

JPRS-UIA-89-005
27 MARCH 1989



**FOREIGN
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JPRS Report

Soviet Union

International Affairs

19980506 101

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NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

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Soviet Union

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Financial Times Correspondent on Obstacles to All-European Economic Integration
18070514 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian No 13, 15 Jan 89 p 3

[Article by Quentin Peel, Moscow correspondent of FINANCIAL TIMES: "What Is Impeding Cooperation"; first three paragraphs are SOTSIALISTICHESKAYA INDUSTRIYA introduction]

[Text] Can the idea of the common European home be given realistic economic content? What are the real prospects for genuine economic cooperation between the two halves of Europe?

The volume of trade between them is negligible by world standards. The Soviet Union still ranks sixth among the EEC's trade partners, after the United States, Japan, Switzerland, Austria, and Sweden. If it were not for oil and gas, it would be even lower on the list. As far as manufactured goods are concerned, the two sides are just beginning to skim the surface of potential trade in this area. Furthermore, these goods are moving mainly from West to East. Total commodity turnover between the EEC and CEMA was under 50 billion dollars in 1987, and the USSR accounted for almost half of the figure.

Now the Soviet Union and CEMA as a whole are negotiating agreements on cooperation with the Commission of the European Communities (CEC, the EEC's executive organ) in Brussels after ignoring one another for more than 30 years.

The very fact that the USSR has finally granted the Common Market diplomatic recognition is a sign of progress. So is the mutual recognition of the EEC and CEMA, recorded in a joint declaration signed last June, in contrast to the community's traditional efforts to ignore CEMA completely. But this is all that has been accomplished to date.

Let us take a closer look at CEMA and the EEC. They are so different that there is simply no basis for comparison. The Common Market already has a large bureaucratic network responsible for the planning and organization of much of the economic activity in the 12 countries belonging to it. Agriculture is almost completely controlled by Brussels. The metallurgical industry is also under its control. Other industries—shipbuilding, the textile, automotive, and chemical industries, etc.—must pay close attention to every decision made in the Belgian capital. Each of these industries maintains large agencies there to keep track of developments. The leading ministers of the 12 states—not just foreign ministers, but also ministers of finance, industry, and agriculture—meet literally each and every month to draft directives which will have the force of law in each of these countries. The genuine integration of Western Europe, which has been a slow or painful process at times, is now in full swing.

Chairman Jacques Delors of the CEC predicts that 80 percent of all the economic decisions affecting members of the community will be made in Brussels by the end of the century. Even now, many enterprises are beginning to think and operate not as British, French, West German, or Italian firms, but as European concerns.

When we move from Brussels to Moscow, the contrast is more than obvious. CEMA has virtually no effect on the daily life of Soviet citizens. Its bureaucracy is small and almost powerless. Here is a recent example: When the Soviet Union followed the example of Czechoslovakia, the GDR, Poland, and Bulgaria by deciding at the end of last year to prohibit tourists from bringing several key consumer goods into the country, CEMA admitted that it did not have the power to protest the decision. Its chairman said that CEMA does not even have the appropriate subdivisions to take matters of this kind under consideration. In Brussels the elimination of customs barriers and other border formalities is one of the top priorities. In Moscow, on the other hand, people are instituting new ones.

The situation is the opposite in the sphere of economic forecasting. The CEC has a modest economic division and its annual reports are politely ignored by all members of the community. In CEMA, economic planning is the job of an extremely important subdivision, and its decisions must be taken into account when the members draw up their own five-year plans.

What do these organizations have in common, and what could they have to discuss? According to Common Market spokesmen, they are not discussing trade relations. They have the power to negotiate commercial transactions with other states, but CEMA officials do not.

CEMA has proposed the discussion of eight possible spheres of cooperation, including environmental protection, transportation, nuclear power engineering, planning, statistics, technology, and technical standards. The problem, however, is that neither side knows enough about the other's competence in each of these spheres.

The EEC's caution, however, also stems from continuing political worries. Most of the 12 countries belonging to the community still have no wish to trust CEMA. Officials in Brussels are trying to establish closer relations with individual countries in Eastern Europe, and it is within the framework of these that trade and other forms of exchange could be developed more quickly.

The talks between the CEC and the Soviet Union began at a fast pace. The first round was held in November and the second was scheduled for February 1989. The EEC states would like to reduce the huge imbalance in trade with the USSR. The Common Market has had a trade deficit in this area from the time of its founding in 1957. It reached its peak—over 10 billion dollars—in 1984, when the price of oil was high, and it remained at the

4-billion-dollar mark in 1987 because of the sharp reduction of Soviet imports to compensate for declining energy resource prices. The Soviet Union, on the other hand, is extremely interested in increasing exports of its manufactured goods to reduce its dependence on raw material exports.

The main difficulty in the talks on the improvement of trade relations between CEMA and the EEC is the search for concessions acceptable to both sides. One area in which compromise is possible is the facilitation of conditions for Western businessmen to establish commercial relations with CEMA countries. This would entail giving them direct access to enterprises in place of the permanent control of this access by central government agencies. It would also entail the provision of Western businessmen with reliable information about the state of the market, the needs of enterprises, and so forth, and the facilitation of their travel within the country and their establishment of direct contact with potential clients. All of these forms of liberalization are part of perestroika, although few people in the Soviet Union seem to be aware of how much more it will take for the system to be open to some extent.

Obviously, there is a common interest in more favorable legislation for future joint enterprises, including, for example, the elaboration of common conditions for all West European companies with regard to the export of enterprise profits in hard currency. This would create the possibility of equal competition between companies wishing to do business with the Soviet Union and might even encourage many to do this by convincing them that this is a reliable commercial environment.

Financial relations are even less definite. On the one hand, we have seen the willingness of West European banks to extend credit to the Soviet Union, but it seems to be greater than Moscow's willingness to accept credit. The EEC countries realize that the growth of their exports will be financed on credit only temporarily, because it will take some time before the Soviet export base can be expanded. Gorbachev, however, knows of the foreign debt problems of neighboring states—Poland, for example—and has no wish to follow in their footsteps. He still believes that the Soviet Union can pull itself up by its own "bootstraps."

The issue of technology transfers, which is of major interest to Eastern Europe, is still being complicated by the existence of CoCom [Coordinating Committee for Multilateral Export Control], which is under American control. This organization is supposed to guarantee that no Western technology capable of being used for military purposes will be transferred to the Soviet Union or its allies.

West European exporters expressed dissatisfaction with this control long ago. They want to sell their high technology products to anyone willing to pay the price in hard currency. All suggestions that CoCom rules should

be less stringent now that East-West relations are improving, however, have been rejected in the United States. According to Washington officials, CoCom rules are not a political instrument adjusted in line with diplomacy. As long as NATO and the Warsaw Pact are adversaries, it would be insane for one side to help the other with its own inventions.

It seems obvious that CoCom rules will only be relaxed to an insignificant degree as a result of talks between Moscow and Washington. Brussels can lobby for this, but Washington will make the final decision.

After this kind of analysis of the problems involved, what kind of advantages does the improvement of economic relations between the two halves of Europe promise? It is obvious that the main one is the enhancement of economic effectiveness. It would be absurd for the two halves of one continent not to increase commodity exchange and not to derive mutual benefit from specialization in the fields in which they excel.

In particular, the Soviet Union is a huge potential market for West European goods because it still represent the continent's virgin territory for the sale of consumer goods. In turn, Western Europe represents a huge market for many more Soviet exports, raw materials at first and manufactured goods in the future (if Soviet quality control can be improved).

Agricultural products could be the touchstone. In recent years the USSR has bought the EEC's surplus, especially butter and meat, and has thereby reduced the Common Market's colossal outlays on agricultural subsidies. If the reform of this sector in the USSR leads to a "green revolution," it will cover its own needs and be able to sell agricultural products abroad. The Baltic Stock Exchange in London—the main center of the grain trade—was given this name because much of the grain was originally shipped from Russia across the Baltic Sea. There is not much of a chance, however, that this situation will be repeated in the near future.

All of this precludes the anticipation of the rapid and unimpeded expansion of trade and cooperation between Eastern and Western Europe. Their chosen practices, institutions, and priorities are too different, and these differences cannot be surmounted with fleeting negotiations. Over the long range, however, the resumption of trade in the necessary volumes within the common European home might be the only possible solution. Gorbachev and Thatcher should treat the existence of this common home as an indisputable fact and begin planning practical steps so that it will work more effectively than it has in the past.

Austrian Neutrality, EEC Membership Viewed
*18250079 Moscow SOVETSKAYA ROSSIYA in
Russian 10 Feb 89 p 5*

[Article by A. Balebanov: "Austria-EEC; Alternative to Neutrality"]

[Text] The news that the Austrian Government had approved an expert report on the conditions and consequences of the country's membership in the European Economic Community (EEC) was almost unnoticed in the stream of world events. This decision by the cabinet of Federal Chancellor Franz Vranitzky, however, is certainly not unimportant: In essence, it will pave the way for an official Austrian request to join the EEC.

The issue of neutral Austria's interrelations with the Common Market has been advanced to the forefront of Austrian foreign policy. This was preceded by a year or so of debates, which were so intense that they almost drove the ruling coalition, made up of the Socialist Party of Austria (SPO) and Austrian People's Party (OVP), to the verge of political crisis. At one point it even seemed that their partnership in the federal government would collapse. The OVP wanted the country to participate in the new internal EEC market, while the SPO stressed that this kind of participation would be tantamount to Austria's membership in the EEC as a whole and therefore proposed a more thorough investigation of the matter.

The disagreements arose when OVP Chairman A. Mock, Austrian vice chancellor and minister for foreign affairs, insisted that the entire matter be turned over to the foreign policy agency. This demand, however, was rejected by F. Vranitzky, who stressed that Austria's future relations with the EEC were a matter of concern to all ministries. The chancellor also rejected Mock's assumption that "it would be enough to send an announcement to Brussels with the stipulation of Austrian neutrality and then begin talks with the EEC."

In spite of all their differences of opinion, the OVP and SPO have never had any fundamental disagreements over Austria's potential interest in a unified internal EEC market, presupposing the free movement of capital, human resources, goods, and services from one country to another. Nevertheless, the conflict between the two parties grew so acute that the chancellor decided to turn all of the questions connected with the country's participation in the community over to the parliament. Parliamentary approval of the government's plans, according to F. Vranitzky, will be followed by the elaboration of a strategy of further action by all concerned parties. This is why the expert report was immediately sent to the deputies for discussion after it had won cabinet approval.

Opposition political parties, the general public, economic organizations, and the press joined in the government debates. The Communist Party of Austria, for example, believes that joining the EEC would be contrary to the national interest. The Communists are afraid that participation in the Common Market would lead to Austria's loss of economic independence, to domination by foreign monopolies, to the fragmentation of the national sector in industry, and to the restriction of the social rights of workers. The Austrian Economic Research Institute feels that the disadvantages of participation in the EEC will outweigh the anticipated advantages: The profitability of agricultural production will decline sharply, peasant income will decrease by at least 10 percent, Austrian agriculture will be subordinate to a small group of EEC agroindustrial concerns, and the impoverishment and ruin of small and medium-sized farms will be accelerated. Farmers and livestock breeders will lose 4 billion schillings a year when the Austrian market is flooded with cheaper products from EEC countries. On the other hand, membership in the EEC is advocated by all of the heads of state governments and by representatives of labor unions and industrialists, who believe that the EEC will bring Austria more benefits than losses.

If the Austrian parliament gives the "go-ahead" for the country's participation in the EEC, Vienna will have to reconcile the almost irreconcilable: It will have to reconcile its neutrality with the transfer of some national authority to supranational EEC bodies, with close foreign policy cooperation with the 12 Common Market countries, 11 of which are NATO members, and with the EEC leaders' plans to extend the organization's functions to the sphere of security.

It appears that the Austrian political leadership is also aware of this.

"We Austrians," Vranitzky said, "regard neutrality as a form of governmental self-expression.... We chose it with the best intentions, and in 33 years we have turned it into an institution which has brought us security, recognition, and trust.... If neutrality and the chosen form of participation in the internal EEC market turn out to be incompatible, priority should be assigned to the political advantages of neutrality."

Only time will tell whether Vranitzky's cabinet can continue adhering to this line. It is an indisputable fact, however, that certain forces, including outside ones, are vigorously pushing Austria off the rails of neutrality into the embraces of the EEC. For example, H. Grunwald, the U.S. ambassador in Vienna, declared that Washington "does not see any significant contradiction between membership in the EEC and the neutrality of Austria." An emissary from the Luxembourg Ministry of Foreign Affairs asserted that Austrian neutrality "can be secured only by full membership in the EEC."

Results of New Approach to Advertising in Foreign Media Assessed

18250027 Moscow *EKONOMICHESKAYA GAZETA*
in Russian No 42, Oct 88 p 21

[Article by V. Leushkanov, department deputy chief of the Vneshtorgreklama (Foreign Trade Advertising) All-Union Association: "Advertising Must Not be Put Off Until Tomorrow"; first paragraph is *EKONOMICHESKAYA GAZETA* introduction]

[Text] In February of this year the CC CPSU and USSR Council of Ministers adopted a resolution "On Measures For Fundamentally Restructuring the Organization of Foreign Economic Advertising," which formulated an integrated program to transform advertising into a developed branch of the country's foreign economic complex. Initial results of work accomplished under the new conditions were discussed at the recently held first session of the Interdepartmental Council on Foreign Economic Advertising. V. Leushkanov, department deputy chief of the Vneshtorgreklama All-Union Association, tells our readers about the program.

The advertising business has been a stepchild of our economic system for some time now. The deplorable condition of domestic advertising has long been the talk of the town. But the situation in foreign markets has not been much better. The trend in raw materials export has in no way stimulated development of competitive foreign trade advertising and the material-technical base is limited as well. Much of our advertising material has until now had to come from abroad.

The logic of restructuring the system of managing foreign economic ties has led to the need for radical changes in advertising as well, an integral part of operating in foreign markets. Decentralization, independent activity and self-support management also comprise determining principles of the changes here.

The organization of work to provide for meeting the advertising service demands of foreign trade associations, enterprises and organizations is entrusted to the all-union advertising production centers, established on the basis of the all-union associations "Vneshtorgreklama," [foreign trade advertising], "Soyuztorgreklama" [union trade advertising] and "Vneshtorgizdat" [foreign trade publication]. These must render a full complement of services, including preparation of advertising materials and organization of advertising campaigns.

The majority of ministries and departments authorized to deal on the foreign market have established specialized services for marketing and advertising, chiefly in the foreign trade branch organizations where branch councils on foreign economic advertising are being established. Exporter advertising services are being formed

right at enterprise level, where the exporters should mainly fulfill the role of advertisers and place orders in central and regional advertising production centers.

The Interdepartmental Council on Foreign Economic Advertising was created under the USSR Trust of Manufacturing Establishments to coordinate the work of ministries, departments, associations, enterprises, organizations and creative arts unions in the sphere of foreign economic advertising of goods and services. Its first session was not limited to discussing what had been accomplished, but dealt primarily with factors hindering the restructuring effort in foreign economic advertising.

Seriously affecting the development of advertising are the critical lack of qualified personnel, the neglected material-technical base, and imperfections in the wage system for workers in this sphere. There is a lack of training methods literature, no reference publications, dictionaries or practical aids for exporters.

The activities of the all-union advertising production centers are not undergoing restructuring at a sufficiently rapid pace. Today only the Vneshtorgreklama association is able to offer the exporter a more or less full complement of services. Vneshtorgizdat still maintains the specialization that was established there, engaging primarily in printed advertising. Soyuztorgreklama remains for the most part a domestically oriented advertising agency. True, it should be said that this association is seeking optimal ways of entering the foreign market. It has joined in a cooperative arrangement with the Hungarian advertising agency "Makhir" in creating the joint enterprise "Tissa."

