows, a relapse is generally far worse than the original disease.

[TVORBA] Such a detail: What shall we be called? Will there once more be complicated intricacies only so that—God forbid—someone should not feel impacted? How does the Czech and Slovak and Moravian-Silesian Federative Republic sound? Would that not be a delight?

[Pinz] As far as I know, the Movement for Self-Governing Democracy [Society for Moravia and Silesia] is proposing the title of Federal Republic of Czechoslovakia. Regardless of whether we say Czechoslovak Federal Republic or Federal Republic of Czechoslovakia, the concept of Czechoslovakia is decisive because this is the way this state came into being and it also expresses Czechoslovak statehood. This is something which the appellation Czech and Slovak does not express, disregarding the fact that the other matters are defective, including the state emblem in the first place which intends to ignore the symbols of Moravia and Silesia.

[TVORBA] What is the actual difference between a federation and a confederation?

[Pinz] States can unite either by association which has an international law character or by association which has a constitutional character. The first case involves states which are uniform or even states which are of a compound character, but which are associated in an administrative whole lacking international legal subjectivity. Whereas an association of states having a constitutional character means that we are dealing with a state which is made up internally of several relatively sovereign parts,

but in and of itself represents a whole having internationally legal subjectivity. States united by an international treaty can be called an association of states. These can be alliances, coalitions, so-called affiliations of temporary, special-purpose character, which lack international legal jurisdiction. This was and is mostly the case of coalitions formed in times of war—such as the Triple Alliance between Germany, Austria-Hungary, and Italy, or the Triple Accord (an association between France, Russia, and Great Britain).

[Lakatos] There can also be other connections—for example, personal ones in the person of the sovereign. Of course, this also lacks international legal jurisdiction. And then we have the final type of association, a realistic or substantive union. It is based on an agreement which is reflected in the constitutions of each of the states. This is the only affiliation which has international legal jurisdiction. A classic example is Austria-Hungary.

[Pinz] In other words, states connected on the basis of international law are states which are freely affiliated—a union of states which are fully sovereign, but which together lack international jurisdiction. Frequently, such cases involve a confederation. You know, it is interesting that a number of states which are federative today were originally states affiliated in the form of a confederation—the United States of America, in the last century, there was Germany as the Rhine Bund and later as the German Bund, or Switzerland which has retained the appellation confederation, although it is a federation. Let us say that the characteristic which makes a difference is the fact that the organs of a confederation have power over the member states, but not over their citizens. A federation or a federal state is something different. The organs of the federation, in contrast to the organs of the confederation, not only have power over the member states, but also over the citizens of these federative state formations. If there is a foedus treaty, then the treaty comes into being legitimately between those who are capable of concluding such a treaty. In the case of states, these can only be sovereign states. In other words, this should be a matter involving a newly developed state from among those states which, prior to this origin, were completely sovereign. However, can we say this historically and unequivocally regarding Slovakia and Moravia-Silesia? In other words, a federal state is a state with maximum independence for the state entities united politically, economically, and culturally. We can use this yardstick approximately even by which to measure a confederate state. In other words: a confederate state involves three related households living in one house. It is a state composed of relatively sovereign components, but not of previously independent other states. That is why a confederate state, based on a territorial arrangement, is the most correct.

[Lakatos] Even I believe that taking into account the territorial arrangement as we have spoken of it in historical connections is absolutely correct. But we must fill it with a new quality and new dynamics today. In other words, territories as they existed under Austria-Hungary,

under the First Republic and as they are even proposed today, including territorially divided public administration. But if we raise this to another power, if we promote these territories as components of a confederate state, then we imbue them with legal powers and we will not only be dealing with a territorially divided public administration, but with a territorially divided public power, including legislative power. In other words, division of power by territory.

[TVORBA] Let us accept the possibility for awhile that the optimum fourth variant will actually be adopted. What would its practical realization look like, where are the pitfalls?

[Lakatos] You know, prior to the February 1948 coup, legal science in Czechoslovakia was at an extraordinary—let us say, world class—level. We know that prior to the coup a new constitution was being prepared.

[Pinz] The Czechoslovak National Socialist Party had the most advanced worked-out proposal, but even other parties were working very constructively when they were basing their work on a territorial arrangement, on the territories as historic, legal, and administrative individualities. Of course, the Communists were already then promoting an exclusively centralistic solution. The proposal for a constitution by the Czechoslovak National Socialist Party was submitted toward the end of 1947. I believe that taking this proposal into account would even represent a way out of the existing unjust bureaucratic carapace of the Czechoslovak Federation today in its present-day legislative image. You know, that proposed constitution of 1947 by Professor Kubes was very modern. It was based on a free, autonomous obec, it concentrated on events in the political and judicial district, and emphasized the relative sovereignty of the territories. Territorial assemblies had their seats in Prague, Brno, and Bratislava. The assemblies had corresponding counterparts in the Czech National Council, the Moravian-Silesian National Council, and the Slovak National Council and the jurisdictions of all constitutional organs were outlined. The preparation of the constitution was shared in by the whole of legal science and I note that the greatest contribution came from the National Socialists and from the Brno School of Normative Legal Theory.

[TVORBA] In other words: the instructions on how to do it are already in the drawer?

[Lakatos, Pinz] Certainly.

[TVORBA] Can scientists today enter the discussions which are being conducted particularly regarding this problem?

[Lakatos] I personally doubt it. It is not evident from the written materials which we have at our disposal.

[Pinz] Some delegates perhaps actually are seeking the counsel or assistance of specialists. Although the parliament has sufficient lawyers, they are, for the most part,

from corporate or judicial practices. Each profession needs a narrower specialization. For example, one delegate told me: "It is great that we will have this constitutional court. Finally, we shall have someone who will make a constitution for us...." Finally, it must be said that added to all the reasons for a confederate state which have already been listed—in other words, reasons promoting constitutional triplication, is the ancient Roman legal principle of: *Tres faciunt collegium* [It takes three to make a collegium].

[Lakatos] We must be aware that, in contrast to 1968, which resulted from long-term ideological ferment, today's sphere of specialists was not as well-prepared as were the specialists of that day. New people have come onto the scene who have their own ideas for solutions and who consider these ideas to be the only correct ones. Perhaps this should not be so; they should seek out a specialized hinterland; they should not be suppressing other ideas or be discrediting them. But that is another chapter.

#### Parliament Chairwoman on Czech-Slovak Treaty

91CH0528A Prague REPORTER in Czech No 14,  
4-10 Apr 91 pp 10-11

[Interview with Dagmar Buresova, chairwoman of the Czech National Council, by Lukas Marvan; place and date not given: "What Is and Is Not Possible in Czech-Slovak Relations; We Shall Insist That a Potential Breakup of Our State Be Done According to the Law"]

[Text] [Marvan] Why can we not, or do we not want to, accede to a treaty between the Republics?

[Buresova] These "cannot" and "do not want to" are closely interlinked. I spoke about it several times already; the main reason why this step cannot be taken is well known, but there has been so much said about it, and the very fact that we "cannot" or "do not want to" do something was then used to fan the flickers of nationalistic feeling into the fire of a nationalistic conflict. I am therefore glad to use the opportunity to talk about our position at greater length. To make things more easily understood, I shall take up the "cannot" and the "do not want to" separately.

First, why we cannot. That is a truly fundamental issue. Our refusal is rooted in constitutional law, in the concepts of federation, confederation, constitution, and treaty; it is essential to make these concepts clear at least in a nutshell. It is not the same thing by any means whether it is a constitution or a treaty, they are always an expression of a certain constitutional arrangement: A constitution is appurtenant to a federation (a federate state), whereas a treaty is appurtenant to a confederation (a union of states). The differences between a constitution and a treaty are connected with the differences between a federation and a confederation: A federation is always sovereign as a whole while there are various degrees of dividing sovereignty between the federation as a whole and its parts; on the other hand, a confederation

is based on an indivisible sovereignty of the states of which it is composed; a federation is always a legal entity (internationally and internally), a confederation is not. A further difference is in the validity of legal norms: If they are issued by the federation within the bounds of its jurisdiction, they are directly operative on its entire territory; if they are issued by a confederation, they apply only if the legislatures of the individual states adopt them. An analogous statement can be made about the authority of state agencies: In a federation they apply their authority directly to the entire territory, in a confederation their authority applies only vis-a-vis the agencies of the individual states.

It follows from what I have said that the effort to conclude a state treaty can be understood as the beginning of the dissolution of the federation. But that would not be enough for our "we cannot." From the point of view of the law, of a legal state, the other fact that follows from what has been said is more important: Given the current constitutional arrangement, a state treaty can be concluded only between sovereign states, because according to the norms of international law only they have full subjectivity. Therefore, a state treaty about a future coexistence of Czechs and Slovaks would have to be an international treaty in order to have the import and validity of a legal act, whereas a treaty between two parts of the same state is legally invalid and from the international point of view just a scrap of paper. It is now perhaps a little clearer why the Czech representatives cannot conclude such a treaty. First, the Czech and Slovak Federal Republic would have to dissolve, not just as a make-believe, but constitutionally, or in other words, in fact.

And now, why "we do not want to." First of all, because we do not want to do something that we cannot do in a legal and democratic state. Second, because the proposed state treaty does not take into consideration the existing constitutional and legal codes at all, because it totally ignores existing federal institutions and their competencies, which were only recently, with great jubilation, amended in the spirit of the "authenticity" of the federation, and on which doubts are now cast again. Moreover, both national councils are assigned far broader competency than they have within the framework of the valid legal code; concluding a state treaty does not fall within it by any means. In this connection it must be pointed out that the national councils are not the only representatives of the nation: What, then, are the deputies of the Federal Assembly if not a relevant part of the national representation? Third, because in contrast to the submitted proposals, we do not wish to cast doubt on the very fact of the founding of the federation by constitutional law No. 143/1968, on the Czechoslovak Federation which was issued by the then National Assembly, or its competency to take such a step. Fourth, because the draft of the state treaty is unclear and contradictory, because it does not distinguish between political actions and legal acts, because it often is not clear whether this is to be a political document or a

legislative act. In some points it even does not distinguish between a treaty and a constitution, and as I already said, these two basic approaches are mutually exclusive. Fifth, because the said draft does not respect the historical fact of the birth and existence of the Czechoslovak State and the geopolitical, economic, social, friendship, and informal reasons, as Fedor Gal would say, which speak for the preservation of the content and import of the existing coexistence of Czechs and Slovaks. And finally, because we simply do not trust a confederation. None of them have been particularly successful, today none even exist. In this connection I would like to point out one often repeated mistake—Switzerland is not a confederation; it transformed itself into a federation by ratifying a new constitution already in 1848.

[Marvan] Where do you see the limit beyond which the Czech side cannot go in its negotiations with the Slovak side about constitutional issues?

[Buresova] One of the agonies of the present moment, when people are waking up from a lethargic slumber, is that the sovereignty of the nation and the sovereignty of the state is being considered as one and the same. The concept of "sovereignty," as it is understood by international law, is connected with a state, the sovereignty of a nation is understood as the right to self-determination and the choice of life in a state. But these two concepts cannot be mixed together and used at one level, which, of course, is what is happening. We have said many times, among others the president, the Czech premier, and the Czech National Council at its meeting on 13 March, that nobody cast doubt, or casts it now, or has any intention of casting it, on the sovereignty of the nation as international law understands it. What is the argument about, then? About the sovereignty and indivisibility of the state, which—and I am convinced of it—is embedded in the genes of most of our citizens, as well as in the conscience of Europe and the world. The argument is about its functionality, ability to act, mutual benefit, about a conscious and voluntary transfer of essential jurisdictions to the federal agencies. That is what is at stake, and that is where the limit is. The president expressed it very beautifully, very intelligibly, and very appealingly in his television speech in Bratislava. I do not wish to discourse at length about what was already said: For the purpose of this interview it will suffice to restate the attributes of a functional common state—one foreign policy, one currency, one defense, one basic legislature, a federal constitution as the basic law of the federation. Naturally, also only one philosophy of economic transformation.... After all, what good will one currency be, if the Republics will conceive and implement the reform in their own way, that is, differently? Nothing, everything will collapse.... And similarly everything will collapse if we do not respect the principle that in a legal state (and after all, that is the kind we want to live in) no unilateral steps that are not supported by the legal code can be allowed—whether it is an individual citizen or Bohemia, Moravia, Silesia, or Slovakia that is in question.

So this is where I see the limit which you asked about. Everything else is a matter of discussion, political agreements, and will to find an acceptable consensus—of course, not just of the Czech and Slovak representatives. We still have a valid federation and we are striving for a functioning federation, therefore in searching for and ensuring its functional form federal agencies must not be absent.

[Marvan] How do you think the Czech-Slovak relations will continue to develop?

[Buresova] I do not have a crystal ball.... But joking aside, I repeat: Politics is negotiating, and then negotiating again, it is search for consensus, the art of the compromise, keeping one's word. In our case, of course, it assumes the one and basic thing—a will on both sides to have a federation, a viable federation. But if this will does not manifest itself unequivocally in all involved partners and if playing at a federation becomes dominant, a federation as a camouflage which conceals other interests and goals, then it will be better to say enough, let us part, let everyone go it on their own, in their own way, and at their own expense. Lately events have been accelerating, full of monotone monologues; we must search for safeguards and ways out of the vicious circle. One of them is the president's proposal for a constitutional law on referendum, supported by the Czech Government as well as by the Czech National Council. The importance of this institute lies in the fact that it exists if needed, not in the fact that it will be used. The referendum could then ascertain how many citizens in the CSFR, or only in Slovakia, wish to live in a functioning federation (and the attributes of this functionality must be spelled out in the formulation of the question), and how many in two independent states. If this constitutional law will be passed and a referendum will actually take place, I believe, and I am certainly not alone, that the answer to the question thus formulated will be in favor of the federation. If I am mistaken, and the longing for an independent state prevails, we shall be very sorry but we shall not resist its formation. But we shall insist that the potential breakup of our existing state be done in a legal, civilized way, in the spirit of simple human decency.

That, of course, is a catastrophic scenario; I still think that given good will on both sides there will be no insoluble situations, that the hectic sequence of events and tangled situations need not be too excessively dramatized, that they are cleansing, clarifying, more precisely defining this political situation, and pushing the actors and the action forward. I believe that we must go through this, and that only thus will we have a hope that the aggressiveness of the mob and some of its egocentric leaders, a shameless manipulation and arriviste's desire for power, will remain what they are in democratic countries, that is, a naturally occurring, but only marginal impropriety and irresponsibility. And last but not least, I still believe that people, notwithstanding all the difficulties and complications of life, remember what we left behind in November 1989 and where we were

headed; toward a decent civil life in a prospering democratic state which Europe will accept into its midst. But it presupposes, of course, ever more clearly that two things must exist inseparably—a common functioning state and a citizen who knows what it is to be a citizen.

## HUNGARY

### Decrees on Interior Ministry Official Residences

91CH0491A Budapest MAGYAR KOZLONY  
in Hungarian No 7, 25 Jan 91 pp 321-342

[Interior minister's Decree No. 1 of 25 January 1991 concerning housing units under Interior Ministry control, and interior minister's Decree No. 2 of 25 January 1991 concerning employer-provided subsidies to employees of organizations directed by the minister of the interior]

[Editorial Report] Budapest MAGYAR KOZLONY in Hungarian on 25 January on pages 321-342 contains two decrees promulgated by Interior Minister Dr. Peter Boross, in concurrence with the finance minister and with the trade unions. The decrees concern housing provisions for Interior Ministry officials and for employees of organizations directed by the Interior Ministry, both in Budapest and in the countryside. Among other units of the ministry, these include the National Police Command and the National Border Guard Command, as well as subordinate units. The decree applies to "residences of members of armed bodies and of persons in municipalities based on service duty assignments; rental housing owned by autonomous local governmental bodies over which the Interior Ministry has authority to exercise a choice in selecting lessees; and personally owned residential facilities over which the Interior Ministry has authority to exercise a choice in selecting buyers." The decrees are based on authority granted in Paragraph 150 Section (40) of Government Decree No. 1 of 8 February 1971 concerning contributions to housing construction and fees payable for the use of housing facilities, and in Paragraph 17 Section (1) and Paragraph 18 Section (2) of Decree No. 2 of 8 February 1971.

Decree No. 1 cross references each ineligibility criterion to various provisions of the 1971 Decree. It is unclear whether these criteria are intended to result in the mass eviction of former Interior Ministry officials.

### Representatives Criticize Compensation Law Accord

91CH0505A Budapest MAGYAR HIRLAP  
in Hungarian 20 Mar 91 p 9

[Interview with Pal Juhasz, representative of the Alliance of Free Democrats; Geza Zsiros, representative of the Independent Smallholders' Party; Bela Glattfelder, representative of the Association of Young Democrats; Ivan Szabo, chairman of the Economic Committee; and

Ildiko Varga, parliamentary representative of the Agrarian Coalition, by Sara Pogany; place and date not given: "What Will the Law Have To Say?"]

[Text] The parliament's Economic Committee action regarding the indemnification bill was not influenced by the fact that the cabinet and the various coalition parties had reached an agreement on disputed issues related to the same matter. In the following interviews we tried to find out how long this agreement would survive, and whether the amended bill would withstand a parliamentary debate.

[Pogany] What kind of law will come out of the already several times amended indemnification bill?

[Juhasz] The bill was framed as a compromise with the intent to adapt legal provisions for indemnification to privatization processes, and to avoid a tug of war regarding various types of property.

From the first moment on, the Economic Committee wanted to create a law based on national consensus, and the committee has maintained this position to date. Originally the legislators successfully bargained to acquire rather substantial preferences in favor of the village population in terms of indemnification for the loss of land property. These preferences were wiped out by the Independent Smallholders Party when it stressed the interests of former owners rather than those of the villagers. They were not deterred from using any means, they used this extortionist argument vis-a-vis the cabinet and against public opinion. The Economic Committee resisted these efforts to the end, but the same could not be said about the cabinet. To the contrary, as a result of the coalition agreement, the prime minister surrendered the traditional Hungarian Democratic Forum position which protects the villagers' interests. He agreed to make the people of Budapest the largest land owners. By eliminating the local residency requirement that was tied to the exchange of compensation vouchers for land, the cabinet let loose city populations on the villages.

[Pogany] How does Geza Zsiros feel about this legislation?

[Zsiros] We did not succeed in settling the indemnification matter in the form of a debit against national property, instead it ran into the dead-end street of national income and of the budget. We must endeavor to impose as little burden as possible on both citizens and on the budget. This law will satisfy neither the materially affected people, nor those who are not affected, because it does not settle proprietary conditions.

[Pogany] Many feel that by assuming the elegant position of an outsider, the Association of Young Democrats shifted to the path of least resistance. What is Bela Glattfelder's view of this?

[Glattfelder] The FIDESZ [Association of Young Democrats] disagreed with the indemnification provisions from the outset. We were unable to place certain issues

on the Economic Committee's agenda which we felt were unconstitutional. The cabinet should seek an advance opinion from the Constitutional Court, before the parliament debates the detailed merits of the proposal. It would take at least three months for the Constitutional Court to pronounce a decision if anyone challenged the indemnification law after it went into effect.

[Pogany] Will parliament adopt the agreement reached by the cabinet and the coalition parties?

