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3 JULY 1989



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# ***JPRS Report***

# **East Europe**

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# East Europe

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## CZECHOSLOVAKIA

### Czech Writers Raise Uncomfortable Questions

#### Emigre Literature

24000140 Prague *KMEN* in Czech 20 Apr 89 p 3

[Article by Jaroslav Veis: "Will We Miss the Boat?"]

[Text] I would like to touch briefly on something that has been discussed very often, namely the problem of emigre and unpublished literature. My contribution is based on what I came up against during my 4-month study sojourn in the United States, where I had innumerable opportunities, as well as the duty, to talk about our literature not only with Americans, be they writers, professors, students, or publishers, but also with other writers from all over the world who were taking part in the international writers program at the University of Iowa. For the most part these were very forthright people, not burdened in advance by any dogmas or prejudices.

What was the conclusion drawn from these discussions? The fact that the world knows and appreciates the works of, for example, Bohumil Hrabal, Ladislav Fuks, or Miroslav Holub, that even in places far removed from the Vitava you will come across admirers of Holan and Seifert. But you will also find that readers and specialists not only in the West but in many other countries as well consider our emigre and unpublished literature to be an integral part of the Czech body of literature, and it meets with a response that often overshadows works published at home. That is true, for example, of works by Milan Kundera, but increasingly so of works by Skvorecky, Arnost Lustig, and among authors living here at home, Vaclav Havel and Ivan Klima.

This is not the work of some dark forces, but the result of a whole complex of facts. Commercial interests play their role, sometimes it is a matter of what is fashionable, and to a considerable extent it is the result of the low activity by the literary agency DILIA, which is the sole agency representing the interests of our authors abroad.

But we must admit that we, too, consider Bunin, Zamjatin or Brodsky, for example, to be part of Russian literature, Salman Rushdie to be an Indian writer, and Kazuo Ishiguro a Japanese author—although they all lived or are living in countries other than those of their origin. It simply is a universal phenomenon, particularly during this time of waves of emigration in which we live, that any national literature is created by writers living in their country as well as by those who left and are living in another part of the world.

But of course I encountered problems in those discussions as soon as I was asked by my partners in the discussion about the reverse connection, or in other words, the readers' response to the above mentioned authors at home—and they asked about that every time. They did not understand that their current works are

practically unknown to our reading public, that even their older works, written and published at home have been removed from libraries, that textbooks deny them. To explain why that is so is very difficult and often impossible. The world in the era of glasnost—and this word they know and can even pronounce in Iowa—simply has a hard time understanding that an author should not be read in the country of his origin because he left it and because he professes other opinions than those which are proper to hold there.

I must confess, that at the beginning I also used to sweat during those talks and round tables because I was to some extent a victim of what I have been just talking about. I simply did not know many of the works, and there was nothing to do but shrug my shoulders. Nevertheless, I borrowed the books from the university library, and during evenings I made up for lost time, and then I was able to agree sometimes, disagree in other instances, argue or explain, in short express my opinion, which is the substance of a discussion. Not having on hand anyone who would tell me what I should think about things, I had to, of course, forget the stereotypes and rely on my own judgment. I do not think that it did me any great harm.

On these occasions I always thought about those who will find themselves in the same situation in the future—if only because soon there will be many more of them. The desire for peaceful cooperation is very strong today in both hemispheres, and the common European house, in which the occupants of individual apartments will visit each other as often as possible, is no longer a fantasy. Young people in particular are demanding the right to see the world, encounter different viewpoints, and through such encounters clarify their own life attitudes. More and more of them are unwilling to be content with a second hand reality and refuse to form their opinion through the intermediary of those who feel at one time or another called upon to provide it. Which also touches upon the problem of emigre and unpublished literature. I believe that it is necessary to take a much more open attitude to it than has been the case thus far, or, as the saying goes today, remove the taboo from it. There is no reason to be afraid of it. Real socialism has more strength than those, who want to zealously guard it even against the threat of words, would think.

Permit me another brief comment. The subject of discussions of the writers program at the University of Iowa was not only the individual national literatures, but also the development of literary theory and current creative trends. Often mentioned in particular were the concepts of neostructuralism—that always in connection with admiring references to the Prague school—and to post-modernism, which reflects the powerful social changes of the eighties, the communication and information explosion, the revolutionary development of production and consequently of social and political relations. It is more than sad that here at home you will learn much more about both these concepts from a few lines which the

British writer David Lodge devotes to them in his sunny novel "Small World" than in college lecture rooms. It seems that this is another instance where we shall miss that proverbial boat.

### Self-Censorship

24000140 Prague KMEN in Czech 20 Apr 89 p 4

[Article by Petr Kovarik: "The Silence Makes Me Uneasy"]

[Text] We feel somewhat uncomfortable with big words. The immediate as well as the distant past gives evidence that behind big words was often hidden a dearth of ideas or a dearth of deeds. I do not want to cast doubts on the best intentions of those who want writers to become the conscience of the nation or the conscience of the times. But I think that in each specific historical era such a situation either exists or does not exist. It cannot be requested. The crucial thing is that everyone first of all examines his own conscience, whether his conscience is clear in the mirror of moral ideals. Whether it does not change with the times, whether it is not being changed as a coat which went out of fashion.

Permit me to go back a few months. At the 3d Congress of the Czechoslovak Writers' Union, poet Lubomir Feldek mentioned the phenomenon of conscience, saying: "Nowhere in the world can you bring up a person to be honest, as long as the upbringing does not begin with conscience. And our literature has been afraid for 18 years already to have anything whatsoever to do with conscience. We are even afraid to use the word."

Bets were made already during the congress whether Feldek's contribution would be published or not. Well, it was published, but some newspapers substituted number 80 for 18. This could hardly have been by mistake or by chance. After all, no person who thinks even a little can seriously think about an absence of conscience in Czech literature since 1907.

And how is it possible that the statement about literature being afraid to have anything to do with conscience for 80 years already appeared also in the official publication of the protocol of the 3rd Congress which we all recently received? Could it be that the poet's words are endorsed so thoroughly and so openly? But then that begs the question where to begin with the problem of conscience.

Some are surprised at the disillusionment, negativism, and rejection by some of the younger generation. That is a sensitive problem and even a well-meant invitation to a dialogue is obviously not sufficient in this case. What kind of example and what conscience did these young people see before their eyes? Literature, and not literature alone, owes a great debt here.

I will take the liberty to quote a very short Aesop's fable about a mother and son: Look at the way you walk all askew, a crab mother reproved a young crab. Look how

you drag each leg sideways through the pebbles. My mother, my teacher, says the young crab. When you yourself walk straight, I will do likewise.

I am sorry that we did not learn anything from our media about the letter expressing the uneasiness of, for example, our Hungarian colleagues, although it was expressed by the Union with which our supreme organization established friendly contacts in recent days.

I am uneasy about the silence. In any case, I think that very few frank opinions of our Union appear in the media. That obviously is for several reasons. The media still generally turn to writers only on the occasion of various public inquiries, and they mostly choose authors of whom they can assume in advance with a certain careful foresight what they will say. It is not a rare case where the more or less frank opinion of a writer was not publicized. That understandably does not enhance the prestige of the writer in society in any way, nor, obviously, the inclination of writers to contribute to the media.

I think that our Union could use its authority to help achieve that authors' opinions are publicized without embarrassment or self-censoring fears, that the writer's voice would not be used only to illustrate axioms. Should such a rectification, making the situation actually agree with the proclaimed glasnost, occur, the public would be better informed about the true state of conscience of the writers' community, and thinking about writers as the conscience of the nation would be more justified.

But the minimal participation of the media at this conference again convinces me that an improvement is still somewhere in the future.

An ideal situation does not exist even in our Union weekly journal KMEN. I would like to point out in this connection that so far the writers of our Union have not appeared on its pages to any great extent. Many writers simply have not yet accepted it as their own. I do not want to blame its editors for that, obviously. Many interest groups have their often very representative journals. We have an occasional Union bulletin which prints useful things, to be sure, but not very regularly and not at all about timely matters. Many members learn about personnel changes in the leadership of our Union and other current happenings more often from the daily press, radio, or television.

I would therefore make a practical suggestion that the weekly KMEN should be sent, within the framework of the yearly membership dues, to all members of the Czech Writers' Union. Organizationally it should not be a problem. It would contribute to a better sense of belonging, better mutual understanding, and provide more timely information. Then perhaps all members of the Union would actually accept the journal as their own and it would also manifest itself in its content.

And I would sincerely wish such a feeling of mutual belonging for us all as well as for myself.

## HUNGARY

### Poll Shows MSZMP Losing Ground Since February

25000282c Budapest NEPSZABADSAG in Hungarian  
20 May 89 p 15

[Text] In its last issue, HANGSULY published the findings of a survey conducted by the Hungarian Public Opinion Research Institute in which, among other things, it presented a study concerning the outcome possibilities of the upcoming elections.

The time of the first survey: 27 January-2 February 1989. The time of the second survey: 17-22 March 1989. The time of the third survey: 30 March-3 April 1989. The number of people polled in the first survey: 300 Budapest residents, 100 Komlo residents, 100 Berettyoujfalu residents, and 200 village residents (Kistelek, Bordany, Balogunyom, Gecsapat). The number of people polled in the second and third surveys: 300 Budapest residents, 100 Szeged residents, 100 Miskolc residents, and 200 village residents (Rabapatoná, Ikreny, Derecske, Hajdusámsos). The basic criteria applied in selecting the samples in all three surveys: in the case of the cities, they were chosen to reflect the age, sex, and education, and in the villages, the age and sex of the adult population.