The conduct of major advertising campaigns based on prospective plans of branches and enterprises for developing foreign economic ties remains for the time being in the category of good intentions. The archaic approach to allocating funds for advertising has not been overcome, this class of expenditures often being subject to the "budget-slashing knife." Yet the question of advertisement financing is an extremely important one. In the final analysis, the level of funds allocated for advertising will determine whether it will undergo accelerated development or mark time as before.

Advertising services are actually being decreased in a number of branches, leading to a reduction in the advertising operating level which contradicts the adopted resolution.

The resolution authorizes ministries, departments, enterprises and organizations to utilize convertible currency funds for foreign economic advertising purposes, including the establishment of a material-technical base. They should independently determine their advertising needs and the level of funds to be allocated towards advertising in Soviet rubles and foreign currency.

The problem, however, lies in the fact that advertising expenditures are not apportioned separately but rather fall under the overall category of "trade overhead expenditures." As we know, such expenditures come under the "special control" of the USSR Ministry of Finance and are constantly being curtailed by it. As a result, expenditures on advertising are also reduced.

An attempt was made during preparation for the first council session to determine the overall sum or level of current expenditures on foreign economic advertising, but the solubility of these within total expenditures and the lack of statistics on this kind of information resulted in inability to accomplish this. Approximate estimates of funds spent on advertising in this country indicate a level of 100-200 million rubles per year, including a few tens of millions of rubles spent on foreign economic advertising.

In order to show the rift which has developed between the USSR and the developed capitalist countries in the area of financing advertising, it will suffice to say that in the United States, for example, allocations for advertising exceed five percent of total expenditures on goods and production, and the percentage is higher still for firms which produce high-demand consumer items.

In 1986 expenditures for advertising in the mass media alone in the capitalist countries amounted to 174 billion dollars, according to experts. In the United States this amount exceeded the 100 billion dollar level. And these figures do not take into account the cost of shows and exhibitions, packaging, or measures to stimulate market sales, which Western statistics do not include in advertising.

We can see that there is a tremendous gulf here. Miserly appropriations for advertising in our country reflect the traditional view of it as something little needed under conditions of a trade deficit and limited export base. To a certain extent the situation is exacerbated by the transition enterprises are undergoing to self-financing. Self-support management forces an enterprise to count its own money, and allocations for advertising fall out from the priority spheres of financing.

Adherents of such an approach believe that it is first necessary to enhance the quality of products designated for export and increase their production volume. Only then should an advertising effort be undertaken. They feel that to act otherwise is putting the cart before the horse.

But is that the way things are? Restructuring and the accomplishment of radical economic reform in our country have awakened a tremendous interest on the part of foreign firms in the Soviet market. But they know little about our goods, our technology and scientific developments, although many of these meet the highest requirements. Advertising them on an appropriate level is a task we cannot postpone until tomorrow.

There are opportunities here for getting this effort underway, including the assistance of EKONOMICHESKAYA GAZETA. In accordance with the above-mentioned resolution, EKONOMICHESKAYA GAZETA and Vneshtorgreklama are significantly expanding cooperation with the newspapers and magazines of foreign business circles in order to provide potential customers with reliable and timely operational information on export opportunities of the Soviet economy.

EKONOMICHESKAYA GAZETA readers are of course familiar with the regularly published information and advertising enclosures prepared by leading foreign business publications. These publications, in turn, insert supplements in their pages prepared by the Soviet side. Materials are exchanged with publications in the United States and Canada, Italy and the Scandinavian countries, Austria, Greece, India and other nations. The supplements offer Soviet enterprises and organizations a truly unique opportunity to announce themselves in the foreign marketplace and present their export potential. But Soviet industry is still not making sufficient use of these opportunities.

In short, we must undertake an active effort to create favorable public opinion with respect to Soviet products in foreign markets. This is the only way to create a basis for their sale over an extended period of time. It would be an inexcusable omission for our export industry to fail to use the commercial opportunities proceeding from a growing general interest in our country.

Still another factor points out the urgency of undertaking intensive advertising activity. Foreign market advertising is an integral part of the marketing system which requires a study of potential markets, their particular features and opportunities for competitors prior to making a decision to start production of one item or another. Consequently, exporter advertising services have the job of cooperating with marketing services, where they exist, to carefully study the particular product markets with the aim of taking these requirements into account in effecting export production.

U.S. Suspicion of Foreign Credits to USSR Noted
18250025 Moscow ARGUMENTY I FAKTY in Russian
No 45, 5-11 Nov 88 p 5

[Unattributed article: "Credits As an Instrument of Cooperation"]

[Text] The American newspaper THE NEW YORK TIMES reported disagreements between the Reagan administration and the U.S. Congress on the question of affording Western bank credits to the Soviet Union.

For example, the Pentagon states that such credits contradict American interests and certain lawmakers, expressing the fear that new funds will help the USSR maintain its military might, are proposing that rigid controls be established over the activity of West European banks.

Many experts believe the new administration, under pressure from Congress, will be able to convince European allies and Japan to provide more detailed information on these loans.

It is widely believed, however, that Washington's attempts to hinder this process will meet opposition. The question has been under discussion several months already, and the banks of one country after another have made enthusiastic proposals over this period on the financing of Soviet economic reforms, thereby expressing their support for the policy of perestroika being carried out by M. Gorbachev. "We believe these are exclusively private agreements between the European banks and their partners in the USSR," a high-ranking official of the West German embassy stated. "And I do not understand why any kind of interference is necessary."

Over the past ten days, the newspaper stated, West European banks declared their intention to offer loans to the Soviet Vneshekonombank [foreign economic bank] in the amount of more than nine billion dollars. Of this sum, West German banks would account for 1.67 billion, Italian—775 million, English—2.6 billion, French—2 billion, and 2 billion is expected to come from Tokyo.

Another one billion dollars will apparently be offered by banks of Austria, Switzerland and certain Near East countries according to bilateral agreements on "transfer of capital."

Experts calculate that these credits total about one-third of the free currency receipts the USSR is planning to obtain in 1988 from its export production. John Hardt, a leading Congressional expert on the Soviet economy, estimated that over the period 1985-1987 the Soviet Union received overall credits amounting to only eight billion dollars.

The Times also emphasizes that the Soviet Union has entered the international securities market and this year sold stock shares in Europe totalling 350 million dollars.

Funds the USSR receives from Western banks are necessary primarily to increase production of consumer goods, including textiles, shoes, foods and light motor vehicles, the newspaper noted.

Director of New Association on Promising Materials Interviewed

18250098 Moscow IZVESTIYA in Russian 25 Feb 89 p 3

[Interview with V.A. Biryukov, General Director of Newly Formed Association for Foreign Economic Cooperation by Ye. Tipikin: "An Association Has Been Created"]

[Text] The latest and newest things will be at the center of attention of the newly formed Association for Foreign Economic Cooperation With Foreign Countries in the Field of Promising Materials.

It is written in the charter of the association, which was approved by the constituent assembly, that this is a public organization to promote the development and strengthening of cooperation of Soviet associations, enterprises and organizations with foreign organizations and firms, the coordination of such cooperation and its increased effectiveness.

Academician B. Ye. Paton was elected president of the association; general director is to be V. A. Biryukov, deputy general director of the "Vneshtekhnika" All-Union Association. He responded to questions from the IZVESTIYA correspondent.

[Tipikin] Valeriy Anatolyevich, how necessary was the creation of this association?

[Biryukov] I am convinced that it was necessary. Unfortunately, today, we are not utilizing our full potential—either scientific or production—and this is a very important trend in scientific-technical progress. The association's goal is to concentrate efforts directed at the search and development of promising materials. Today, power and resources are, in our view, extremely dispersed.

[Tipikin] What can you do to correct this situation? What does your program entail?

[Biryukov] We will render practical assistance to Soviet industrial associations, enterprises, scientific research organizations and their foreign partners in the development of new forms and trends of scientific-technical and economic cooperation; we will promote the development of Soviet export, and production cooperation, creation of joint ventures in the areas of development, assimilation and application of the latest construction and functional materials, and articles made from them. We want to create a new materials data bank. We want to publish a journal PERSPEKTIVNYYE MATERIALY in both Russian and English; the income it realizes will go partially to the association's fund.

[Tipikin] What is the financial base of your activities?

[[Biryukov] Complete khozraschet. We have three sponsors: the State Committee for Science and Technology, the "Vneshtekhnika" All-Union Association, and the

JPRS-UIA-89-005
27 March 1989

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chamber of trade and industry. Some 51 organizations have become our constituents. In addition, the profit of deals concluded with our assistance and agreements based in the production of our developments and recommendations, from creation with our assistance or our intercession in various enterprises, will form one source of our income. In general, we are not demanding one cent from the state, and we stand to bring in considerable profit.

Well, only one thing remains: to wish them success. Yet the question arises: why are such associations still needed under the existing branched system of practical, analogous state institutions, which would seem to be doing the same thing? Or, quite the opposite: are the antiquated institutes necessary, if they do not respond to the demands of the times, as the creation of so many such associations would confirm?

Europarlament Representative Backs Baltic Republics Autonomy

18070552 Tallinn SOVETSKAYA ESTONIYA
in Russian 12 Feb 89 p 1

[ETA report by A. Chaplygin: "Press Conference by Participants in the Europarlament Intergroup"]

[Text] On 10 February in Tallinn a press conference was held by the delegation of the Baltic Intergroup of the Europarlament.

"I have been struck by the changes which have taken place in the Baltic republics in the last few years," Hans-Joachim Zeler, head of the Baltic Intergroup delegation, told reporters. "Thus, as recently as three years ago, such things as the use of national symbols and freedom to demonstrate seemed unrealistic. I consider the latter the undoubted right of any person."

H.-J. Zeler noted that the use of national symbols is undoubtedly facilitating the national identification of the Baltic peoples.

Touching on the problem of migration, he pointed out that all economically developed countries are faced with this problem today; however, they especially affect small

peoples. Therefore, he considers as positive those changes going on today in the Baltic republics in the area of politics and the economy.

The transition to economic self-accounting [khozyaystvennyy raschet], the preparation for which is now being completed in the Baltic republics, said H.-J. Zeler, seems to him an undoubtedly useful step on the path of improving economic relations between the republics and the center, as well as between the republics and foreign countries.

Answering a question about the striving to strengthen the republics' sovereignty, H.-J. Zeler said that from his conversation with Arnold Ryuytel, chairman of the Estonian Supreme Soviet Presidium, he had learned that Estonia had put forth its suggestions on this problem in Moscow.

Speaking on the upcoming visit to Moscow by an official Europarlament delegation, H.-J. Zeler assured those present that the members of the delegation would undoubtedly be acquainted with those questions, having to do with the Baltic republics. He emphasized in this connection that those data, which their group had received during the present visit, would also be used.

Czechoslovak Communist on Stalin Cult, Current Soviet Events

18070118 Moscow LITERATURNAYA GAZETA
in Russian 11 Jan 89 p 14

[Article by Miroslav Sulek, Czechoslovak Communist Party veteran: "Nothing But the Truth; A Letter from Prague"]

[Text] Soviet periodicals have never been sold out completely in Czechoslovakia. Today, however, as soon as a newspaper or magazine goes on sale—from PRAVDA and KOMMUNIST to KROKODIL and OGONEK—it is sold out almost immediately. This attests to the unprecedented interest of our citizens, and not only party members, in the new revolutionary events in the USSR. I also do not remember a single case in which people stood in line in front of a store to buy a political book, as they did at the end of last year and the beginning of this year when people of all ages and occupations stood in line to buy M.S. Gorbachev's book "Perestroyka i novoye myshleniye dlya nashey strany i dlya vsego mira" [Perestroyka and the New Thinking for Our Country and the World].

The events in the USSR are evoking extensive and sometimes heated discussions. Most of our citizens, party members and non-members, are excited and sincerely pleased by the ideas coming to us from the Soviet Union. Because these new ideas are of a truly revolutionary nature, however, some citizens and some party members will not master the new thinking right away.

Some party veterans grew up and worked during the period of the Stalin cult of personality. Before the war they fought vigorously against the capitalist domination of Czechoslovakia, and after the war they laid the bases of socialism in our country with their selfless and generous labor. Today their reaction to any criticism of Stalinism, even references to obvious crimes, is oversensitive (which is understandable to some extent) or just plain negative.

Many people are frightened by the recollections of 1968 and 1969 in our country (this also applies to part of the middle generation, especially various party and government officials). They are quite unjustifiably comparing the absolutely incomparable—glasnost in the USSR and some articles in the Soviet press with articles by Czechoslovak journalists in 1968 and 1969. An article by a "Czechoslovak N. Andreyeva" even "sounded the alarm" in KMEN, the Czechoslovak writers' weekly.

We also have "revivalists" of various types from the time of the so-called Czechoslovak spring of 1968, who assert that the things that are being done today in the USSR were already on their agenda 20 years ago. They recall some of the slogans of those days, which were similar in form to today's but pursued completely different goals. Finally, they try to compare Gorbachev to Dubcek.

What was happening then in our country, however, was the reversal of historical development—in essence, a regression to the bourgeois pre-war republic. The party did not have any real control in 1968, its leadership was fragmented, and all of the events in the country were chaotic and anarchic and were intended to eradicate socialism.

There is no question that the truthful disclosure and explanation of the history of the CPSU and the USSR after Lenin's death, a period which was marked not only by the Soviet people's great successes but also by Stalin's repression, is not a joyful matter. Each communist must acknowledge and sometimes agonize over the facts he learns. After all, all of us members of the "Old Guard" grew up under the influence of the Stalin cult.

I am almost 71 now, and I have been a party member since 1940. I began writing the radio news reports for the Czechoslovak broadcasts of the "Moscow Speaks" program in 1934, I was a member of the "Union of Friends of the USSR," and I worked for the party for many years after the war. From my earliest years I regarded the Soviet Union as a model of perfection. Later I had many questions for which I could not find any answers, although I sensed that there were obviously some problems in foreign and domestic policy and particularly in the economy. I was not brave enough, however, to ask the questions out loud. I was bound by the unwritten law that nothing about the USSR was open to doubt. Any doubt was a sin in itself.

Today competent and profound articles in the Soviet press are answering many of my questions and doubts.

I also saw Stalin as the highest authority and a model communist. When I was intellectually unable to accept the USSR's 1939 friendship pact with the Third Reich (the conclusion of this agreement was a particularly painful experience for me because our country was already occupied by that time), I found the only possible explanation: "Stalin knows what he is doing, and he must be right." In light of pre-war propaganda, I was also unable to explain the Red Army's disastrous retreat at the start of the war. Once again, I calmed myself with the thought that "Stalin knows what he is doing!"

I first visited the Soviet Union as a member of a party delegation in 1954. In those days life in the USSR was portrayed in our country in oversimplified terms, exclusively in rosy hues, without any problems whatsoever, and frequently with the aid of stills from the movie "The Kuban Cossacks." I often felt confused: How could there be no problems whatsoever? If I had judged Soviet reality at that time by the reception our delegation was given, I would have concluded unequivocally that everything was perfect. In addition to seeing indisputable successes, however, I registered, even if only in a perfunctory manner, an entire series of problems. After everything I had read in our country about the USSR, I was confused to say the least.

The 20th and 22d CPSU congresses caused my opinion of Stalin to waver seriously, but even subsequent years could not completely negate my earlier view of him. Only when I read today's articles about Stalinism can I realize how much Stalinism hurt the construction of socialism in the USSR and the international labor movement and how pernicious the effects of Stalin's distortions of Leninism on the new popular democracies were. Yes, it is painful and distressing to disclose past errors and expose crimes, but this is vitally necessary if we want to move ahead and prevent their repetition in any form, even in the camouflaged form following the 23d CPSU Congress.