[Varga] I am not sure. I have confidence in the sober minds of representatives. One must not decide a matter of such great caliber based on a pact reached by a few people behind closed doors. This is too high a price to be paid for a Torgyan!

Economic Committee Chairman Ivan Szabo had this to say:

"Actually, neither the position taken by the Economic Committee, nor the coalition agreement have any practical significance. The 1,000-gold-crown coalition agreement amounts to a gesture. The number of potential claimants below the 600-gold-crown value may be estimated as 1.5 million, while there are only 7,000 persons whose claims may exceed the 600-gold-crown level. The fact that the agreement does not establish local residency requirements, but only utilization requirements as a condition for exchanging compensation vouchers for land constitutes the essential difference. The practical effect of this is that almost 1 million city residents may acquire property, and the concept of utilization is subject to overly broad interpretation."

## POLAND

### Secretariat of State for Self-Government Affairs

91EP0360A Warsaw GAZETA SAMORZADOWA  
in Polish No 8, 24 Feb 91 p 5

[Interview with Grzegorz Grzelak, secretary of state for self-government affairs and organization of local authorities in the presidential office by Tomasz Krankowski; place and date not given: "We Are an Agency of Territorial Self-Government"]

[Text] [Krankowski] How might you most succinctly describe the purpose for establishing the Secretariat of State for Territorial Self-Government in the Presidential Office of the Republic of Poland [RP] and its tasks?

[Grzelak] By no means is it a ministry like those that operate within the government framework. The presidential office does not execute functions of a governmental nature. The Secretariat of State is actually an agency of territorial self-government under the head of state. Because of it, territorial self-government units will gain the opportunity to convey directly their positions on legislative matters and the problems of the operation of local authorities, their relationships with the government administration. I would place the secretariat's duties

into three groups. First, raising issues of intervention arising out of the great quantity of observations about communities and local authorities flowing to the Presidential Chancellery. These authorities come to the president for support for various activities. We will assign them to appropriate departments. Second, we will observe the course of the legislative process, what occurs in the Sejm and what the government prepares. The president receives a finished bill to sign. But he must have formed an opinion earlier on the issues contained in it, and he should also be familiar with the positions of various groups and interested parties, various opinions on specific problems and solutions. The Secretariat of State will gather these opinions. And third, we will present to the president original drafts of legal documents on territorial self-government and local authorities. After all, the president has the right to legislative initiative. Included in the secretariat's formula is the conveying and use of proposals for solutions flowing from territorial self-government structures.

[Krankowski] You took office not long ago....

[[Grzelak] And it fell to me to organize the secretariat in a situation that was very difficult, especially financially, for self-government. Currently, after three-fourths of a year of operation by self-government units, all the legal and systemic drawbacks of the gminas' situation have come to light. This is associated foremost with the so-called powers statute. The situation is very difficult, not only because of the recession, but also because many solutions proved to be bad. The gminas face the impossible task of balancing their basic needs and financial capabilities. The gmina boards want to resign; they see no chance to fulfill their basic task—to satisfy the needs of local communities. This is true in a great many instances.

[Krankowski] Might we expect from the Secretariat of State a suggestion to undertake a legislative initiative by the president in the near future? If so, on what issue?

[Grzelak] I would like the president to support an amendment to the powers statute as soon as possible. I hope that the government will also apply itself to this matter. On it lies the responsibility remaining after its predecessors for what happened in the sphere of separation of powers, so the government should show initiative in correcting earlier errors. The president expects that the government will do this. There is also a need to move along, generally speaking, with decentralization of authority in Poland. I am referring to the fact that last year there was a centralization that limited the powers of the regional centers of authority, the voivodes. The lesser their power, the less they can handle self-government representation on the spot. This concerns financial matters in particular.

[Krankowski] So one could say that an outline of a plan for the operation of your office has already been formulated.

[Grzelak] We must consider that it is necessary to reckon with disruption in the course of legislative work. Another political test is before us—elections to parliament. On one hand, I would like them to take place as soon as possible, but on the other, I realize that they will cause an interruption and delay in legislative activity. This would be disadvantageous in a situation where so many problems of the state's operation demand urgent resolution.

[Krankowski] Let us go back to the gminas' financial situation. Many of them, especially the big cities, have problems that often result from significant debt. At a meeting of gmina representatives from the Gdansk Voivodship, Prime Minister Bielecki did not have much to say on that subject.

[Grzelak] Yes, but it is hard today to criticize a newly established government; we know too little about its specific intentions. In the prime minister's expose were words that testified to an understanding of the problems of territorial self-government and a desire to offer help to solve them. For now, these are just declarations that should be confirmed with specific measures. In Gdansk, the gminas presented the prime minister with their local troubles, while in Poznan on 16 February they presented the prime minister with solutions of a model nature.

[Krankowski] We hear more often recently about conflicts in the self-government authorities. Presidents and mayors are resigning; boards and councils are splitting up....

[Grzelak] Nationwide political divisions are overlaying the activity of some gmina councils. It is regrettable that these divisions are reflected in the activity of self-government units. They should not be so important to them as to generate conflicts. In the interest of the local community, pragmatism of action for the environment—the cities and villages—should be set in first place. The observed political divisions are not the only reasons for the blockade of effective action. It is also the result of a lack of experience, of a political culture, of personal disputes against the background of ambition. Unfortunately, this is also, to a great extent, a reflection of the difficult material situation of the gminas. If a council has such limited possibilities for action as it has now, then the phenomenon of directing the activity of many people somehow inward occurs; accusations, disputes, undertaking of other issues begin.

[Krankowski] In conclusion, you are secretary of state in the Presidential Office of the RP, deputy chairman of the National Territorial Self-Government Regional Council, and chairman of the Voivodship Self-Government Regional Council in Gdansk. How do you manage to reconcile the obligations resulting from these three functions?

[Grzelak] Currently I divide my time between work in Warsaw and Gdansk. The seat of the National Regional Council is Poznan, but the National Council functions in the form of a conference, so that work has a different character and can be reconciled with other obligations.

[Krankowski] Thank you for the interview.

### Geremek on Constitution, Sejm, Democratic Union

91EP0347A Warsaw *POLITYKA* in Polish No 10,  
9 Mar 91 p 3

[Interview with Bronislaw Geremek, chairman of the Sejm Constitutional Commission and chairman of the Democratic Union Parliamentary Club, by Mariusz Janicki and Stanislaw Podemski; place and date not given: "I Have a Feeling of Satisfaction"]

[Text] [POLITYKA] We were to have marked the 200th anniversary of the May Constitution by passing a new fundamental law. We understand that the 2 May deadline is not feasible. That is clear. Is it possible, however, that a new constitution will be adopted this year?

[Geremek] That question is very hard to answer at this time. The logic of political change has been disrupted. This logic dictated first the adoption of the new constitution, then the parliamentary election, and the presidential election—in that order. It was a logic that could have been implemented by the end of this six-month period. The acceleration philosophy changed the logic and disrupted the order. Of necessity certain delays occurred. The right of the present parliament to pass a new constitution is contested by many groups. I also sense that the constitution requires full legitimization; parliament cannot grant this legitimization on the basis of a political contract. I said from the very beginning that the new constitution should be approved through a referendum. I think that it is possible for the present parliament to develop the constitution and submit it for a confirming referendum (much the same as was done in Spain after Franco) and then for the new parliament to announce it as binding. This is important, since situations in which there is a provisional constitution are dangerous for all states. Poland needs a clear model within which the citizen and the authorities can function.

[POLITYKA] And what if the election takes place during the spring period?

[Geremek] Then this will not be possible. In such a case, the new Sejm will embark upon developing the new constitution or it will delegate this task to some other body. If the election takes place in the spring, another solution is possible. A special assembly called a constituent assembly may be elected to perform the normal functions of parliament and, additionally, to prepare the constitution. This assembly would be elected for an abbreviated period. But the Constitutional Commission will complete the task delegated to it by the Sejm; the draft of the new constitution is already nearing completion.

[POLITYKA] Are you not afraid that the referendum on the prepared draft constitution may be extremely difficult for Polish society to read, to comprehend and act



upon in terms of making a conscious choice? We are very troubled by this. True, the French did it in 1946, but that society is steeped in politics; it has a different tradition. Would this succeed in Poland?

[Geremek] I understand your skepticism and, to be frank, I agree with you. But perhaps this would be necessary for Poland in order to disseminate knowledge about the constitution. Small political groups, narrow elitist circles, are reacting to constitutional issues, but it is very difficult to obtain a broad reaction from society. We have tried to send out calls and embark upon debates, but we have not received any response. The constitution functions like the holy writ—it becomes a symbol within a given set of circumstances. It is very difficult to make it a subject of real interest. Hence the recommendation that an attempt be made to make such constitutional education the object of preparations for the electoral campaign. The danger that the elements of the constitution will become the object of political bargaining during the course of the campaign is not great in my opinion. There will be a natural pressure to make economic questions the basis of this campaign.

[POLITYKA] Let us move on now to the electoral law. A proposal has emerged recommending a competitive presidential [as published] election. Can you compare this draft with the electoral law prepared by the Sejm? Every thinking person in Poland has the following problem: a Sejm is to be created which will represent real political forces and which will, at the same time, make possible a coalition government, for it seems we are fated to that. How do the two draft electoral laws treat this issue? Is the proposed May date for the election feasible?

[Geremek] We find ourselves here between Scylla and Charybdis. Scylla is the tremendous splintering of the parliament which would prevent the appointment of a stable government. Charybdis is the fact that the enormous political spectrum which is expressed by the 40 registered parties and the 150 existing parties would not be reflected in parliament, thereby creating a tendency for political life to be shifted into the streets. Both the Scylla and the Charybdis are dangerous. I share your skepticism regarding a political monopoly by a party, since I believe that political parties have not yet developed, programs lack clarity, and society is demonstrating a great lack of confidence with regard to all parties. It is for this reason that we have defended the right of social organizations to nominate candidates. All groups, however, that decide to take part in the election must be subject to the same law. This means that they participate in the political campaign and they declare themselves to be strictly political forces. This may be the League of Women, trade unions, associations, and groups of people.

Of the two proposed electoral laws, one has resulted from a great deal of work and much compromise. The point of departure of my position was the proportionate-majority electoral law. This law was not recognized in the Sejm. Instead, a proportionate law was adopted as the basis

and the Constitutional Commission was advised to work on this draft. The result is that 115 mandates are to be voted on in single-mandate districts (in other words, this will be a vote on specific individuals). On the other hand, the remaining 345 persons are to be divided among the regional lists.

There is still a tendency in the Constitutional Commission to make it obligatory to vote on people on individual lists. In my opinion, this personalizes an election excessively. However, this approach concurs with the expectations of society and it provides a certain continuity with the self-governmental elections. In such a case, the electoral list has to be very long. Perhaps a facultative solution is in order; persons may be named, but they do not have to be named for the vote to be valid.

[POLITYKA] Does the presidential proposal introduce anything vital?

[Geremek] According to the presidential proposal, half the mandates are in single-mandate districts, while the other half are divided in accordance with the will of the political parties, i.e., in proportion to the election results, but only after the mandates have been distributed throughout the entire country. This grants political parties, and especially their central apparatus, a significantly greater role. It is difficult to predict which of these two drafts is better. The first draft results from a compromise, while the second draft clearly strengthens political parties. True, there is no democratic system without parties, but social processes cannot be hastened either and society cannot be forced into immediate acceptance of these parties. I do not know whether the principle of *de facto* national lists will be recognized by parliament. As for the date of the election, please keep in mind that the Sejm can do anything, regardless of the cost; the Sejm can establish whatever date it pleases.

[POLITYKA] Professor, let us return to the constitution. Certain elements of the constitution such as the Senate, the powers of the president (an issue which is assuming a political dimension today) and, finally, social rights, are unclear. What has already been resolved concerning these issues?

[Geremek] In the draft constitution we have a state of parliamentary democracy in which the parliament performs legislative and control functions. The government is strong and quite stable because the so-called constructive no-confidence vote used in FRG political practice is introduced. Certain principles of control and of financial responsibility for announced legislative initiatives are applied. Thus, the Sejm would have to be concerned with funding to implement its legislative ideas. While this does not cause the threat of a "Sejmocracy," it does place the government under strong parliamentary control.

We assume that the election of the president in a general election will meet with society's approval. Such approval gives the president an extremely strong position in the state for he is thereby elected with the highest degree of legitimacy. We recognize that the president is not the



head of the executive authority, but a great arbiter and defender of the constitution. His supreme powers cover both the external and internal security of the state.

And now the Senate. There is the very paradoxical situation in which the Senate, which was the Communist party's gift in exchange for the function of president, is at present one of the elements of the democratic dream for Poland's future. The Constitutional Commission wants to introduce some sort of principle to differentiate the two chambers. Either the Senate should be the representative of the territorial self-government with representatives from the national minorities (for whom access to the lower house is difficult) or the Senate should be recognized as a corporate body in which there would be representatives delegated by such significant circles as the trade unions, employer's unions, self-government, and universities. We are presenting variant solutions to the Sejm. The Senate is inclined to maintain the present situation.

[POLITYKA] But is the Senate really necessary?

[Geremek] After an 18-month period of activity I can say that the Senate functions well to improve the legislative process. Quite often our laws have returned from the Senate ameliorated. Certainly such improvements can be made in other ways; such attempts were made in the formulation of a new Sejm code of regulations. Nonetheless, the second chamber should be a place for reflecting on the state, without becoming embroiled in everyday political reality.

[POLITYKA] Do you know of the existence of such a chamber anywhere else in the world?

[Geremek] I cannot answer that question easily, since neither the Italian example nor the French example leads in that direction. We have tried to find a Polish solution. If the Senate dealt with the great issues, with system-building initiatives... However, practice has shown that the Senate has dealt both with important matters and very detailed ones. The difference between the two chambers has been obliterated. A new solution must be found here.

[POLITYKA] Marshal A. Stelmachowski recently stated, following a visit to President Walesa, that the Senate should remain in its present form and composition of individual members, since it was elected completely democratically. How does this relate to the new electoral law?

[Geremek] I can only explain how it relates to the present constitution. The Constitution does not provide for such a possibility. Of course, it can be amended, but it is difficult to imagine that the Sejm would approve the granting of such a privilege to the Senate.

[POLITYKA] Is it true that the Sejm is very "anti-Senate"?

[Geremek] I think that this antagonism exists in all dual chamber parliaments. An imperialistic, expansionistic

spirit is generated in every institution. I think that our Senate would like to have the powers of the American Senate, and that the Sejm would like to have the Bundestag's powers. But the conflicts that occur from time to time should not be viewed in an exaggerated manner.

[POLITYKA] You also made mention of social issues in the new constitution.

[Geremek] We believe that the constitution should be formulated in juridical language. It should contain statements which are of a legal essence—guaranteeing rights and defining duties. If we state that citizens have the right to work, to rest and to happiness—and there are constitutions which state this—then the problem of fulfilling these obligations arises. Meanwhile, legal language merely states concrete things. Some contention has arisen between the liberals and the statist. However, we recognize that the state has basic obligations to the citizenry which concern health and family life matters in particular. The state must guarantee the possibility to live, which means, for example, unemployment compensation.

[POLITYKA] We would like to broach a delicate subject. Do you not think that the new parliament will be worse in terms of the individuals who compose it, that the old elites will be beaten out by a new assortment, people of lower caliber, that they will be ushered out by the temporarily current political structures? We know that we cannot repudiate free elections but there is something to this.

[Geremek] I understand these fears. I do not know whether this new Sejm will be better than the present one. But no other path is possible. Democracy can be learned only by means of democracy. The most important thing is for the Sejm to be strongly empowered in society since we have difficult months and years ahead of us. Among the Solidarity parliamentarians there were three persons with experience as deputies. The rest are amateurs. Today I can say that there are various people in parliament just as in every group, but that quite a few people have emerged who understand the law and its ties with real life. If this has proved to be the case with regard to 35 percent of the body elected in free elections, then we may assume that the same thing will happen with regard to 100 percent.

[POLITYKA] What is your response to the charges made against the Constitution Commission by such people as Z. Najder and J. Kaczynski regarding the elections delays?

[Geremek] I shall not respond to the charges of delays in the work of the Constitutional Commission. Nor shall I react to Mr. Urban. Such accusations are not valid and the people that make them know this very well.

[POLITYKA] It is possible today to assess the chances of various political groups to win the election?

[Geremek] It is difficult to assess the chances of the various groups in the future election because the political landscape is changing very rapidly. The coming months will be of key significance for it is becoming possible for public opinion to assess the particular groups not only through their name and their leaders but also through their programs. The chances of the UD [Democratic Union] in this context seem good to me. In any case, the future election should not be evaluated as a sort of calque of the presidential election; it will be a totally different election.

[POLITYKA] You are also chairman of the Democratic Union Parliamentary Club (and not the Parliamentary Club of the Democratic Union). Could you comment on these grammatical subtleties.

[Geremek] I would like to separate my two functions clearly. My role as chairman of the Constitutional Commission is the role of organizer of work and mediator. As a member of the club I am the representative of a specific political orientation. At the same time, our club is not a party club.

[POLITYKA] It would be difficult to convince an observer of this.

[Geremek] We hope that ultimately the situation will clarify itself. If the election is soon, then ROAD [Citizens Movement—Democratic Action], the UD, and the FPD [Forum of the Democratic Right] will enter the election as a coalition. If the election is held later, then there will be an association.

[POLITYKA] Do you believe that such an association will take place?

[Geremek] Yes, I do. Then the situation will be easier. Right now the form Democratic Union Parliamentary Club and not Parliamentary Club of the Democratic Union is significant because it indicates a certain potentiality, a state of suspension. That was what we had in mind.

[POLITYKA] You speak often of morality. People like it when politicians broach this subject. How, then, do you assess the people who not long ago were ardent supporters of T. Mazowiecki and now have dropped him? Are they subject to a moral assessment or just a political one?

[Geremek] I believe that politics is governed by pragmatic decisions. I personally value loyal people very much and I set this requirement for myself but I do not treat loyalty as an element for evaluating political behavior. I am an historian and I know the fabric of political life. I know that political life should contain as little fanaticism and sermonizing as possible. I stress the latter because I myself am often perceived as a sermonizer.

[POLITYKA] We did not want to say it, but there is some truth in that statement.

[Geremek] I know that and it makes me uncomfortable to talk about the morality of politicians. I have not yet been able to convince anyone of the fact that for me politics as a game really does not exist. Basic values are important. If I try to do something in politics it is to keep it from being a mere power play. And so it is true that this is very close to moralizing.

[POLITYKA] Professor, it is difficult to conceive of political life today without you. I seem that you must chair something, take the floor publicly, be somebody. And so, how do you envisage your political existence after the election? What will you chair?

[Geremek] I do not function badly in the role of chairman. I chair many different institutions and am the worst chairman of my own self. I promised on the eve of the previous elections that I would not run, and then everybody talked me into it. If I say this time that I will not run and then I become persuaded to run, I will have a feeling of being inconsistent. Thus I have decided to consider this to be a permanently open question.

[POLITYKA] Once you said that mistakes are made but that they are useful. How do you understand their usefulness?

[Geremek] I have a feeling of satisfaction that I was able in difficult situations to remain faithful to ideas and to the movement with which I was associated. At the same time, I managed to create a plane of dialogue and compromise. I think that every politician should do this.