The draft electoral law grants nominating rights to a variety of different political and social groups. Some organizations have already announced their intent to nominate candidates in the upcoming elections.

The public opinion polls that have been conducted so far are insufficient for us to make any predictions regarding the outcome of future elections. International experience has shown that the reliability of forecasts is limited by many factors that are impossible, or difficult, to account for when conducting public opinion polls (e.g., local events or the personality of the nominees). In our country, however, we have not yet even established the basic conditions necessary for "predicting" the results. In order to be able to make educated estimates concerning election prospects we should, as a minimum, be familiar with:

- electoral law and election regulations;
- voting techniques;
- the number, general character and names of the parties and organizations running;
- the programs, campaign promises and propaganda advocated by the participating parties, organizations, and possible election coalitions;

—the comparison between the results of earlier elections held according to the same rules, and the opinion poll projections preceding them;

—the ratio and social composition of the people who abstained from voting or cast invalid votes in earlier elections.

Without all these conditions and knowledge, anyone attempting to make predictions in early 1989 about the different candidates' chances of being elected would be setting out to attain an impossible, illusory goal.

At this point we would be putting prospective voters in an extremely difficult position by confronting them with such questions as: "Please take a look at this card. If the elections were held this Sunday, and the organizations shown had candidates running for election, which one would you vote for?" There are many different reasons why this would put them in a difficult position. The most important among them are the following:

- only a very limited number of people are familiar with the programs, goals, activities, basic characteristics, and differences among the new organizations;
- most people are still unable—not only intellectually, but also emotionally—to decide what to make of the new organizations, due to the fact that the means (e.g., the posters and banners) and personalities destined to affect their emotions have not yet become visible to the point where they could have a discernible impact on the broad masses;
- the means used to appeal to the senses and sensitivities of the broad masses (including frequent media appearances and the posting of campaign slogans) also have not noticeably geared themselves up for that purpose;
- the names of some of the new organizations have not helped to properly orient prospective voters, in that for many of them these names are impossible to remember, or at best unclear.

Our studies are experimental in nature, for presently there is still little chance of us being able to simulate the circumstances of the upcoming elections in our public opinion polls. Hence, what we have tried to do is to get a feel for the adequacy of the scope of such a survey from the point of view of (prospective) voters. With this goal in mind, our first three surveys have focused on assessing the impact of the number of organizations listed on the "ballot."

On all three occasions, we listed different numbers of organizations on our imaginary ballot, in alphabetical order. (We took special care to indicate the popular names of the individual organizations, even if those were not their complete, official designations.) The first time around we listed 12 political organizations; the second

time—the Hungarian Independence Party still had not announced its formation—we had four parties, and the third time we had eight organizations to choose from. Our preliminary predictions were confirmed: the ratio of “voters” indicating support for the organizations “running” in all three imaginary elections changed, depending on how many “competing” organizations were included on the ballot.

One indication of just how uninformed and uncertain people are is the fact that on all three occasions more than one-third of the Budapest residents (43, 36, and 35 percent), and a quarter of the provincial residents gave evasive responses (except in our first survey, when half of the villagers did not indicate a preference). Most of these individuals (representing a little over 10 percent of those polled), used the phrase “I do not know” to express their uncertainty. There were those who indicated that it was not the organization but the nominee that would determine their choice. This was how 5-10 percent of those polled said they would make their decision. Then there were those (also about 10 percent) who were unable, at this early point, to place themselves in an election-like situation.

There may, however, be other reasons for this uncertainty. Whenever people are asked to think in hypothetical terms, the percentage of evasive responses is high. In addition, questions pertaining to the issue of political pluralism and the aspirations of our alternative organizations have always been surrounded by a great deal of uncertainty and hesitation. Few people possess the knowledge, the theoretical basis, and the political experience to allow them to form opinions on such short demand about the changes and players now affecting the realm of political power.

Judging from our polls it is possible that if the elections were held today the MSZMP [Hungarian Socialist Workers Party] would receive a relative majority of the votes. (With two exceptions this is what our data seem to indicate—it was with the same majority that the residents of the four villages polled in the first survey voted for the Independent Smallholders' Party, and the respondents in Budapest voted for the Social Democratic Party.) The MSZMP's “constituents” are found mostly in the provinces. The ratio of its supporters is higher than average among less well-educated and middle-aged people. The overwhelming majority (80-90 percent) of MSZMP members would support their own party. A small percentage of them would vote for someone else; the Social Democratic Party would be the main beneficiary of their support.

The Social Democratic Party's voter support came from representatives of several social and demographic groups. In our first and third surveys it tended to come mostly from among elderly respondents and less-educated voters, while in the second survey—where only four parties were offered as a choice—it was picked mostly by young and white-collar voters. Conceivably, (“for lack of a better choice”), in the second survey this party also received the votes of people who in the other two cases had supported one of the alternate organizations (e.g. the MDF [Hungarian Democratic Forum] or SZDSZ [Association of Free Democrats]). The fact that it still lacks an established social basis may also have something to do with the leadership crisis presently plaguing the party.

The Independent Smallholders' Party would be the choice primarily of elderly voters living in the provincial areas. The supporters of the Hungarian People's Party are found mostly among the less educated. The camp of supporters of the Association of Democratic Youth [FIDESZ] is the largest among city youth with at least a high school education. The MDF would enjoy particularly strong support among high school- and college-educated city dwellers. The SZDSZ is particularly popular among city-dwelling—especially Budapest resident—young and middle-aged intellectuals.

In many cases the decision to vote for one party or another reflected no clearly defined political loyalties, but rather the given person's attitude toward the MSZMP. Hence the voting preference expressed by those dissatisfied with the policies and actions of this party cannot necessarily be considered a conscious stand taken in support of a given organization, but as an expression of animosity toward the MSZMP.

Because of the above considerations and the scale and nature of the sample polled, we want to strongly stress that the data presented in the table below can be treated only with caution, and should under no circumstances be considered a prognosis of anyone's election prospects. A good many of those who today are still evasive about their choice will, when the time comes, no doubt make up their minds and cast their votes for one nominee or another; similarly, some percentage of those who have committed themselves to one or another organization will vote differently in the actual election. These changes, however, are still impossible to predict.

"If the elections were held this Sunday, and the organizations shown had candidates running for election, which one would you vote for?"

The percentage of persons "voting" for the candidates of individual organizations in relation to the number of respondents (r) and the total number of individuals polled (p)

1st Survey (27 January-2 February 1989)

	Budapest		Two Cities		Four Villages	
	r	p	r	p	r	p
FIDESZ (Association of Democratic Youth)	15	9	7	5	7	4
Independent Smallholders' Party	9	5	4	3	22	11
Patriotic People's Front	9	5	21	15	13	6
KISZ (Hungarian Communist Youth League)	2	1	11	8	4	2
MDF (Hungarian Democratic Forum)	14	8	9	7	8	4
MSZMP (Hungarian Socialist Workers Party)	23	13	25	18	21	10
Ferenc Munnich Society	-	-	1	1	-	-
Association of Free Democrats	7	4	4	3	9	5
Trade Unions	9	5	13	9	11	6
Social Democratic Party	10	6	2	2	2	1
New March Front	-	-	1	1	-	-
Peter Veres Society	-	-	1	1	1	1
Total	170	300	141	200	96	200

2nd Survey (17-22 March 1989)

	Budapest		Two Cities		Four Villages	
	r	p	r	p	r	p
Independent Smallholders' Party	13	8	13	10	16	12
Hungarian People's Party	11	7	14	11	11	9
Hungarian Socialist Workers Party	31	20	40	31	46	35
Social Democratic Party	45	29	34	27	27	20
Total	191	300	156	200	151	200

3rd Survey (30 March-3 April 1989)

	Budapest		Two Cities		Four Villages	
	r	p	r	p	r	p
Association of Democratic Youth (FIDESZ)	11	7	10	7	4	3
Independent Smallholders' Party	5	3	12	9	13	9
Hungarian Democratic Forum (MDF)	22	14	19	13	7	5
Hungarian Communist Youth League (KISZ)	2	1	2	2	1	1
Hungarian People's Party	6	4	8	6	8	6
Hungarian Socialist Workers Party (MSZMP)	26	17	29	20	50	34
Association of Free Democrats (SZDSZ)	15	10	10	7	8	6
Social Democratic Party	12	8	10	7	9	6
Total	189	300	137	200	136	200

Because of the rounding of the figures, the total number in the respondents column does not always equal 100

### Constitutional Drafting Raises Questions

25000294b Budapest NEPSZABADSAG in Hungarian  
24 May 89 p 5

[Interview with Deputy Justice Minister Dr Geza Kilenyi, by Lajos Bodnar: "The Daily Dilemmas of Framing a Constitution"; date and place not given]

[Text] Accelerating changes in domestic politics have also created a new social environment for the framing of

the constitution. Matters which appeared to be ripe for decision already have been taken off the agenda, while others have been cast in a new light by political developments. Will the drafters be able to bridge these concerns which have emerged over and above those planned? This was the topic of our conversation at the Ministry of Justice with Professor Geza Kilenyi, the deputy minister in charge of directing the framing of the new constitution.

[NEPSZABADSAG] Although the National Assembly last March unanimously approved the principles of the constitutional framework, we are still far from being able to regard the debate closed. Moreover, with the passage of time it appears that the dilemmas attending the framing of the constitution have increased in number. Many argue the question whether it is worthwhile to "force through" the constitution in this parliamentary cycle.