All of the new ideas the Soviet Union is propounding today are familiar to me. Why? I gave a great deal of thought to the causes of the many distortions after Lenin's death. I think that these distortions began after Stalin made the speech known as the "oath of loyalty" to Lenin's precepts. It was then that Stalin made the frequently quoted statement that "we communists are special people." Who would object to these words? Who would not want to be special! Being "special" was not simply a matter of owning a party membership card, however; being a communist meant the display of integrity in labor, behavior, and private life. Stalin also said at that time that there were no obstacles we could not surmount. In this way, he seemed to be saying that we party members were supermen. As history demonstrated, Stalin assigned this superman role primarily to himself, with all of the ensuing consequences of this harmful belief.

In search of the truth, I read and reread the materials of the 20th and 22d CPSU congresses. Much was already being said then about the Stalin cult of personality. What happened to slow down this process and to then bring about what could be called a revival of Stalinism in many respects? I believe that this happened because the condemnation of the Stalin cult was not followed by any clear understanding of the means of moving ahead. This created an ideological vacuum; the Stalin cult was rejected, but Stalinism lived on.

It was not until after April 1985, at the 27th CPSU Congress and then at the 19th All-Union Party Conference, that the journey to the new thinking was gradually planned in all of its details—the road of perestroyka, glasnost, and broad socialist democracy, representing the creative development of Lenin's precepts, the road to the full implementation of the ideals for which the people went into battle in 1917.

The party's greatness and success are founded only on the truth; and only the truth, the truth about the past and the present, can make the Leninist renewal of the party possible!

In the past people in Czechoslovakia frequently said that "the Soviet Union is an example to us." This is the right slogan if we are referring to the path the Soviet people chose in 1917, and it is all the more relevant to us today!

The decisions of the 7th Plenum of the Central Committee of the Communist Party of Czechoslovakia in December 1987 and of the 9th and 10th plenums this year will mark the beginning of the implementation and creative adaptation to Czechoslovak conditions of the inspiring ideas we are getting from the USSR and from the fraternal CPSU.

Rationale For Stock Exchange Opening In Hungary

18070103 Moscow PRAVDA in Russian 27 Jan 89 p 3

[Article by V. Gerasimov, PRAVDA correspondent: "Hungarian Stock Exchange"]

[Text] I learned from press reports that starting on 1 January 1989 a stock exchange commenced operations in Hungary. Why did this "capitalist institution" come into being in a socialist country? (Moscow, V.I. Strelkov, Engineer)

Erika Timko, a comely, thin woman wearing an austere white blouse, takes up a microphone. Before her is a closed square of tables. Twenty-five to thirty persons are seated at them. These are representatives of banks and enterprises.

"You have been given the lists of offered obligations and stocks. I am opening the exchange", she says.

First the number of the obligation or stock is read, then who issued it, the price, and how it is quoted. Assistants to Erika Timko, seated at her right and left, quickly note down those who raise a hand and make a purchase. It must be paid for within two days. Of course one can close a deal with the depositors/owners of the securities for the transfer of payments.

The first obligations appeared in Hungary in 1982, issued by local councils and enterprises with the consent of the HPR Ministry of Finance. These obligations, which are not played, are often called "communal notes".

Let me give an example to illustrate what I am talking about. In the capital region of Pest, one of the commercial firms offered buyers obligations with a greater annual interest than that offered by the savings banks, in addition making the interest dependent on the successes of a new network of rural stores that it intends to construct with the monies received. Or another example. In this five-year plan the municipal council of Kecskemet was able to allocate 10-15 million forints annually for construction of a secondary school. If the council were to set aside these monies annually, the funds for construction, 50 million forints, would be amassed in 4-5 years, not to mention that by that time the construction would cost 60-70 million forints. Therefore in 1986 the decision was made to issue obligations for the sum of 50

million forints, the school was constructed with these funds that same year, and the debt and interest are paid off from the sums set aside annually for these purposes (10-15 million).

But certain obligations and notes issued by enterprises and councils could not be purchased by private individuals. By mid-1988 alone, 350 different securities worth 40 billion forints were issued. Half of these sums came from the populace. The number of private investors was around 200,000. The sums invested amounted to an average of 100,000 forints (8,000 rubles). Based on Hungarian prices this is not much money.

In preparing loan securities, banks make a thorough analysis of the financial position of the issuing enterprise or local council, and before 1 January 1988, all certificates were guaranteed by the state. Then permission was granted to all economic organizations to issue securities without authorization of the HPR Ministry of Finance, i.e., to borrow from the populace. But then, to put it crudely, it was necessary to "purchase" guarantees from newly organized commercial banks, which is what self-respecting enterprises do, thus raising the demand for their obligations. And economic rather than administrative levers began to operate in this financial area.

The state, in the person of its National Bank, also began issuing obligations—treasury notes—naturally guaranteeing payment. In selling them, the state withdraws "live" monies from the populace, and by stinting, increases the amount of money. Treasury notes were issued last year to supplement the budget, with payoff dates of 3, 6, and 9 months, with 11, 13, and 15 percent interest respectively. Last year inflation in Hungary was 16 percent.

When we meet Erika Timko after the stock exchange closes, she tells me, "Several years ago, joint stock companies came into being here, and thus a new market for certificates and stocks." Like her secretary, she has brought me a pile of weekly stock exchange bulletins.

Enterprises that have created joint stock companies sell the stocks. Usually one is worth from 100,000 to 500,000 forints. This is also a right to vote in the stockholders council. Such companies are organized to introduce inventions and innovations, for example. Joint stock banks appeared, with some of the funds invested in them by the Hungarian National Bank, and a smaller portion by economic entities. Stockholders do not have the right to take their funds back, but they have the right to sell their stocks. Thus a stock market came into being in the country. Starting on 1 January of this year, private individuals could also purchase stocks. A law was passed making it possible to organize joint stock companies with mixed capital, state, cooperative, and private.

Erika Timko answers my question on the work of the Hungarian Stock Exchange, "The Stock Exchange Council began to operate in the country at the start of last year, coordinating securities rates. It has a secretariat, which began selling securities for banks, enterprises, insurance agencies, and savings banks. An ethics commission was formed."

"What is its purpose?"

"To protect depositors from improper competition."

From 1 January of this year, the sale of obligations, communal certificates, treasury notes, and stocks was expanded, and it was announced that the first stock exchange had been formed. However specialists believe it will be years before the relevant top-level positions and volume of securities are assured, and the skills and business know-how acquired for its efficient functioning.

Assessment of Jamaica's Manley, Ties to U.S.
18070123 Moscow SOVETSKAYA ROSSIYA
in Russian 11 Feb 89 p 5

[Article by A. Makhov: "Michael Manley's Second Attempt; Parliamentary Elections Held in Jamaica"]

[Text] According to the reports of news agencies, Michael Manley, the candidate from the opposition People's National Party, won the general election in Jamaica. He won 57 percent of the vote, as compared to the 43 percent won by the incumbent prime minister, Edward Seaga.

There might seem to be no reason to comment on the results of elections held on a small and distant island in the Caribbean, but there is reason to do this because this actually signifies the failure of the American policy of neocolonialism in relations with its southern neighbors. Jamaica gained its independence from Britain in 1962 and immediately became a raw material appendage of the United States. The situation began to change 10 years later, when the government was headed by Michael Manley, the same man who won the last election.

In the 1970's Michael Manley sent Washington into a state of shock by instituting several major socioeconomic reforms and announcing the construction of socialism in Jamaica. He called Fidel Castro the Jamaican people's best friend and was even decorated personally by the Cuban leader with Cuba's highest award—the Order of Jose Marti. Manley pursued an independent foreign policy, thereby gaining the recognition of the World Peace Council. One of the terms which periodically makes the rounds in Washington is "another Cuba." It has been used successively to refer to various countries in the Western Hemisphere that have chosen a course of development independent of their northern neighbor and is tantamount to a "black mark." At the end of the 1970's the term was used to label Jamaica. The consequences were not long in coming. In 1980 the Manley government's mandate expired. The next elections were accompanied by a powerful campaign of financial destabilization, launched by the United States and organized by rightwing candidate Edward Seaga. Manley lost the election, and many saw his defeat as an "overthrow by ballot."

Washington informed Seaga, who was supposed to represent the Labor Party but was actually a rightwing conservative extremist, that it would turn Jamaica into the glittering showcase of the Caribbean in exchange for his good behavior. There is no question that Seaga carried out his part of the bargain 100 percent. Jamaica became an obedient pawn of the United States. In his first year in office, Seaga broke off relations with Havana. When the American aggression in Grenada aroused protest throughout the world, Seaga welcomed it and even sent his own soldiers there, in an apparent

attempt to help Washington deal with this serious adversary. The new premier supported the buildup of American strength in the Caribbean and simultaneously militarized his own country.

Seaga was praised in Washington, but as far as the "showcase" was concerned, he had been swindled, to put it mildly. Although the premier declared an open-door policy, American capital did not rush into the Jamaican economy. In fact, the opposite occurred. When the price of bauxite fell in the world market, the U.S. corporations controlling its extraction—the main branch of the Jamaican economy—decided it would be more convenient to close some of the leading enterprises on the island.

In general, instead of turning into a decorous showcase, Jamaica became a display of American neocolonialism. During the years of the Labor government, unemployment rose to the point at which it now amounts to one-fourth of the able-bodied population. Around 70 percent of the inhabitants of Jamaica live below the poverty level. In other words, their level of consumption is inadequate for the physical replenishment of the organism. Expenditures on public health and education were slashed. Almost half of the budget is used for the repayment of foreign debts. As a result of the economic difficulties, the crime rate on the island rose sharply and prostitution is flourishing.

Manley will have to virtually start from scratch again in the restoration of the country. Incidentally, the restoration of diplomatic relations with Cuba will be one of the new government's first steps. Manley, however, is already an experienced politician and has announced that relations between the two countries will not go far enough to jeopardize projected American aid.

Noriega Interviewed on U.S. Goals in Panama, Central America

18070131 Moscow ZA RUBEZHOM in Russian
No 7, 10-16 Feb 89 pp 12-13

[Interview with Gen Manuel Antonio Noriega by Vadim Polyakovskiy, ZA RUBEZHOM special correspondent: "Strong Man' of Panama"]

[Text] In the eyes of some, he is a hero and patriot, decisively championing the interests of his country. Others see him as a villain personifying every conceivable and inconceivable sin. So, who in fact is Gen Manuel Antonio Noriega—the "strong man" of Panama? We offer this interview with him by our special correspondent and let the reader draw his own conclusions.

God only knows what names they are calling Brig Gen Manuel Antonio Noriega in the United States! I quote: "Head of the international drug mafia..." "A double agent who worked many years for the CIA and simultaneously for Cuban state security..." "A dictator who persecutes the oppositions and who has trampled on civil rights and liberties..." "The organizer of armed attacks

on American military bases in Panama...," "A man threatening the national security of the United States...," and so on and so forth. Nonsense, any Pinochets, Stroessners or, say, the "Papa and Baby Docs" (if we limit the list to just Latin American tyrants) are not fit to hold a candle to him... Incidentally, it is not out of place to point out that the murderous "formulations" cited above were taken from official documents of the U.S. Senate, speeches by high-ranking representatives from the White House, from the indictment by the Federal Court in Miami, and from the pages of the American press.

And any minute now I am to meet with Gen Noriega. I will not hide the fact that I am excited, but I do not doubt one thing: He is not an ordinary personality.

All foreign journalists dream of meeting with him and come to this country separating the two Americas specifically for this purpose.

However, I soon learn, it is difficult to meet with the general. And there are reasons for this. First of all, he is not very fond of the touring journalists, believing that in most cases they consciously distort the meaning of what is said to them. Secondly, and most importantly, for some time the commander-in-chief has become an "invisible man." This happened after it became public knowledge that the U.S. State Department intended to kidnap him for transfer to the American judicial system, the Nicaraguan Contras vowed to execute him, and the CIA fixed-post spies in Panama and Ambassador Arthur Davis began weaving the threads of a conspiracy against him (last spring there was even an attempt at a putsch). Considering all this, Noriega, at the insistence of the General Staff of the Defense Forces, was forced to take additional precautionary measures: he changes offices and travel routes, does not spend the night in the same house twice in a row...

We Go to Fort Amador

As was the custom here, I requested the interview through the public relations office of the Defense Forces. They listened to me politely, but made it clear that I would be wasting time to count on the office, and that it would be better if I found an "in" to the general myself. But how and where? There is no Soviet Embassy in Panama. True, I still had quite a few friends from previous visits to the country. I was still counting on "hide-and-seek": In the early 1970's, I had the honor of being received by Gen Omar Torrijos—leader of the Panama Liberation Movement and a teacher and friend of Noriega. I had with me a photograph of that meeting. To make a long story short, I found the "right" person.

"The general will receive you," he reassured.

"When and where?" I asked, and from his eyes I could understand the naivete, to say the least, of my question.

"Wait, they will come for you. However, you don't make a special effort to wait. Just go about your business—they will find you."

The days fly by, filled with meetings and interviews with interesting people. I had already filled up several cassettes on the dictaphone. One would think that would be enough, but the thought of an interview with the general would not give me a moment's peace; especially since my last day in the country was approaching—I would catch a plane in the evening.

"Don't worry," they reassured me. "The interview will take place."

Finally, the long-awaited Jeep appeared. At the wheel, apparently, was the general's aide. The vehicle did not have any special identifying markings, but when we were driving along the ocean quay, narrow allies and squares, the traffic controllers ensured us unimpeded passage everywhere. Likewise when we went into the former Panama Canal Zone, where quite recently Panamanians were forbidden to enter. After the new treaties on the canal entered into force in 1979, ownership of many American military and civilian installations in the zone was transferred to Panama. In particular, Fort Amador, where the headquarters of U.S. forces stationed in this country used to be located. Was that where we were headed?

On both sides of the highway in the former Canal Zone, which we were in fact entering, were cottages, one more beautiful than the next—Americans used to live in them, and in some places still do to this day. Our Jeep was stopped at the check point. Two soldiers carefully checked our documents. The U.S. Southern Command Naval Headquarters was located 100 meters or so ahead. Next to it was the Panamanian Canal Defense Committee. They knew my escort by sight, but still asked:

"Where are you heading?"

The guard called someone. I heard him say:

"A journalist from Russia. To see the boss..."

He then told us:

"Pass."

Soldiers and officers were standing everywhere, alone or in small groups. Two- and three-story Defense Forces barracks were scattered here and there. There were armored personnel carriers and tanks with gun-covers off.

It seemed we had arrived at Fort Amador. We stop in front of a low, massive, colonial-style building. I note to myself that it is guarded on all sides by military in camouflage uniforms and brawny fellows in civilian clothes. The helicopter pad was here.

"Senior Polyakovskiy? ZA RUBEZHOM? Moscow?"

I answered affirmative to the questions, and was led into what apparently was a reception room. The aide asks me to have a seat and leaves: "I'll go and report." I look around: The outside wall is solid windows, tightly closed; the glass is thick, most likely bulletproof. Through them I could see the entrance to the canal on the left; on the right was the "Bridge of the Americas" thrown over it. A most peaceful setting. Antique armchairs, lots of all kinds of statuettes and vases, bronze candlesticks. On the floor was a globe of immense size.

"The general apologizes; he has urgent business. You will have to wait a bit," the returning aide said.

A waiter silently brings coffee. Outside, it is growing dark literally before my eyes. Agonizing minutes of waiting. I try to systematize everything I know about the general from what I have read and from people I have interviewed.