[POLITYKA] Thank you for the interview.

### Legal Aspects of Presidential Powers Discussed

91EP0371A Warsaw RZECZPOSPOLITA in Polish  
19 Mar 91 p 3

[Interview with Lech Falandysz, director of the Institute of Administration of Justice in the Ministry of Justice and professor of criminal law at the University of Warsaw, by Danuta Frey; place and date not given: "Law and Politics"]

[Text] [Frey] The Ombudsman for Citizens Rights [Prof. Ewa Wetowska] has evaluated very critically in her annual report both the status and the practice of law enforcement in Poland. At times she questions the view that Poland is a rule of law state. She cites occurrences and facts belying this thesis—various legal acts of a verifying nature, special decrees, purges in the majesty of law, and the relationship of legal practice to the interests of groups and individuals disliked by the authorities. She points to the dependence of law on politics and to the nonchalant attitude toward law on the part of even the highest authorities. At the same time, many people are saying that there is chaos in law. Legislative actions often are of a random, desultory nature, the hierarchy of discrete legal acts is being violated, and a clear and explicit direction of changes is absent.

[Falandysz] Well, the lofty constitutional provision declaring that this is a rule of law country lacks magic self-enforcing powers and has not turned the former Polish People's Republic into a modern Western democracy. However, Professor Letowska's critical diagnosis should not be misinterpreted to conclude that we are living in a country governed by a state of emergency. Admittedly, there is chaos in the legal system and many persons, including even top experts, are today confused about it as a whole. It is no longer possible to encompass intellectually the changes in all the domains. However, the present period is an extremely specific stage of a, so to speak, revolution on the installment plan during which the system of society is changing. In speaking of the current status of law and its relationship to politics the past should be borne in mind. It should also be considered that this is only a particular milestone on the road to the future.

[Frey] In view of this, let us begin with the background, that is, with a present-day diagnosis of the status of law in the past.

[Falandysz] The former system, no matter how we may term it, communist or totalitarian, operated within a particular legal structure. This structure continues to operate. How can everything established in the past 45 years be changed within two years? Here I would distinguish the first decades of so-called people's rule, which marked the most intensive changes in all domains of law, and particularly in the political and economic domains. The political changes in law often were of a criminal nature, taking place on resorting to duress and terror. The legal acts currently being passed are intended to rescind the previous judicial rulings of a political nature and to make it possible to prosecute the perpetrators of Stalinist crimes. As for the other domain of legal changes, the economic domain, linked to a far-reaching nationalization, and not only to that, it still largely remains unreformed.

[Frey] How come? What about the restoration of economic freedom and right of ownership? And what about privatization, free market, and reprivatization?

[Falandysz] Yes, all this counts. But that takes time and, often, considerable expenses. Nor is it always feasible; for example, owing to various considerations, it will not be possible to fully carry out reprivatization. That first decade of "people's rule" is burdening the country, in terms of the economy, much more than had seemed to at first. It is precisely economic issues that have become so dramatic in this respect as to, possibly, halt or even retrogress desired economic reforms. That is why, priority should be given to considering the economic aspects of law, to property relations. Without these reforms, which besides are linked to resolving the problem of privatization and reprivatization, a change in our economic and social conditions is inconceivable. Yet the related reforms are proceeding sluggishly and meeting resistance.

[Frey] Economic needs are certainly most important at present. But is not politics again relegating them to a secondary plane?

[Falandysz] The entire traditional system, the entire Polish People's Republic, had been built on the principle of the domination of politics over law. At the same time, the conflict between politics and law had not been acute, because anything willed by the Polish People's Republic could become a law at any moment. In other words, political desiderata could be easily made legal. Nowadays, such a possibility is nonexistent. There is no longer a single ruling party; there is no longer a totalitarian system. In a democracy it is extremely difficult to turn political desiderata into law, because this requires a definite consensus among different political parties and different options. Then also there is one other factor. After all one that we have experienced in the past, the proneness to turn that old legal system, greatly politicized as it was, inside out by political methods, too, is natural. This is meeting with resistance. Two opposing trends exist. On the one hand, there is the view that, yes, politics can be made to don the garment of law, but this should be accomplished through the mediation of the parliament, of the entire legislative process. On the other hand, there is the trend toward correcting the old legal system by the acceleration approach, in view of the absence of a truly representative parliament, and this is meeting with reservations. I understand these reservations, although I do not share various hysterical tones and appraisals. The response to, say, the manner in which [the teaching of Roman Catholic] religion was introduced in schools, or to the clause concerning the conscience of physicians who consent to performing abortions, has been greatly exaggerated.

[Frey] Since we are now discussing rulings of the Constitutional Tribunal, the fact is that they have been the subject of widespread criticism throughout this country, on the part of major legal experts as well. Should all this criticism be interpreted as reflecting a "sensitization" of public opinion? No, it should rather be interpreted as reflecting a sober, realistic appraisal of what can be done with law in the name of various desultory objectives.

[Falandysz] Some political interference with law is, of course, evident today, e.g., in the activities of the parliament. At times, more influential groups advocate expediting various legislation which could wait, at the expense of other, more urgent legislation. But in a democracy it is not easy to pass laws, given the interplay of various conflicting tendencies.

[Frey] As a result, the hierarchy of the formation and ordering of laws is not being defined by truly objective factors, since these may be replaced by various political alignments and needs.

[Falandysz] Three issues should matter most nowadays: freedom, personal security, and property. It is to these objectives, above all, that legislation should be subordinated. As regards freedom, it seems that we already have

accomplished something. The basic civil rights and liberties for which Solidarity had struggled now belong to all. However, the fact that the people of the old system [the nomenklatura] know best how to avail themselves of these rights and liberties is eliciting protests from the public. All judges, regardless of what they did in the past, today cannot be arbitrarily removed and enjoy judicial independence. Similarly, there is the trade union freedom, of which Alfred Miodowicz [leader of the OPZZ [All-Polish Trade Unions Agreement]] avails himself by engaging in spectacular professional unionist activities. And as for freedom of the press, consider Jerzy Urban [former press spokesman for the Rakowski government] who knows best how to avail himself of it. And as for economic freedom, it is mainly the people who had enriched themselves in the 1970's that are availing themselves of it—the former nomenklatura who benefit from their old contacts and have the funds. If we consider the information now appearing in connection with the dissolution of, say, the GDR, or the communist party in Czechoslovakia, on the millions of marks or koronas which their nomenklaturas had succeeded in abstracting or embezzling, one can readily conceive that in Poland there exists at least three times as much dirty money to be laundered. In this country we are encountering so-called Red business, that is members of the nomenklatura who have exploited the new times by setting up rapidly various joint-stock companies. No one is tracing the origins of those big fortunes of the present, although in theory this is feasible. In France, for example, there exist a special law governing the financial accountability of politicians and parties. We do not have any such laws in Poland.

[Frey] Is it that in a country of rule of law, freedom, democracy, and such values are to be safeguarded only for certain categories of citizens, not for others? Are we to introduce a division into the "haves" who own money, newspapers, and avail themselves of market freedom and power, and "have-nots" who have no rights? Where would this lead us? What would be the consequence of proposals of this kind, which are being accompanied by a growing murmur of appeals for extra-legal action?

[Falandysz] But I am not proposing anything! I am merely stating the facts. If there exists some big capital in Poland, that is good, but what is bad is that it was accumulated by individuals who were able to do so owing to the high positions they had held in the former system. I perceive the attendant danger that the coming elections could be bought. We shall continue to rend our garments over electoral law and the constitution, we shall continue to quarrel, and parliamentary and extra-parliamentary bickering will go on. But some people rejoice at it, knowing that money counts in elections and that it is not necessary to aim at power at present so long as it is possible to influence the life of the society through the mediation of the parliament and local systems. This is a most convenient situation.

[Frey] I keep hearing the same echo, the strangely familiar echo of the 1940's and 1950's—the same fear of some undefined "enemy," the desire to neutralize him by various methods. Is it really that we have not learned anything from history and still wish to view it not through the prism of objective circumstances and factors but through the prism of imagined mafias and conspiracies intended to overthrow the ruling administration? What is the purpose of the various legislative proposals being currently made?

[Falandysz] Let us not quarrel with the echo and philosophy of history. But don't you think that those who had ruled Poland for 45 years are now in the foremost ranks of advocates of democracy because they perceive it as their biggest opportunity for again subordinating the country to themselves. In the 1940's and 1950's the revolution was accomplished without the support of a majority of the nation, with the support of foreign troops. It was accomplished decisively, brutally, in every domain of public life. Nowadays the aim is to abandon this revolution gradually through some undefined, as regards its duration, evolution. It is not surprising that demands for radical changes are arising. When the Center Accord party made known its proposal for a decommunization decree, a proposal that was besides couched in rather ill-conceived language, the response in the press was as follows: "O, revolutionary methods, because in Soviet Russia, too, disenfranchised people were forbidden access to public offices."

[Frey] True, such a response was published in RZECZ-POSPOLITA, and, on the very next day after, the Center Accord congress had passed that resolution at that. We had commented that this is nothing new, since similar resolutions had been passed even earlier, during the Bolshevik Revolution.

[Falandysz] True, but still, let us also consider the de-Nazification in Germany. Well, which is more to the point? Let us not cite negative comparisons alone, since there also exist many examples demonstrating that democracy is being imperiled by the people of the old system.

[Frey] What then? A general settling of accounts with the people of the past [the nomenklatura]? After all, they also included individuals who had wanted to reform the PZPR [Polish United Workers Party], supported changes and reforms, and were instrumental in bringing about the roundtable talks.

[Falandysz] No, that is not what I meant. But still I would like to ask whether individuals who had ruled arbitrarily, disregarding anyone and anything, and whose records are stained with many illegal and often criminal actions, should be allowed to peacefully start a new life on the basis of agreements with certain leaders of the former opposition and without being held accountable for their past?

[Frey] But these individuals are not the same people who had ruled the Polish People's Republic during its first

postwar decade. Those other people are for the most part no longer alive, and the survivors have reached a venerable age. Besides, not all of them were criminals, only a few. Thus, if accounts were indeed to be settled, they would have to be settled with completely different individuals. Should then the actual implementation of the principles of a rule of law country be based on the principle of collective responsibility?

[Falandysz] Wait, wait! But they are their disciples and successors! Their continuators, as it were. After all, let us bear in mind that their rule lasted until mid-1989.

[Frey] But they were not, I repeat, the same people.

[Falandysz] No, they were not the same people, but the question remains: who is to pay for the cost of repairing the damage of the past? Should it be society alone? Why not the individuals who used to rule? Can they not be made to pay for the harm they caused? Should persons who had for 45 years enjoyed power and the attendant perks and who led to the country to the brink of ruin be left scot-free? In my opinion, they should not. The cost of that first postwar decade is horrendous. Subsequently the rulers changed and became more human, but they remained unsuccessful. As a result, after their abject failures, they resorted to a clever maneuver by letting the opposition govern with the idea of letting it be responsible for the general disintegration and ride in limousines so that people would curse and blame them instead. I am not an advocate of a general settling of accounts, but still some form of accountability should be considered. This idea deserves consideration at least, and I think there is no need for hysterical responses to those who are calling for making the former rulers accountable. That is because, as you well know, [quote from a legal provision] "Whoso has caused harm to another, is obligated to repair said harm."

[Frey] But let us now drop this subject, on which we both have already expressed our views, and return to the subject of law, although perhaps it is not possible to separate law from politics. What legislation would we need most today? What direction of changes and reforms?

[Falandysz] A [new] constitution as the foundation of the political system, assuring, during the present difficult period of change, efficiency of executive power and granting real powers to the presidency. It should be modeled on the experience of the Second Polish Republic and reasonably linked to the principles of one of the newest and most efficient democratic systems in the world, namely, the system of the Fifth French Republic. In France the president is not a law unto himself, to be sure, but he administers a government which issues two kinds of legal acts. The powers of the French parliament are, on the other hand, extremely limited.

[Frey] In other words, a presidential model, with a figurehead parliament?

[Falandysz] No one claims that. After all, no one would say that the Polish parliament was unimportant even in the 1930's.

[Frey] You are voicing Pilsudskiye sentiments.

[Falandysz] Let us say that I am speaking as a supporter of limited parliamentarianism. It is simply that a model in which the executive presidential power is predominant is more efficient and more needed during the present period of change.

[Frey] With presidential decrees to replace parliamentary legislation?

[Falandysz] Consider what we hardly seem to realize today, namely, that all the principal prewar legal acts, e.g., the 1928 Code of Obligations, the 1934 Commercial Code, the 1928 Code of Criminal Proceedings, or the 1932 Criminal Code, were executive orders of the president of the Polish Republic and had the power of laws. Had it not been for this, they might have bogged down forever in the unending parliamentary debates. People who benefit from the current binding Commercial Code or Code of Obligations are completely unaware that they are dealing with dictatorial manifestations of executive power. If the President at present had the right to issue executive orders having the power of laws, we probably would have by now electoral laws and perhaps also even the most needed economic regulations. As prewar experience shows, legal acts of a general nature could be decreed by presidential executive orders. This would not be as menacing as people often think, because their subject matter would be specific. The parliament would, of course, remain the principal lawmaker, but not the only one.

[Frey] These ideas are extremely debatable, especially now that the clamor is in favor of democracy, and especially parliamentary democracy. All that I have heard from you, and which I consider representative of the views of entire groupings rather than an isolated view, still somehow clashes with this clamor.

[Falandysz] Still, one should ask oneself whether these ideas might not prove more successful. Throughout the world classical parliamentary democracy is an anachronism now at the end of the 20th century. Besides, it may prove more harmful in Poland than anywhere else.

## YUGOSLAVIA

### TANJUG Said To Distort Tudjman's Statement

91BA0501B Zagreb VJESNIK in Serbo-Croatian  
7 Apr 91 p 3

[Article by HINA [Croatian News and Information Agency]: "TANJUG [New Yugoslav Press Agency] Is Falsifying Tudjman's Statements Again"]

[Text] The news agency TANJUG has again falsified a statement by President Tudjman. This occurred in a

report from the press conference following the meeting of the six republic presidents in Belgrade on 4 April. With all due respect for journalistic speed, in which mistakes are possible, a mistake that has to do with the interpretation of one of the responses of President Tudjman is very essential at the present delicate moment in political life. It had to do with the question of how President Tudjman assessed the activity of the JPA [Yugoslav People's Army] on Croatian territory during the events in Plitvice and thereafter.

The TANJUG report on that part of the conference states that President Tudjman said: "The Army must be given credit for not having taken the side of the outlaws, but we cannot be happy about the behavior of some of the members of the reserve armed forces who are going against the Republic of Croatia." That is a substantially abridged version of the response of President Tudjman because his statement was this: "The leadership of the JPA should be given credit for not having taken the side of the outlaws and bullies who are tearing down the constitutional order of the Republic of Croatia.... Croatia cannot be happy about the behavior of some of the regular personnel and especially the reserve personnel of the JPA, who are speaking on behalf of the JPA against the democratic government in Croatia." And the TANJUG version continues: "If certain individuals in the reserves manage to draw the Yugoslav Army into an attack on the legal and democratically established Government of Croatia, then we—the top leadership, the government, and the people—would regard that action as an occupation and aggression. That would be war between the Yugoslav Army and Croatia."

What President Tudjman actually said is this: "If such people managed by their provocative acts to draw a part or all of the Yugoslav Army into an attack on the legal and democratically established Government of Croatia following the first free elections, then I say that we, the top Croatian leadership, the government, and the entire Croatian people, would consider such an army an occupying force, we would regard that as aggression, and that would signify war by the Yugoslav People's Army against Croatia."

As we see, TANJUG is persistently distorting the essential observation which President Tudjman had to make about the behavior of a segment of the regular personnel of the JPA, who, together with the reserve personnel, spoke and acted against the democratic government and constitutional order of the Republic of Croatia. Thus, in this specific case TANJUG has been disinforming the public, continuing its practice, as far as the JPA is concerned, of protecting its interests at a time when it is clear to everyone that individuals in the regular personnel and at the very top of the Yugoslav People's Army have by their acts been dangerously threatening not only the Constitution of the Republic of Croatia and its sovereignty, but even the Constitution of the SFRY, which de jure is still the most important enactment of the Federation that is in force.

### Report on Slovene Newspaper Attacks on Tudjman

91BA0501A Belgrade POLITIKA in Serbo-Croatian  
9 Apr 91 p 12

[Article by S.P.: "Maribor Does Not Believe Tudjman"]

[Text] In a prominent position on its front page, in the permanent feature "Today," the Maribor newspaper VECER published a column in a box by its editor Mirko Lorencije entitled "Who Does Tudjman Think He Is Bluffing?"

As far as we know, this is the first article of its kind that has appeared so far in the Slovenian press, at least when it comes to respect for the cult of the top Croatian leader here in Slovenia. It is also of interest that this highly unfavorable column about the head of the Republic of Croatia has been published just now when he is coming on a surprise visit to the Slovenian leadership—to a meeting in Strmol Castle. Tudjman is coming, that is indisputable, to explain to the distrustful and, by all appearances, deceived Slovenians the meaning of the statements he has made public in recent days to the effect "that the peak of the crisis in Yugoslavia has been passed," which is the topic the Maribor newspaper explicitly addresses in its column.

At the beginning of the article it is indicated in no uncertain terms that Dr. Franjo Tudjman usually reveals the things that occur in meetings of the federal Presidency and heads of state of the Yugoslav Republic even without the dressed-up press releases concerning them. It is usually one of the participants in these meetings who speaks about these talks, which as a rule are not presented in their entirety to the general public.

That is why it is simply difficult to believe the Croatian president, it is felt in Slovenia, when it comes to such important matters. Thus, one can even understand the artificial optimism with which Tudjman must pacify his own public because he dare not pour fire on the oil of the so-called Serbian factor in his Republic. And aside from that, the top leader must at the same time take into account the increasingly vocal demands of the opposition in Croatia itself. The article in the Maribor newspaper goes on to say that there is no doubt that that opposition has come to feel that its moment is coming, a moment that can seriously disrupt Tudjman's politics based on his party having been victorious on the Croatian political scene. Now, then, it is becoming more and more difficult for Tudjman to argue that Croatia has what it takes in the near future to become sovereign or even detached, that is, as the Slovenes are in the habit of saying, disassociated from the rest of Yugoslavia. That is in fact the reason why Tudjman has set out on the road of pacifying his own public.

The VECER columnist concludes his article with thoughts to the effect that Tudjman's position is all the more difficult when one takes into account his having said that Croatia would immediately secede if Slovenia

decided on that step. That is obviously impossible and just as unlikely as the proclamation of the Krajina that it will create its own independent state on Croatian soil.

According to VECER, Dr. Franjo Tudjman has recently had fewer and fewer allies both on the internal Croatian national scene and also on the outside, and here the direct reference is to Slovenia. In that context, the head of the Croatian state, to quote VECER, "has fewer and fewer people he can bluff no matter how soothingly he speaks. We Slovenes should be the first to be aware of that," the editorial comment of the Maribor newspaper concludes.