[Kilenyi] The framing of the constitution has its own schedule. It was prepared in advanced and approved. The essence of it is—and as of this moment we are abiding by it—that by the end of June we must complete a draft text which we intend to submit for broad societal debate. As we foresee it, we will be finished with the redrafting of the text by the end of November. Accordingly, in theory we would be ready beginning in December to submit a legislative proposal concerning the new constitution to the National Assembly.

#### **We Could Start From Ground Zero**

[NEPSZABADSAG] And yet, it clear that the political developments of the past months have served to disrupt legislative drafting work.

[Kilenyi] Let me put it this way: Today the possibility of advancing the National Assembly elections is "in the air," but to the best of my knowledge no political decision has been reached in this regard. In earlier days, some of the independent organizations demanded that the National Assembly mandate be cut short; in recent weeks however I have heard utterances from these same circles, according to which the idea of advancing the elections was turned down.

It is my view that from a legal standpoint the authority of the National Assembly elected in 1985 to draft a constitution cannot be disputed. Any prevailing Hungarian National Assembly has the authority to modify the constitution and to adopt a new constitution without any special authorization. From among the constitutions of European countries I know of only one—the Belgian constitution—which says that in order to change the fundamental law the Parliament must be dissolved and a national assembly to draft the constitution must be convened.

The situation is different, of course, in regard to the political legitimacy of the National Assembly. It is an unquestionable fact that in 1985 representatives received their mandates in the framework of single party elections, and for this reason the National Assembly came under cross fire. In the event that the elections are advanced, this would reduce by half the process of drafting the constitution. Namely, a National Assembly having a new composition would question the earlier decision, and therefore we could start out from ground zero.

#### **Rules of the Game Which Have Not Taken Shape**

[NEPSZABADSAG] Does this also apply to other laws being prepared, which are of outstanding significance from the standpoint of constitutional law?

[Kilenyi] In the upcoming session the cabinet will submit legislative proposals concerning the popular vote and the popular initiative. At the end of June or in early July four more legislative proposals important from the political and public law standpoint will be placed on the table of the Honorable House: the laws concerning political parties, the constitutional court, a proposed constitutional amendment—which affects primarily the legal status of the president of the republic—and finally, the proposed electoral law, which already takes into consideration the requirements of political pluralism.

Our work is made difficult of course by the fact that stable rules of the game for the transition to a multiparty system have not yet taken shape. This causes no small difficulty in preparing the law. Namely, one must take into consideration the appearance of the Opposition Roundtable, and that it seeks the right to become involved in the preparation of laws which have outstanding significance from the standpoint of constitutional law. The Opposition Roundtable is doing so even though it is not yet represented in Parliament. If it had representation, the problem would be smaller by far, because the political battles concerning the law would take place in a parliamentary framework. Although we made contact with the alternative organizations earlier, our initiative did not elicit a positive response. The alternative organizations have expressed their view that from a political standpoint they do not regard the Ministry of Justice as a negotiating partner, and that they want to negotiate with the MSZMP [Hungarian Socialist Workers' Party]. Under such circumstances we had no choice but to endeavor to prepare a draft that is proper from a professional standpoint and to place that draft before the Council of Ministers.

#### **Unicameral? Bicameral?**

[NEPSZABADSAG] Essentially, the constitution calls for a unicameral system, but it appears that recently arguments supportive of a bicameral model have been heard. Would the Polish experience also provide a point of reference as you consider the constitution?

[Kilenyi] The recent events in Poland provide an opportunity to draw an interesting parallel. It appears that they succeeded in stimulating a certain agreement between those in power and the opposition. The unicameral parliament, the Sejm, will be transformed into a bicameral parliament, in which the mandates within the lower house will essentially be distributed in advance. Thirty-five percent of the seats will be allotted to the opposition, while the PZPR [Polish United Workers' Party] would hold on to 65 percent. In return for this sharing of mandates, the PZPR would commit itself to organizing



democratic elections to fill the seats in the future Senate, i.e. the upper house. I would add here that the decisional authority of the two houses is not identical; the Sejm has stronger authority, and in Poland the office of the president of the republic will be introduced. I believe that the same issues may arise also in Hungary, if these issues become the subject of reconciliation between the MSZMP and the Opposition Roundtable. Notably: should the newly elected parliament be unicameral or bicameral; what principles should guide the elections; who should nominate the president of the republic; how broad an authority should the president of the republic have? I am mentioning these few examples because I believe that the answers to these questions cannot be found primarily in the framework of jurisprudence. The consensus should be reached on political grounds. This should be the case, with an added emphasis however: I do not believe that under Hungarian conditions the seats cannot be distributed in the same manner in which they are preparing to distribute parliamentary seats in Poland. And I also do not believe in that arrangement because the political forces gathered within the Opposition Roundtable could easily come to believe—and not without grounds—that this is some kind of a settlement reached above the heads of voting citizens.

**MDF, SZDSZ, FIDESZ on Political Methods**  
25000282a Budapest OTLET in Hungarian  
4 May 89 p 1

[Unattributed article: "OTLET's Question of the Week: How Did You Conspire?"]

[Text] Lajos Fur, historian, Hungarian Democratic Forum:

"We did not conspire, we presented ourselves to the public. We had announced the formation of our movement, and sent out invitations to people who we believed would be able to think and act with our people's and nation's interests at heart. Considering the circumstances, quite a number of them showed up, including some we had not even invited. Unquestionably, of course, we all felt a great deal of inner tension and anxiety as we gathered at Lakitelek, for we all knew that we were doing things that were not to the liking of the ruling power by sitting down together to think about ways of leading our country out of its current crisis situation. Not to mention that we all saw and knew that the building in which we assembled in Lakitelek was surrounded by a tight "security zone," with police encirclements stationed nearby and remotely; I am still not convinced that they did not use some clandestine technical means to record the entire conference. Of course, I have no proof of this, only reasons to suspect that this is what happened. (In his book, entitled "The Party Excluded," Laszlo Lengyel stated that the Central Control Committee had read his Lakitelek speech even before it was published...—the editor.)

Also revealing is the fact that even after we had held several important meetings, the officials of the MSZMP [Hungarian Socialist Workers Party] and the government continued to ignore our existence. A typical example of this head-in-the-sand policy was a statement made by the government spokesman of that time, alleging that "no such organization existed." And once the fact of our existence could no longer be denied they tried to accuse us of being an antigypsy, nationalist organization, despite the fact that nothing even remotely suggesting the espousal of such views was ever voiced at those meetings. The conservative, Kadarist influence continues to be very strong, particularly in the provinces. To give you an example from Csorna: our local organization had posted flyers next to the checkout counters of various stores. The people did not even dare to take them into their hands; only from the corner of their eyes did they venture to take quick glances at them—this is how strong the fear among the citizenry still is."

Gyorgy Konrad, Maecenas Prize recipient, Association of Free Democrats:

"How I conspired, you ask? You do not really think that I will tell you! I might need to resort to it again..."

Laszlo Kover, FIDESZ [Association of Democratic Youth] board member:

"We have never conspired in any way; everyone has always been aware of our aims, from the Central Committee of KISZ [Hungarian Communist Youth League] to the party leadership of the Lorant Eotvos University of Arts and Sciences. And this should not be surprising, for we have even published a declaration of intent and circulated photocopies of it that have been read by more than just the people we sent it to. It happened to be a question of principle for us to ensure that we were doing everything completely legally, without having to resort to any kind of conspiracy, for that would only mean that we ourselves admit that what we are doing is illegal. On 8 Apr 1988, five of our founding members were given a police warning. Why they happened to pick those five, we have no idea; taking a wild guess, they must have thought that they made up the leadership. Hence we worked out a "conspiracy" strategy pledging, first of all, to function fully in the public eye; secondly, not to elect a leadership until our October congress and to nominate only two spokespersons to represent us in the interim; and thirdly, proceeding on the assumption that the center of power suffered from a lack of information, to send a letter to the general secretary of the MSZMP explaining, in the spirit of our bylaws, what our intentions were and what we aimed to accomplish. We also decided to continue to recruit new members in the spirit of legality, for the larger our membership, the less likely it is that they can move against us without anyone noticing. We have continued to insist on refusing to accept hazy political arguments, challenging the authorities to line up legal arguments against us. We refused to accept such nonsensical political assertions that even

though legally it might be possible for us to form an organization, it would be contrary to the established "custom" of our society, for this is "how it has evolved over the course of history."

**KISZ Changes Name to DEMISZ**  
*25000282b Budapest OTLET in Hungarian*  
4 May 89 p 3

[Article by Tamas Bansaghy: "I Would Not Have Believed It"]

[Text] If last year at this time someone had told me that a year from now the KISZ [Hungarian Communist Youth League] would drop the adjective "communist" from its name, and would let go more than half of its apparatus, I would not have believed it. Even if this were all that had happened, it would be an epoch-making development within the youth movement. In fact, a great deal more has happened, even though the radicalism of this transformation into DEMISZ [Democratic Youth League] has fallen short of many people's expectations, and perhaps even of the pace of our times.

Some of our often used platitudes and the conceptual schemes behind them have already begun to fall victim to this change of models. Just as we have had to abandon the old "party member" concept, we have been forced to realize that the universally known "KISZ member" has suddenly become an anachronism. With a rather convincing three-fourths majority the movement has voted to replace the adjective "communist" with the word "democratic." From now on it will take sharper vision to tell from a greater distance the Association of Democratic Youth [FIDESZ] from the Democratic Youth League. Until now there was no problem: on one side we had the communists, and facing them on the other were the democrats...