Manuel Antonio Noriega was born 50 years ago to a poor family. He was orphaned at an early age. He was raised by his foster-mother, who was also a poor, illiterate, sickly woman. In his youth, he wanted to become a physician, but there was no money for schooling. An opportunity turned up to go to Peru—he was invited there to study in a military engineer school. After completing the school, he returned home and found work in the Inter-American Institute of Geodesy. One day in the city of Colon, he met Omar Torrijos, commander of one of the National Guard garrisons. The colonel was gathering loyal people around him. He like to repeat: "The canal should belong to Panama."

"Do you want to join the National Guard?" he asked Noriega. "By the way, how much to you earn?"

"I get \$750 a month."

"That's crazy, even our commanders do not make that much! I can offer you free food and uniforms. Are you married? Thank God, you're not. That means it will cost us less. Well, make up your mind..."

That is how the conversation went. Manly, honest, sincere. Noriega said "yes" and soon began serving under the command of Torrijos at a remote garrison in the province of Chiriqui on the Costa Rica border in the main banana-growing zone. It is believed that there they prepared the military coup which took place on 11 October 1968, during which the government that had made the deal with the Americans on the canal was overthrown. It was an unusual coup, for it marked the arrival on the political scene of the patriotic movement of the military for national independence.

The Main Choice

In early 1969, Noriega was appointed commander of an engineer company in the capital, and shortly after promotion to major he commanded a garrison in the city of David, the administrative center of Chiriqui. He made the main choice in his life at the end of that year. On 15 December, when Omar Torrijos had flown to Mexico, a group of pro-American officers linked to the CIA attempted to overthrow him as commander of the National Guard and head of state. With the help of an American special forces unit ("Team No 470"), the attempt virtually succeeded. Essentially, only Maj Noriega remained loyal to Torrijos. "Fly back to David," he told the chief over the telephone. The putschists had cut electrical power to the city, but automobile headlights lit up the landing strip at night, and the leader of the revolution safely landed his aircraft. Then came the triumphal march from the remote province to the capital, and the putsch was put down. The first thing Torrijos did was to expel "Team No 470" from the country. The second thing he did was to appoint Noriega as head of the G-2 (the state security service of the National Guard). He spent 12 years in this post, rising to the rank of colonel.

(Let us note in parentheses that, as the American press asserts, it was during this period that his ties with the CIA supposedly began and developed. Noriega himself categorically denies these "ties." People around him make it clear that, because of the position he held, the paths of the G-2 chief and the CIA leadership could not help but "cross." For example, with G. Bush who then held the post of director of the CIA. However, another thing is known for certain: In April 1976, the U.S. Army Intelligence and Security Services Command conducted an investigation code-named "Cantong Song" to prove that Noriega was buying from American servicemen shorthand records and tape recordings of tapping of telephone conversations and radio intercept being carried out in Panama by services of the National Security Agency (NSA). Some people assume that the American servicemen also turned over a complete list of the communication lines in Latin American monitored by NSA.)

In the mid-1970's, Panama's struggle for sovereignty over the canal and elimination of the American military bases on its territory reached its high point. As a result, new treaties were signed by Omar Torrijos and James Carter in the summer of 1977. In accordance with them, at noon on 31 December 1999, Panama was finally to become full owner of the canal. Due to opposition by the U.S. Senate, the treaties did not enter into force until 2 year later, and in July 1981 Gen Torrijos, who was fiercely hated by some in the United States, perished in a mysterious and suspicious plane crash.

Noriega did not replace him as commander-in-chief immediately. For some period, the social policy—a subject of special concern of the armed forces under

Torrijos—was essentially consigned to oblivion. Disputes began in the National Guard. Then, in August 1983, Manuel Antonio Noriega placed himself at the head of it and shortly was given the rank of brigadier general (the highest rank in the country). For some time, he likewise had to make compromises and certain concessions to opponents (internal and external) of national independence of Panama. But with each month he began operating more independently and consistently, and soon became a truly "strong man."

Let us state openly: Historically, in this small country—its territory is just over 70,000 sq km—the armed forces have always played a paramount role, and their commander-in-chief has possessed an often deciding voice. What is more, under Torrijos, this power became obvious and continues to this day and cannot be disregarded.

At first, it seemed, nothing foretold the aggravation of relations with the United States. But when the Defense Forces, created by Noriega in place of the National Guard, again, as under Torrijos, focused its attention on the social and economic orientation of its activities, Washington's patience had run out. At the same time, on Panama's initiative, the Contadora Group was created to look for a peaceful resolution to the Central American conflict. In addition to Panama, it included Mexico, Venezuela, Colombia. Moreover, Panama began demanding more and more persistently that the United States scrupulously fulfill the Torrijos-Carter treaties.

Washington expressed dissatisfaction and tried to take the Panamanian military in hand. Relations sharply worsened after Rear Adm John Poindexter, then national security adviser to the U.S. President, paid Noriega a visit in the summer of 1985 and demanded that he "calm down." In response to the decisive "no," the White House emissary stated in a threatening way: "Well, wait for the consequences."

He did not have to wait long. Shortly thereafter, President Reagan stated in plain terms: "General Noriega has to go." In February of last year, Panamanian President Eric Arturo Delvalle, a sugar-refining millionaire, after returning from a short trip to Miami where he met with U.S. Assistant Secretary of State Elliot Abrams, ordered Noriega's removal from the post of commander-in-chief, but Delvalle himself was ousted by decision of the Legislative Assembly (Parliament). The United States immediately reacted by instituting an economic boycott and trade blockade. Then a putsch attempt followed....

What else do I know about the "strong man" of Panama? They say that he carefully weighs every word in conversations. He avoids descriptions such as "left," "right," "centrist." He calls himself a patriot internationalist and maintains he "has no ideology"....

The minutes of waiting fly by. I unexpectedly hear:

"Perhaps you'd like some more coffee?" I lift up my eyes—it is Gen Noriega. I even became flustered from the surprise.

He is not too tall, but is noticeably athletically (or militarily) sharp. His wide, dark-complexioned, typically "Indian" face is furrowed either with wrinkles or tubers (traces of a disease suffered in childhood). It immediately reminded me of a "pineapple" face—that is what they say about him. His cream-colored shirt worn outside his trousers is a "guayabera," and his light-brown trousers have a perfect crease. And another thing is his tired and surprisingly sad, again "Indian," eyes.

Noriega apologizes for making me wait: pressing matters. He offers:

"Shall we begin work?"

"General, the pages of ZA RUBEZHOM are at your disposal. Tell us everything that you deem necessary. Then, if you permit, I will ask you a few questions. Here is the dictaphone. I promise that we will reprint the interview word for word. Agreed?"

We Have Done Away with the "Banana Republic"

"Agreed. I am very pleased to address the Soviet people through the newspaper ZA RUBEZHOM. We live far apart and in different hemispheres, but thanks to the passage of your commercial and fishing vessels through the canal and the charter flights by Aeroflot aircraft, we see Soviet people more and more often on our soil. They are respectful and warm-hearted.

"Panama is now living in conditions of a crisis—the result of aggression. You have probably been told that I am not one for pinning on ideological labels, right? But this once I will say frankly: This involves aggression by American imperialism. How did we, a small country with a population of just over 2 million people, evoke the anger of the mighty 'northern empire?' The answer is simple: Panama stopped being a 'banana republic.' They cannot or do not want to understand this in Washington. Most likely, they do not want to and accuse the Panamanian leadership of intractability and obstinacy. Well, we are indeed intractable and obstinate, but only when it involves the honor and dignity of our nation.

"By the way, a nation with its own culture, deep historical roots, and its own way of life. Together with the other peoples of the continent, we fought courageously to be freed from the colonial yoke of the Spanish crown. And victories were achieved, but in late 1903, 2 weeks after our separation from Colombia, U.S. Secretary of State John Hay and the French adventurer Bunau-Varilla, without any authority from the authorities of Panama, signed a 'treaty' on building and operating on our soil an international canal and creating 'for eternity' of an American colonial enclave.

"Immediately after its signing, a struggle unfolded in Panama to repeal the discriminatory 'treaty' or at least radically revise it. This struggle was waged by our great-grandfathers, grandfathers, and fathers. We continue it today. We wage it because we do not wish to see insolent, free-and-easy American soldiers on our soil. We do not want the stars and stripes flying over the canal.

"This struggle has had its ups and downs. The year 1936 became an important stage, when we managed to achieve a certain revision of the treaty. In the 1950's, Remon Cantera, police chief who became president, cast the call: 'Neither millions nor pittances. We want justice!' He demanded revision of the treaty. In doing so, he refused to sign the agreement extending the lease of the Rio-Ato military base, the main U.S. base in our country during World War II. Washington accused him of belonging to the mafia. In January 1955, Remon Cantera died at the hands of a hired assassin.

"In January 1964, there was an uprising by students demanding the right to hang up the Panamanian banner at the Panama Canal administration building. There were 22 people killed... The consequences of the uprising were felt for several years and all of Panama seethed, but the ruling circles colluded with the Americans. Then in 1968, Omar Torrijos overthrew the corrupt government and demanded that the United States draw up a new treaty. His statement will go down in history: 'We will never kneel before the American empire!'

"Torrijos managed to win the support of international public opinion, and in 1977 he and Carter signed the new treaties, in accordance with which the canal would be transferred to Panama by the year 2000. From the moment of its ratification, our country also received the right to participate in managing the inter-ocean waterway and to a fair share of the income from its operation. Dismantling of the American military bases in the Canal Zone is to begin in 1990, but already in 1989 the Canal Commission is to be headed by a Panamanian civilian.

"Of course, this was the success of our just cause, although we did not achieve everything we wanted. Most of all, we did not like the almost quarter-century 'transition period.' Nevertheless, the countdown of the approaching end of American domination in our country has begun, the end of plunder and indignity. But what about Washington? There they are developing an appropriate strategy. Its essence is to replace the Panamanian government and military leadership, put in their own puppets, and with their help revise the Torrijos-Carter treaties. The point here is not the canal—the Americans likewise have agreed even to 'concede' it to us ahead of schedule, especially since it will become obsolete by the year 2000, new locks will have to be built, and the inter-ocean waterway will have to be deepened and widened. Let's forget the canal. But the military bases... They should be kept at any cost. If not all of the, at least

the main ones—Howard, Fort Clayton, Galeta Island, and others. You see, they make it possible to control the water area of the Pacific and Atlantic oceans.

"And besides, the Americans are increasingly worried about Nicaragua. I was visited by Rear Adm Poindexter. He stated openly that they need the territory of Panama for training the Contras and that it is needed to provide a bridgehead for attacking Nicaragua. He further demands that our armed forces participate in explosions and acts of sabotage on Nicaraguan soil. Our answer: 'No!' That is when the intrigues against me began and the slander was set in motion: The United States sets up a blockade against Panama, suspends trade, and sequesters the assets of our National Bank in the United States. After parliament removed the traitor Delvalle from office, the Americans, collecting money for the passage of vessels through the canal, do not pay us our due share.

"Incidentally, I think your readers know this very well. What is going on is that to this day Washington recognizes Delvalle as 'president,' who is hiding out at one of the American bases, and slights in every way possible Manuel Solis Palma, appointed head of state by the parliament. However, I don't think everyone knows about the existence of a memorandum prepared by the U.S. State Department. It categorizes the current leadership of Panama as 'Noriega's military tyranny,' but we have various parties operating freely—Conservatives, Liberals, Revolutionary Democrats, Communists, Christian Democrats, Socialists, and the like. Is this 'tyranny?' Our general elections will be held in May... The one thing we do not wish is to remain fastened to the American chariot. For some reason, in Washington they also call our regime 'corrupt and repressive.' The State Department memorandum asserts: 'If it does not overcome this crisis (meaning my departure) as soon as possible, Panama will not be able to cope with its obligations under the Torrijos-Carter treaties.' Do you see how they pose the question? Noriega staying in post of commander-in-chief, they say, relieve the Americans of its obligations under the treaties. The unfounded accusations that I am supposedly organizing attacks on American soldiers—there are 20,000 of them here—serve this same purpose. But in fact, there has not been a single case of an attack either on soldier or on the bases.

"Washington never grows tired of repeating: 'Panama is unable to ensure defense of the canal.' This is another lie. Yes, we have only 25,000 service-men in the Defense Forces, but these are professionally, excellently trained people. And now, improving our defense capabilities—incidentally, what kind of an idiot would think of attacking a canal serving the entire world?—our armed forces are assisting the population in building roads, bridges, health clinics, and schools in the most remote areas. Thus, we are reviving the traditions of Torrijos.

"Is the economic blockade difficult for us? Without a doubt. The U.S. economic sanctions have resulted in our gross national product being reduced by one-fifth, that

is, by \$2 billion. Unemployment has doubled. And if they have not managed to stifle us through starvation, it is only because of the people's sense of dignity and long-suffering. We are searching for non-standard mechanisms and formulas for overcoming the crisis. We are placing great hopes on international solidarity. That is why we are publicly, through the press, exposing the U.S. policy. That is why, in particular, I decided to give you this interview.

"Let each make his own analysis and then say: My opinion is such and such. You see, the Panama Canal is a universal possession. It is important for everyone, including our country, for quite understandable reasons. That's why we ask that you draw your own conclusions. As far as we Panamanians are concerned, we are convinced: We must put an end to U.S. expansionism. We insist on our right to determine our own destiny, to choose for ourselves our leaders, system and friends. In other words, we want the U.S. to leave us in peace, to stop interfering in our internal affairs, and to fulfill the Torrijos-Carter treaties.

"This is precisely what the Armed Forces of Panama advocate, loyal to the ideas of their leader Omar Torrijos. There exists in our country a unique triangle of power: the armed forces—the government—the people. And we are not afraid of American threats and blackmail. We will never kneel.

"Such, as they say, is the disposition," Noriega smiles for the first time during the entire interview. "Now I am ready to answer your questions."

So, the Initial Cause Is the Bases

[Polyakovskiy] General, what caused abrupt change in the U.S. administration's attitude toward the Torrijos-Carter treaties in the early and particularly in the mid-1980's?

[Noriega] First, let us ask ourselves: Why did Washington agree to sign them in 1977? Let us recall: The United States had just barely gotten out of the Vietnam War and hardly needed new conflicts. But several years later, the "Vietnam syndrome" had abated. Moreover, the Pentagon was emphasizing nuclear weapons in its strategic plans at that time, and bases so far removed from the theater of military operations in Europe began to lose their importance. But then the revolution in Nicaragua took place, and the insurgent movement was gaining strength in a number of Central American countries. And on top of that, there was the INF Treaty—and the importance of the military bases on our territory again increased.

But not all of them are of equal value, and the Pentagon, I assume, is even willing to abandon some of them. But it has no intention of leaving the "island of antennas" in the Atlantic, as Galeta Island is called. I will begin with the island. When he signed the treaties, Carter asked

Torrijos to cede Galeta, as was stated, for "fishing and pleasure trips" by members of the American armed services in Panama. Only recently was it learned that a center of electronic espionage is now operating there under water, at a depth of several dozen meters. The high effectiveness of this center was demonstrated during the war over the Malvinas. A center for control of American submarines in the Atlantic and Pacific oceans is situated there on an underwater platform. The special geophysical conditions make it possible to conduct low-frequency—around 300 kHz—electronic communications with submarines of the U.S. Navy. No other such place has yet been discovered in the world.

Now let's talk a little about the bases on Panamanian soil. Howard Air Force Base is the largest U.S. Air Force base south of the American border and is capable of handling all types of aircraft, including even those still in the developmental stage. Virtually all the airspace of South America can be controlled from it.

Also located not far from our capital is Fort Clayton, where forces of the U.S. Southern Command is headquartered, intended to "protect" Latin America and the Caribbean Basin.

Corey Heights is also right near the capital. The main headquarters of the Southern Command is here. And the Americans are not about to leave here.

Fort Sherman... This is the most important American jungle training center. Here they train military subunits for "low-intensity warfare" in tropical countries. Due to its proximity to the Atlantic, the Pentagon plans to strengthen the base with the Navy.