### **Report on Croatian Police, Their Armament**

*91BA0530B Zagreb DANAS in Serbo-Croatian 9 Apr 91 pp 7-8*

[Article by Fran Visnur: "The Power of the Singapore Connection"]

[Text] The Croatian public has been preoccupied in recent days by the question of whether the republic has the forces to defend its sovereignty and what more should be done to guarantee the constitutional system in Croatia. In short, does Croatia have sufficient police forces at present?

If we start with the assumption that the Croatian Ministry of Internal Affairs has 25,000 uniformed people at the moment (foreign references cite that figure, but in footnotes they caution that there could be a spread from 27,000 to 30,000 professional police in uniform), and taking into account geopolitical factors and the strength of armored and air formations of the JPA [Yugoslav People's Army] on Croatian and Bosnia-Herzegovinian territory, there are at least a few things we can establish.

This, for example, to start with. From the standpoint of the marksmanship and level of training of personnel, Croatian police forces are the best in the Yugoslav lands—better even than the Slovenian territorial defense, which have had excellent training. In some elements of combat readiness, but also in chronology, the Croatian forces of the MUP [Ministry of Internal Affairs] surpass the more numerous Serbian police, which, so that it would be able to operate in Kosovo, is almost identical to military units.

The advantage of the Croatian police is obvious in their light weapons. The basic personal weapon, for example, the Czech double-action pistol CZ Brno, Models M75, M85, and M83, caliber 9-mm parabellum, the so-called long nine, is more than a good choice. This pistol, with a 15-round clip, is the real favorite of many policemen and those who know firearms not only in Europe, but also in the United States; it is reliable for all basic police activities, but is also a valuable auxiliary firearm in close encounters and "face-to-face" gunfire.

To go on, along with the standard kalasnikovs (made in Yugoslavia, taken over from the old authorities, but also

those from Hungary), Croatian special police are also armed with the excellent SAR-80 automatic rifles and Ultimax 100 Mark III submachine guns from Singapore. The "Singapore weapons" use a 5.56-caliber round which is more destructive than the 7.62-caliber round used in the kalasnikov family of automatic rifles. The 7.62-caliber bullet is hard and creates clean piercing wounds; the 5.56 x 45 caliber has a bullet with a soft head, which explodes, say, in the rib cage, spreading through the tissue, and the exit wound in the back is the size of a man's hand.

The SAR-80 automatic rifle (there is also the SAR-80/88 with a removable metal and plastic butt) and Ultimax 100 submachine gun are extremely suitable weapons for special-purpose police forces, but also for regular military units: That is why it is used by Slovenian territorial defense, which is actually the core of the Slovenian Armed Forces.

The SAR-80 is a classic automatic assault rifle of Western design and conception. It consists of 10 basic parts, most of which are made of compact plastic. The rifle is 970 mm long, it weighs 3.7 kg empty and 4.16 kg with a clip containing 30 rounds. Its price is \$1,180. It fires in a burst or single round, it also is easily used to fire rifle grenades, and a bayonet can be fixed on the barrel. A transparent plastic protector can be placed on the muzzle to protect against dust and rain.

During long night watches, which often are a true "dead watch" (a round is loaded in the chamber to be fired without a challenge), the SAR-80 is the Croatian special policeman's best friend. Its rate of fire is 840 rounds per minute (14 per second), the muzzle velocity of the bullet is 970 meters per second, and the effective range about 400 meters (it hits every target within 300 meters). This weapon was delivered to the Croatian MUP complete with rifle-grenade attachment, mounts for firing with support, clips of 20 and 30 rounds (the same type as for the American automatic rifle M-16 A1 and A2), bayonet and scabbard, telescopic sight, a device for firing blank cartridges, and a cleaning kit.

### **Singapore as Opposed to Kragujevac**

An equally effective weapon in the hands of the Croatian special policeman is the light Ultimax 100 Mark III submachine gun which we have already mentioned; it can be used under all conditions and in all situations, especially in an assault as support for a combat squad. The safety on the Ultimax has two positions, "fire" and "safe," which indicates that it can be fired only in bursts. At ranges of 400 to 500 meters, this Singapore submachine gun is one of the most effective weapons of this kind we know of. It is loaded with clips of 20 or 30 rounds or with a plastic drum-magazine with the capacity of 60 or 100 5.56-caliber rounds. The Croatian special policeman can change this type of drum in five seconds while on the move, and he can fill it without any sort of tools, by hand, round by round, and rather rapidly at that.

It is not enough to say that the member of the MUP is more than very well trained in the use of the Mark III submachine gun. He fires it on the move, from the hip, and also with the mount when he places it on a support. It is amazing how easily the Croatian assault policeman controls his robust submachine gun: He can fire it with just one hand because the Mark III with a full clip weighs only 5.67 kg (4.5 kg empty), and the rate of fire is 600 rounds per minute (10 per second). That is why a squad of Croatian special police has the firepower equal to that of a platoon of the Serbian police (28-30 men armed with Zastava automatic rifles and 7.62-caliber submachine guns).

Members of the special units of the Croatian MUP have been superbly trained for operation under winter conditions. They all have radio communication, they wear impregnated white camouflage suits, warm wool caps, and strong waterproof boots with a quality sole. The uniforms are comfortable and practical and have a great number of pockets for the considerable quantity of reserve ammunition, but also the canned food that is so necessary in the field during long stays, bivouacking, and operations in inaccessible areas.

#### A Perfect Hit

The selection of police combat shotguns is also a perfect hit. There are several types, but those used in the greatest numbers are the SPAS 12 (Special-Purpose Automatic Shotgun) from the Italian firm Luigi Franchi. The SPAS 12 operates like a repeater on the "pump" principle (moving the sliding stock), and it fires "lethal" and "nonlethal-safe" ammunition (six shells). The shells may be filled with round shot or steel shot of varying size, and then round lead shot, minidarts, plastic or rubber shot, tear gas, flare, etc.

Its more refined relative, the semiautomatic shotgun for special police purposes, the SPAS 15 (with changeable clip) is also in the small arms arsenal of the MUP. These pump guns are truly a powerful offensive police weapon. At a range of 25 meters, one round covers a circle 45 cm in diameter, and a group of six shots at the same range has a spread of only 25 cm, which means that at a range from 25 to 40 meters it is hard to miss a target the size of a man, even when the aim is approximate. The SPAS 15 fires six shots in between 1.5 and two seconds, and the empty clip is changed and the weapon readied to fire again in only two seconds.

And while the firepower of one company of 80 to 90 Croatian special police (a battalion has three or four companies) is truly immense (the Israeli Uzi automatic weapons and the German Heckler & Koch, various sniper rifles, and so on, also exist in smaller numbers), the time given to the creation of these special-type formations has not been long enough, and certain shortcomings have also been noted. Among other things, the total capability for opening automatic small arms fire is to be strengthened with a considerable number of portable grenade launchers.

#### On Trial

Here, Singapore is once again the best and financially most accessible. At a price between \$450 and \$600, one can get the CIS 40 GL portable grenade launcher (weight 2.4 kg). It hits a target the size of a window pane at a range up to 150 meters (the range of a hand-thrown grenade is only 30 meters). And while the CIS 40 GL is a hand-held single-round weapon, its large relative (weighing 34 kg), also made in Singapore, the 40 AGL automatic grenade launcher, which is 40-caliber (for grenades 40 x 53) and, in its design, resembles the 12.7-caliber heavy machine gun, is a still more devastating police weapon for offense, but also defense. Its effective range is really impressive. It destroys targets up to a range of 1,600 meters, and the accuracy is greater than that of conventional mortars, but less than that of heavy machine guns.

With these two grenade launchers, Croatian special assault forces and fully equipped combat militia have weapons which do not have the range of light artillery, but they are extremely effective at closer ranges. Thus, the rate of fire of the single-shot CIS 40 GL is 20 grenades per minute, while with a grenade launcher on a rifle a trained rifleman can fire only three-four grenades per minute.

The 40 AGL automatic launcher, however, is the untouchable recordholder: It fires between 300 and 330 grenades per minute, and thus becomes a weapon with which it is possible to offer effective support to police platoons deployed in firing positions, but it is also suitable for rapidly neutralizing well-fortified objectives in residential buildings, especially machine gun nests and sniper positions, and it protects valuable personnel from being killed and wounded.

The human and material formations of the Ministry of Internal Affairs of the Republic of Croatia are armed units worthy of respect from the standpoint of the training of their members and the use of light infantry armament. But because Croatia is in a position where it must use its 25,000 superbly armed police, regardless of the negotiations, to confront all attempts, from terrorism to possible armed confrontations on a broad scale, we are actually witnesses and participants in the creation of strong armed forces which will not attack anyone beyond the border of Croatia, but neither will it allow anyone to humiliate and Lebanize the Croatian state.

#### Serbian Party Leaders View New Press Law

91BA0517A Belgrade *POLITIKA* in Serbo-Croatian  
29 Mar 91 pp 6-7

[Article by Ivana Anojcic, Slobodan Kljakic, Tanja Vujic, and Branislav Radivojsa: "Session of the Serbian National Assembly: Law on Public Information Adopted"]



[Text] The Serbian National Assembly, after a six-hour debate, has passed the Law on Public Information with five votes against and one abstention.

The basic provisions of this law are these: Public information is unrestricted, censorship is prohibited, and publishing and programming councils are abolished. Anyone can establish a newspaper, radio station, or television station.

The National Assembly is also supposed to debate the report of RTV [Radio-TV] Belgrade during the past year and its plan of operations in 1991, and today debate will open on the report of the Survey Committee formed in connection with the events of 9 March and the resignation submitted by Radmilo Bogdanovic, minister of internal affairs.

#### **The Maturing of Democratic Consciousness Concerning Regulation of the Public Media According to Dr. Aleksandar Prlja**

Yesterday's meeting of the National Assembly of the Republic of Serbia, whose proceedings were chaired by Dr. Borivoje Petrovic, vice president of the National Assembly, who chaired it because of other obligations of President Dr. Slobodan Unkovic, began with the debate of the Proposed Version of the Law on Public Information. In opening the debate, Antonije Isakovic (SPS [Socialist Party of Serbia]), as chairman of the Committee for Culture and Information, and Milos Bojovic (SPS) familiarized the National Assembly with the number of amendments to this law that had been received, and then debate was opened.

#### **Aleksandar Prlja (SPS)**

As far as the National Assembly is concerned, Prlja said, exactly the same as with the law on returning the land to the peasants, this is a moment with far-reaching significance. It demonstrates that our Assembly, if we pass the law, is beginning to do what the people expect of it. A legal space is being created for democratic regulation of everything that can be directly regulated by the law.

The moment has come in our society, whatever the pain and difficulty of the labor, that in some way we adopt the practice of the civilized democratic world, which is based on the responsibility of the individual and also that of those in positions of responsibility: the editors, managing editors, and editors in chief. On that basis, we are entering a new stage of legally precise construction of new relations in our public life. After all, provisions on registering periodicals, on the jurisdiction of the court, on compensation of loss, and also those which compel the government and the competent bodies of the state to reflect three times before turning to the press and the public—those provisions are not a revolution, but they are a substantial improvement.

This legal framework can be filled with a general and fundamental maturing of democratic consciousness concerning the press, radio, and television, Prlja said.

In that sense, all of us, as well as the entire citizenry protected by the special provisions of this law, have a mission ahead of us. As deputies, as a parliament, and as citizens, we should fill the legal framework with a maturing of democratic consciousness of what a democracy is. It is never only one-sidedness, not even the one-sidedness of the opposition, in editing the public media.

That legal framework also affords what is necessary by comparison with European laws in this area, and it is up to all of us to quickly fill it with the democratic content I have mentioned, Aleksandar Prlja said.

#### **Uros Banjanin (SPS)**

Proceeding from the position that this is an extremely important law and that the moment in which it is being enacted is very important, Banjanin, having asked whether the public was in a position to become sufficiently familiar with the proposed version of the law, proposed that the first article mention Serbia as the state territory to which the law applies. He called for the text of the law to include a statement to the effect that the source of information must be accessible to the public and called for the responsibilities of those who control the news to be completely defined.

In Banjanin's opinion, the inviolability, dignity, and integrity of the individual have not been rightly defined.

#### **Idrizi Dzeladin (DRSM [expansion not given])**

After saying that he comes from Prizren, from an electoral unit that includes 23 villages scattered over the slopes of Sar Mountain, where the population is 90 percent Muslim and 10 percent Serb, Dzeladin told of the troubles which have beset the citizens there for 15 years now. That is, in that area it is not possible to receive any of the television channels, and this has been an issue in disputes with the previous management team of TV Pristina.

He proposed that a repeater station be built. That would be the best solution to solving the problem of television reception, and he called for resumption of the broadcasting of the local radio in Prizren, which was taken off the air a year ago.

Dzeladin referred specifically in his speech to the attitude of Kosovo media toward Muslims and the attitude of Muslims toward the media, a point that was later responded to by Zivorad Igic (SPS).

#### **Jovica Djordjevic (SPS)**

In his opinion, journalists have been given appropriate treatment in the proposed text, and that is especially important. Djordjevic also disputed the opinion that all interested parties, journalists above all, have not had an occasion to express their opinions concerning the bill.

**Momcilo Grubac (SRSJV [expansion not given])**

He put the question of whether the bill offers answers to all the demands which have recently been made in connection with public information, does it express the spirit of the new time, and has it attained the European standard? In his opinion, it would be better if the law were more integrated, that is, if the material on regulation were offered in one place.

Grubac also noted that the bill reveals almost no indication of the spirit of pluralism, regulation of property relations in the news media has been omitted, and so on. He therefore proposed adoption of the law, but he also proposed that a complete and unified law be adopted soon on the freedom of the press and public information.

**Dobrivoje Jovanovic (SPS)**

In supporting the bill, Jankovic made several critical statements about the work of newsmen accredited in the National Assembly of the Republic of Serbia. After mentioning POLITIKA, he issued newsmen a "well-meaning warning" that the National Assembly is not a soccer stadium in which we should behave like fans.

**Mihajlo Kovac (SJ [Party of Yugoslavs])**

Having mentioned that the text of the law is only halfway satisfactory, Mihajlo Kovac said that he was impressed that the government had expended its time and energy to oppose his proposal for incorporation of a specific section on newspapers in the text of the law, which the Legislative Committee had inclined toward. He noted this fact with regret because, he said, the law should be written by the legislator, by the deputies in the Assembly, not by the person who is supposed to carry out the laws.

**Batric Jovanovic (SPS)**

In Jovanovic's opinion, the new law on information comes along at a moment when public information has attained a high degree of freedom, so that the argument cannot be honored that the freedom of public speech in Serbia is only now being established. After speaking also about other matters, Jovanovic proposed that the law contain a special provision concerning RTV Belgrade that would state that the National Assembly is its founder, that television is managed by a council (multi-party) appointed by the Assembly, and the general director is chosen in a public competition.

**No Group of Citizens Is Given a Special Right in the Constitution**

**Srbislav Milovanov (SPO [Serbian Renewal Movement])**

He feels that the government should have accepted the proposals of the Committee for Culture and Information. He says that POLITIKA has largely been exempted from taxes in the previous arrangement of the information system and "probably that is why it was able to act the way it has acted." Public information, Milovanov says, should be realistic and honest and within the limits

of the law, regardless of whether the news media support the party in power or the opposition.

**Andras Agoston (DZVM [Democratic Community of Vojvodina Hungarians])**

Agoston calls it an evasion of a constitutional obligation when the bill on public information does not regulate the question of the languages of the ethnic minorities in the news media. He also feels that "what has happened in Vojvodina since 1988" is not a good thing, and "in this law we are now actually making it possible for things like that to continue."

**Njegovan Kljajic (Representative of the Government)**

He immediately reacted to Agoston's speech, remarking that the DZVM deputy mentions the constitutional foundation, but does not quote the provision, "and in response I state that the Constitution contains no such provision." That is, this law is based on constitutional provisions which do not recognize any special right being given to any group of citizens because the Constitution of the Republic recognizes the citizen as a subject and guarantees all citizens the right to information, and that includes representatives of ethnic minorities.

**Miladin Tosic (SPS)**

Emphasizing that the bill protects truthful, timely, and free information, Tosic would like to see the bill incorporate a separate section on "journalists," as proposed by the deputy Mihajlo Kovac.

**Milan Paroski (SPO-NS [expansion not given])**

Remarking that he is criticized for speaking about everything without knowing about everything, Paroski recalled that journalism happens to be his profession. He remarked that the law does not solve "the most important issue," and that is property relations in public information. This deputy feels that the founders of a public medium must also be the owners. Specifically, the Serbian Assembly must be the owner of TV Belgrade, and I hope of POLITIKA as well, Paroski said.

Paroski also spoke in connection with Agoston's speech about the rights of ethnic minorities and said in that connection that enormous amounts of money are spent in Vojvodina because every editorial office has its own separate equipment only because these are news media in different languages. In his opinion, this siphons income from one "nation" to another, and this is "a kind of robbery" which is not allowed, not even on behalf of information.

**Andras Agoston (DZVM)**

In responding to Paroski, he said that it would be best to form a "minority home rule on the personal principle," and to have a "minority chamber" which would receive money from this Assembly, which the Assembly feels "should be given to the ethnic minorities for that purpose."

**Milan Paroski (SPO-NS)**

"I am explicitly against ethnic autonomy," Paroski replied and added that "the debate of a specific law is no occasion for proposing something that is unconstitutional—and that is personal autonomy."

**Dusan Latinovic (SPS)**

He was responding to Agoston's assessment of events in Vojvodina since 1988. That is, he says that the press in that province before 1988 was mostly in favor of the policy of the autonomists, and that policy was against the unity of Serbia.

**Cubela Ferenc (DZVM)**

The basic concept of the law is a good one. It is the road toward democratization of this sector, Ferenc said, and at the same time he favored the amendment of Deputy Kermendi in connection with mentioning the ethnic minorities in the law. Ferenc also informed the deputies that since 4 March in Belgrade "it has not been possible to listen to the news in Hungarian on the medium-wave band" because it was taken off the air.

**Milan Paroski (SPO-NS)**

Requesting the floor for the umpteenth time to "respond," he said that only 54 percent of the Serbs in Vojvodina could hear radiobroadcasting in their native language.

**A First Step, Sufficient for a Beginning****Petar Petrovic (SRSJV)**

The field of information must be dealt with in its entirety, and adoption of the law is a first step in that direction, sufficient for a beginning, Petrovic said, and he explained that finishing this job would make it possible to establish a political public "which has practically never been established in our country because of the lack of freedom of information." Yet free information is a basic prerequisite authority subject to scrutiny of the public.

**Ivica Colak (SPS)**

He says that the Ferenc-Kermendi amendment about mentioning the ethnic minorities is "quite proper" and the argument of the Government of Serbia unacceptable. After all, Colak said, the citizen is the basic entity of our Constitution, but that citizen may be a Serb, a Hungarian, a Romanian, and so on.

**Antoniye Isakovic (SPS)**

At the conclusion, speaking to the deputies on behalf of the Committee for Culture and Information, of which he is the chairman, Antoniye Isakovic spoke and to some extent relieved the tension among the deputies, immediately saying that he would not mention anyone's name "so as not to evoke responses." He then pointed up the

historical importance of adopting two laws in the Serbian Assembly—the Law on Returning Land and the Law on Public Information. In doing this, Isakovic says, we are settling the accounts and correcting the damage (as we like to say—of Stalinism and Bolshevism). The well-known writer said that the text and the law certainly cannot be cast in concrete and bring perfection. But a law is not for all times; we are enacting it, "which does not mean that in two years we will amend something and add something in an amendment."