The KISZ has ceased to exist in the crossfire of external and internal criticism, and what has made it difficult for the emotions is that the successors that have sprouted from its body are for now very closely reminiscent of their ancestor. Historical objectivity will perhaps eventually show that in the public opinion the "KISZ member" concept was not simply a synonym for "conformist." In the eyes of many, the term KISZ member was equated with those dupes who wanted to accomplish something, who considered collectivism a value, and who wasted a lot of energy working to have a say in the affairs of their smaller or broader environments. It is no accident that most FIDESZ activists had originally started out as KISZ activists, and that for the most part the MSZMP's [Hungarian Socialist Workers Party] reform circles have all been organized from the main body of the now defunct KISZ. The criticism can be made that KISZ's practical actions have, in most cases, been in painful contradiction with the organization's professed ideals; however, it cannot be denied that it has successfully supplanted those ideals into many heads.

We tend to consider those ideals we believe in to be naturally right, without it ever even crossing our minds that it may not be at all natural that we believe in them.

If I really think about it, I believe that the KISZ has served a positive kind of historical mission. Even with its mistakes it has helped to heighten our desire to learn and to move forward. The citizens who, either as allies or as opponents of one another, are genuinely becoming organized today, have finally begun to make such long professed ideals as a politically active citizenry, community work, democracy, participation, solidarity, collectivism, moral trustworthiness, etc., their rule of conduct. Another way to put it would be to say that "ideology has been transplanted into practice." But I must also point out that ideals cannot be insincerely heralded for long, for even if the less valuable of them do become discredited as a result, those of real value will eventually take hold anyway.

**Increased Credibility Goal in Vote Preparations**  
*25000294a Budapest NEPSZABADSAG in Hungarian*  
18 May 89 p 5

[Unattributed article: "On Voter Registration, Increasing Credibility, Shortening Time"]

[Text] In order to be able to administer the elections scheduled for next fall by using relatively modern methods and technology, the census records of the population must be complete in order to implement the organizing work, according to State Census Registration Office [ANH] chairman Andras Kery yesterday, at a conference on records maintenance related to the electoral law, attended by professionals.

Addressing the issues involving changes in records, the enforcement of voting citizens' rights, authenticity and control, Lorand Eotvos University of Sciences [ELTE] professor Peter Schmidt said that the most important task of electoral law reform is the changing of the fundamental institutions. He explained that there will no longer be a need for nominating rallies because it will be the autonomous right of every organization to decide who should run in the elections. The professor sees the guaranty of the authenticity of vote count in the fact that a representative of each organization shall have a place on the balloting committees.

ANH deputy chief Tamas Katona said that although from an informatics standpoint the computerized counting of the ballots would be warranted, the use of machines is impeded by a lack of confidence. But the tallying of the votes cannot be accomplished in the traditional manner. For this reason the certified, recorded data will be transmitted to the National Election Presidium located in Parliament by a computerized system.

Ministry of Interior department head Zoltan Toth pointed out that the computerized system will enable the reporting of preliminary results in just 12 hours after voting (as compared to a 24 hours in the last elections). In the FGR the same process takes place in 10 minutes.

**Definition for 'Disobeying Party' Sought**  
*25000269c Budapest NEPSZABADSAG in Hungarian*  
*26 Apr 89 p 5*

[Text] While debating the proposed law on political parties, the following statement could be heard at the Zala County MSZMP [Hungarian Socialist Workers' Party] executive committee meeting yesterday: The type of conduct which qualifies as "incitement to disobey" must be clearly defined. The executive committee found it necessary that the law prescribe the size of membership: a minimum of 1,000 persons. It also viewed the uncertain concept of "necessary propaganda" as an inconsistency, and, in the committee's opinion, this raises concern that there is no recourse against a denial issued by the Constitutional Court. What constitutes "minor infringements of the law" should be legally clarified because the proposed law does not provide for the suspension of party functioning—for example, when extraordinary conditions are declared.

The draft does not provide for cases when a group decides to leave the party, according to the executive committee. This would be important because in such case the party's original legal standing (as long as legal conditions for the party's functioning exist) would not cease. If it so happens that the legal status of an original party continuing to function in an unchanged manner should not be changed if a small group leaves one of the parties and organizes itself as an independent party.

The draft is correct in saying that one party may provide financial support to another party. On the other hand, provisions should be made prohibiting the transfer of budgetary support between parties, because as a result of various considerations budgetary subsidies could be concentrated among certain parties. In the Zala County executive committee's judgment it should not be the function of party law to judge the present "financial superiority" of the MSZMP, or to deal with the issue of redistributing assets. Needs of this nature must not be dealt through legislation, because dealing with these issues would violate the principle of party neutrality. These issues should be clarified in negotiations and discussions among the various parties.

**Court Rejects KAPU Suit Seeking Documents**  
*25000269a Budapest NEPSZABADSAG in Hungarian*  
*4 May 89 p 10*

[Text] The Budapest City Court of first instance rejected a petition by KAPU magazine claiming that the Ministry of Finance failed to comply with its statutory obligation to inform the press. KAPU's editor in chief requested the Ministry's public affairs office last November to make

available to KAPU documents pertaining to the financial audit of Hungarian Television. The public affairs office refused to grant access to the documents. Among other matters Wednesday's ruling states that the law concerning state finances obligates the Ministry of Finance to keep secrets, and it is for this reason that it cannot comply with KAPU's wishes. The ruling is not final.

**MDF Honors Bishop Murdered in 1945**  
*25000267c Budapest NEPSZABADSAG in Hungarian*  
*8 May 89 p 9*

[Text] Between 1918 and 1941, Vilmos Apor served 23 years as a parish priest in Gyula. In 1941, prior to his assignment to Győr, he was appointed bishop in Gyula. Even during the most bloody period of the war Bishop Apor openly stood up for the persecuted and did everything to save them. With the arrival of Soviet troops in late March [1945] the war came to an end in Győr, and Bishop Apor provided refuge for almost 300 persons in Pusokvar. In the evening hours of March 30, intoxicated [Soviet] soldiers demanded women from the Bishop. The Bishop paid for his refusal with his life.

A commemorative meeting on 5 and 6 May, organized by the Gyula chapter of the Hungarian Democratic Forum, witnessed an initiative for the beatification of the bishop who suffered a martyr's death. On Saturday, the second day of festivities, Bishop Endre Gyulay of the Szeged-Csanad bishopric celebrated a high mass in the Roman Catholic Church at Gyula. Following mass they unveiled an Apor plaque placed on the church wall. Later the martyrdom and the example provided by the bishop were praised at a scientific meeting.

**YUGOSLAVIA**

**President of Croatian Assembly Interviewed**  
*28000122a Zagreb DANAS in Serbo-Croatian*  
*2 May 89 pp 10-13*

[Interview with Dr Andjelko Runjic, president of the Assembly of Socialist Republic of Croatia, by Mladen Maloca: "The Croatian Rules of the Game"; date and place not given]

[Excerpts] Dr Anjelko Runjic, president of the Assembly of SR Croatia, is not one of those politicians who run after media and public popularity. Even in the high and honorific position, as he likes to call it, of president of the Assembly, he has kept his professorial distance, avoiding the confrontations of day-to-day politics. He says that his leap into politics has brought him a new and unprecedented experience, but that that wave has not made him uncritical or thrust him into political verbalism, nor has it awakened in him a passion for rendering political judgments and a desire to grow into a leader. Yet in past days Runjic has indirectly moved again to the center of public attention. First, because he has remained the only candidate to oppose Dr Stipe Suvar for a position in the SFRY Presidency, and then also

because of political assessments expressed in some places about the Assembly of the Socialist Republic [SR] of Croatia in connection with that election. Thus even Dr Andjelko Runjic has been unable to avoid the challenges of the universal politicization, and he has been talking to the editors of DANAS about the work of the Assembly, about the political position of Croatia in Yugoslavia, about interethnic relations, about the language question, and about the relation of Croats and Serbs in Croatia.

DANAS: In a time of universal politicization in our country, the charge is made against Croatia and indeed also of the Assembly, which you head, that it has not been vocal enough in making the case for our own political position in Yugoslavia. How accurate is that thesis about the "Croatian silence"?

Runjic: We have had an earful of various interpretations of Croatia's political position up to now. From those who are flattering and say what you want to hear, to the effect that this has been a wise, well-founded, and patient policy, to those who say that this has been a policy of waiting and vacillation, a policy that has actually helped certain other lines and opinions to penetrate more deeply and reach firmer positions. I think it is difficult to make an unambiguous answer to that question, but I personally have spoken about the theses of whether Croatia has been silent in a manner that offered opposition, but was nevertheless critical. I might say with full responsibility that Croatia has not been speculating on a single issue that concerns the identity of the Yugoslav community as a federation of equal nationalities and ethnic minorities on the principles of AVNOJ. When I say AVNOJ, I do not think of it as a rhetorical phrase which everyone interprets as he pleases, but of the meaning which Tito gave to the AVNOJ shaping of Yugoslavia's arrangement, which specifically guarantees that ethnic equality. That project of Tito's binds us more than any irrational consciousness of Yugoslavia as an abstract community. There has been no speculation in Croatia over that issue or that relation, since in our republic we have come to a mature awareness that to move away from that project or to alter it leads only to confrontations and contradictions.