The United States does not want to leave these installations, although they are required to do so by the Torrijos-Carter treaties, not just by the commander-in-chief of the Defense Forces.

[Polyakovskiy] Incidentally, General, help me sort out another issue. At one time, Panama had police, then National Guard, and now Defense Forces. What is the difference?

[Noriega] Actually, up to the mid-1950's, we had military police with the characteristic gendarme functions. Such a status did not suit many servicemen, and President Remon Cantera transformed it into the National Guard—something between a gendarmery and an army, but it continued to serve oligarchic governments. True, already during those years the interests of many in the military (as a rule, they came from the lower strata, for the bourgeoisie did not send their sons to serve in the police) coincided with the vital interests of the people. With Torrijos coming to power, the nationalistic course of the Panamanian military more and more clearly came into antagonism with U.S. strategic interests in the region.

[Polyakovskiy] Excuse me for interrupting you, General. They say that by transforming the National Guard into the Defense Forces, you really infuriated Washington?

[Noriega] Possibly. The thing is, it was not the name that changed but the essence. If our National Guard would have continued to exist, the main functions of which were still police functions, Washington invariably would have said: "Can we really entrust the defense of the canal to the police?" That is why we created the Defense Forces, that is, an infantry, air force, navy, security agencies, and customs and immigration departments combined together, capable of ensuring real security. And not only of the canal, but also of our sovereignty and independence.

[Polyakovskiy] How would you characterize the struggle which the Defense Forces and the Panamanian people as a whole are waging?

[Noriega] It is an anti-colonial, liberation struggle.

[Polyakovskiy] General, don't consider my question tactless. What can you say regarding the charges that you are in complicity with the drug mafia?

[Noriega] I will answer your question. As you know, the American Drug Enforcement Agency has for a long time had a representation in Panama with a large staff. And it has more than once thanked me personally for assistance. Suddenly, the federal court in Miami, in absentia and falsely, charged me with drug smuggling. By the way, the word "suddenly" is not altogether accurate. When any Latin American leader becomes objectionable to Washington, similar charges are brought against him in order to compromise him and make him leave. The same thing happened with Torrijos. Therefore, I am not discouraged and do not intend to yield to slander and blackmail.

[Polyakovskiy] I heard that the Americans are continuing to train Contras on their bases. Is this true?

[Noriega] The Pentagon airlifts everything its troops in Honduras need from Howard Air Force Base. This alone is in violation of the 1977 treaties. You see, the logistic camps of the Contras are located in Honduras—so you can just surmise who is actually ending up with the weapons and ammunition. Are they training Contras in Panama? We do not have reliable data—we are not authorized entrance to the American bases.

[Polyakovskiy] I have on more than one occasion heard of "Dignidad" battalions. What are these?

[Noriega] When the threat of an armed U.S. attack arose, many Panamanians came to the Defense Forces barracks demanding weapons. Thus, battalions of volunteer home guardsmen cropped up throughout the country. We gave

them weapons, and our officers are training them to handle them. In the event of aggression, they will defend the homeland shoulder to shoulder with us.

[Polyakovskiy] Are you saying, General, that you do not rule out the possibility of an armed attack? After all, Panama is not Grenada...

[Noriega] Alas, we cannot rule out anything. No, we are not Grenada, and a possible clash would be fierce. It would be bloody.

[Polyakovskiy] The last question, General. How can the Panama-U.S. problem be resolved?

[Noriega] A solution can be found only if common sense prevails in Washington. For example, as occurred in relations with you. So there is precedent, and we remain optimistic...

Japanese Mark "Northern Territories Day"

18070115 Moscow SOVETSKAYA ROSSIYA
in Russian 8 Feb 89 p 5

[Article by V. Solntsev (Tokyo): "Broken Record; Yesterday Was 'Northern Territories Day' in Japan"]

[Text] "Daddy, why are they yelling: 'Ivan, go home'? I just came outside." Vanya was almost crying and the adults were not particularly happy either when they heard the loud and emotional wailing transmitted by powerful loudspeakers throughout the district. I remembered this dialogue between one of my colleagues and his little boy when I was driving up to the old building of the Kudan Kaikan hall in the Japanese capital. A rally was being held there on what is known here as "Northern Territories Day," the name commonly used here for the part of the Soviet Kuril Islands claimed by Japan, a TASS correspondent in Tokyo informed SOVETSKAYA ROSSIYA.

This holiday, 7 February, has been celebrated regularly since 1981 by a decision of the government. The purpose is to fan the flames of the continuous campaign of territorial encroachment on the USSR and to give these demands a "nationwide" character.

This time, incidentally, things were quiet in Tokyo. In contrast to earlier years, this time there was virtually no sign of the thugs from Japanese rightwing extremist groups in front of the embassy and other Soviet establishments. They were displaying "self-control" in connection with the death of Emperor Hirohito. Besides this, a law passed at the end of last year restricted their ability to deafen the neighborhood with loud anti-Soviet announcements, although this law applies only to certain limited regions, outside which there is what Japanese official spokesmen term complete freedom of speech. Only Bin Akao, the "spiritual leader" of the right wing, kept trying to alarm the indifferent Japanese passersby

from the roof of a bus covered with anti-Soviet slogans. The loudest thing at the rally itself was the finale, when a firemen's orchestra played "The Voice of Spring" quite well.

But whereas the day was clear and sunny in Tokyo itself, there was not even a hint of spring in the dusky gloom of the Kudan Kaikan hall. But after all, it seemed to Soviet Minister of Foreign Affairs E.A. Shevardnadze just recently, during his official visit to Japan, that the ice was finally beginning to thaw in Soviet-Japanese relations: A visit to Japan by General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium M.S. Gorbachev was on the political agenda and an agreement was reached on the creation of a mechanism for the investigation of the possibility of a peace treaty between our countries, which, incredible as it may seem, still has not been concluded. Apparently, however, a high-level Japanese Foreign Ministry spokesman had good reason to warn against the "nurturing of illusions."

It was truly symbolic that the government was represented at the rally in the Kudan Kaikan hall by spokesmen from the Ministry of Foreign Affairs and the Japan Defense Agency (JDA)—i.e., precisely the agencies which have played the main role in the pursuit of a tougher policy toward the USSR and in the attempts to "internationalize" the so-called "territorial question." They have issued an ultimatum, demanding the satisfaction of the territorial claims on the USSR as a preliminary condition for the conclusion of a peace treaty and the development of mutually beneficial contacts between the two countries. Standing in front of a flag depicting the rising sun and inscribed in large characters with the names of the islands of Iturup, Kunashir, Habomai, and Shikotan, which Japanese ruling circles stubbornly call "an integral part of national territory," Director Kichiro Tazawa of the JDA assured the audience of the Japanese leadership's desire to "establish stable relations based on mutual trust with the USSR." In addition, however, he promised to do everything within his power for the quickest possible "return of the northern territories."

The statements by the Japanese Foreign Ministry spokesman were also extremely frank. In essence, he said that the peace treaty would not entail the resolution of a complex set of political, economic, geographic, and other problems, as the Soviet Union has stressed, but only the "territorial problem." The logical conclusion is that the Japanese Government will not agree to cooperate with the Soviet Union until the USSR gives in to Tokyo's demands. To reinforce its position, the Japanese Government intends to continue imposing the discussion of this "problem" on its foreign partners in bilateral and multilateral talks.

No matter how much ruling circles want to portray their position as the "will of all the people," far from all of the people in Japan share this opinion. It would be difficult

to disagree with the opinion of the influential ASAHI newspaper, which has commented that Tokyo "should not simply repeat the same old demand like a broken record."

Historical, Cultural Roots of Soviet, Japanese Differences Viewed

18070117 Moscow LITERATURNAYA GAZETA
in Russian No 6, 8 Feb 89 p 15

[Article by Yuriy Tavrovskiy: "We and the Japanese"]

[Text] Whenever the inhabitants of our country have looked around at their close and distant neighbors on the planet, they have always taken a special interest in Japan. We did not have a truly good view of Japan until comparatively recently, in the middle of the last century, when ships flying Andreyev's flag began to sail regularly into Nagasaki, Yokohama, Hakodata, and other ports, putting an end to the country's self-imposed isolation. Considerable historical baggage has been accumulated in the century and a half since that time. Regrettably, the bad still outweighs the good.

Just think of the Russian songs mentioning Japan. All of them are about war: "The Song of the 'Varyag,'" "The Cold Waves Splash," "In the Manchurian Hills," and "Storm Clouds Gather Over the Amur." Now try to remember a funny "Japanese anecdote." There are so few that they are almost non-existent. The same is true of Japanese perceptions of us. We know too little about each other and have too little basis even for gentle banter about the neighbor. One of the favorite songs in Japan is called "Fighting Companion" and refers to the Japanese-Russian war of 1904-1905 and to the fierce battles in the Manchurian hills. One of the few Japanese words taken from the Russian language dates back to that time—"totika," meaning weapon emplacement [ognevaya tochka]. Japan's occupation of our Far East after the October Revolution until 1922 (and until 1925 in northern Sakhalin), the bloody skirmishes near Lake Khasan in 1938 and on the Khalkhin-Gol River a year later, the opposition of the two armies along the border with Japanese-occupied northern China during the years of the Great Patriotic War, which kept us from transferring the necessary divisions to the east, the defeat of the Kwantung Army in northern China and Korea in August and September 1945, and the hundreds of thousands of Japanese who were taken prisoner and kept in camps for so long that far from all of them were able to return home alive—the heavy burden of historical events is not only impeding the development of relations between the two neighboring states but is also imparting a special and somewhat alarming aspect to our present interest in Japan and the Japanese people's interest in us.

It is true that there was a brief period of thaw in Russian-Japanese relations, distinguished by extensive commercial and political contacts and the development of ties on official and unofficial levels. These were the years between the end of the war of 1904-1905 and the

October Revolution of 1917. Following their armed confrontations on land and sea and the repair of their relationship in the 1905 Treaty of Portsmouth, the two peoples began studying each other's culture and engaging in commerce.

Our attitude toward Japan is devoid of the sense of disappointment felt by, for instance, America, the recent benefactor and teacher, in its highly advanced pupil. We have never tried to teach one another anything, and we have never competed with Japan in foreign markets. Our economic structures offer no basis for competition. It is true that cooperation in the full sense of the term is also only a remote possibility at this time. The lopsided orientation of Soviet foreign policy toward America and Europe right up to the middle of the 1980's and the absence of genuine interest in the development of Siberia and the Far East also played a pernicious role.

Is it possible that the ambiguity of Soviet-Japanese relations in the last months of World War II and the period of "allied occupation" following the defeat of Japan also had an impact? After we defeated the Kwantung Army, we did not take part in the 7-year occupation of the Land of the Rising Sun. For this reason, Moscow did not gain the image of a conquering power here or any influence comparable to Washington's in the postwar reconstruction of Japan. The Japanese, along with other people in the Far Eastern zone of widespread Confucian views, grew accustomed to the strict observance of relative positions in hierarchies like "sovereign and subject," "father and son," "elder brother and younger brother," etc. America and Japan itself quickly and naturally occupied their positions in the "victor and vanquished" hierarchy, where the Soviet Union had no specific place. Was this the reason for the later misunderstandings? This is reflected, for example, in the emotional undercurrent of the demands for the "return of the northern territories"....

Considerations of this kind also affected our view of various aspects of the "Japanese way of life." We paid special attention to some of them: the literature and art which are original but are also close in some respects to our own outlook, the ethical bases of the family and society, and the aesthetic sense of the Japanese, reflected in objects and in the entire structure of daily life. Talented translators of classical and modern literature, the researchers of Japanese painting and applied arts, and authors of books about Japan have contributed much in this area.

To date, however, we have no extensive descriptions or in-depth analyses of the "Japanese economic miracle." Is the Japanese experience applicable to our own conditions? This question is particularly important today, now that we are giving up familiar stereotypes and taking a discerning look at our past. After we have rejected jingoism and the communist arrogance that once

reached international proportions, we cannot get along without examination of the reasons for the success of other countries. And the success of the Japanese is self-evident.

Changes which few people could have imagined at the beginning of the postwar reforms have now taken place: the change from rationing to an abundance of all types of domestic and foreign products; from shortages of elementary consumer goods and a flourishing "black market" to the establishment of the broadest possible range of goods and services of high quality at moderate prices; from the strictest currency austerity and the prohibition of tourism abroad until 1965 to the evolution of the yen into one of the most desirable currencies in the world and trips abroad by millions of Japanese each year....

I think the important thing for us is the very fact that the "economic miracle" was accomplished so quickly, within two or three decades, within the lifetime of a single generation, the members of which witnessed both the greatest disaster and the greatest triumph of the Japanese nation. Our Far Eastern neighbors proved that miracles can happen, that people with an intelligently chosen strategy who unite their efforts and exert themselves to the utmost can make major breakthroughs and rebuild their lives and their country on the condition of the more or less equitable distribution of the positive and negative effects of reform.

Yes, but we are so different from the Japanese.... In spite of this, some have already "tried the kimono on for size." The Americans have instituted "quality groups," "life-time hiring," and other Japanese managerial practices. They made some attempts, but nothing ever came of them. All of this is true, but in spite of our differences, I think that we are much closer to the Japanese in spirit and in history than the Americans or West Europeans who frequently took a purely technocratic approach to the Japanese experience, without any consideration for what is now known as the "human factor."

When I was working as a correspondent in Japan I often visited large and small plants with groups of foreign journalists. I was just as amazed as the Americans and West Europeans by what I saw, but our amazement had pronounced differences. My colleagues were bewildered when they saw that work brigades were competing with one another for a larger output and better quality, not just for the sake of a bonus or because the photographs of the "winners of capitalist competitions" were displayed on boards of honor. I, on the other hand, was surprised by the minimal differences between this system and our own socialist competition. My fellow journalists were amazed that workers did not drop their tools when the last bell rang but voluntarily stayed to attend meetings of "quality groups." What amazed me about the exotic "life-time hiring system" was not the willingness of the administration to guarantee a school graduate a job until

retirement, but the determination of workers and employees to always remain loyal to a firm which did not necessarily pay them any more than another firm would have.

Of course, there are also significant differences in our approaches to work. They are reflected in more than just the limited experience of the performance of joint enterprises within our territory. I remember what I was told by some ship repairmen from Vladivostok who had come to the Yokohama dry docks to help repair an ice-cutter after it had been damaged in the Arctic Ocean: "At first everything seemed like a fairy tale come true—stores filled with goods and all sorts of little restaurants and cafes where the working man could spend some time with friends in a warm and clean atmosphere after work. How we delighted in the 2-liter plastic beer bottle with the special label that changed colors to show if the beverage was cold enough! But our delight disappeared when we started working with the Japanese and tried to keep up with their output and quality standards. No, we do not need this kind of work or this kind of abundance...."

There are also great differences between our ways of life and habitats. Our rural expanses look nothing like their tiny fields interspersed with villages, plants, and small factories crowded all together. Our spacious boulevards look nothing like the narrow alleys in Japan. There is no point in even trying to compare the punctuality of Japanese transport and public services with the chronic imprecision of ours....

These and many other differences between us and the Japanese can be summed up as the "order-disorder" antithesis.

I could cite dozens or hundreds of examples of "order and disorder." It is more important, however, to learn the basis of this Japanese order. The most simple explanation the Japanese can offer is that their little country is densely populated by a single nationality and that the many centuries of more or less isolated existence turned them into a single family.

It is unlikely that this theory would be accepted by the 700,000 Koreans, 70,000 Chinese, tens of thousands of Ainu natives of the Japanese islands, the million or so Okinawans who are so different from the Japanese in appearance, language, and way of life, and the almost 3 million "outcasts"—the so-called burakumin. All of them experience some discrimination in hiring, marriage, and housing.