Isakovic said that the committee approved many amendments and proposed to the minister that he retreat and adopt "what we propose as a committee."

**Petar Zebeljan (Secretary for Information)**

He replied as representative of the government "concerning the apparent disagreement about the amendments and proposals of the committee to incorporate a separate section on journalists." He said that the government had evaluated the feasibility of a separate section on newsmen and had stuck to its position that the Journalist's Code and bylaws of enterprises engaged in providing information should regulate those relations. However, the deputies, Zebeljan said, will decide whether they favor the position of the committee or that of the government.

Djuka Arsic and Radoljub Dzamic (SPS) also took part in the debate.

That ended the debate of the Law on Public Information, and the deputies adopted the bill in principle with one vote against and eight abstentions.

**A Number of Amendments Adopted**

A number of amendments of the people's deputies and of the Committee for Culture and Information were also adopted in the debate on the particular provisions of the law. For instance, the law was given the name "Law on Public Information."

After a polemical debate, Njegovan Kljajic resolutely denied that this Law on Information denies the rights of ethnic minorities to information, as asserted by several deputies of the Democratic Community of Vojvodina Hungarians.

An innovation adopted in this law is that if a person making a statement so requests, the newsmen is required to show him the text of that statement as prepared for publication and may not publish that text if the person who made the statement does not agree because the content has been altered.

An amendment was also adopted stating: "If the editor in chief or editor in charge substantially alters the meaning of text which a newsmen has submitted for publication, the newsmen's consent is required before that article can be published under his name."

Following a polemical discussion in which the government and members of the Committee for Culture and Information held differing opinions, the deputies also adopted an article stating that in performance of their activity newsmen are required to abide by the law and journalistic ethics (Newsman's Code). That article also states that the rights and obligations of newsmen in conducting the affairs of public information are regulated by the act of establishment and bylaws.

Concerning the article which states that the Association of Serbian Newsmen sets forth the qualifying criteria for commencement and termination of the work of a free-lance journalist, Petar Petrovic (SRSJV) expressed fear that this proposal could take away from journalists the right of deciding themselves to whom they will issue their "license to work."

Borivoje Petrovic, who chaired the session, then gave the floor to Slobodan Lazarevic, president of the Association of Journalists. The deputies allowed Lazarevic to speak in a vote with five votes against. He said that this article was meant to regulate issues of the journalist's status, above all that of free-lance journalists, and that its purpose was to protect their rights in the times ahead, when it is expected that quite a few journalists will be unemployed.

Petrovic then responded that it was improper to invite only a representative of the Association of Serbian Journalists and not representatives of other organizations of journalists which have also been formed.

Among the other amendments that were adopted was the one stating that the managing editor and editor in chief must publish a correction of untruthful information or information which injures someone's right, reputation, or interest.

At the end of this debate, Borivoje Petrovic said that he hoped all the journalists would provide timely, truthful, and objective information to our public and the public in general about the situation in Serbia and he called upon them to cease the mutual friction and revanchism in publishing houses. He called for the truth about Serbia to be taken wherever it has not yet managed to reach.

The session is continuing.

[Box, p 6]

### Let the Truth About Serbia Get Through to the World

Advocating that journalists provide timely, truthful, and objective information to our public and the public in general concerning events in Serbia and Yugoslavia, Borivoje Petrovic, vice president of the Assembly, who chaired a portion of the session in which the Law on Public Information was passed, also had this to say:

"We have competent journalists, so let the truth about Serbia go out wherever it has not reached as yet. We are not completely satisfied with the way Serbia is being

treated in the other parts of Yugoslavia, but neither are we satisfied with the way it is being treated in the news media in Europe and the world. Let the truth reach every man who wants to learn objectively what is happening in this republic. I am aware that for some countries, regardless of how democratically oriented we are and how much we do to make the new democratic relations take on life, the interest in the way they would like it to be will always prevail. I would at least like our news media to do everything so that the world might learn more about what is being done in the republic," Petrovic said.

At the same time, he called for there to be no revanchism in the ranks of journalists. We must hold out our hands to one another, Petrovic concluded.

### Reasons for Gosev's Forced Resignation

91BA0530A Belgrade POLITIKA in Serbo-Croatian  
7 Apr 91 p 16

[Article by Milisav Krstic: "Petar Gosev's Departure"]

[Text] The news did nevertheless surprise many people: Petar Gosev, until a few days ago the untouchable leader of the LCM-PDP [League of Communists of Macedonia-Party of Democratic Prosperity of Macedonia], is leaving the Macedonian political scene for good. The promising leader publicly renounced his party posts in a closed meeting of the LCM-PDP Central Committee late last week in Skoplje, declaring that he is too busy as a deputy in the Macedonian Parliament. Those close to this party leader, however, say without reservation that Petar Gosev will soon give up his seat as a deputy as well....

Without going into the personal reasons of the controversial Macedonian politician, who had a fervent desire to simply shift his "reformed" Communist Party onto the Social Democratic track, we will only mention that he now says about this, not without pride, "my deep political involvement in the leadership of the LCM is over, and my main idea of directing the party toward Social-Democratic currents has been achieved!"

The question of whether, as has been announced, the LCM-PDP will actually be transformed into the Social Democratic Alliance of Macedonia, like similar parties in Slovenia and Croatia, will be decided at the congress of Macedonian Communists, which has already been scheduled for 20 April in Skoplje.

Even though opinions are divided concerning this politician who attained the rudder of the party under rather unusual circumstances at the 10th LCM Congress, with the indirect support of like-minded members of the "northwest coalition," Gosev, whether anyone wanted to acknowledge it or not, in a very short time, thanks to his political moves which in many respects were unusual, practically shattered the left-wing-oriented forces and parties in this republic, making it possible for the so-called national and nationalist parties such as the VMRO-DPMN [Internal Macedonian Revolutionary

Organization-Democratic Party for Macedonian Unity], or the Shqipetar PDP to profit in the Macedonian multiparty elections. Nor should we underestimate his rather murky role in shattering the unified League of Communists of Yugoslavia at the 14th Extraordinary Congress of the LCY [League of Communists of Yugoslavia], which is seen by numerous Macedonian Communists and left-leaning citizens as Gosev's betrayal. In "reforming" the LCM according to his own lights and taste, regardless of decisions of congresses and the desire of the rank and file, he also renounced his "base," and, it seems, the LCM-PDP has remained one of the rare Macedonian political parties which has no members. The presidency of Gosev's party does not function because almost half of its members have given up their membership, and the last closed meeting of the LCM Central Committee was held even without a quorum. This unsuccessful doctoral candidate in economic sciences in Slovenia, whose political ambitions were not disguised, did nevertheless manage in less than a year and a half from the time when he came to head the LCM-PDP, to bring about an "intolerable situation" which was not confined to his own party.

Advanced as a candidate for a variety of positions in Macedonia, and on the basis of the "quota" for high positions in the federal state, Gosev seems to have been forgotten: Day after day he made increasingly unpopular moves, using Macedonia's media to spread unprecedented Serbophobia among the Macedonian people, publicly stating that "Macedonia from the liberation to the present day has been and remains a Serbian province."

In less than 18 months, the time he spent at the head of the LCM-PDP, Petar Gosev spent more time playing "I will, no I will not" than he did committing himself

clearly to moves which he often made under the influence of Slovenia and Croatia. It is interesting, in connection with the future arrangement of Yugoslavia, that depending on where and when he was speaking he would defend no less than three possible solutions: a federation, a confederation, and the creation of an independent and self-sufficient Macedonia, and then in February 1990, in the second meeting of the LCM Central Committee, he cried out: "Yugoslavia is our first, second, and fourth option."

And politics is like the Sphinx in the myth: It devours all those who do not manage to solve its riddles. Narcissistic, excessively privileged in the poor Macedonian political milieu without any real reason for it, Gosev nevertheless did not manage to resolve the basic political enigma because he ignored the facts. However, his rapid decline followed when he began to deny all others who had their own opinions and views differing from his. While it was the younger members of the LCM at the 10th congress who installed him as leader of the Macedonian Communist Party, it was also they, on this occasion, even though the sessions were held behind closed doors, who removed him from the party pedestal. Last week's tumultuous meeting of the LCM-PDP Central Committee actually indicates the already anticipated demise of a politician-convert, who in his political behavior relied most frequently on the motto: "Even when I am wrong, I am right."

The promising Macedonian politician, conceiving himself to be an untouchable ruler, seems to have forgotten certain basic human rules of behavior and communication. Having utterly shattered the party that he headed under circumstances which have not been seriously examined, P. Gosev did inestimable damage to more than the leftist forces in this republic. For too long a time he was actually destroying the bridges which lead Macedonia toward Yugoslavia....

## YUGOSLAVIA

### Biographic Data, Background of Military Figures

91BA0414A Ljubljana MLADINA in Slovene 19 Feb 91  
pp 6-7

[Article by Ali H. Zerdin: "Who's Who in the JLA [Yugoslav People's Army]"]

[Text] We have compiled a guide that is mandatory reading, so to speak, in the moments before a civil war!

The JLA [Yugoslav People's Army] is not concrete. It is not a unified, homogeneous mass, but rather a complicated and fragmented apparatus. Everyone has a precisely defined place. Virtually all the active men who appear in the guide are members of the military council which found the counterrevolution in Slovenia in March 1988. They appear quite regularly in specialized army periodicals (NARODNA ARMIJA, VOJNO DELO, VOJNOPOLITICKI INFORMATOR). They all also appeared at the last party congress; and if the wind continues to blow in the same direction, the country's fate will be in their hands. At the same time, they are producing a large part of that wind themselves. Who, then, are the people who comprise the backbone of the Army, and head the Federal Defense Ministry?

After Josip Broz, General Gosnjak, General Ljubicic, and Admiral Mamula, Veljko Kadijevic became the defense minister. Kadijevic is thus only the fifth Yugoslav defense minister. Broz and Gosnjak died a whole decade ago, but Ljubicic and Mamula are still extremely influential. Slaven Letica and Mario Nobilo, Tudjman's advisers, claim that it was Mamula who was chosen during the last few weeks to be the Yugoslav Jaruzelski. He was supposed to coordinate personally the action in the last episode of the "Night of the Long Knives," and guide Kadijevic, Milosevic, and Jovic. Time will show whether these claims are true, but it is an indisputable fact that Kadijevic has two very powerful political godfathers: Ljubicic and Mamula.

Kadijevic became the defense minister in 1988; in any case, he was born in 1925. He joined the partisans in 1942; he became a member of the Communist Youth League of Yugoslavia in 1941, and a Communist in 1942. He rose to the defense minister's cabinet in the mid-1980's as Mamula's assistant for the military-industrial complex, and then became Mamula's deputy. Kadijevic is said to be a man of the world, not least of all because he studied at America's West Point, the best-known and highest-quality military school. At the same time, he is said to be a cautious person who never hurries to make statements. It is significant that he was seen among the founders of the "Topcider party," i.e., the LC [League of Communists]-Movement for Yugoslavia, although he did not hurry to make appearances. Quite the contrary—until the notorious interview that was published at the beginning of last December, he maintained a very comfortable position: He participated in the preparatory meetings of the "general's party," but

did not say anything in public. That is why the positions he took in the ill-famed interview were a surprise. Experts (e.g., Teodor Gersak in the last issue of NASA OBRAMBA) maintain that the interview was carefully designed, and that it was supposed to be a "collective" interview, which Kadijevic only signed. The whole matter was supposed to have gone through "superauthorization" and "superreview." It is probably not necessary to speculate too much about who saw the interview and approved it before its publication. After the interview came out, Kadijevic's imminent political fall was predicted, but it is becoming clearer and clearer that this was only an official overture, in view of which it is not clear whether the matter will end with an "operetta" coup (as Minister Bavcar would say) or with some harsher action.

The annual TANJUG directory, in which virtually all state officials appear, lists in Kadijevic's company several soldiers of whom we hear very rarely. The public, of course, has already heard of Admiral Stane Brovet. The other members of Kadijevic's cabinet, however, are considerably less prominent. Brovet regularly appears in the Federal Assembly, and last week informed the federal deputies and the public of his position that the Army would act as required by the Constitution. His tone in adding that the Army would quite certainly not do any less than it was authorized to do by the Constitution sounded rather threatening. Formally, Stane Brovet is the second ranking person in the Federal Defense Ministry, and performs the functions of Kadijevic's deputy. In general, it can be said that his statements are often uttered in a sharp and at the same time slightly stuffy tone. In the last few days he has shown that he also has a rather insolent black sense of humor, although he probably does not even know about that characteristic of his. Specifically, he stated that the KOS [military counterintelligence service] did not spy on Spegelj, and that instead, Spegelj put himself in the frame of the hidden camera. In other words, Spegelj was supposed to be like all those posers who gather in a crowd when a TV camera appears somewhere. The thing is that Spegelj did not even know that he was posing. In any case, Stane Brovet was born in 1930 in Ribnica in Pohorje. He is consequently one of "ours," a "Slovene fellow countryman." In January 1945 he joined the partisans, he was enrolled in the Communist Party in 1947, and during his military career he also traveled. He was a military attache in Italy, Great Britain, and China. It could therefore be expected that Brovet, like Kadijevic, would be a man of the world. He carefully conceals that characteristic, however.

We can find Lieutenant General Nikola Cubra in the immediate vicinity of Minister Kadijevic. Cubra is the Defense Ministry's financier on duty. Moaning that there is too little money for the Army is, so to speak, part of his job. At the last party congress he tried to solve the financial difficulties as follows: "We see a possibility for eliminating the financing problem by having the federation obtain constitutional authority, through which the JLA will also be able to designate all sources of income

for financing its functions within the framework of a unified tax system." And it happened; the federal government actually prescribed a direct sales tax for the JLA. To be sure, Cubra deals with an enormous amount of capital, and he is quite certainly one of the most serious enemies of irregular payments to the federal treasury.

Lieutenant General Mico Cusic, like Cubra, is an under-secretary in the Federal Secretariat for National Defense [ZSLO]. Cusic has a 1941 partisan service certificate, he has written nine books, he is a professor, he established a department for international relations at the high military political school, and his car is 10 years old (more precisely, last year his car was 10 years old, but perhaps he has bought a new one since then). Otherwise, he deals with personnel issues and the standard of living. Since the ZSLO has a personnel commission that decides who will become a general, we can conclude that Cusic is a high official on that commission (if not even its chairman). And since the ZSLO also has a so-called personnel administration, we can conclude that the people in the personnel administration are responsible to him. At the time when the LC-Movement for Yugoslavia was being founded in Topcider, Cusic was the host for high-level Soviet generals from the Red Army's political administration. It is not quite clear to us why Cusic was the host for the Soviet generals and not some other general who would be formally responsible for political work. Probably, difficulties arose because the head of "our" political administration has the rank of colonel. At any rate, the visit by the Soviet delegation came at an unusual time. In fact, just two months after the visit, Soviet Foreign Minister Shevardnadze unexpectedly resigned, warning about hawks with colonels' epaulets and political ambitions. In Yugoslavia they were not colonels, but rather Lieutenant General Nikolaj Sljag, one of the most conservative Soviet generals.

Major General Aleksandar Stamatovic is Kadijevic's assistant for the defense industry sector. He climbed up to the military leadership in 1989, he is the head of the military industrial complex, and he is undoubtedly influential. It is not insignificant that Kadijevic also spent some time heading the military industrial complex while climbing toward the military leadership. In other words, Stamatovic is responsible for what is traditionally the most powerful industrial lobby. If we know that 1,000 Yugoslav firms are participating in the manufacture of the M-84 tank alone, we can imagine how important that complex is.

Lieutenant General Josip Gregoric is likewise an assistant federal secretary, and heads the sector for rear services and logistics. He has already headed that sector for 7 years, and the entire military service sector comes under his jurisdiction: from the shops where military machinery is repaired, to restaurants and military canteens. It would be difficult to assert that Gregoric is conservative, since in an interview at the very beginning of Markovic's reform, he stated enthusiastically that he was glad about the competition of different forms of

ownership, since competition would develop needs and possibilities for more economical development. It is true that he frequently moans about how he does not know what will be put in soldiers' pots, because food has become more expensive. In any case, we can state that during the last four years virtually the entire cabinet of the defense minister has changed. Only Kadijevic and Gregorovic remain fixed stars. The public statements by Cubra, Cusic, Stamatovic, and Gregorovic revolve around a single big issue: money.

Prof. Abduli Ramiz is an assistant federal secretary for science and a major general. He is also the chairman of the Council on Science (the Council is an advisory body of the Federal Secretariat for National Defense). He has been in that position for a relatively short time, but he is obviously a person with scientific ambitions who views the Army primarily as a complicated technological complex.

Lieutenant General Simeon Buncic has been Kadijevic's assistant for political work since 1988. Before that he was the secretary of the presidium of the LCY [Communist League of Yugoslavia] committee in the JLA, and the chairman of the LCY Central Committee's commission on nationwide defense and social self-defense. Buncic heads the "legal-political sector." It is precisely that sector which has become one of the most important and most sensitive during the past three years. The public at large still remembers him for his extremely harsh positions on the issue of recruits. Last summer, in fact, he stated that "Some republic body cannot unilaterally adopt decisions on a change in the recruitment system, without thereby demolishing the entire concept of the system of echelons, and without influencing changes in operational plans and all other organizational-administrative and doctrinal-operational concepts of the Army's composition." The fact that it was Simeon Buncic, as the assistant for the legal-political sector, who provided the public with this position on recruits, proves, in the opinion of experts, that the Federal Secretariat for National Defense views the issue of recruits primarily as a political one. The function of the assistant for the political-legal sector is not completely clear, but we assume that Buncic approves all important matters that arise in the ZSLO's political administration. We came to that conclusion with the aid of a little booklet that contains the "Program for the Ideological and Political Education of Officers and Civilians Employed in the Armed Forces." The political administration, in fact, wrote the "program," and Kadijevic's assistant for the political-legal sector approved it. We can therefore conclude that Buncic has also personally approved other, more significant documents from the political administration.

In writing the guide to "Who's Who in the JLA," we can by no means overlook Lieutenant General Blagoje Adzic. In October 1989 he became the chief of the general staff, and consequently succeeded Petar Gracanin, who ceased to perform the duties of the chief in 1985 (in 1989 he became the minister for internal affairs in Markovic's

government), Zorko Canadi (he was chief of the general staff for two years), and Stevan Mirkovic (who was also a cofounder of the LC-Movement for Yugoslavia). Blagoje Adzic is from Hercegovina, and in 1942 the Ustase liquidated his entire family. At that time they killed 40 people with the surname of Adzic in the village of Pridvorica. The magazine VREME, citing well-informed sources, claims that at the historic meeting of the state presidency on 25 January (the date of the "Spegelj" film's premiere), Adzic nearly came to blows with Mesic, the vice president of the federal presidency, saying, "The Ustase killed my whole family, and I will not let it happen again." In any case, because of the bitter experience of his youth, Adzic is extremely sensitive and cannot stand any nationalism, especially militant nationalism. Otherwise, it would be very difficult to describe Adzic's political orientation. In one interview he stated that he did not see any negative connotations in the pluralization of society, but at the same time, he said that he could not conceive of the JLA without the LCY, since the JLA was built in the fire of the revolution that was led by Tito and the party.