A segment of the public would, of course, like to exchange those appeals for dialogue, for tolerance, for reason, and indeed even for a certain restraint with a more active—and in the radical cases even a more militant—position on Croatia's part. I have also sensed here tones which are not acceptable, voices and opinions which do not have a liking for any Yugoslavia. That exists in other communities as well, as is unambiguously evidenced by some of the political currents, but as to the Croatian answer to the question of what kind of Yugoslavia we should have, it runs like this: Yugoslavia can only be as it was conceived by all the nationalities who entered into a project which took life in the revolution. That is, Yugoslavia is democratic, socialist, self-managed, federal, and equal, without any hegemony, without dominance by the majority, without threats, without

fear, and without hatred. The policy of SR Croatia in that regard has been reasonable and unambiguous. Could we have been more decisive at certain moments in identifying and opposing certain occurrences which today we unambiguously know not to be integrative and not to be on the course that Yugoslavia is traveling, and which, finally, are not an expression of democratic nature and do not support that strategic conception of democratization? Probably, we could have, but I would say that this is a matter of assessment at every particular moment.

DANAS: You emphasize the importance of democratization as a strategic issue for Yugoslavia's future, but opinions on this differ quite a bit today.

Runjic: We are attending only the first results of the process of democratization which we initiated as a socially organized movement. It is a question of historic persistence in not threatening that course of democratization, but, on the contrary, of maintaining and preserving it. In my judgment, we are in the phase of writing the rules of the game which are the infrastructure of democratization. Without them, without those rules of the game, without the right for every political opinion to emerge and be expressed, the essence of democracy cannot be recognized. True democracy must have the strength to withstand those various manifestations which appear on the scene and to take a position toward them within the framework of the rules of the game which we are defining. Otherwise, there is no democracy. People unaccustomed to those results are inclined, however, to react critically at once, and in the hypercritical variants even repressively, especially toward those who have already made an appearance on the political scene in some more unacceptable and radical nationalistic form, from whom our region or politics have suffered damage. For me, it was a strength of democracy to talk to them, and I would rather interpret the fact that some of them are today turning toward the Socialist Alliance as a sign of our strength, not of our weakness.

DANAS: Is that wave of pluralism which has disturbed the waters of our political reality part of that democratic wave as well?

Runjic: Pluralism is a natural thing, and in our country it also has historical foundations. Whether it is achieved in some future as a pluralism organized through political parties, or in keeping with our historical experience, we will channel it into a broad socialist front that will be receptive to all initiatives, to a freedom of opinions, depends on the nature of our relations. It is the wisdom of politics to listen to that carefully, to shape it, not to allow that democratic route to be threatened, and then time will be the factor that will provide additional arguments and broaden that democratic space. To halt that democratic rhythm would be one of the most disastrous things, but unfortunately one does feel quite a bit of conservatism still toward those new processes.

Nevertheless, I am an optimist and I believe that this process, for all the opposition, especially in view of our Yugoslav context, and in spite of the exhaustion, will not be able to stop it in the long run.

DANAS: You have used the phrase "the rules of the game," emphasizing that they are the infrastructure of democratization. Does it not seem to you that the balance of power has been dominant in our political practice and relations instead of the rules of the game?

Runjic: We have taken only the first feeble steps, but they are not insignificant, since they can no longer be taken back. They are our specific foundation for democracy which, naturally, is taking a different shape in Slovenia, a different one in Croatia, Bosnia-Herzegovina, or Serbia.... Those differences are a part of our structure in which it is natural that we should also encounter what is referred to as the balance of power. If the public were to take its position today in a referendum, then I am completely sure that it would be on the side of democracy, but, I agree, there are many factors standing in the way of this process. Many things have happened in the last 2 years in Yugoslavia which threaten the community and which should be opposed by setting up a reliable line of defense which that policy must absolutely not cross. I say this because I would like this predominance of the democratic consciousness to bring Yugoslavia into a stable phase in which we could have our full strength in devoting ourselves to our orientation in development. It is beyond question that a majority of Yugoslavia's citizens are inclined toward peace, a higher standard of living, the achievements of civilization, toward Europe, and toward the world. That is why I advocate a broad, deep, and constant renewal of personnel. We have educated young people who are politically mature and wise, who have traveled all over Yugoslavia and the world, who know about modern society and modern times, who know about new technologies, new knowledge and information systems. Unfortunately, that process has still been having a very, very hard time making its way in our country. [passage omitted, text illegible as published]

DANAS: You say that you are not inclined to identify a particular policy with an entire nationality. How, then, do you explain that recently such identifications have become more frequent, so that we have separatistic and treasonous nationalities on the one hand and heroic unified nationalities on the other?

Runjic: If there has been anything offensive that has occurred in my position as president of the Assembly, then it was the shout "from [illegible] which had to do with our republic and Slovenia. The unacceptability of these arguments about the separatism of Slovenia or some very deep Croatian Vatican-Comintern conspiracy truly falls in the lumber room of people who cannot turn to the future and have no basis on which to do so. On behalf of the young generation and on pedagogic grounds, I expressed my horror at this kind of thinking.

We have shown in our recent history how human consciousness turned toward community and life together can rise above the darkest abysses of confrontation and above slaughter. Even while the sinister hordes of quislings still endured, while we were covered by SS divisions, an uprising flared up, free territory was created along with the institutions of freedom and government and ethnic and religious equality. The community which we created was not brought about by the greater or lesser merit of this or that nationality. The Croatian and Serbian nationalities rose up here together and in a single stroke, as early as 1942 and 1943, they created structures such as Europe had not seen. The VIII Corps, at whose celebration I spoke, was the largest military formation ever created in the history of this region, by the force and sweep of the revolution, in the struggle for freedom. Accordingly, if some things can in fact be understood, a person normally wonders why there is not enough opposition and renunciation of everything that divides us and stimulates intolerance and enmity. The need for life together demands that every community offer enough reliable evidence on a daily, steady, and peaceful basis that there is no place for nationalism and hatred. Yugoslavia cannot survive on the basis of fear, threats, and mythomania.

DANAS: In the context of the mistrust and indeed even suspicion of entire communities, could you comment on the thesis to the effect that the "Alps-Adriatic" is an attempt to carve up Yugoslavia and return its northern regions to the bosom of the conceptions of Austro-Hungarian statesmen?

Runjic: It is very hard for me to talk about things which are irrationally founded and which lie in a framework of conceptions hostile to cooperation, dialogue, and the common good. "Alps-Adriatic" is a working community exclusively within the Yugoslav strategy of foreign policy. And not outside it in any way! Cooperation within that community, which is being carried on with neighboring countries and concerning worthwhile programs, has yielded significant results. It cannot be reduced to a particular interest of either Croatia or Slovenia, and accusations which take that line can be founded only on a lack of full information or again on maliciousness which is not interested in the future of this country as a community. I must say that such interpretations have already been causing damage and diminishing the reputation of our country. It should be said that the "Alps-Adriatic" work community is open to all federal units, to the entire Yugoslav community, and that is also its purpose.

DANAS: The complex of interethnic relations is obviously manifested in Yugoslavia today as something extremely complicated and burdened with the most diverse deposits. As for Croatia, relations of understanding between the Croats and the Serbian nationality in Croatia have always had decisive importance to its political stability. How is one to look on this relationship

in the light of the most recent events? Has it continued to be harmonious, or have the processes of ethnic homogenization opened cracks even in it?

Runjic: I would be telling a lie if I said that there are no problems. They are a necessary consequence of the rise of the economic crisis, and sometimes they also flare up out of some ethnic tension. There are issues and problems like that in every community with a mixed population; so that even we, unfortunately, are not free of it. What I would like is for us not to cover up the objective problems, but at the same time for us to clearly separate out everything that is nationalistic and that is directed against the common life of the Croatian and Serbian people here. There is, for example, a certain coincidence between the demographic location of the Serb population and those areas which are economically underdeveloped. Of course, that same fate is shared by the Croats who live in those underdeveloped areas, which have a mixed ethnic population. When attempts are made to dramatize those facts, and when they are portrayed dishonestly or with an ulterior motive, then space is opened up for all kinds of politicization, for theses concerning political pressures, failure to respect tradition, inequality. It is because of the sensitivity of those relations that I advocate drawing a reasonable line between what are the objective problems and what is making its way under the surface as unnecessary politicization and burden. This is all the more necessary when it comes to individuals or quite small groups such as exist among both the Serbs and the Croats, that are preoccupied with theses as to the identity of their nationality being threatened. Because of the immense sensitivity of these issues, I think that it is important for them to be resolved within the institutions of the system. We have tried to do this in the Assembly in a document which was adopted unanimously and which contains strategic assessments of the nature of the Yugoslav Federation, of the equality of the nationalities and ethnic minorities, of brotherhood and unity, and of nationalism. Of course, if it is going to be possible to implement this, it is extremely important for a state based on law to be established in practice. The system of social organization, the legal order, and the structure of legality must guarantee the equality of citizens beginning with human freedoms and extending all the way to ethnic and religious freedoms.

DANAS: You favor affirmation of institutions and of a state based on law, but still even here in Croatia we face attempts to unravel the problems and relations we are talking about in a different way.