No, the Japanese are certainly not "a single family." By the same token, they are not a group of strangers with instinctive feelings of hatred for one another who want to offend, insult, or humiliate each other "just because." I would compare the positive emotions felt by one Japanese for another to the emotions felt by, for instance, the members of a prestigious club. Even if they

have not exchanged calling cards or even met face to face, the very fact that they belong to this club gives them certain obligations and sets specific rules of behavior within the select group.

I thought of this feeling of "membership in a club" each time the news on television began with a report of a disaster or natural calamity—the fate of the victims was discussed at length, in detail and with sympathy. No Japanese person is expendable! If the misfortune occurred abroad, direct satellite communication was established with the Japanese embassy in the country and the ambassador would personally inform millions of viewers in his country of the measures taken to assist their fellow citizens. The belief that no Japanese is expendable is also reflected in the society's concern for the disabled. Specially marked slabs in the sidewalk warn blind people that they are approaching an intersection. The government offers businessmen special tax incentives to hire the disabled. The government also extends minimal guardianship to vagrants and the homeless—after all, they are also Japanese.

It seems to me that the willingness to do things for one another is also reflected in the extremely well-developed service network. Rank-and-file salesclerks, waiters, taxi drivers, and the housewives and students who work part-time in Japan obviously do not suffer from the "servant mentality" which people in our country, it seems to me, try to offset by being extremely rude to customers or by paying no attention to them. Even the Japanese underworld seems to be striving not to create any extra problems for the rest of the population. Criminals here usually do not make money by burglarizing homes, stealing cars, or mugging people in the street, but derive their income from gambling, theatre ticket scalping, prostitution, or other branches of the "entertainment industry."

The division of Japanese goods into export items and items for domestic sale also seems quite strange to us. The latter are almost always of better quality.

The other side of the coin is the suspicion of everything foreign. Imported beef with an American or Australian flag on the label frequently stays on the meat counter even if it is much cheaper than Japanese beef. Lengthy business assignments abroad are no longer regarded as a reward. It is easier and much more convenient to stay home, and someone who has been "outside the club" is viewed with some wariness, if not suspicion....

All of these seemingly naive but potentially far from harmless signs of rapidly growing self-admiration are clearly inconsistent with the declarations of Japan's intention to establish broader contact with the outside world. Is it possible that these signs are nothing more than unavoidable and temporary drawbacks on the road to the development of a genuine sense of pride in the Japanese nationality and each Japanese individual?

After all, it has taken so little time for a country without democratic traditions to reach its present situation, which, in spite of all of its flaws and defects, I would call a "political miracle."

Little has been said and written about the Japanese "political miracle," but without it the millions of words about the economic "miracle" are unlikely to have been written. What are the indications of this? Above all, there were the profound changes in Japanese spiritual, social, and political life in just a few years after the war: from the "law on dangerous thoughts" and the "imperial rule assistance associations," with their intolerance for the slightest dissent, to the observance of legality and the free activity of parties of "all colors and hues"; from the omnipotence of the military establishment, the "kempeitai" police, and other special services to the elimination of the draft and the strict parliamentary control of the finances and activities of administrative agencies; from the feeling, which ate its way into the blood, the bones, and the genes, that the people were insignificant ants without any rights whatsoever to the acknowledgement of the importance of each individual as part of the nation.

We should recall that Japan, like Russia, had not undergone a long enough period of the "classical" development of capitalism by the beginning of the 20th century with its inherent concepts and institutions of bourgeois democracy. Feudalism and a rigid caste system, on the other hand, existed for too long in both countries.

Japan's self-isolation for almost three centuries also played a role. Attempts to leave the country were punishable by death. (Only the port of Nagasaki, which Dutch and Chinese merchants were sometimes allowed to enter, offered a narrow glimpse of the outside world.) Japan's Emperor Meiji, who is compared to our Peter the Great and who is given the credit for "opening the window," did not take the throne until 1867. His accession to the "Chrysanthemum Throne" was accompanied by a brief civil war, during which Japanese reformers enthusiastically exterminated Japanese conservatives, blew up their palaces and homes, and sent whole samurai clans to the islands of Hokkaido, which were the Japanese equivalent of our Siberia. It is true that destruction and bloodshed of "epic proportions" were avoided. Many prisoners were pardoned, and later the most capable supporters of the old regime were even included in the government. Today the demolished palaces have been restored, although frequently with unromantic reinforced concrete. Religious services, national holidays, and costumed processions commemorate the courageous "counterrevolutionaries." These things can happen, as they say, in a family....

The victorious reformers began borrowing extensively from foreign experience. They began importing the rudiments of Western democracy in addition to forks, coffee, railroads, and battleships: caste divisions were eliminated, compulsory elementary education was instituted,

and a parliament was established. In spite of their limitations, these and some other experiments with democracy within the framework of a constitutional monarchy allowed the Japanese nation to rouse forces which had been asleep for centuries, to strengthen itself, and to avoid the fate of China, which was originally in a similar position but did not institute political reforms, choosing to import only weapons and battleships, and was therefore unable to put up a nationwide defense against the imperialist powers.

The high return on the first attempts at the democratization of Japan, especially the creation of strong industrial potential, and military victories led to "dizziness with success" and to mounting nationalism. The 1930's were a fateful time for the Land of the Rising Sun. A series of military coups led to a situation in which the attributes of bourgeois democracy formed a thin outer layer around a thick core of absolute diktat by the military elite. The series of armed excursions into neighboring states, which had begun in the late 1920's, grew into full-scale wars which scattered Japanese troops throughout the vast expanses of the Asian-Pacific zone and which cost Japan more than 3 million lives and cost its opponents tens of millions of lives. I think that one of the reasons for the defeat Japan suffered in 1945 was the curtailment of democracy, which affected the spiritual and economic life of the nation when it came under the control of a few military ministries and huge military-industrial monopolies—the "zaibatsu."

This first catastrophic defeat in Japan's history and the occupation of the country by foreign troops in 1945 provided an opportunity to conduct one of the most interesting experiments in history—to cultivate democracy "from above" in soil almost hopelessly devoid of the shoots and even the roots of popular rule. I think that the American occupation authorities were primarily interested in the prevention of the rebirth of Japanese totalitarianism and militarism rather than in the restoration and development of democratic institutions, but their reforms cleared the way for the "Japanese political miracle" and the almost inevitable subsequent economic miracle. The liquidation of large estates and the provision of peasants with their own land made it possible soon after the war to feed people who had been starving during the years of incompetent rule. The restriction of the power of ministries and the substantial, although incomplete division of the large "zaibatsu" monopolies into many autonomous companies revived the circulation of consumer goods. The release of political prisoners, the declaration of the freedoms of speech, the press, assembly, and organization, and the institution of universal suffrage and the right to form labor unions and to go on strike relieved the people's fears and sense of helplessness with amazing speed. The situation even reached the point at which the American occupation authorities tried to slow down the process they had begun when they encountered the rise of the democratic movement and the mass strikes.

They were unable to do this, just as they were unable to convince the Japanese "establishment" of the expediency of stepped-up rearming and participation in the Korean War of 1950-1953. Realizing the futility of wasting resources and human energy on military causes, realistic politicians chose the course of the peaceful development of Japan, making only isolated concessions in response to the pressure exerted by the Americans and the Japanese officials who were still thinking in the old terms. The group of "realists" was headed by the extremely conservative politician S. Yoshida. When Yoshida headed the Japanese Government from 1946 to 1954, he successfully repulsed the attacks of his former colleagues who had rallied round another influential politician, N. Kishi.

There is no doubt that the economic resources and means other countries directed into military channels also accelerated the Japanese "economic miracle" while the avoidance of remilitarization safeguarded the political "miracle."

The rivalry between the followers of Kishi and Yoshida is still going on today. Signs of it can be seen, on the one hand, in the appeals for constitutional amendments, in the growth of military expenditures and the manufacture of military products, and in the growth of the fighting strength of the Japanese armed forces, which are shyly called the "self-defense forces." On the other hand, Yoshida's disciples will not allow the repeal of the peaceful articles of the Japanese Basic Law, the institution of compulsory military service, dramatic increases in military items of the state budget, or efforts to bring Japan's military potential fully in line with its economic potential. The overwhelming majority of voters are on the side of the "Yoshida school," and they are not alone. Japan's present successes have convinced the policymaking segment of the elite that the pacifist-pluralist model of development is effective, even if it was originally imposed on Japan by foreigners. The elements which are least applicable to Japanese conditions are being discarded or replaced while the applicable ones are being improved. In contrast to its American teachers, Japan has not rejected pacifist ideals. The Anglo-Saxon two-party system, however, did not take hold. Instead of it, a "one-and-a-half-party system" has existed in Japan for more than three decades. The Liberal Democratic Party has been in power without interruption since 1955, and the constant internal battles within the opposition parties have given them no chance to win elections or form a coalition government. The pluralism of opinions within the ruling party is secured by the activities of factions representing the interests of various segments of the business community, various strata of the urban and rural population, and various regions in the country. Although they are sometimes involved in fierce clashes behind the scenes, they represent a monolithic entity after they have made mutually acceptable decisions and guarantee the country's smooth sailing through the troubled waters of world politics.

The political and economic "miracles" in Japan have many insufficiently investigated facets of the most direct interest to us. They include the role of the intelligentsia in planning a development strategy for the nation, the significance of public opinion in the successful struggle to clean up the environment and prevent corruption, the revival of the popularity of agricultural cooperatives, the beginning of the process of the rejection of the mass culture imported from overseas, and the growing interest in the national way of life. Japan is exploring an increasing number of spheres of economics, technology, and public administration in which it is regarded as a pioneer by all mankind.

We and the Japanese.... Two nationalities chosen by history for bold experiments in the 20th century. One is called the "most European of all the Asians." The other is the "most Asian of all the Europeans." We could argue with these definitions, but would it not be better to use these similarities to our advantage? Japan's experience is multifaceted and promising. The enthusiastic investigation and possible application of this experience could increase the number of points in common between two enigmatic spirits—the Russian and the Japanese.

Japanese-Soviet Journalists' Roundtable Held in Moscow

*18070061b Moscow IZVESTIYA in Russian
17 Nov 88 p 5*

[Article by A. Lazarev: "Journalists' Roundtable"]

[Text] A roundtable discussion of Soviet and Japanese journalists was held in Moscow, organized by the Novosti Press Agency and the Japanese Association of Cultural Ties with Foreign Countries. Participating in the discussions were 10 observers representing the Kyodo Tsusin agency, leading newspapers ASAHI, MAYNITI and YOMIURI, and television corporations on the Japanese side, observers and representatives of Novosti Press Agency, and of leading newspapers and magazines on the Soviet side.

Discussion participants displayed great interest in exchanging their views on the situation in the Asian Pacific region in the light of Soviet proposals made by M. S. Gorbachev in Krasnoyarsk, and on the course of perestroika and the democratization of social life in the USSR. Also at the center of the discussion were problems regarding Soviet-Japanese relations. The Soviet and Japanese journalists expressed their dissatisfaction with the state of bilateral ties in the political as well as the economic sphere.

The results of numerous sociological surveys conducted in both countries have caused concern. It turns out that, whereas the Soviet people are following the life of their Far East neighbor with friendliness and growing interest,

the majority of Japanese have still not cast aside traditional anti-Soviet stereotypes. All of this served to define the main motif of the meeting—how to change the “face of the enemy” into the face of a good neighbor.

The journalists' roundtable distinguished itself by its constructive approach and the striving of both sides to understand one another. “We do not agree with our Soviet colleagues on everything,” stated K. Fukuhara, head of the Japanese news delegation and leader of the Kyodo Tsusin political observer group. “But an exchange of views in the spirit of the principles of glasnost which have become established in the Soviet Union is very useful.”

Implications of Raw Materials 'Buyer's Market' for Japanese-Soviet Ties

*18070061a Moscow IZVESTIYA in Russian
17 Nov 88 p 5*

[Article by Keitaro Hashegawa, Japanese commentator: “If the Seller is Clumsy—Reflections of a Businessman”; first three paragraphs are IZVESTIYA introduction written by S. Kondrashov]

[Text] While in Tokyo some time ago, with the help of IZVESTIYA correspondent Sergey Agafonov and his translator Akira Kudo, I met and had an interesting conversation with Keitaro Hashegawa, a well-known Japanese commentator in the sphere of international politics and foreign economic ties. His opinions turned out to be both curious and well founded. I thought—why not acquaint our readers with them? We then proposed that Hashegawa write an article for IZVESTIYA. He accepted the offer and we agreed that, if necessary, I would accompany his article with my own.

Receiving the promised article from Tokyo, I saw it would not be necessary. The Japanese commentator's reflections, contained within the spirit of courteous—yet strict in substance—realism, ring convincingly and require no padding to ease our self-respect. Not through polemics but only by skillful effort in developing economic ties with Japan can we change the existing state of affairs. I therefore decided to limit my role to providing these introductory comments.

Keitaro Hashegawa was born in November 1927, completed course work in Osaka University's polytechnical department, and has worked for a number of economic newspapers. He has published about 60 books. His work “Konkom” is considered a long-term analysis and prognosis. He predicted, for example, the fall of world prices of raw material, the upsurge of the yen and falling rate of the dollar, the rise of new industrial countries in Asia and changes in China's economic policies. Hashegawa is also well known for his close ties with the highest echelon of Japanese business circles and with the leadership of the ruling Liberal Democratic Party.

Tokyo—Japan and the Soviet Union are neighboring countries. Their history of bilateral ties encompasses more than 200 years. After the Second World War diplomatic relations were reestablished, and economic contacts and trade experienced the start of a new development. It would seem that all the necessary conditions for this are present: firstly, close proximity; secondly, Japan's poverty in natural resources requiring her to import large quantities of materials and raw materials from abroad for economic activity, including the raw material wealth of the Soviet Union; and thirdly, the high level of Japanese production and the opportunities afforded by Japanese export potential and technology, attractive to the USSR.

However, as experience has shown, all these conditions and premises are spinning around. Japanese-Soviet economic relations are in a unique kind of dead-end situation where even innovation fails to yield the desired result. The concept of joint enterprise is a typical example of this. What is the reason for this situation? One explanation heard more often than others is that the main obstacle lies in the sphere of politics. This refers to the territoriality question which impedes everything. One cannot help but agree with the thesis that the lack of progress in the political sphere is in fact restraining the development of economic ties. But it is felt that the problem is not locked into this issue alone. In my opinion there are other factors involved here whose roots go back to the methods which have evolved in your country for promoting foreign economic contacts. Alas, these can be called neither flexible nor modern. I will explain what I mean by this.

In the 1980's, especially in the second half, Japan found itself in possession of an abundant surplus of raw material resources as a result of changes in the world situation and the market for primary and raw materials. This involved oil, coal and other minerals, foodstuffs and forest resources. Simply stated, Japan was given the opportunity to freely select her partners in this sphere under the most advantageous conditions. This was a fundamentally new situation, insofar as the world market for primary raw materials turned from a buyer's into a seller's market. It was not the party rich with resources that prospered but rather the party that could utilize them. I think we see here the merit of those extraordinary efforts Japanese corporations used to extricate themselves from the energy crisis of the 1970's—a hard lesson that had serious consequences for them. And now Japanese businessmen have experience in the development of energy saving technology. They are constantly reducing raw material expenditures, lowering the requirement for them by enhancing production quality. Today Japanese corporations have no need to hastily invest huge sums of money in the development of foreign resources to meet their own needs. They are confident that their requirements for raw materials will be met. Under these conditions it is quite natural that Japanese companies, having advanced technology and a powerful

financial base at their disposal, would fully realize that they are in a more advantageous position than the countries which are exporters of raw materials.