Several other administrations also comprise the Federal Defense Ministry. Among the more important ones, we can list the political, legal, and security administrations. All three administrations were heavily involved in particular in the Spegelj affair. In fact, it was the political administration that produced the "Report on the Situation in Yugoslavia and the World"; on 9 January the head of the legal administration spoke at the session of the Yugoslav Presidency at which the decision on disarmament was adopted; and the security administration participated in the espionage part of the entire operation. We can conclude from one detail, at any rate, that all three administrations are closely linked to each other. After the war, there was a so-called political-legal sector in the Defense Ministry which was divided into a security service and a legal service. If our archives are sufficiently correct, we can state that there was a sort of

"personal link" between the political and security administrations, since Marko Negovanovic, the current head of the security forces, was the head of the political administration until 1989. Col. Dusan Zunic became the head of the political administration the year before last. We know very little about Zunic and Negovanovic, but the public at large became acquainted with their positions at the last party congress. In recent weeks, however, Dr. Zunic has become a frequently quoted writer, since as the head of the political administration he must have participated in the appearance of the notorious "Report on the Situation in Yugoslavia and the World".... It would be interesting to know whether he is the author of the notion that the LC-Movement for Yugoslavia has to become the guiding force in society in six months. And let us not forget that part of the political administration is the ZSLO's information service. The "Spegelj" film proved that the political and security administrations are closely interwoven, since the information service signed the security service's espionage product.

We must conclude the guide to "Who's Who in the JLA" with the party. The situation there will become a bit bizarre—bizarre because according to all the rules, a solid totalitarian party establishes its own armed assault units. In our country, precisely the opposite happened; the "armed units," united in the JLA, established the party. Thus, in the LC-Movement for Yugoslavia's executive committee, which has nine members, we encounter four (former) high-level officers: Bozidar Grubisic, Vukota Popovic, Stevan Mirkovic, and Branko Mamula. Mirkovic is a former chief of the general staff, Mamula is a former defense minister, Grubisic is a former commander of the maritime military district, and Vukota Popovic, if nothing else, was a participant in the last party congress. In 1990, after the death of Petar Simic, Grubisic became the president of the LCY committee in the JLA. Because he accepted a party post, he had to abandon his naval career. It is unnecessary to emphasize that he has been involved in the LC-Movement for Yugoslavia since the first initiative.



## CZECHOSLOVAKIA

**High Taxes Act as Brake on Economy, Says Author***91CH0445B Prague SVET HOSPODARSTVI in Czech  
15 Feb 91 p 1*

[Article by Milos Kubanek: "High Taxes Equals No Taxes"]

[Text] One could pave many a street in Prague with the phrases mouthed in support of private (and even government) entrepreneurship in the past year. At a minimum you could pave Lazarska Street, Political Prisoners Street, Letenska Street, and Captain Jaros Riverbank Road. The palaces that stand on these thoroughfares, which could be used under the Czech conditions and frequently have been used under every government, have issued an impressive number of such statements. Leaving aside government entrepreneurship with its systemic problems, and the numerous problems of small business startups with overbureaucratized offices, overbureaucratized procedures, monopoly suppliers, etc., let's take a look at how the government is acting on its expressions of support for small business in an area, the tax system, that is a logical candidate for scrutiny because of its immediate impact on startup companies.

Events of recent weeks have made it clear that privatization will be a long, drawn-out process because of restitution conflicts. In this situation the main engine of the small privatization portion of the economy becomes the startup entrepreneur. These entrepreneurs, however, are starting from scratch. Their small capital base or loan is insignificant compared to the sales of small, to say nothing of medium sized government enterprises. If startup companies are to have any future at all in this environment, and not turn into small businesses, they need to be able to accumulate capital. No financial contributions can be expected from the government; government resources go to the government enterprises. What could logically be expected from a government that so loudly proclaims its support for private enterprise, though, is a significant reduction in the tax burden on startup businesses. This could be expected because tax revenues from the still insignificant private sector will have no impact on the government budget, and also because perhaps the most liberal rhetoric has been coming precisely from Letenska street, where tax policy is formed. What, however, is the reality?

Tax policy for private entrepreneurs consists mainly of income taxes and sales taxes. The philosophy of income tax clearly comes from the concept of wage levelling, which immediately betrays a fear that someone might get "unjustifiably rich" in relation to the average for an area. Applying progressive tax rates to startup entrepreneurs is perhaps proper in countries with significant social differences. But not in a country where social differences are relatively unnoticeable, and where practically the

sole possible source of increased capital for a business is a risky bank loan. No matter. The income tax has the advantage of not working directly against the market. This much cannot be said of the other pillar of our tax system, the sales tax.

The sales tax, after all, is completely antimarket, because it increases producer costs and thereby distorts (especially with differing tax rates) the actual position of producers in the market. It affects the weaker market participants the most, those companies that cannot defend themselves against excessive price increases, such as those being imposed in the CSFR by many government monopolies.

For understandable reasons, however, the sales tax is preferred by the bureaucrats because, as a representative of the Ministry of Finance told us, it is a more certain source of revenue now than the income tax. And they have to feed the immense government budget, which covers about 70 percent of national income, with something. If we feed it with taxes on government enterprises, then we can say good-bye to the money. The reallocation system still functions well, so that which leaves one government enterprise returns to a different one (though one has to welcome the increasing voices being raised against this practice).

Is it necessary, however, for startup businessmen to pay this sales tax which is such an insignificant part of the government budget, yet such a painful expenditure for them? Would not a suspension of this sales tax responsibility be a way for the government to show that it favors privatization and is seriously committed to private enterprise?

One of the main theses of current liberal thinking is that lower tax rates can actually result in increased government tax revenues, because output will increase and enterprises will prosper. However, private enterprise in Czechoslovakia currently operates under the corollary possibility, namely that higher taxes may mean no taxes because there will not be any businesses to pay them. Minister of Finance Klaus has publicly agreed with this formulation of the problem. Is it not high time that we back up our endless, eloquent liberal pronouncements with appropriate actions? Will someone step forward to serve as an example?

## HUNGARY

**First-Quarter Budget Performance Discussed***91CH0492C Budapest FIGYELO in Hungarian  
21 Mar 91 pp 1, 11*

[Interview with Gyorgy Naszvadi, Finance Ministry deputy state secretary, by Emilia Sebok; place and date not given: "Budget: A Close-Up Picture"—first paragraph is FIGYELO introduction]

[Text] Could the central budget collapse in a few days or a few weeks at most? We ask this question because several pessimistic forecasts projected a collapse after the parliament adopted the legislative proposal. But as of the end of March, the budget has not collapsed, and the finance minister believes that it will not collapse even into the future. To more closely examine the condition of the state budget in light of its status at the end of February and the changes that have since taken place, we interviewed Gyorgy Naszvadi, Finance Ministry deputy state secretary.

[Sebok] The text of the legislative intent, which is supportive of the budget law, starts out by saying that the 1991 state budget is based on the government's three-year economic policy program. This would be fine, but opposition critics believe that the three-year economic policy program could not really be viewed as an economic policy program, especially since the government adopted the four-year Kupa program which started this year. Could there be a conflict under these circumstances between the government program and the budget which is now in effect?

[Naszvadi] I do not believe that this would cause problems of the kind that cannot be bridged in 1991 and that the government program would conflict with the implementation of the budget to the extent that such conflict could not be resolved. I dare to make this statement because the difference between the two programs is not so great in terms of impact on the 1991 budget. But we will have to prepare ourselves far more thoroughly in order to maintain consistency between the Kupa program and the state budgets of future years. Next year's budget will include significant changes.

[Sebok] What is the situation with, and how stable is this year's budget? Even though it has not yet collapsed, should it be expected that the budget will collapse?

[Naszvadi] The budget will definitely survive the first quarter, and probably the entire year. Nevertheless there exists one dangerous factor which may exert catastrophic effects: the paralysis of trade with the former CEMA countries, and primarily with the Soviet Union. The budget will remain viable if we manage to reach some kind of payment agreement with our trading partners at an early date, and are able to avoid total bankruptcy resulting from a massive halt in production.

However, this should not be interpreted to mean that intervention in the course of the year may be avoided. There already exist processes and requirements which render such intervention unavoidable. On the other hand, it appears that for the time being, requirements drawing on the 7 billion forints of budgetary reserve may be kept within the projected limits. Under normal conditions there would be no threat of exceeding the budgeted limits.

But in the course of trying to resolve countless existing economic and social tensions, certain perceptions evolve which in the final analysis require the expenditure of

additional funds from the central coffers. Accordingly, the pressure exerted upon the expenditure side is very great. The flood gates may rupture indeed unless the government and the parliament are able to resist such pressures, and at that point it would be impossible to halt the outflow of funds.

[Sebok] The new and great virtue of this year's budget law is that the areas of responsibility are more clear-cut and more orderly than before. It clearly states the kinds of changes that the government and parliament may make respectively, and yet, you do not rule out the threat of runaway expenditures.

[Naszvadi] There is no way that expenditures could get automatically get out of hand, as occurred earlier with respect to export subsidies for instance. At this time, someone or another must make a responsible public decision in order to increase expenditures. Only the parliament can decide to make truly large changes, such as housing subsidies to be administered by autonomous local governmental bodies. The question is the extent to which the parliament will be able to resist pressures.

[Sebok] What specific requirements have already been established which would draw on reserves funds?

[Naszvadi] Possible supplemental support to be provided to the local government constitutes the largest amount. These funds would be used to provide larger than planned interest payment subsidies on housing loans to the needy. The present 2-billion-forint allocation for this purpose should be increased by another 1.5 billion forints. A proposed amendment to this effect will be presented to the parliament shortly.

Another amendment in the form of a legislative proposal became necessary because of the establishment of administrative law courts. Provisions to fund these courts were not included in this year's budget, the government planned to establish these courts beginning in 1992 only, but based on a Constitutional Court decision, these courts must already start functioning this year. For this reason, the government asked the parliament to appropriate about 1.3 billion forints from the reserves to cover salaries, operational, and investment expenditures.

There also exist some smaller items which are vital from the standpoint of the areas involved. Last week the parliament adopted legislation according to which the budget must support the activities of the Hungarian Red Cross to the extent of 235 million forints. The government decided to use 216 million forints from the central budgetary reserves to provide supplemental budgetary support for reprinting textbooks used by certain specialized intermediate schools. Once you add these up, the items will have consumed almost half the reserves.

[Sebok] While debating the budget, several representatives, and even certain parties, requested that the government submit regular, periodic reports to the parliament regarding the financial balance. They did so

because they recognized their own, as well the professionals' uncertainty concerning the budget. Mihaly Kupa made a promise to this effect when he said that reports will be forthcoming on a quarterly basis. What is your view of this?

[Naszvadi] It would be impossible to continuously report on the status of the budget, because in that case, the government would do nothing but prepare reports and explanations. The government is charged with, and is responsible for implementing the budget, and this authority would become blurred if the government had to continuously present reports. The government is obligated to inform the National Assembly of large scale changes, alternatively, the parliament must render decisions regarding such changes.

But quarterly reporting is realistic and feasible. We are making preparations for a late April presentation by the finance minister concerning the status of the budget.

[Sebok] How should we interpret the end-of-February data? Compared to that, what kinds of major changes may we expect to see before the end of the first quarter?

[Naszvadi] The situation is relatively bright. The deficit amounts to only 200 million forints! But the bride is not as beautiful as this figure may make her appear, and this will be revealed by the end of March. This is due to the fact that principal and interest payments on borrowings included in the budget become due on the last day of each quarter. These obligations amount to about 24 billion forints in the first quarter. After we pay this amount, the budgetary deficit at the end of this quarter will be time proportionate and will more or less correspond with expectations.

On the other hand, one cannot predict the amount of refunds to be claimed by enterprises this month based on the overpayment of entrepreneurial profit taxes and contributions after state property. Indicative of the size of this amount is the fact that the approximate amount of 18 billion forints paid in as entrepreneurial profit taxes during the first two months of the year has dropped by more than 3 billion forints in March. Accordingly, the favorable end result of the 1990 budget was only a

semblance. Once we incorporate the amount of refunds we find that the actual deficit was not so far off the planned 10 billion forint deficit.

Accordingly, last year's overpayments deteriorated the conditions of this year's budget. This may be somewhat offset by the fact that there once again will be some overpayments at the end of this year. In any event, this fluctuation of revenues is not at all favorable from the standpoint of paying our expenditures, most of which are evenly distributed throughout the year. We trust that this fluctuation will be substantially reduced as a result of the new tax system.

The halt in exports to the former socialist countries is not yet reflected in the budget in the form of decreased tax revenues. On the other hand, export subsidy requirements are on the rise. This is very dangerous because aside from the fact that there are no funds for this purpose, subsidized exports would force upon the financial system a mechanism whose futility has been proven many times, and in a shameful way. The market problem which undoubtedly exists will not be resolved by providing subsidies to a group of enterprises affected by that problem. If we were to provide export subsidies we would once again finance the production of unsold inventories, and would not permit the situation to become so sufficiently acute as to force enterprises to find the ultimate solution.

#### Privatization Revenues

Revenues derived from privatization are not directly related to the current budgetary balance, and yet the effects such revenues exert may be significant. Privatization revenues to which the state is directly entitled are used by the State Property Agency for the redemption of housing fund bonds, thus reducing the state's indebtedness. In the planning stages of the budget, they were counting on significant amounts of bond redemption because this would reduce interest expenses in the current year. Projections were based on privatization revenues amounting to between 40 billion and 50 billion forints. Compared to the projections, the AVU [State Property Agency] only realized between 500 million and 600 million forints in privatization revenues as of the end of February.

State Budget Balance as of 28 February 1991

Revenues	Millions of Forints	Expenditures	Millions of Forints
Profit taxes	17,861	Subsidies to business organizations	5,562
Revenues from special situations	13,518	Agricultural and food industry export subsidies	4,206
Customs and import revenues	7,530	Consumer price subsidies	8,965
Contributions based on state property	5,890	Accumulation expenditures	6,487
General sales taxes	26,962	Maintenance of the central government	46,564
Consumption taxes	19,724	Local government support	28,396
Personal income taxes	15,200	Segregated state funds support	14,150

**State Budget Balance as of 28 February 1991 (Continued)**

Revenues	Millions of Forints	Expenditures	Millions of Forints
Financial institutions profit taxes and dividends	4,703	Other expenditures	3,876
Other revenues	6,612		
TOTAL REVENUES	118,000	TOTAL EXPENDITURES	118,206
BALANCE	- 206		

**Soviet Nonpayment Threatens Enterprises**

91CH0483C Budapest FIGYELO in Hungarian  
28 Feb 91 p 4

[Article by B.R.]

[Text] Some alarming figures: Of the \$1.7 billion worth of goods slated for export from Hungary pursuant to the so-called indicative list of Hungarian-Soviet trade transactions, only \$900 million worth of goods have been contracted under private law. According to a Ministry of Industry and Commerce survey of 49 enterprises, \$160 million worth of these goods have been manufactured, but corresponding letters of credit opened by the Soviet bank amount to only a few million dollars. Since an announcement of the consummation of agreements is no longer required, nothing is known about trade transactions not included in the indicative list.

Responding to our question, Istvan Tamas, Ministry of International Economic Relations deputy division director said that the state had intervened in a similar situation last year. The export licensing system was introduced in response to demand for which the Soviet Union was unable to pay. By now the same problems are impacting the enterprises. Several agreements have specified that letters of credit must be opened by 5 January, but the enterprises did not stop production even after that date in the absence of letters of credit. To the contrary, a few enterprises agreed to effect deliveries during the first quarter on quantities specified in the indicative list. This suggests that the enterprises did not exert great efforts to find, or were unable to find other opportunities to sell, according to the deputy division director.

On the other hand, Tamas acknowledged that it might have been a mistake to view the indicative list as a firm order for products to which the Soviet Government would automatically allocate convertible currencies. In Tamas' view, the enterprises made a mistake by not including appropriate nonperformance guaranties in the agreements. All this goes to show that not even the enterprises changed their trading practices in order to conform with market rules which prevail throughout the world.

At the same time, Tamas did not dispute suggestions that enterprises were not the only ones at fault. No one could have foreseen the gravity of the Soviet economic situation, and the external and internal conditions for export financing have not been clarified either. On the other

hand, according to Tamas, accusations claiming that the state administration left the enterprises to their own are groundless. To the contrary, he said that the state administration is in daily touch with the Soviet party. Tamas is leaving for Moscow next week, and they hope to clarify most of the problems by the end of March, upon finalizing the Soviet debt payment program. Tamas concluded his statement by saying that short of finalizing that program, the Soviet Union has failed to make payments not only to Hungary, but also to others.

Hungarian regulatory action is yet another matter. A statement released after last week's meeting of the economic cabinet indicates that the government is in no position to finance the export transactions of enterprises, and that all risk must be fully borne by the firms. This of course, directly or indirectly places dozens of Hungarian enterprises which export to the Soviet Union into grave situations. The Ministry of Industry and Commerce, which suddenly agreed to represent the interests of industrial enterprises, received an assignment to prepare a list of enterprises threatened with bankruptcy as a result of the shortfall in Soviet exports. The list must be presented prior to the end of this week. The State Property Agency was also given a week to prepare a plan for the privatization of the enterprises involved.

One may take for granted that this action hardly resolved the problem.

**POLAND**

**Japanese Capital Investments Listed, Described**

91EP0358A Warsaw RYNKI ZAGRANICZNE in Polish  
No 30, 9 Mar 91 p 7

[Article by Teresa Radziminska: "Only Five Companies With Japanese Capital in Poland"]

[Text] Japanese capital is known the world over for its cautiousness, but its restraint so far in investing on Polish territory seems simply exceptional. To the Japanese we still are a distant and relatively unknown market that may perhaps offer good longterm prospects but is still unstable and uncertain. Likewise, the continuing recession in Poland, the political and social tensions, and our high foreign debt hardly influence positively the investment decisions of Nippon's business.

The presence of major Japanese concerns in our country has so far manifested itself through the activities of their

representative offices, which now number 15 or so, with primacy belonging to the branch offices of large "merchant houses."

On the other hand, there exist only five companies with the participation of Japanese capital in Poland (out of the overall number of 2,799 permits issued by the chairman of the Agency for Foreign Investments as of 31 December 1990 by virtue of the law on joint ventures). The pioneer among them was Voxel, a computer company, founded in Szczecin by a Japanese citizen of Polish origin, Mr. Fujimoto Akira [as published], and his Polish partners. The size of that enterprise is fairly modest and its founding capital, largely contributed by Mr. Akira in the form of equipment and devices, is valued at about \$61,000.

Last year a kind of miniturnabout occurred in the influx of Japanese capital to Poland, because four new companies were registered, meaning that, if statistics are correspondingly manipulated, their number increased by as much as 400 percent.

For the first time a significant amount, namely, \$500,000, became invested in this country by the Japanese company Nissho Iwai, known and active on the Polish market for many years. The new enterprise, whose founding capital was contributed 100 percent by the Japanese, bears the name of Toyota Motor Poland Co., Inc., and is to handle the distribution of Toyota automobiles in Poland, organize dealer servicing, and lease cars.