Runjic: There have been certain attempts to copy political models, what is today referred to as the export of revolution. We in Croatia have felt that the social organization of the existing institutions offers opportunity enough for expression of all support and all dissatisfaction, all the way to those radical views which demand changes in personnel or the removal of certain people. There is no obstacle whatsoever to calling into

question any office or institution, but this has to be done legally and with the necessary documentation. It is on that basis that we took a position toward rallies and toward what you newspapermen call homogenization. This was indispensable, since in politicized situations, in an atmosphere colored by petty politics, there are many things that are not well-intentioned and there is a great deal of insinuation. In such a situation, politics should be wise enough to recognize and separate what is Croatian or Serbian nationalism and what is patriotism, a true interest in tradition and cultural institutions. Our problems are something we hold in common. We neither hide them, nor do we flee from them, we will not recoil from them, nor do we need lessons or paternalism. SR Croatia is truly a state held in common, a homeland held in common, a federal unit held in common, prepared for any cooperation, for any democratic dialogue and understanding, but not for lectures and imputations. And there have been such things recently, all the way to offensiveness, but that is a story in itself.

DANAS: From that viewpoint, how do you look on the theses which have found a good response in a segment of public opinion to the effect that the position of Serbs in Croatia is worse than in Kosovo?

Runjic: I think that our fellow citizens, our comrades the Serbs in Croatia have themselves taken a sufficient position on this. The theses which you mention are really malicious, and the people who write that way, who think that way, do not want community, do not want brotherhood and unity, do not want either Croatia or Serbia, nor do they want Yugoslavia. Spare me from saying anything more about this aside from a complaint that there should be individuals who are willing to listen to it.

DANAS: One of the burning issues which the Assembly has been concerned with, and it is not only a constitutional issue, but also a political one, has been definition of languages in SR Croatia. How would you comment on the differences in atmosphere created over this delicate question?

Runjic: In some normal circumstances, the circumstances of a different development, the question of constitutional definition and the name of languages would be relatively simple. However, it has become so politicized, and you can see that a large segment of well-intentioned citizens are agitated, on a basis that is not rational or is not rational enough. It is precisely for that reason that at this point I recall the question: Why is it that certain people are making such an effort to delete from the Constitution the definition "Croatian literary language"? For example, the Croats, and I am referring here to that majority of well-intentioned, constructive, and unsullied people, are disturbed and curious about who is it that wants to delete that at this point? The Serbs on the other hand, given this retort of ours and the high temperature of the atmosphere, think that that phrase is not a sufficient vehicle for equality and does not express that identity of Croatia as a community that is the

national state of Croatian nationality and of the Serbs in Croatia. These are two delicate shades which politics must see and understand and, proceeding on the principles of democracy and equality, offer a solution which will make it possible for us to talk once again on this topic soundly and scientifically and resolve these issues in a normal way. By which I do not mean to say that we are working abnormally now, but that the circumstances today are essentially different from what they were when we began that job. The initiative dates back to 1986, and we are dealing with it in 1989. The political context has become unsettled and disturbed.

DANAS: The public discussion, for all the exclusiveness that occurred on both sides, has had its say. What weight will the Assembly give to that?

Runjic: The political framework in which and the support on which we are resolving that issue is the absolute equality of the Croatian and Serbian nationalities and the need to achieve that in accordance with basic principles in all the passages of the Constitution where this crops up. When I delivered the review when the amendments to the republic Constitution were being put up to public discussion, I pointed unambiguously to the need for the pulse of the public to be heard through it, out of a desire to emphasize that it would have full authority. I was not sending a message to anyone that we in Croatia also have a people, but I was aware that one cannot hold a top position in a political system if the constitutionally expressed will of the public asked to state its position is not respected. On the basis of all of that, we have offered a formulation a few days ago which is conciliatory, which carries us over to the other shore. As you know, it states that in SR Croatia the language in official use is the Croatian or Serbian language, the standard form of the national language of Croats and Serbs in Croatia, which is called the Croatian literary language, and which is not the literary language of the Serbs in Croatia. We wrote the truth. It perhaps sounds a bit unusual in the context of constitutional law, but it is honest and correct. It states what historical development has produced. In answer to interpretations to the effect that the Croatian literary language is being imposed on the Serbs in Croatia, I would say that it is also their literary language and that by introducing it into the Constitution we actually wanted to emphasize that equality. I will repeat once again that we need a great deal of reasonableness and good faith, but since I believe in the profound similarity and wisdom of both the Croat and Serb nationalities in Croatia, I hope that we will also solve this problem.

DANAS: The recent session of the Assembly in which Dr Stipe Suvar was elected to the SFRY Presidency has warmed up the political atmosphere, and certain open accusations and descriptions as to an alleged anti-Serb policy have even been heard.

Runjic: The Assembly was altogether open in standing apart from and opposing interpretations which associate the election of Comrade Suvar to any anti-Serb policy. I

recall once again the document which the Assembly adopted in February, which states unambiguously what the policy of this republic is, and what the attitude of the Assembly and of Croatia are concerning the essential issues of this country. Finally, the constant inclination here is toward the concept of Yugoslav synthesis. Sincerely, profoundly, and aside from any particularism.

DANAS: You have spoken about the enthusiasm of democracy, but does it not seem to you that Croatia has begun to get out of breath in these processes? After the political declaration in favor of pluralism, it was in the Croatian SUP [Secretariat for Internal Affairs] that they refused to register one of the parties, there have been several bans on newspapers, with respect to democratic openness the elections were below the level achieved in Slovenia or Montenegro.

Runjic: It would be very difficult for me to get any impression of a repressive atmosphere in Croatia. As for democratization, it should be emphasized that this is a complicated process on which there are no unambiguous opinions and convictions. There are people who talk of nothing but democracy, but in essence are repressivists. And the other way about. Croatia has taken sound and influential steps in the democratization of personnel policy. I am a great advocate of direct democratic elections, the socialization of politics, and more public scrutiny of the proceedings of all institutions. In keeping with such commitments, even during this additional work on the Constitution, we talked seriously and introduced direct elections wherever it was possible. The democratization I speak of will only broaden the area for still more direct and active participation of people in the processes of making political decisions. As for commentary on the method of election, it is my position that commentary is unnecessary and it demonstrates that people are forgetting the basic characteristics of the federation. The Slovenes and Montenegrins have carried out their election in one way, Croatia in another way, and Serbia in its own way. That is the way it is in a federal community, and that should be respected.

DANAS: To what extent has the Kosovo situation made it more difficult for society to be open toward democracy? Does it not actually impart far more pessimism among all of us?

Runjic: There is no doubt that Kosovo is the place today where the authenticity of Yugoslav democracy and the civilized face of all of us is being tested. The Kosovo problem is immense and extremely complex. Over the long run, it cannot be resolved by repression, without including the Albanian ethnic minority, without its different and more committed attitude toward everything that is unacceptable in its community, toward the counterrevolution, toward the irredenta. Kosovo should be put on its feet and fitted into overall Yugoslav development, and that is an extremely difficult task. Here, we



should always be mindful that Kosovo can be stabilized only by a truly democratic policy within that equality of nationalities and ethnic minorities we have been talking about in Yugoslavia.

DANAS: When it comes to Kosovo, along with reproaches that outside Serbia there is no understanding for everything that has been happening there, there have also been theses expressed concerning an alleged Pristina-Zagreb-Lubljana axis.

Runjic: This thesis is on the same level with those slogans about the treason of Croatia, which I found nauseating. That is a thesis that is unacceptable, that is disastrous, that is not a thesis of Yugoslavia, nor is it a thesis either toward Kosovo, Serbia, or Croatia. Only demented minds could attribute to SR Croatia and its leadership an alliance or any inclination in favor of the irredenta. Discussion is completely different in a country that claims democratization. Let us shape a common policy, let us solve problems together, and then let us also take the responsibility together. It is insulting and intolerable for someone to make an exception of himself, to place himself outside the joint policy and institutions, and set himself up in the role of a judge and assess who has done what and what is good and what is bad.

DANAS: More is said today about community and unity than ever. Which are those attributes that define that community, and have they already been jeopardized today?

Runjic: Yugoslavia came about on banners of ethnic equality and the preservation, liberation, and growth of the national sovereignty of its nationalities. There can be no bargaining or partitioning about that. However, I must say that in connection with the additional work on the 1974 Constitution, aside from those understandable efforts to modernize it, there were also notions which were not directed toward a Yugoslavia based on AVNOJ. I say this because soon in making a new constitution we will perhaps confront attempts to unsettle and destroy what we speak about as Tito's Yugoslavia. Tito symbolizes wisdom, decisiveness, a deeper historical reasonableness; he understood that the equality and equal rights of all nationalities and ethnic minorities are the guarantee of life together. That authority is indestructible, it cannot be deleted or substituted by any decrees or new shouts. No threats whatsoever are meant in my saying this. It is simply that the nature of this community has been historically defined, it does not depend on the will of individuals, on the will of politicians and noisemakers, nor on the will of temporary political structures. It has deeper foundations, and anyone who fails to see that fails to understand many of these things.

**Sarajevo Editor on Bosnian Controversies**  
*28000118 Zagreb POLET in Serbo-Croatian*  
*21 Apr 89 pp 22-23*

[Interview with OSLOBODJENJE editor Kemal Kurspahic by Hajrudin Redzovic: "The Wisdom of Silence"; date and place not given]

[Text] [POLET] For a relatively long time, Croatia has been "accused" of keeping silent. Bosnia-Herzegovina is being reproached for not taking a stand on certain tendencies that are present today on the Yugoslav political scene. There is also the latest plenum of the Bosnian League of Communists Central Committee.