This situation will be maintained, in my opinion, a rather long period of time—at least until the middle of the next century. Its advantage consists of the fact that, if the seller is not very skillful or acts in clumsy fashion, the buyer will find another source of the required raw material in some other area of the globe. In order to tie loose ends together and earn some profit, it is today necessary to strictly observe at least three rules: insure standardized production and production quality, be flexible in pricing, and adhere unflinchingly to delivery schedules. Otherwise, sooner more likely than later, the contract will fall into other hands.

Organizations involved in trade matters in the Soviet Union must not only correctly understand the situation as it has developed, but must also make proper conclusions based on it. Otherwise the share of Soviet production on the Japanese market will continue to decrease, being supplanted by competitors from other countries. The mechanism is strict but just. After all, in the final analysis the fate of Japanese companies relying on a particular partner overseas depends on it, and no one wants to live under the threat of bankruptcy.

Today's economic market is extremely mobile and dynamic; it is constantly changing. The information which sets all these changes is concentrated primarily in the financial agencies. Consequently, if your country is seriously interested in the development of trade with Japan, if the Soviet Union wants to advance the process of establishing joint enterprises in participation with Japanese businessmen and capital, then the logic of these matters requires first of all that you open up branches of your banks in Japan—all the more important since Japan has become a major financial power in recent years.

In fact, however, the USSR does not have a single banking branch on Japanese soil. I will state quite frankly that, for the serious businessman, this is simply incomprehensible. After all, this is an elementary procedure, and it is not even necessary to establish any special representation—it would suffice initially to open branches of Soviet banks operating in Western Europe, in London and Paris, for example. Your country either underestimates the importance of this element or has disdain for it. Both are bad, insofar as economic relations between two countries cannot otherwise be carried out through normal channels. It seems to me that your economic leadership still lacks a knowledge and understanding of the free enterprise mechanism. Successful trade with Japan will be difficult without this.

But that is not all. It seems to me you are losing a great deal under your present structure of economic establishments abroad. This is possibly a consequence of the fact that foreign trade in the USSR is the state's prerogative. Nevertheless, I believe you must significantly expand the functions of Soviet trade representation in Japan, affording them greater rights. Additionally, this channel must be diversified, even if at the expense of other Soviet organizations engaged in trade matters. I repeat—the Japanese market is extremely changeable and dynamic. In order to prosper on it one must be operationally efficient and possess absolute competence, decisiveness and meticulous skills. The most important prerequisites for this are a flexible structure of specialized institutions and freedom of action given the people who run them.

Without a doubt, a careful look at our traditional ties and the positive experience which has accumulated is necessary—but only as part of the rough, preliminary work in foreign economic dealings. Discussions on the future of mutually beneficial trade can continue for decades, but they will remain only discussions until your specialists get seriously involved in the Japanese market. This means obtaining precise information on radical changes in the Japanese economy, studying trends in Japanese economic development, and analyzing production and production requisitions which are experiencing demand in Japan and can proceed. Supply of goods must take precisely these requirements into account. These things would seem to be obvious, but action should not be taken on the spur of the moment. This is work which requires a great deal of time and persistence before any real benefits will appear and success be achieved.

Speaking candidly, I believe it is necessary that your leaders at the highest level visit Japan to directly familiarize themselves with the current level of Japanese production and demand, to see with their own eyes how the state of affairs is different from that in the Soviet Union and come to truly realistic conclusions. I realize that many of my views may evoke a bitter feeling in the Soviet reader but, without experiencing this bitterness, it is impossible to accurately determine one's position in today's world. The state of Japanese-Soviet trade and economic affairs today shows an evident balance in favor of Japan. If we fail to proceed taking this fact into account, then there cannot be any truly broad further development of economic ties between our countries.

I have offered my observations here based on this reality and addressing certain desires on the Soviet side. I think that, in the sphere of trade and economic relations with Japan, the Soviet Union needs a radical restructuring of the approaches and operating methods which have become established in recent decades.

Journalist Views Life in Seoul, Possibility of Soviet-South Korean Relations
18070113 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 4, 5 Feb 89

[Article by A. Churkin (Seoul-Moscow): "Seoul From a Distance and Up Close"]

[Text] [4 Feb 89 p 3]

What do we know about South Korea? We must frankly admit that, in spite of the Olympics being held there, we know very little. From reports in newspapers and on television we only know that the South Koreans languished for decades under the yoke of successive dictatorships, but even today, now that the last dictator has retired, the atmosphere in the country is not always calm: Students regularly organize demonstrations against the policies of President Roh Tae Woo (who is, incidentally, another former general). This is why I prepared myself for a fairly uneasy stay in Seoul when I left on this assignment. What actually happened? At Kimpo Airport in Seoul I was greeted with a thorough customs inspection. I was almost crumpled in a policeman's embraces during the scrupulous search. After a meticulous check of my luggage, pockets, and intentions (the customs officials peered into my eyes a couple of times), I finally took a seat in a roomy bus with a great sigh of relief.

The ride along a marvelous highway to the Imka Hotel was pleasant. After dropping off my belongings in the hotel room, I rushed outside: I could not wait to get a look at the capital of a state with which the USSR does not maintain diplomatic relations.

Night was falling and Seoul was being decked out with the lights of advertisements. I noticed a pretty young woman standing right by the entrance to the hotel. She registered my glance instantly and winked at me, raising her already amazingly daring mini-skirt another couple of centimeters. A prostitute? I sped away from the path of sin....

I learned, however, that it is not an easy matter to evade the maidens engaged in the world's oldest profession: Seoul has many brothels, and the prostitutes actively seek clients in the evening. There is also an amazing number of gambling establishments with all sorts of machines. If you want, you can play football with a robot, see how it feels to fly into space, or pretend you are a race car driver.

I also saw other games: Troops dressed in Soviet uniforms are landed in the jungles. The player is expected to "kill" as many of the uninvited guests as possible. I looked for the trademark to learn the country of origin. I found it: "Made in the USA." Everything was clear: America was selling its ideology to its allies. It was not this game, however, that won the contest hands down. I

saw a man of around 30 using all of his strength to bash in the heads of some gnomes who were trying to jump out of a hole. A huge crowd of spectators urged the player on loudly.

"What was the purpose of what you just did?"

The man replied:

"I have problems at work. I think I feel better after beating them up."

He left, and another player began hitting the poor gnomes. Maybe he also had problems.

I approached a souvenir stall situated right on the sidewalk. The seller nonchalantly turned to look at me and saw right away that I was not overcome by a longing to buy something. Suddenly he fixed his eyes on my pin with the Soviet flag.

"Russian?" he asked in disbelief.

"Russian," I acknowledged.

"Trade!" he yelled. I had the impression that he would have given me all the contents of his stall in exchange for a Soviet pin. Other shopkeepers and passersby gathered around us. All of them wanted pins. Regrettably, I only had a few with me. Those who got them were as happy as if they had won the lottery. What was this? A general passion for collectibles? No, it was a colossal demand for things Soviet. While I was in Seoul, I saw several indications of the inhabitants' unconcealed affection for the USSR. It is amazing that in 40 years the dictators were unable to knock the goodwill and interest in the Soviet Union out of the heads of the South Koreans.

A few days later I received permission to visit the Samsung concern, which produces mainly household electronics. Samsung means three stars in Korean. I must say that these stars shine quite brightly in the commercial sky. The firm is thriving. Its products—refrigerators, videocassette recorders, and computers—are being sent to all continents. Quality, reliability, and affordability—these are the elements of success, according to Mr. Ahn, the concern's press agent. I walked with him into the refrigerator assembly shop and saw endless rows of conveyor belts. The workers (who were mostly women) were wearing white smocks. They did not appear to be working by the sweat of their brow: Their movements were smooth and measured. I noticed that the women were wearing bands around their wrists. What were they?

"They are wearing monitors. Medical personnel keep track of how they feel," Mr. Ahn told me. "It is not good for the company if a person works when he is not feeling well. He could cause defects, and this would lead to customer complaints. Samsung is very protective of its trademark."

A refrigerator was coming off one of the conveyors as Mr. Ahn spoke. I learned that a refrigerator is born every 17 seconds in this shop. What is the price? Ahn seemed to be waiting for this question:

"From 300 to 1,000 dollars, depending on the model."

I took a close look at the newborn appliance. It was a beauty! I have never seen anything like it in our country: It had four different compartments, each with its own temperature control. Of course, a thousand-dollar price tag does not allow a poor person to buy it, but the assortment includes enough cheaper models.

I asked Ahn about working conditions in the concern. There are 8 hours in the workday and 6 days in the workweek, and 6 times 8 is 48. Is the workweek not too long? Mr. Ahn was imperturbable. Each day the employees of Samsung stay 2 hours overtime at work. This is completely voluntary, but it is hard to find people who would voluntarily leave work before everyone else. Samsung pays a new worker 350 dollars a month plus 100 dollars for overtime. This is the minimum. Employees are given a raise of 100 dollars every 2 years.

I walked up to one of the women working on the assembly line. She stopped working immediately, expressing her willingness to answer any question. We introduced ourselves. Chu Yon Fan was 24 and had been working for Samsung for 4 years.

"How much do I earn?" she repeated my question. "I make 650 dollars. This is absolutely magnificent for a young woman."

"But you work 60 hours a week.... Do you get enough rest?"

"I never get tired because I am used to it," she said, "and I am lucky to work for Samsung and plan to stay here until I retire."

I do not know if the young woman was really completely content or if she was afraid to tell a foreigner the truth, especially in front of Mr. Ahn.

At Samsung I was shown how the concern tries to show its employees its gratitude for their selfless work. A wonderful athletic facility has been built right on the grounds of the enterprise. It is never empty. There is a miniature city of hostels furnished with state-of-the-art equipment where around 8,500 people live for free. There is a chain of stores where the firm's products are sold to the employees at a 10-15 percent discount.

[5 Feb 89 p 3]

But capitalism is capitalism. Strictly speaking, nothing is free here. The Samsung's workers have to stay at work each day even after their overtime hours. All of the

members of work brigades begin "efficiency brainstorming." These "brainstorming sessions" are often productive, and they increase the concern's profits. The inventors, however, get no rewards other than praise. Something else was also surprising: Competition between brigades has been developed at Samsung. Is it possible that they took a look at our socialist competition and instituted their own capitalist counterpart? All joking aside, I saw something like our boards of honor with photographs of the winners....

I will conclude my remarks about Samsung by saying that the concern has another 34 shops like the refrigerator assembly shop. The workers have 80 days off each year, including vacations and national holidays. Not too many in comparison with ours!

After this I was even more curious as to why the student demonstrations are so frequent and so uncompromising. Why are the young inhabitants of Seoul always dissatisfied? I asked my guide and interpreter Dogzhu Kim. He is a post-graduate student at Seoul University and is studying law and...the Russian language. What is more, he has been learning Russian for three and a half years. He has been to the United States twice to attend Russian summer school. Kim has not needed his Russian yet, but he is certain that he will need it soon. "Economic relations between South Korea and the USSR are bound to get better," the student said. "Then my knowledge of the language will come in handy."

Why are the students always demonstrating?

"There is not enough democracy in Korea. Traces of the dictatorial system of government are still quite apparent."

"And what are you doing personally for the development of democracy?" I asked Kim.

"I voted against Roh Tae Woo and for the candidate of the Peace and Democracy Party. This is not a leftist party, of course, but it is more progressive than the rest."

Kim's words need some explanation. Apparently, much of the South Korean population thinks in the same way as Kim. In the parliamentary elections last year the Peace and Democracy Party won a sensational victory: It tripled its number of deputy seats by winning 70 out of 299. For the sake of comparison, the ruling Democratic Justice Party holds 125 seats.

Then I met some new people. This time I visited an average South Korean family. I rode to a comparatively new neighborhood in Seoul. What a miracle: The taxi I was in bore a plaque inscribed "Best in Profession." The neighborhood was amazingly similar to new construction projects in Moscow: A person could simply get lost in the identical high-rise buildings here. I took the elevator to the ninth floor. There were two apartments on this landing. One belonged to Chan Bok Lee, the

deputy chief of the import division of the Hyundai automobile concern. The concern is thriving: In the U.S. market alone Hyundai is selling 14 billion dollars' worth of cars a year and is crowding its Japanese competitors out of the market. Chan Bok is 35 and his wife Young Lee is 31. Their two sons are 7 and 5. His wife is a homemaker but she worked before she got married. The master of the house does not get any help from his parents. In Korea, just as in many other countries, relations between parents and children are not the same as in our country. As soon as you leave the parental nest, you have to feed yourself. Chan Bok moved into his three-room apartment with a total area of 90 square meters 3 years ago. He paid 500 million won for it (there are approximately 700 won to the dollar). The building belongs to the Hyundai concern and Chan Bok therefore paid 30 million less than he would have paid for the same apartment in another building: The firm gave its employee a discount. He has been working for the concern for 11 years. His starting salary was 175,000 won and now he gets 900,000. He recently bought himself a car—a Hyundai, of course—and paid 3.5 million won for it.

I asked whether Chan Bok had enough money to live on. He smiled, said he had more than enough, and made some quick calculations:

Taxes take 15 percent of his salary, food takes another 25 percent, another 10 percent pays for the children's education, utilities cost 15 percent, and the family deposits another 15 percent in a savings account each month. The rest is used for recreation.

I will present the rest of my conversation with Chan Bok in the form of an interview.

"Does your wife stay at home with the children or do the boys go to school?"

"The older boy is in the first grade. The school is free. We take our youngest to a nursery school. It costs 35,000 won. It is easy to find nursery schools for children here. They always have openings. We even have a choice of nursery schools."

"How many hours a day do you work, and how long is your vacation?"

"I work 6 days a week from 8:30 to 19:00 with an hour off for lunch. I have 20 days of vacation."

"Are you religious?"

"No! My wife and I are atheists. My mother is a Buddhist. I stopped believing in God in college."

(Note: 7.5 million of the believers in South Korea are Buddhists and 6.9 million are Christians, including 1.6 million Catholics and 5.3 million Protestants; another 800,000 are Confucian. The total population is 42 million.)

"Are you happy with your life?"

"Completely. I make a good living and I have a healthy family. What else could I need?"

"What is your ambition?"

"I want to open my own firm."

"Do you know anything about the USSR?"

"Very little. The capital of the USSR is Moscow. In 1980 the Olympics were held there and were boycotted by many countries. I hope this will not happen again. I have a few Soviet records at home. I especially like Tchaikovsky's music. I have heard of the artist Glazunov and the writer Solzhenitsyn."

"What do you do in your free time?"

"I read newspapers, watch television, and spend time with the children. Sometimes we go out to a restaurant."

This was my visit with an average South Korean family. What do I remember about the apartment? A marvelous floor plan, a spacious terrace, and an abundance of electronics: a complete sound system, a VCR, a giant TV set.... I remember comfortable furniture. When I told Dogzhu Kim about my visit, he quickly corrected me: This was not an average family, but a better-than-average family. The living conditions of most Seoul residents are much worse.

Seoul is a huge city with a population of 10 million. Knowing the problems Muscovites have with public transit, I asked whether the same problems exist in Seoul. I was told that there were no problems. There are four subway lines with 89 stations. The fare is higher than in our country but I have to admit that the subway in Seoul is better than the Moscow subway. There is no splendor, but there are thousands of shops at transfer points. In these the passenger can buy whatever he wants on the way home, from newspapers and cans of Coca-Cola to the latest video equipment. The trains are quiet and do not clatter on the rails, and there are no accidents....