Toyota Motor Poland, founded late last year, is in its organizational stage and for the time being it is housed in a rather unsightly location at the former center for Toyota spare parts on 3 Konwiktorska Street in Warsaw. Its director general, Mr. Akira Shimizu, hopes to commence sales, through a network of private dealerships, as soon as in the next few weeks. For this year the goal is to place in Poland 2,000 to 3,000 new passenger cars, chiefly the Corolla and Carina 2 models, and to introduce delivery vans on the market.

At present some 10,000 Toyota vehicles, manufactured by Japan's biggest carmaker, are riding on Polish roads, and their distribution was previously handled by Pol-Mot. Now Nissho Iwai is Toyota's sole agent in Poland. The decision to control sales and dealer servicing is not, Mr. Shimizu assures, due to any Japanese dissatisfaction with cooperation with Pol-Mot. It is rather that the ongoing changes in Poland's economic system encourage operating on the Polish market in the same way as on other markets, that is, handling more directly distribution and servicing.

The \$500,000 invested is not, after all, a huge sum to Nissho Iwai, whose annual volume of sales reaches nearly \$100 billion. Still, the decision to commit capital to Poland was made—as always when done by Japanese—with a great deal of forethought and upon a thorough assessment of the situation. Should the need arise, this founding capital may be augmented in the future. At any rate, Poland has become the first East

European country in which Nissho Iwai decided to spend money on managing its own enterprise.

The next largest Japanese financed company (capital investment \$374,000, also 100 percent Japanese), is in M.C. Service Center, located in Lomianki near Warsaw. There the investor is the Mitsubishi Corporation, and the enterprise's operations so far are reduced in principle to servicing the electronic household appliances manufactured by the Japanese companies Panasonic and Technics. In the future these operations are to be expanded to direct sales of these products and eventually to the manufacture of certain parts and components.

An indeed mixed company, in which the shares of the Polish and Japanese partners are 50:50, is, on the other hand, Polnippon, with a founding capital of 475 million zlotys and \$50,000. The Polish side is represented there by four private investors: Piotr Kobylinski, Leonard Prasniowski, Ireneusz Sekula, and Mieczyslaw Wilczek, and the Japanese side by the medium-sized Tokyo company R and D International.

According to the terms of its license, Polnippon is a consulting company providing all kinds of services to persons desirous of engaging in economic activity on Polish territory. It performs for its clients economic analyses on selected topics as well as marketing studies of any market, and it can provide legal and accounting counseling, appraise real estate, etc. In the first nine months of its existence Polnippon has accumulated a sizable computer databank which includes several hundred commissions from Polish enterprises interested in establishing direct manufacturing cooperation with foreign partners, as well as several dozen possible sites, investigated by Polnippon, for future investment projects. These data are periodically updated.

The house on Belwederska Street accommodating the Warsaw offices of Polnippon keeps being crowded with visitors. It is likely that the names of the partners in this company, well known in Poland and abroad, are not without importance in this case. The chairman is former Deputy Premier Ireneusz Sekula, who, when interviewed, asserted categorically that his company has not bought or taken over any assets from the state or from a state enterprise. Of a certainty, his denial was motivated by the desire not to have the label "nomenklatura" attached to his company.

But still the climate around Polnippon is far from optimal, as known. This became particularly explicit in connection with the proposal for expanding the fuel infrastructure in Poland. The future energy needs of our country require, according to Mr. Sekula, huge outlays reaching several billion dollars. A substantial expansion of capacities for transloading crude petroleum in Polish seaports will also be indispensable, along with the establishment of a network of additional pipelines (for the transmission of natural gas and gasoline also), and the construction of gas compression stations and at least two more refineries. Somebody has to pay for all this and

Polnippon has found a willing payer—the Saudi company Sanbar. At the same time, Polnippon is negotiating with the Soviet Union an agreement on modernizing pipelines for the transmission of crude petroleum. The contract is to be paid for by the Soviet side in the form of shipments of crude petroleum upon eventual utilization of the pipelines running across our country.

This is but one of many deals handled by this company. Some of the most interesting other deals include establishing an embryo freight airline of its own, named, of course, the Polnippon Cargo Fleet, which for the time being consists of two Il-18D aircraft purchased from Interflug. These are small planes (cargo capacity 14 metric tons) with a radius of 6,500 km [as published]; their distinguishing feature is that they can land on any hard surfaced airfield. Their crews have already been selected and all the necessary formalities attended to, and now freight orders are being recruited. The Polnippon Cargo Line will, of course, according to Mr. Sekula, be hardly any competitor to the giant world carriers, but it may become a useful complement to them.

Although the scope of Polnippon's interests transcends greatly Polish-Japanese affairs proper, the company's goal is to promote "Made in Japan" goods in Poland and Polish-made goods on the demanding market of its Asian partner. An agreement with the Mitsui concern has already been signed; Polnippon is to aid it in importing general purpose electronic equipment for several commercial networks in Poland. Negotiations on a similar issue are under way with Mitsubishi. All this indicates that Polnippon has the opportunity to prove itself more effective in its operations on Polish territory than the offices of those great Japanese "merchant houses" operating in Poland.

And, as for cooperation in marketing Polish goods, Polnippon is interested in Sokol helicopters. Mr. Sekula claims that the Pezetel company has for years been attempting to enter the lucrative Japanese market. Now that an appropriate United States certification has been obtained, this intention has become more realistic. A letter of intent on this matter has already been signed with a Japanese partner.

Polnippon is operating at an intensive pace but so far its earnings have been quite low. It presented its first invoice only as late as toward the end of last year; previously its bookkeeping was confined to making entries on the expenditures side of the ledger. Their total reached \$1.5 million by year end. When will profits begin to appear? Certainly not yet this year; the board of governors intends at any rate that the company reach a zero balance and, at the same time, begin repaying the loans it took out last year. That would confirm the rule that a real business requires a longterm approach.

Another company with the same founding capital as Polnippon, but with somewhat different proportions of shares held by the Polish and Japanese partners, that is

380 million zlotys and \$60,000, respectively, is Polartex, with offices in Warsaw. It was formed last June by two Japanese, Bunichira Yasude and Toshio Kida, meat industry experts, and by Mr. Jacek Wan, an associate of the Polish Academy of Sciences and at the same time a correspondent of the Japanese broadcasting network NNN; it was he also who became the company's chairman. The initial objective of this joint venture is to manufacture food articles and to engage in wholesale and retail sales and in the restaurant business.

The first, already very tangible effect of the company's activities was the opening, late last year, of the Tsubame (the Swallow), a Japanese restaurant in Warsaw, on the site of the former Kameralna Restaurant. Polartex spent a lot of money, some 2 billion zlotys, on renovating and adapting premises leased for 10 years and purchasing suitable equipment and facilities. The restaurant was actually furnished in the Japanese style, and all the utensils and devices, too, are original. The chef, a Japanese, is intensively training young Poles who will replace him in the future; the needed foodstuffs are brought in from both Japan and West European countries, and wherever possible our own Polish foodstuffs also are used.

The restaurant is extremely expensive, perhaps the most expensive in Warsaw, but, Mr. Wan claims, it has rapidly attracted regular customers. It is a fact, however, that they are chiefly the Japanese resident in Warsaw. Ultimately, the partners expect to recoup within two years their expenditures on founding and refurbishing this restaurant.

The demand for Japanese dishes proved to be so great that Tsubame will soon begin preparing take-out meals. In addition, a store with Japanese and Chinese foodstuffs has been opened; it is a source of excellent Japanese rice, various kinds of noodles, sauces, spices, rice cookies, etc., though unfortunately also at high prices.

However, Polartex has more far-reaching plans. It had initially considered starting the raising of beef cattle in Poland on the basis of Japanese knowhow and techniques, with the object of exporting high-grade meat to the West. But it turned out that ownership barriers as regards real estate in Poland are insurmountable, and the company was not interested in any open-end leasing. It therefore decided to concentrate on food distribution; it is planning to build a network of Japanese-style stores and supermarkets.

The company also intends to expand Tsubame by adding thereto several small meeting rooms for conferences or private receptions. Negotiations also are under way with eventual future partners—considering that Polartex alone could not cope with this project—for opening another restaurant and in the future also a hotel, a business center, and a recreational center. There is plenty of ideas and work, Mr. Wan said, but the company employs barely 15 or so persons. However, it is assisted by its modern, computerized management

system. This system, now being tested in the restaurant, will also serve to streamline the organization of labor in other departments of the company. It is not true that Poles do not want to work diligently and productively, J. Wan said; all that is needed is to make this possible for them.

### **Study in Soviet Trade Loss: POLMO in Praszka**

91EP0361A Warsaw RYNKI ZAGRANICZNE in Polish No 29, 7 Mar 91 p 7

[Article by Henryk Nikiel: "Soviet Brake on Export of Brakes"]

[Text] Every second truck produced in the USSR is equipped with pneumatic brakes supplied by the POLMO Automotive Equipment Plant in Praszka (Czestochowa Vaidodship). Its largest customer thus far has been the KAMAZ plants, which took approximately two-thirds of the deliveries shipped to the USSR market. The remaining portion was purchased by 17 other Soviet factories which manufacture trucks, buses, trailers, wheel lifts, etc. This year, although the second month has already passed, not one shipment has been made. POLMO's Soviet contractors have no money for imports.

In the 34th year of their existence, the POLMO factories in Praszka are in very deep trouble. The future is dim and there is nothing to indicate that there will be any quick improvement in the situation. The specter of bankruptcy hangs over a factory whose history is inseparably linked with the development of the Polish automotive industry. As a reminder, in the 1970's the plants in Praszka began to produce pneumatic brakes for automobiles based on a license granted by the American firm WABCO-Westinghouse, which at that time demonstrated considerable technological advancement in the automotive industry.

In two stages of investment (during the years 1971-73 and 1976-77), with credits issued by the CEMA International Investment Bank, a modern, multidepartmental plant was built, specializing in the production of pneumatic brakes and chill and pressure castings of aluminum and zinc alloys. At the end of the 1970's, POLMO became an exporter of large quantities of pneumatic brake assemblies to the USSR and an important coproducer in the domestic automotive industry in the field of brake apparatuses, water and oil pumps, and castings.

Over many years the enterprise in Praszka has shipped the largest part of its production to the Soviet market. Last year, exports to the USSR constituted 90 percent of the total production, and the value of the deliveries shipped totaled \$155 million (clearing). The value of the orders for 1991 deliveries amounted to over \$141.6 million. It would seem that having a signed contract and being on the so-called indicator list, the Praszka plants are in a better situation than other Polish enterprises, which thus far have not been able to obtain orders.

But the realities are different. All of this year's production is in warehouses and a shortage of storage space is beginning to appear. Sales have not begun. The Soviet contractors, not wanting to expose POLMO to a loss, loyally told us in advance that they do not have money with which to pay us. Neither KAMAZ nor the AVTOEXPORT Export-Import Office has dollars. The Soviet automobile factories, just as the enterprises of other branches, still do not know how much foreign exchange they will receive for import and when they will be able to expend it. However, it does not appear that, given their large dependence on the import of brakes, they would stop buying from Praszka, unless production in KAMAZ and other factories were to stop—which is not very likely.

Even though the situation is not clear, POLMO is not reducing its production. Last year's figures were very good. In January of this year there were substantial sums in the bank account. Thanks to this, it is able to maintain production through the first quarter of the year without having to draw bank credits. But the firm's good financial condition could rapidly worsen if the period of lack of sales continues for very long.

POLMO Automotive Equipment Plants in Praszka (at the end of last year the name was changed; the current name is POLMO Praszka Company) are trying to break the impasse along with their Soviet contractors. The option of selling on credit is being examined. The question arises: Will POLMO be able to afford this? If the company were to use bank credits, carrying an interest rate amounting to 76 percent for the year, in order to be able to grant credit to the Soviet buyer, then it is not known whether such a price offer would be acceptable to the partner. The high interest rate would have to be calculated into the price. The managements of the enterprises believe that some kind of solution will be found, especially since this is not just a Polish problem, but a problem for the Soviet automobile factories also.

No one even wants to think about losing the Soviet market. For the Praszka plant this would mean disaster because it would not be able to find buyers for this specific production and in these quantities. The requirements of the domestic market in recent years are steadily diminishing. Western markets are out of the question for the simple reason that the developed countries are using brake assemblies of a new generation, with electronic control, not pneumatic. And POLMO is just beginning to apply itself to such production.

Possibly a certain amount of the brake assemblies can be sold to Czechoslovakia. There is also a chance that castings for water pumps can be exported to the West. The Ford factories, for example, have ordered such castings. Obviously any new buyers cannot replace the Soviet market, which for POLMO Praszka and many Polish plants is now a case of "to be or not to be."

# **Transferable Ruble Trade Payments Reported**

91EP0361C Warsaw RYNKI ZAGRANICZNE  
in Polish No 30, 9 Mar 91 p 7

[Article by M. Tekielski: "How Much Trade in Rubles?"]

[Text] On 1 January 1991, we officially went to settlement of accounts in convertible currencies in trade with countries of the former first payments zone (nonconvertible currency payments zone). Now only the slippage of

contracts signed last year are to be settled in transferable rubles and even then only during a transition period. All new trade will be settled in convertible currencies.

But this is not something entirely new. As socialist countries we also concluded some transactions in convertible currencies and this tendency became particularly stronger last year. The attached table illustrates the structure of commodity payments in rubles and dollars in certain West European countries.

	I-IV 1990		I-XII 1990		I 1991	
	Exports	Imports	Exports	Imports	Exports	Imports
USSR						
—Transferable rubles	76.0	69.3	66.4	41.8	45.9	2.3
—Dollars	34.0	30.7	33.6	58.2	54.1	97.7
Czechoslovakia						
—Transferable rubles	82.5	97.9	83.4	95.4	34.0	82.2
—Dollars	17.5	2.1	16.6	4.6	66.0	17.8
Bulgaria						
—Transferable rubles	94.5	98.2	89.1	97.5	25.8	83.8
—Dollars	5.5	1.8	10.9	2.5	74.2	16.2
Hungary						
—Transferable rubles	81.6	76.4	69.3	71.1	34.2	71.7
—Dollars	18.4	23.6	30.7	28.9	65.8	28.3

Based on this table, we can make some observations. The largest share of free foreign exchange transactions was in trade with the USSR. In the second half of 1990, most of the exchange with this country occurred on terms of payment in convertible currency. This pertained especially to imports. The Soviet Union was able to effectively slow down the sale of its goods for rubles, and in January it eliminated it almost completely. However, our exporters were clearly interested in selling even for rubles. Last year, payment supplements helped them maintain this interest. The fact that in January there were still so many exporters willing to sell for rubles gives pause for thought.

In trade with the other countries, the share of free foreign exchange was much more steady and stable. In trade with Hungary, the share of transactions in convertible currencies in imports was actually the same in January as in the previous year. However, our exporters were definitely striving to move to free foreign exchange settlement.

In trade with Czechoslovakia, the share of payments in free foreign exchange was not large last year, particularly in imports, and this status remained in January. Our exporters, however, clearly went to payments in free foreign exchange beginning in January.

The picture of the exchange with Bulgaria is similar, except that the share of free foreign exchange payments last year in mutual trade was even lower.

## **Procedures in Planned Securities Market**

91EP0359A Warsaw RYNKI ZAGRANICZNE in Polish  
12 Mar 91 p 3

[Article by Jadwiga Druzynska: "The Capital Market in France and in Poland"]

[Text] The Polish stock exchange does not exist yet either legally—because of lack of a law that is imminently expected—or physically, since quite a few technical and organizational problems remain. However, we may indicate in passing who will participate in the capitalist market.

The following will participate in the stock exchange:

- Issuers of stock.
- Individual or institutional clients who wish to buy or sell stock.
- The State Stock Trust in which all stocks on the exchange will be deposited. All members of the exchange, that is, banks and stockbrokers, will have aggregate deposit accounts in it. Its basic function will be to regulate the exchange and minimize risk connected with trading in stocks.



The trust will also conduct a running audit to verify agreement between the state of deposit accounts and the amount of stock in circulation. Transactions will be registered in the form of registry entries; stock transfers will be made by debiting one account and crediting another.

- Agents (stockbrokers) implementing buy-sell orders. Presumably, this role will initially be carried out only by banks. Some of these will also be engaged in distribution of stocks or will become sponsors of subsequent issues. In the initial phase, two kinds of agents will operate in the market.

The first type of agent will function as a stockbroker or collect orders and transmit them to the stock exchange. For this purpose, every bank-stockbroker should establish an individual stock account for each of its clients (to the extent that he owns stock) and money account (to the extent of his intended purchase). On its part, the bank-stockbroker must have on deposit in the State Stock Trust and in the Clearing Bank (more about this later) an aggregate account for its clients. On the one hand, this will facilitate making out deposit statements, and, on the other hand, it will facilitate settling accounts with other banks-stockbrokers.

Agency of the second type pertains to banks that are not active on the stock exchange or in the State Stock Trust and to small stockbroker agencies. This will also involve collecting buy-sell orders and transferring them to banks that operate on the stock exchange. But the authorization period for this group will be shorter than that for the first group. In addition to maintaining the accounts of its clients, these agencies should also have their own accounts of stock and cash accumulated from clients placing orders.

- The stock exchange, whose basic function will be centralization of buy-sell offers, and publication of market prices. The market price is set by supply and demand expressed in investor (client) orders. A single market price will hold for a single session, determined with observing the rule of greatest turnover. The stock market should provide a clear and safe flow of transactions and guarantee all participants equal access to information that affect their decisions to buy or sell.
- The Clearing Bank, whose function will be to settle monetary accounts between all participants in the capital market. The stock exchange will be authorized to issue transfer orders. The rule has been adopted that the Clearing Bank will not carry on activity in a secondary stock market.

### Steady Progress in Computer-Equipment Production

91EP0361B Warsaw RYNKI ZAGRANICZNE in Polish No 29, 7 Mar 91 p 7

[Article by Henryk Nykiel: "Painful Transition From the Ruble to the Dollar: Mera-Elzab and Meraster, Attempts To Escape From the Trap"]

[Text] Mera-Elzab Computer Equipment Plants in Zabrze have greatly improved the quality of their products in recent years, coming closer to world standards. The next few months should bring further progress. Last December the enterprise began to assemble color and monochrome monitors from subassemblies and parts purchased in Taiwan. This year Mera-Elzab plans to assemble approximately 100,000 such monitors.

Another Silesian electronics plant, Meraster Scientific-Production Control Systems Center in Katowice, chose a similar way of modernizing production. But unlike the Zabrze factory, it has not yet enhanced its production offer. In Meraster the assembly of products from foreign components is under consideration. The Center has already agreed upon the preliminary terms for the purchase of assembly parts from Scandinavian, West European, and American firms. Independent of this, it intends, this year yet, to begin production of small telephone exchanges (from 200 to 2,000 numbers), mainly for the countryside, for which a large demand exists in this country.

The hasty actions of both these firms, aimed at updating their offers, are not accidental. Both Mera-Elzab and Meraster have lived mainly off exports to the Soviet Union. After account settlements in foreign exchange went into effect, this method of selling is greatly endangered. Thus far, neither of these plants have yet signed export contracts for 1991 with Soviet contractors. It appears that they will have to look for buyers in other countries. Until last year, Mera-Elzab exported 40 to 50 percent of its total production to the USSR. The items delivered were terminals (monitor, logic board, key-board).