[Kurspahic] Since you mention this latest session, the Bosnian Central Committee adopted a document called "What the Bosnia-Herzegovina LC Central Committee Supports." It is a relatively new thing, that is, especially since as far as publicity is concerned, for too long Bosnia-Herzegovina has labored under the justifiable burden of the cases that have afflicted it over the last year or two, from Agrokomerc, to Neum, to the so-called cadre renewal that was necessary in such a situation. One could get the impression that in dealing with differentiation—the way in which the people discredited in the scandals would leave—Bosnia-Herzegovina was in a way uninvolved, i.e., that it was not sufficiently coming forward on the Yugoslav political scene with clear, sharp, and recognizable positions.

What was expressed through this document, however, as well as at several previous sessions, is Bosnia's support for restoring the conditions for living together, which from the standpoint of Bosnia, with its multiple ethnic groups and multiple religions (and not Bosnia alone), is the most vital and most productive advocacy of democratization, but democratization through the institutions of the system, in contrast to what is called the antibureaucratic revolution. In this republic, under the pressure of those scandals and the discrediting of certain individuals and even certain institutions, there has virtually been a mass replacement of cadres by legal means—in a procedure which is democratic and which objectively suggests progress in political practice. An illustration of this is the latest refusal by the delegates in the Bosnian Assembly, after Dr Nenad Kecmanovic dropped out, to choose practically "between one candidate" for member of the SFRY Presidency.

[POLET] Can one speak of a general attitude of the Bosnian people toward the trends coming from Serbia?

[Kurspahic] I think that it is inopportune today to talk about the people's general attitude. Any generalization in Yugoslavia objectively contributes to divisions as well. We have a tendency, when we talk, for instance, about some Slovene or (obligatorily) Albanian separatism, about homogenization in Serbia, etc., to make this an objective contribution to the creation of negative stereotypes about entire peoples and nationalities. That is not



good, and we must enter a period of individualization on the political scene—free expression of different views, which will then not be ascribed to all Slovenes if, for instance, Slovene writers have a position on something that perhaps will not please the majority. I do not think that that is a reason for us to bring the entire Slovene public before some sort of court.

With respect to views in Bosnia about rallies and the rest of the "innovations" from Serbia, it should be noted that there is no rigid monolithism here that would rule out different views. I think that the tragedy is not this. The tragedy is when different views are politicized, in such a way that one's own different view is emphasized, while someone else's either will not be heard or will even be condemned. Under those circumstances it is not possible to have any sort of democratic dialogue, and particularly not a Yugoslav synthesis.

[POLET] Dr Fuad Muhic and Muhamed Abadzic, at the next to the last session of the Bosnian LC Central Committee, voiced what are so far the most explicit assessments of the policy that is being conducted in Serbia. At that time Muhic compared Milosevic to Stalin. After the session, they were subjected to a series of attacks, but there was also, of course, considerable support. Wasn't there a real possibility that the "spirit of the 8th session" would win in Bosnia-Herzegovina as well?

[Kurspahic] I would not speculate about the extent of the danger that one tendency or exclusivism of any kind might establish itself as the dominant one in Bosnia. My personal opinion is that a person in the Central Committee, during a discussion on any subject, should be able to express his own free opinion, different from that of the majority or the minority, without any fear that he will be persecuted for it and attacked in a way that even includes calls for him to be denied the right to participate in teaching (Muhic is a professor at the Law Faculty in Sarajevo—author's comment), and to be expelled from the Central Committee and the party. Some people were even taken in by the falsehood about the alleged meeting between Azem Vlasi and Dr Fuad Muhic in the Europa hotel in Sarajevo, which was probably supposed to indicate a conspiratorial background to the latter's discussion at the last session of the Central Committee. I think that the anathematization of different opinions in Yugoslavia has stimulated the wisdom of keeping silent, but that is what we need least of all in the search for solutions, because if the conditions do not exist for the free expression of opinions, even those which appear heretical at some time or do not please certain powerful circles, the opinion dominating a certain group, then we also rule out the possibility that the free expression of opinions will give rise to the ideas that are so necessary to Yugoslavia today. In that sense, I think that it is very significant that the Bosnian Central Committee has taken the position that regardless of the number of those

criticisms—naturally, there have also been other opinions—it will not call people upon the carpet for stating their own opinions, even if they do not please many people.

[POLET] In your opinion, after the introduction of the emergency measures, is the light at the end of the tunnel for Kosovo still further off?

[Kurspahic] It is hard to say. This question must be put in the context of the changes to the Serbian Constitution. I think that they were really necessary, since it has been demonstrated that all the political and other measures that have been undertaken since 1981 have not been sufficient to ensure the security of all citizens of the province. In a situation in which a legal situation did not exist in Kosovo, the constitutional changes should ensure the legal prerequisites for the actions of the agencies of law and order, for a free and peaceful life for everyone in Kosovo.

In that sense, the introduction of the temporary measures is also a temporary necessity, and whether things will essentially change in the province in a short time will depend upon whether a productive political dialogue is established in Kosovo. That is because there are party organizations there in which the members, some of whom are Serbs and some of whom are Albanians, sit apart from each other at meetings and do not speak to each other; that practically indicates the nonexistence of an organized LC in Kosovo. Consequently, unless such a "common front" of Albanians, Serbs, Montenegrins, and others in Kosovo is established, I am afraid that the temporary state of emergency may continue even longer. Nevertheless, it is necessary to be optimistic and believe that reason will still prevail.

[POLET] In connection with the previous question: from this distance, can one determine whether Dragisa Pavlovic, the former president of the Belgrade LC City Committee, was right when he said that one should not be deceived by "lightly promised haste" in settling the situation in Kosovo?

[Kurspahic] Today's events objectively indicate that the situation in Kosovo, in its direct manifestation—i.e., in what is seen—is worse today than when Dragisa Pavlovic spoke. Nevertheless, even if that expression of the above was necessary, in order to arrive at more long-term solutions that will put Kosovo on the path to an equal life for everyone in that province, then the measures that have recently been taken will be confirmed to be justified. According to what has been shown so far, however, it is too early to say whether there were acts during the political campaign following the departure of Dragisa Pavlovic that contributed to the exacerbation of the crisis.

[POLET] Recently the highest representatives of the authorities and the state agencies in Bosnia-Herzegovina conveyed to the public a series of warnings about

Bosnia's aligning itself with either side, and then about excessive politicization concerning the "cases" from which this republic has not yet freed itself. Can you say something about this?

[Kurspahic] It is not possible to have a position of "nonalignment" that would exclude the right of institutions or people in Bosnia-Herzegovina to express their judgment in connection with various events in Yugoslavia, on a case-by-case basis. I think that "nonalignment" is not keeping quiet about things, but rather principled speech, regardless of whether it may appear to be aligning oneself with one side on one occasion and with the other side on another, when unfortunately those sides exist in Yugoslavia and when things are viewed in that way. The original word used for nonalignment, when we borrow it from the verbal arsenal of foreign policy, was noninvolvement, the policy of noninvolvement, but later it was reformulated as nonalignment, which is much more creative. It is a concept that implies that you are neither for the East nor the West, nor with the East or the West, nor against either side, but that sometimes you will condemn an action by one side or the other, depending upon your principled position with respect to yourself and everyone else.

On the other hand, with respect to the Mosevac and Agrokomerc cases and the others, I have the impression that not everyone in Yugoslavia is sufficiently taking into account the fact that the "antibureaucratic revolution" in Bosnia-Herzegovina (if that is a term for the cadre replacements, the mass changes in the leadership, etc.) was carried out through the legal institutions of the system. Things in Bosnia are often viewed simplistically, according to a cliché of 5, 10, or 15 years ago, in terms of some sort of hard-handed regime in power. The people who are working in those institutions today are identified with the old regimes, although really and personally these are completely new people, although I do not rule out the possibility that in that renewal—because it developed from the existing regimes, perhaps from the second, third, and fourth ranks—not all of the people who should have left did so, nor were the ones who came always the most intelligent people. The procedure by which they were elected, however, represents progress in Yugoslav political practice, since, for example, even the republic chief of police came to that position by a secret vote among 6 candidates in the Bosnian Assembly. I think that this is a significant democratic innovation, where the real step will perhaps be some subsequent electoral round in which the people coming in will not be just ones from other ranks of the same political regime, with the same political pedigree, but completely new people.

[POLET] The Serbian press wrote that the Bosnian state bodies were considering starting a "great game against Serbia" with the assistance of Dzevad Galijasevic, the leader of the Mosevac people.

[Kurspahic] I publicly expressed disgust with that version in the form of a commentary, in which I said that this was an adventure/crime/police story, a fantasy, because it really would be difficult for any reasonable person to believe that a republic SUP [Secretariat for Internal Affairs], its security service, would offer a person for whom an arrest warrant has been issued money, cash in hand, to carry out a great game against an entire republic, and thus probably a people as well. That is nonsense with serious political consequences. Naturally, I would appreciate it as a great advance in investigative journalism if something like that could be proved; that would be to the benefit of the profession, and I would send an apology both to the author and the newspaper. This, however, is creating the false picture that some sort of "anti-Serbian game" is being conducted in Bosnia-Herzegovina under the auspices of state bodies. I think that such disinformation, like the one about the alleged meeting between Vlasi and Muhic in Europa, still carries a political message and coloring—a negative one, of course.

[POLET] The topics of Agrokomerc, Neum, and Mosevac are being constantly kept alive, and new cases are being exposed...