There are three types of buses: regular, express, and airport buses. The regular buses creep at a snail's pace through the mazes of streets and take frequent rests at bus stops. The fare is only 150 won. Express buses race headlong down the streets, stops are infrequent, and all of the passengers can find seats, but the fare is already 400 won. And if you want to get to Kimpo Airport, you have to pay 500 won. There are different kinds of taxis in

Seoul too. In a regular taxi you pay 600 won for the first 2 kilometers and another won for every additional 400 meters. If the taxi is traveling at less than 15 kilometers an hour, the fare goes up 50 won every 96 seconds. The fare is 20 percent higher between midnight and four in the morning. Comfortable taxis cost more: 800 won for the first 2 kilometers and another 100 won for each 400 meters.

It was early in the morning when I left Seoul, but the young woman in the mini-skirt was already in her spot by the hotel. She was still winking at the passersby who hurried through the streets at this early hour without paying any attention to the prostitute. The gambling houses were still empty and no one was hitting the gnomes on the head with a hammer. As soon as the workday is over, however, things will be lively here and life will take its normal course.

African Trade Union Head on WFTU-Unity Cooperation

18070125 Moscow TRUD in Russian 12 Feb 89 p 4

[Interview with Hassan Adebayo Sunmon, secretary general of Organization of African Trade Union Unity, by correspondent N. Shevtsov, in Prague, date not specified: "Bases for Interaction"; first paragraph is TRUD introduction]

[Text] The headquarters of the World Federation of Trade Unions in Prague was visited by a delegation from the Organization of African Trade Union Unity (OATU). An agreement on cooperation between the two central labor organizations in 1989 was concluded during the visit. It was signed by OATU Secretary General Hassan Adebayo Sunmon and WFTU Secretary General Ibrahim Zakhariya. Our correspondent N. Shevtsov asked Hassan Adebayo Sunmon to answer a few questions.

[Question] How would you evaluate OATU-WFTU cooperation?

[Answer] I can say that it has been growing stronger ever since the first agreement between our organizations was signed in January 1987. We are striving to work together on the resolution of primarily the problems of special importance to the African laboring public. Foreign debts are one of these problems. We union activists in the African countries feel it is extremely important to coordinate the struggle against debts with our colleagues in the countries of other continents, especially Latin America, where this problem is also so acute. This is why we appreciate the WFTU's efforts to draft a common program of action for trade unions in different countries.

Another equally important problem is the self-sufficiency of African countries as far as food is concerned. It will be discussed at the end of this year at a joint WFTU and OATU conference in Ghana, which will be entitled "Trade Unions, Rural Labor, and Food Self-Sufficiency."

[Question] Can you tell us briefly about the activities of your organization?

[Answer] The Organization of African Trade Union Unity is an association of labor unions in the majority of African countries, with approximately 30 million members. We are working with the WFTU, the ICFTU, the General Federation of Labor, and with various national organizations, some of which belong to these large international associations and some of which do not, as the Chinese trade unions, for example. The OATU maintains regular contact with the ILO and with other specialized UN agencies.

We want our organized undertakings to encompass as many countries on our continent as possible. Here is one example. We recently held a conference for working

women from the English-speaking African countries. Now we plan to organize the same kind of conference in Dakar for French- and Portuguese-speaking states. We are also planning actions to promote the creation of jobs in various sectors of the African economy. This is particularly relevant today in view of the continuous growth of unemployment on the continent.

The struggle against the apartheid regime in southern Africa occupies a special place in our work.

Along with the WFTU and other central labor associations, our organization plans to take part in the labor conference in Geneva next June for the institution of effective sanctions against the apartheid regime in South Africa.

Prospects for Angolan Settlement Viewed

18070114 Moscow KRASNAYA ZVEZDA in Russian 4 Feb 89 p 5

[Article by Capt 1st Rank S. Bystrov, KRASNAYA ZVEZDA correspondent: "A Front Without a Front-line"; third article in 3-part series on conditions in Angola]

[Excerpt] We would like to believe that Angola's misfortunes will come to an end and that this time has arrived. We would like to believe that Resolution 435 of the UN Security Council on the granting of independence to Namibia, which has been waiting for this for 10 years, will begin to be implemented—i.e., that the constant threat of foreign escalation to Angola from the south will disappear. In any case, the agreements signed in New York in December 1988 by the governments of the People's Republic of Angola, Cuba, and South Africa stressed that the implementation of Resolution 435 in the form in which it was approved in 1978 is an integral part of the settlement of the conflict in the southwestern part of the continent.

On April 1 this year, when the Security Council resolution begins to be carried out, the sequential but complete withdrawal of the Cuban military contingent from Angola, scheduled to take 27 months, will also begin in accordance with the Angolan-Cuban agreement of 22 December last year. In a display of goodwill, the governments of the two friendly states decided that 3,000 Cuban soldiers would leave Angola even before this date. According to the mass media, they have already taken action on this decision.

When I visited the advance positions of the Angolan and Cuban troops near the Namibian border, I could see that FAPLA [Forças Armadas Populares de Libertacao de Angola] was preparing to replace its fighting comrades. But when we asked 2d Lt Joaquim Antonio, commander of the 2d motorized infantry brigade of FAPLA, whether he believed that the South African leadership would observe the agreement in its entirety, Antonio did not hesitate in replying that he did not. We can understand

why the young brigade commander, or any other young officer for that matter, might feel this way: In his life, filled with incidents of combat, there has been no indication of South African "integrity."

Colonel "Vietnam," second commander of the southern front, was less categorical in his statements.

"Several of my questions have remained unanswered even after I have searched for the answers in literally every direction. But everything will move ahead, and the future will probably give me these answers.... The main question concerns the honesty with which the South Africans negotiated with us. They sat down with us at the negotiation table and signed the documents. But why did they do this? Was it a sincere wish to solve problems? Or was it because we defeated them in the south of the country? If the correct answer is the second one, the possibility of new problems cannot be excluded.... Unfortunately, the climate of suspicion has not been surmounted yet."

Here is the opinion of a representative of another extremely interested side—Lt Col Maximum Gonzalez Nartu, chief of the operational division of the Cuban southern troops. We met him at the southern group's command post.

"Every detail of the plan for the withdrawal of our troops has been agreed upon with the Angolan side. All of the necessary measures are being taken for FAPLA's full replacement of us. Our subdivisions will remain in the most important positions until the last minute. We cannot exclude the possibility of the non-observance of the agreement by the South African side and we must therefore take the necessary precautions."

The goodwill of Cuba and Angola is undisputed throughout the world. Representatives of the FAPLA supreme command have made statements corroborating their consistency. When FAPLA Chief of General Staff Antonio dos Santos Franca (his partisan name was "N'dalu"—"Flame") was interviewed by a Portuguese news agency, he did not try to conceal the fact that the implementation of the agreement would be an extremely complex matter. The withdrawal of the Cuban internationalists from Angola will necessitate the construction of two runways north of the 13th parallel, the accumulation of sufficient quantities of transport aviation, motor vehicles, and fuel, and the creation of an infrastructure and the necessary conditions for the disposition of troops. At this time the absence of highways and access roads precludes the relocation of 30,000 or 40,000 men north of the 13th parallel. These circumstances are part of the reason for the high cost of the Cuban troop withdrawal, estimated at 800 million dollars. Angola has asked for international assistance. In spite of these difficulties, however, Angola is not making the withdrawal of the Cuban contingent dependent upon the acquisition of the funds.

In doing this, Angola is guided by the new political thinking, the realistic nature of which is being confirmed constantly by world practices. This thinking is also serving as the basis for Angola's domestic military policy. When Chairman of the MPLA-Labor Party and President of Angola Jose Eduardo dos Santos was interviewed by a group of American journalists, he stressed that the problem of the UNITA group is an internal Angolan matter. All outside intervention must cease so that the Angolans can solve this problem on their own.

The government feels that this problem, which is putting a heavy burden on national life, can be surmounted with a policy of clemency and national harmony. The law passed by a permanent commission of the National Assembly on amnesty for the fellow-countrymen who had waged an armed struggle against the legal government of Angola and had voluntarily confessed their crimes was a logical result of this policy. Within the framework of this policy, in the last few years more than 12,000 members of UNITA have voluntarily laid down their arms and have been given a chance to return to a normal life.

This policy, however, has nothing in common with the idea of Angolan conciliation promoted by the United States. The law on amnesty does not extend to Jonas Savimbi, the leader of the UNITA group and the "spiritual father" of the genocide in Angola. The informed AFRICA CONFIDENTIAL, a London journal, admitted that "all of Savimbi's actions demonstrate his determination to continue directing the war for decades. The younger generation in UNITA, however, is tired of war and has an eye on progress in Angola."

Today the armed forces of UNITA (FALA) number over 26,000 men, or even 40,000 if the personnel of training centers and of supply and service sectors are included.

Here is an excerpt from a lecture presented in UNITA officer training courses:

"In itself, the war we are fighting is called defensive because we are defending a just cause, because we do not want to be the slaves of the Cubans or Russians, but our actions are offensive because we are striking at the opponent. Although the war as a whole is protracted, our actions on any front in a partisan war must be swift."

Who is J. Savimbi? Omitting his political views, which are well known, we should take a look at some of the personality traits that have been mentioned in the mass media.

He was born in 1934. His father was a railway employee. In school he displayed considerable ability and perceptible diligence. He learned four European languages. In 1965 he was awarded a gold medal when he graduated from an institute of political and social sciences in Switzerland where he majored in law. In the middle of the 1960's he underwent military training in China. In

March 1966 he created the National Union for the Total Independence of Angola (UNITA). He conducted his first military operation in October of the same year....

He has skillfully taken advantage of objective and subjective difficulties in Angola and has resorted widely to demagoguery. He is ambitious and wants to be the only leader in Angola. He has not allowed any other strong individual capable of representing an alternative to him into the UNITA leadership. He has unhesitatingly annihilated his opponents. He is cautious and is constantly taking precautions against assassination attempts. His personal guards are replaced periodically....

Unfortunately, he never grants interviews. I was also unable to talk to any former UNITA members, but this is unlikely to have been productive. After all, the situation is clear. The continuation of the fratricidal war will only complicate the already grave situation in Angola. Its people need peace—peace for the future and peace for construction.

In Angola the men are handsome and the women are stately. They are said to be stately because they grow accustomed to carrying heavy loads on their heads in childhood. And these are definitely heavy! On the outskirts of Luanda, where there is no running water, women carry jugs containing 30, 40, or even 50 liters of water on their heads. This is the kind of excessive burden they carry every day, and it is comparable to the excessive burden of war Angola has been carrying for so many years.

South Africa Seeks To Maintain Control in Namibia

18070120 Moscow KRASNAYA ZVEZDA in Russian
10 Feb 89 First Edition p 3

[Article by S. Kulik: "Leaving, But Trying To Stay; The South African Authorities Strive To Retain Control of Namibia"]

[Text] The racist South African regime is leaving Namibia while doing everything within its power to remain in the country. This is the opinion of most of the correspondents keeping an eye on events in the southern African subcontinent. Few people today doubt that Pretoria will violate the agreement it signed in New York on the settlement in South West Africa. By the same token, no one doubts that the apartheid regime has not given up the idea of retaining its strategic position in Namibia. To this end, it is relying mainly on force, on the occupation army, just as it did in the past.

The size of the South African contingent in Namibia has been increased by at least one division in the last few months with the troops withdrawn from Angola. Another 50,000 Namibians are being trained in the martial arts, and many of them are doing this under duress. The punitive paramilitary "kufut" formations, which are known for their brutal treatment of the civilian

population and which are, in the words of famous Namibian attorney A. Lubovsky, "programmed to kill," are being turned into a police force. All of this is being accompanied by the vigorous recruitment of mercenaries.

In many parts of the country, especially in the north, where the influence of the South-West African People's Organization (SWAPO) is particularly strong, most of the cities have been turned into military bases, and their inhabitants have become the hostages of occupation forces. In the schools, where upperclassmen invariably express support for patriotic forces, armed soldiers were always present in classrooms until recently. "For young Namibians, this presence is the personification of the despicable system of apartheid," remarked the well-known English journalist B. Koenig. South African security force personnel are making the rounds of rural communities to conduct propaganda against SWAPO, are intimidating voters, and are killing patriots. Every method is being employed to keep the Namibians from voting for SWAPO in the first general elections in the country's history, scheduled for this fall.

The occupation authorities are also arming European colonists in an attempt to create strong militarized opposition to SWAPO. They are even considering the creation of a white "rebel army" to overthrow the government in case SWAPO wins. The German colonists who represent more than a third of the white community in this country, which was a German colony until 1915 and became a refuge for thousands of Hitlerites after World War II when the racist authorities saved them from retribution, have been particularly active. Their leaders support close ties with the head of the overtly pro-fascist South African group known as the African Resistance Movement, J. Terblanche, who parades around in an SS uniform and greets his followers by thrusting out an arm decorated with a swastika. "We will not hesitate to shed black blood in order to protect the land of the whites in Namibia from the SWAPO Marxists," he declares unequivocally.

"All of this is being said and done to undermine the elections and to prevent, with the aid of 'death squads,' the election of anyone representing the real interests of the people," SWAPO President Sam Nujoma said. "South African soldiers are creating an atmosphere of fear and terror everywhere. The politico-military situation in Namibia is extremely critical and explosive."

The prospects for this country's independent future are also complicated by Pretoria's encroachment upon its territorial integrity. The press in many African states has discussed the possibility of Namibia's loss of the so-called "Caprivi Strip"—a strategically important zone in the extreme northwestern part of Namibia extending far into the very underbelly of Angola, Zambia, and Botswana. According to reports in Johannesburg's WEEKLY MAIL, "unprecedented numbers of terrorists from UNITA" are constantly being moved there from Angola.

The Angolan ANGOP agency has reported that they "are being issued Namibian citizenship papers so that they can open a new front against SWAPO and vote not only against this party but also for an 'independent state of Caprivi.'" In this way, efforts are being made to establish a permanent bridgehead for J. Savimbi's cut-throats, from which they can continue their terrorist acts against neighboring countries.

Pretoria recently announced that when Namibia gains its independence, its main port, Walvis Bay, will remain under South African control. This means that the racists want to deprive the Namibian economy of a "window to the world." The country's only railroad, on which 85 percent of its exports are transported, runs to Walvis Bay. "Businessmen believe that South Africa will be able to smother the Namibian economy by simply closing the port and the railroad if the new government in Windhoek should be hostile to Pretoria," a REUTER agency correspondent reported from Walvis Bay. To reinforce this threat with action, South African armed forces have already begun spending the 10 million dollars allocated to them for the enlargement and modernization of their installations in Walvis Bay. The South African navy recently conducted the most massive exercises in its history in the waters of this bay.

"It is understandable that in the specific situation in Namibia today, a strong military UN presence is more necessary than ever before," said SWAPO Secretary for Information H. Hamutenia. "Ten years ago, in accordance with the Security Council's plans, seven battalions

of 'blue helmets' were to be sent to Namibia to keep the peace and from 2,000 to 2,500 civilians were to be sent there to oversee elections. Now, because of financial difficulties, expenditures on the maintenance of UN forces in Namibia are to be reduced from 700 million dollars to 400 million, which will pay for only four battalions. This is unacceptable to independent Africa because it will help South Africa use political means to gain what it could not get by military means." Angola had a similar reaction.

At the end of January the UN secretary-general submitted a report to the Security Council on his plan of UN operations in Namibia. According to this plan, the UN military contingent will consist of 4,650 men. It will include three reinforced infantry battalions, 300 military observers, around 1,700 rear support soldiers, and 100 staff personnel. The projected maintenance costs of military and civilian personnel will be around 416 million dollars. The military contingent can be increased if necessary, but its numbers should not exceed 7,500 under any circumstances.

Permanent members of the Security Council believe that there are ways of saving money on the Namibian "blue helmet" operation. Besides this, all of the UN delegations have displayed a clear desire to reach a mutually acceptable decision. It is quite obvious, however, that the UN's financial problems should not become an obstacle to the genuine independence of Namibia. In any case, the Pretoria regime and its Western backers will pay any price to create such obstacles.