The Zabrze enterprise has the advantage that it is now offering products much more modern than doubtless are the monitors assembled from Taiwanese components. But it is highly probable that the Soviet contractors will buy from Mera-Elzab because the product offered is comparable in quality to Western products and is also cheaper. The plant is also trying to find buyers in Germany, Great Britain, Belgium, and the Netherlands. Our neighbors to the south are also interested in buying monitors assembled from Taiwanese subassemblies and parts. The factory is also counting on large sales on the domestic market.

Meraster Center, which specializes in the production of computer equipment, placed approximately 90 percent of its production on the Soviet market. The enterprise has no contracts for 1991. It is counting on the fact that as soon as production is begun on new products assembled from imported components from well-known Western firms, its offer will be attractive to Soviet buyers.

### Construction Minister on New Housing Initiative

91EP0367A Warsaw POLITYKA (HOUSING POLICY supplement) in Polish No 11, 16 Mar 91, pp 17, 19

[Interview with Construction Minister Adam Glapinski by Teresa Gornicka and Adam Glapinski; place and date not given: "Taking a Shortcut"]

[Text] [POLITYKA] You presented a radical draft for overcoming difficulties in housing construction after holding the office of the minister of construction for just one month and, in addition to this, being a person from outside this ministry. Is this not a manifestation of a certain, pardon me, immodesty which is due to a "new person" being unaware of existing relations, obstacles, and dependencies? Why do you think that you will manage to accomplish what your predecessors have not?

[Glapinski] I do not ascribe to myself any particular traits which would give me a better chance than the others have had. It is just that the circumstances have changed. We can no longer postpone the introduction of resolute reform in the housing sector.

When I assumed the post of the minister of construction, I counted on having a guaranteed freedom of action which none of my predecessors has had. My predecessor, Aleksander Paszynski, who was well versed in the entire set of issues and had an established view of what needed to be done in this ministry, had his hands tied nonetheless. No minister operates on his own; he is merely a part of the government. In turn, the government operates within the framework of the existing political freedom. As I see it, the current government has great freedom of action compared to the previous team. The risk and the responsibility are likewise great. Many ministers hesitated about whether to accept the posts offered. One can hardly count on furthering his personal career under the circumstances. This is why Prime Minister Bielecki referred from the very beginning to serving the state and society, to preparing a better point of departure for our successors.

How did it happen that I had the courage to propose this draft that soon after assuming the post? After all, it is not my idea. There is nothing in it that did not cross the minds of people long ago. The knowledge of barriers blocking housing construction was complete. These were obvious things which one needed to put together and attempt to push through politically. The trick is not to think up what needs to be done but how to change these ideas into the existing law.

[POLITYKA] It appears that you are one of the few people on this team who are serious about the slogan of acceleration. You want to introduce certain changes by taking shortcuts and by using, pardon me, an ax to cut various knots, big and small.

[Glapinski] At any rate, this is not Bolshevism. After all, regular legislative channels are expected to be used with a view to making these changes. There is no departure

from the law involved in it. This is a proposal for the government to speed up its work and to approach the issue of housing in a comprehensive manner.

So far, we have had the beginning of amendments or changes in many laws affecting the housing sphere. As is usually the case, propositions get bogged down in discussions and bargaining. The entire process is delayed and may take years. Yet, as far as housing is concerned, the lead time of several years is absolutely unacceptable.

Therefore, common, mundane realism compels us to treat the regulations currently in effect, which are an impediment, in a special manner. We can hardly call this acceleration. This is rather setting a normal pace. To my mind, setting a certain date by which all disputes will have to be resolved is the only way out of the situation. I would like this final deadline to come about soon. Attempts made today to push through some decisions revolve around estimating the potential of the state rather than clarifying legal questions, for example, the issue of compensation for land parcels confiscated in Warsaw, or the real estate which has been taken over. Nobody is questioning legal deeds; everything that can be said on this topic has already been said. It is not unrealistic to postulate that the final methods of resolving the issue be decided upon before the end of this year.

[POLITYKA] What barriers do you intend to break down by using "the ram" of the anticrisis [draft] bill?

[Glapinski] The lack of parcels for construction is the first barrier. Under our circumstances, this is not an objective or natural barrier. All lots which may be used for construction have not already been used. Considerable reserves exist even in the cities. The barrier is created by our protracted administrative procedures. The changes proposed are intended to simplify the methods of finding, designating, and selling lots for construction, as well as making them available. The problem of using some agricultural land for construction, which has been under discussion for years, is a typical example. For example, there is not disagreement as to the fact that having farmland in the centers of large cities does not make much sense, and that the things which grow there are not fit for consumption, regardless of the grade of the land. The minister of agriculture also acknowledges this. However, canceling the agricultural protection of these areas and earmarking them for construction purposes proceeds with much resistance. Therefore, there is no argument here as to the essence of it; there is a purely legal argument about jurisdiction.

The issue of expanding and adding extra floors to existing real estate is another example. The residents in real estate are not interested in having something grow over their heads or to the side of them for purely egotistic reasons. Of course, we may say that this egoism is justified. Under Polish law, the owner of an apartment in a 20-apartment tenement house has a right to block the addition of a floor or the remodeling of an attic. We

propose to change this, being aware of the fact that this is a radical move because it invades the sphere of "sacred property." However, this must be accomplished through legal procedures and be accepted by our society. This is why I consider a public discussion of solutions proposed in the anticrisis bill to be so significant. It is up to the parliament to make a decision.

[POLITYKA] Do you also envisage the suspension of the recently adopted law on comprehensive bidding for parcels earmarked for development? This law was treated as a triumph of the liberals, and you are one, after all, are you not?

[Glapiński] The bidding was supposed to replace the market. Gminas urgently looking for sources of income eagerly resort to the bidding. This otherwise correct arrangement has affected in particular the investors and various cooperatives which were in the process of preparing investment projects, already had certain lots allocated to them, and were caught by surprise by the new regulation which imposed a system of bidding for the acquisition of these lots. This is a clash which needs to be settled.

[POLITYKA] But how?

[Glapiński] I may outline here my view of the problem. I subscribe to the thesis that apartments must be a commodity, and lots should have their market price. However, the purpose is for us to be able to calculate the prices of things and, at the same time, put in place arrangements which make it possible to make these assets available at lower rates in socially justified cases. Not all the commodities should be purchased at 100 percent of the price. However, if we subsidize someone we should know what the value of this subsidy is.

[POLITYKA] In the last POLITYKA (HOUSING POLICY supplement) but one, we carried an article by Ryszard Hajnosz who proposed to make lots for housing construction available altogether free of charge, instead of extending credit. What do you think about it?

[Glapiński] Our proposals are not that radical, but they sort of build on this idea. After all, we indeed do not have capital, whereas land may be made available on preferential terms.

[POLITYKA] Returning to the arrangements proposed by the anticrisis bill.... The unresolved issue of the so-called cost of development will still remain even if you succeed in pushing through all of these simplifications in obtaining lots. What do you propose in this regard?

[Glapiński] I will outline a certain sequence of actions by way of example. Right away, I will make the reservation that this idea may only be realistic given an active approach to the issue by the local communities and by putting pressure on the local authorities if they use the lack of funds as an excuse.

Therefore, we begin from the gminas reporting to the voivodes lots available for construction which may include, among other things, poor agricultural land. The voivodes sign a regular contract under civil law with the gminas for the joint preparation of lots for construction. The enterprise should be conceived in such a way as to be profitable for both parties. For example, the following guidelines may be accepted. The voivodes (or the banks representing them) cover 35 percent of the cost of these operations. Thirty percent of the cost is financed by gmina bonds purchased by the residents of a given gmina interested in purchasing lots. The gminas contribute the remaining 35 percent of funds for preparing lots from their own budget, proceeding from their own economic interests.

As our estimate, done for a gmina in the vicinity of Warsaw, indicates, at present it would be realistic to purchase lots situated there at a price not exceeding 10,000 zlotys per square meter due to their low agricultural and user value. We should add to this the cost of development, bringing in water, electricity, and so on. We have calculated this cost; it should not exceed 50,000 zlotys per square meter.

After these preparatory actions are completed, the area would be divided among future investors on the following principle. Thirty-five percent should be sold at an open auction, and obtaining a price of 250,000 zlotys per square meter appears completely realistic in the case of the gmina in our example. The owners of bonds would be entitled to purchase 30 percent of the lots; in the process, the prices paid by them should not exceed 35 percent of the price secured at the auction. We proposed that the remaining 35 percent of the lots be allocated for people on the cooperative waiting list. The cost of developing lands for cooperative construction should be offset by a subsidy from the budget to a certain degree.

We have done quite precise calculations for this specific operation in, as I said, one of the gminas in the vicinity of Warsaw. We came up with 6 billion zlotys on the cost side, and 13.5 billion zlotys on the revenue side. The funds generated may be invested in preparing more land.

However, this example clearly indicates that this model may be implemented on the condition that many laws are revised, such as the laws on land transfer, land use management, and protection of agricultural land, the law on construction regulations, and the law on the proceeds of gminas. Perhaps, I have not mentioned all of them yet. This is why a summary amendment in the form of the anticrisis bill is necessary.

[POLITYKA] In your opinion, is it possible to have that many laws amended by the current parliament toward the very end of its term?

[Glapiński] I believe that it is possible in precisely the current parliament. From a psychological point of view, a parliament elected democratically, in free elections, will not be eager to begin its operations by adopting a bill

through rapid, not to use the word emergency, procedures. However, this parliament, in the final period of its term, may strive to make such a decision, meeting the expectations of society.

[POLITYKA] However, how can the parliament be inclined to work on this bill at all? Do you have some strong lobby behind you?

[Glapiński] At the ministry, we are doing whatever we can in order to secure such broad support. In this instance, I count very much on the community of journalists and on active participation by various organizations involved in the issue of housing. I have set up a proper coordinating group in our ministry which will collect and review the proposals and views submitted.

[POLITYKA] However, even if the sailing is smooth for the anticrisis bill, we will encounter yet another barrier in the form of restricted credit potential which hampered such construction last year. What ideas do you have about overcoming this obstacle?

[Glapiński] Indeed, changes in legislation alone will not be enough. Even if we create legislation which makes it possible to use mortgages comprehensively, the citizens need to have something to repay this credit with, after all. Let us not delude ourselves. It is impossible to introduce a target system of financing and credit provision for housing construction within a short period of time. This is why we are looking for extemporaneous solutions.

Proposals are already known for preferences in the repayment of credits for last year which introduce an [upper] limit of liabilities equal to the monthly repayment of 25 percent of the average family income. Arrangements being prepared for this year are of the same kind, the difference being that in the future this should be an indicator of liabilities based on the specific, individual incomes of a given family.

Of course, efforts to create a legislative basis for setting in motion the institution of mortgages have been under way continuously. Mortgage lending which makes it possible to extend credit with real estate used as collateral already exists. We also have mortgage insurance in the form of the right to eviction. All that is missing are executive regulations which would make such evictions possible. A notary system should begin to operate effectively in order to service mortgage contracts. The work on the legal regulations which we are lacking is under way, and we expect that it will be possible to extend the first loans of this type as early as the middle of this year.

[POLITYKA] Your predecessor cautioned that money should also be found for mortgages. Where are we to get the money? From the World Bank?

[Glapiński] Credits of the World Bank are given on a very small scale. We should not be particularly ecstatic about this aid. As is known, experts from the World Bank are already negotiating with specific gminas, and

determining the location of buildings. The construction of homes financed by World Bank loans will begin soon. This amounts to merely several thousand apartments a year. However, this is a departure from monotonous arrangements for the mode of financing and credit provision for the construction of apartments which has been perpetuated for years.

The development of a capital market in our country will be significant above all in order to solve this problem. We cannot conceive of a comprehensive operation of long-term apartment mortgages in the absence of long-term deposits in the banks, whether they are going to be retirement and annuity funds or some other funds—in a word, capital looking for safe investments which do not necessarily yield the highest rates of interest. The government is determined to proceed in this particular direction. We assume that even if the government changes, the next government will not abandon this path. The economy will go in this very direction regardless of what happens in politics.

[POLITYKA] However, for now these are merely futuristic solutions. To date, there have been no such long-term investments, and the inflow from the outside is symbolic. Therefore, the budget which is called upon to sustain the development of housing remains on the battlefield. As an estimate by the Sejm Commission for Construction suggests, the funds allocated from the budget for maintaining the fluidity of credit to housing investors doom us to a further decline of construction.

[Glapiński] The Sejm commission maintains that the funds earmarked in the budget make it possible to build 70,000 apartments only, whereas the Ministry of Finance assures us that these funds are calculated for 145,000 apartments. Actually, all of these estimates are imprecise. After all, this is going to depend on how the cost of construction evolves, how successful we are in smothering inflation, and so on. In general, as I see it, the funds reserved for housing construction in the budget are indeed insufficient. This is also the case with, among other things, funds allocated for social aid in paying rent. According to our calculations, they will meet the needs through the middle of the year only.

[POLITYKA] The government did not propose to increase the funding for housing within the framework of the so-called self-amendments to the budget....

[Glapiński] There was simply no opportunity to do that, all the more so because all the ministers had their own incontrovertible arguments to the effect that there are shortages of funds in all ministries. I believe that certain corrections in the budget are unavoidable after the first year. The principle of concentrating all funds allocated for housing in the hands of the minister of construction, proposed by the Sejm commission, will make a certain flexibility possible in the management of the funds of the budget. This will certainly facilitate a more rational use and control of expenditures from this source.

[POLITYKA] This has to do with our next question. What is your vision of the role and jurisdiction of your ministry in the future?

[Glapinski] In recent years, this ministry has been subjected to various random transformations; certain things were added to its jurisdiction, and some were taken away. As a result, a conglomerate emerged, devoid of cohesion, and which does not meet current needs. The change of the name to the Ministry of Housing and Land Use Management, which I proposed, suggests the direction of changes. The organization will be called upon to effectively implement the policy of the government in the housing sphere and to manage the entire housing sphere and land use in keeping with the intentions of the government. In other words, the ministry will be a policy organ. In turn, three offices of state administration should be set up which would operate on a continuous basis, regardless of who happens to be the minister. They would not be subject to political fluctuations and would ensure stability and continuity. They include the Office of Geodesy and Cartography, the Office of Land Use Management, and the Housing Agency. Proposals for these changes have already been prepared. Efforts to this end began earlier, when Aleksander Paszynski was minister. We are now awaiting a response from the prime minister. As I see it, it is necessary to move in the direction of these transformations, which is not at all to say that everybody is of the same opinion. Perhaps, the proposal to set up the Housing Agency, which would concentrate the management of funds allocated for housing, is the least controversial.

[POLITYKA] Minister, what is going to happen if the parliament rejects the anticrisis housing bill which you proposed?

[Glapinski] In this case, nothing else will remain but to pressure the Sejm to make decisions quickly on the issue of amending individual legal acts. Anyway, I assume that a regular legislative process putting all the laws on which the work has already begun in a final shape will continue regardless of the anticrisis bill which contains extemporaneous solutions for the five years to come. I believe that the problem lies in the lack of opportunity to finalize this work within a short period of time. After all, they have a marked sociopolitical aspect, thus presenting a wide-open field for political bargaining by various interest groups. This is why I believe that the adoption of the proposed anticrisis bill, which regulates the most pressing issues in a single act, would somehow move the entire housing problem beyond this political aspect of it.

The housing crisis is acquiring increasingly threatening dimensions because it overlaps with other social problems. It is becoming one of the basic elements of an explosive political mixture. The younger generation is made desperate beyond its endurance by the lack of housing prospects. It is difficult to continue tolerating a situation whereby young, educated, and enterprising people emigrate mainly for this very reason. I count on public opinion coming out in favor of the proposal to

overcome the crisis through a rapid legislative maneuver. If this does not happen now, during the term of this parliament, the entire issue will have to be postponed at least until the fall. This would mean extending the condition of inability at least by one year. We cannot afford this.

[Box, p 19]

#### **Glapinski's Anticrisis Housing Bill (Main Proposals)**

New proposals provide for introducing in the first half of this year about a dozen specific legal regulations which will apply for a period of several years (for example, 1991 through 1995), that is, after 1995, they will either become a part of permanent legislation, or will be canceled; they will apply in strictly defined situations set forth in the law.

1. To increase the supply of lots for construction by:

- Providing a temporary opportunity for gmina councils or permanent organs of the councils created to this end (construction commissions) to make binding decisions with regard to investment projects in the field of housing construction, and technical and human municipal services for territories which do not have a current land use management plan.
- Streamlining, simplifying, and restricting the scope of work in land use planning.
- Procuring farmland within the administrative limit of the city.

2. Protection of the interest of entities preparing investment projects which have secured authorized locations.

It is proposed to cancel temporarily the unconditional requirement for bidding in certain statutorily specified cases. Decisions on these issues should be made by gmina councils.

3. Temporary changes in the management of real estate which make it possible for local self-government bodies to make decisions on adding floors, remodeling, and building additions to a residential building in situations whereby the building is in part owned by private persons, regardless of the possible protests by private co-owners. The latter will receive indemnities established in keeping with market principles.

4. Facilities and incentives for investment in housing and the sale of premises and residential real estate. It is proposed to introduce tax relief for investors in housing construction and to simplify procedures for the confirmation of projects and the issuance of building permits.

5. With a view to resolving the issue of the so-called cooperative waiting lists sooner, the following is proposed:

- Verifying the lists of candidates waiting for apartments and registered by the offices operated by the voivodes.

- Candidates of full age who have made a complete contribution and do not own a separate apartment should remain on the registers.
- Individuals giving up their place in the line will be granted loans to build their own homes or to purchase apartments on favorable terms, or will be granted lots for construction (free of charge or at a minimal charge).

6. The investment process will be simplified by, among other things, decentralizing powers under the construction law and transferring most of them to the jurisdiction of the local self-government bodies.

### **Cable Television Installation To Begin**

AU0504143091 Warsaw GAZETA WYBORCZA  
in Polish 2 Apr 91 p 2

[Text] PAP—The Polish Cable Television Company Inc. will begin to install cable television systems in Warsaw and nine other cities this year. The first Warsaw districts to be served are Ursynow, Sluzew, and Stegny. Other districts will follow.

It will take four years to install the equipment, at a final rate of 15,000 apartments per month. In the case of

smaller districts, it will take three years. The installation fee will be 250,000 zlotys [Z], plus a monthly subscription [fee] of Z80,000 to Z100,000. Anyone with a television set not capable of receiving cable television will be able to rent a converter from the company. This converter will also permit the reception of satellite programs, even on the oldest television models.

Initially, Polish Cable Television will offer over a dozen channels, four of which will be dubbed into Polish: CNN, Eurosport, Discovery (an educational channel), and a film channel.

Polish Cable Television also plans to transmit its own programs, including a 24-hour local program. In addition, the following channels are envisaged: an education channel (containing, among other things, language courses and courses for businessmen), a religious channel, and a film channel with Polish and foreign films.

Eventually, Polish Cable Television will supply 30 television channels, including the two national channels, plus 16 radio channels, and teletext. The company believes that about 3.5 million consumers in 11 cities will subscribe to cable television.

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