[Kurspahic] Keeping the above-mentioned cases alive may result in negative consequences, perhaps even without the intention of any of those who are bringing this up. All of this, however, cannot be mentioned outside of the context that I have already discussed. If I may repeat myself, there has been a radical cadre renewal, a replacement of a large number of discredited people. The fact that those "cases" are constantly kept alive is to a considerable extent a consequence of the incomplete nature of those cases. All of the illegalities with respect to Neum and Mosevac (it is hard to say about Agrokomerc, because the court trial is in progress) have not been brought to light. I think that the politics, police, and judicial authorities of Bosnia-Herzegovina have a debt to see that everything illegal is completely and thoroughly punished.

In this regard, I do not perceive calling for this to be cleared up as an attack on Bosnia-Herzegovina, and there is no problem from that aspect. Problems arise, however, when cases that were produced in a given political time and climate are used to keep the new Bosnia leadership under pressure. It will get out of that position best and most quickly through determination to clear up the remaining loose ends of those scandals as well.

[POLET] Because of its complex ethnic structure and some other things, does Bosnia really need some sort of new firm hand, an authority, something that is usually associated with the "dark times"?

[Kurspahic] I would not say so. I think that this republic needs to preserve, nurture, and develop the legacy of the democratization that has occurred in this region in the

last year and a half. It is only in the conditions of a democratic climate, in which people will be able to speak without the burden of a fear that they will offend some rulers, some supreme authorities, that it will be possible for us to recognize the ways out of the crisis.

[POLET] After the Agrokomerc scandal, the Bosnian press, as far as openness and freedom is concerned, made a real boom in the Yugoslav news world. It has been suggested, however, that the democratization of the press (in Bosnia-Herzegovina) will last only until the moment when the political regime that is now being formed consolidates its power.

[Kurspahic] I am an optimist. I think that we are irrevocably on the right path when it comes to democratization of the press. In fact, I do not believe any more in the consolidation of any authorities that from behind closed doors, by the force of the authority of their positions, by the force of blackmail—by denying subsidies to the public media—could blackmail editorial boards. From personal experience, I can say that in the 4 months that I have been the chief and managing editor of OSLOBODJENJE, I have not had such pressures, attempts, or even mental reservations that the newspaper should be edited somewhere else, and I do not expect to have them in the future. I think so because (I have already mentioned something about this) in Bosnia-Herzegovina people have been necessarily obtaining posts by secret ballot, from a list with more and more candidates. It is precisely that procedure that is making them more accountable to the public, and if they want to be legitimized in the future for some other post, then it will be necessary for them to pass this test, of an open and democratic public. This also includes the press's right to oversee the work of public bodies, and even to raise uncomfortable questions and give uncomfortable commentaries. Furthermore, I think that the position of chief and managing editor of public media today is incomparably different, in view of the fact that they are also elected with the active participation of the editorial board. For instance, in the case of the election of the chief editor of OSLOBODJENJE, we had a procedure in which an individual (a correspondent from Brcko, Doboje, or Tuzla, whatever) could send his proposal by telex. Three candidates came out of that procedure, and then the Presidency of the Republic Conference of the Socialist Alliance of Working People [SAWP] elected one by secret ballot. In such circumstances, no one can tell the chief editor any longer that he put him in that job and that he should render an accounting to him and that he owes him something. I do not feel under obligation to anyone except my conscience and the readers of OSLOBODJENJE.

[POLET] When there is no resistance in the political structures to the democratization of the press, is there in general? The chief and managing editor of Radio Sarajevo recently stated that resistance was coming precisely from the listeners, from some of them. Is that also the case with the readers of OSLOBODJENJE?

[Kurspahic] In the critical and open spirit prevailing recently, we, let us say, radically opened up the "Readers' Forum," which frequently includes critical letters in which the readers express their demands, their disagreements, with certain things in the newspaper. I would call that positive pressure. It is very fortunate that we have always had pressure from the readers. I am very happy about that, because it shows that people are reading the newspaper and that they care about its orientation. Even when they do not agree with us, we are pleased to publish the letters that criticize us.

[POLET] Are there, however, certain limits associated with the "Readers' Forum"?

[Kurspahic] OSLOBODJENJE is open even to the most sensitive letters. For instance, today you have an open letter to the president of the Bosnian Assembly written by Fikret Abdic's lawyer, Kresimir Abel, about his experience with the functioning of the legal state. In that letter, he thinks that there are aspects of the trial of the participants in the "negotiable instrument scandal" in which the legal state has not been functioning in Bosnia-Herzegovina. We published that letter, even though it speaks in a negative context about the republic prosecutor, just as we will publish a (possible) response from the public prosecutor. What I mean to say is that we are consistently open to different views, even the most sensitive ones, and the only limit is our great concern that in that openness we do not allow ourselves to become a forum for unfounded insults to people and their dignity. Likewise, letters from readers that would carry a message of interethnic suspicion, division, etc., cannot make it into OSLOBODJENJE.

[POLET] A few days ago, a certain Mladen Mutic from Banjaluka appeared in the "Readers' Forum" and proposed to Comrade Kurspahic and the editorial board of OSLOBODJENJE that they immediately "dismiss" certain contributors to OSLOBODJENJE's "Yugoslav Diary." "How many times has Zagreb TV reporter Gordana Grbic alone abused that column with her poisonous arrows aimed at Serbia and Serbs in general," Mutic wrote, among other things, in his letter to OSLOBODJENJE. What did you really want to achieve with the "Yugoslav Diary"?

[Kurspahic] That is a column in which every Monday in OSLOBODJENJE, television commentators from the eight TV centers write for this paper about events in their republics and provinces, as they see them. The purpose of that column lies in our desire to present Yugoslavia in all its diversity. We are open here to the most diverse views, just as Yugoslavia is seen from the north, the south, the east, the west, etc., with the same limit holding true—that we do not offend each other.

With respect to this specific letter, in which there was criticism of certain articles by Gordana Grbic, we naturally published it, as part of that openness to criticism even of what we publish in OSLOBODJENJE. There

have been letters, however, and precisely in that same issue, in which she has been singled out as one of the most exemplary commentators in that column. That only shows that a uniform view, a single opinion, is not possible, and that it would be too idealistic to believe that there is absolute agreement on anything. In that sense, our "Yugoslav Diary" is also a contribution to an objective view of Yugoslavia at a given time.

[POLET] There are controversies about Emir Kusturica's statement concerning Tito. An executive secretary of the Bosnian Central Committee, at a recent public (student) forum, said that Kusturica had "fired himself" with his statements.

[Kurspahic] There have been distorted reflections among the public of the public dialogue that was conducted in OSLOBODJENJE with respect to Emir Kusturica's statement, in which he said—in a certain context—"that Tito was part of, and one of the generators of, the Yugoslav crisis." Naturally, it was awkward to publish this, because I, personally, do not share such a "naked" opinion. After there had been a considerable number of public responses, public criticisms among veterans, among our readers, etc., our editorial board received a second letter from Kusturica, in which he explained beautifully why he had said this. He wrote, "Do those who are attacking me because I said that Tito was one of the generators of our crisis really think that if he woke up by some chance and saw us as miserable as we are, that he would renounce us? He is still the father of this Yugoslavia, and not its stepfather."

I think that it is a full explanation, and I can stand behind that view.

That dialogue, conducted on the pages of OSLOBODJENJE, also showed that it is only by being open to different views, and by God, even criticisms that can sometimes be harsh, immoderate, etc., that a more unified view and synthesis should be built. Accordingly, I did not perceive either the letters against Kusturica or the letters against OSLOBODJENJE as any sort of witchhunt, but simply as a dialogue. If we want that, then there should not be any awkward questions or even awkward disagreements that are spared from being discussed and brought up.

[POLET] NASI DANI is under OSLOBODJENJE's roof. What do you think about the youth press? Can one talk about a phenomenon?

[Kurspahic] Absolutely. It is sufficient to say that NASI DANI today has 10 times the circulation that it had just 2 years ago; some issues are printed in impressive runs of around 100,000!

I think that it is precisely the youth press whose openness and critical attitude have moved the boundaries of what is permitted, overturning many taboos that prevailed on

the public scene. During the stages of clearing up various "cases," scandals, and legacies of past times in Bosnia, the youth press's critical attitude was and is very significant.

[POLET] OSLOBODJENJE is going a step further. Where?

[Kurspahic] Toward an even more pronounced Yugoslav orientation. I think that in single-nationality areas in Yugoslavia today someone can seek the option of a Greater Serbia, a Greater Albania, a Greater Croatia... but we in Bosnia-Herzegovina do not have any option except living together. It is precisely for that reason that only Yugoslavism can be the only possible option for this republic, which must be backed by OSLOBODJENJE's concept, from day to day and from article to article.

### Isolation Measures Viewed as Illegal

28000123 Zagreb VJESNIK in Serbo-Croatian  
17 May 89 p 5

[Article by Vlado Rajic: "Isolation by Whose Standard"]

[Text] The concept of "isolation" is one of those systemic innovations which, through their application in Kosovo and elsewhere, could indicate a definite revision of the system. In that case, the political cry—that this has to do with a social reform and the road to the 21st century—will be only a platitude that could "discredit" the very measures that are actually being conducted there, because essentially, this is an arbitrarily introduced institution which, through its legal conditions, the time of its application, and the selection of the people being isolated, suggests a rejection of many of the constitutionally guaranteed rights of people and citizens.

### Two Facts

Isolation is being discussed today when it has already been implemented with respect to an unknown number of citizens of the Kosovo SAP [Socialist Autonomous Province]. Who were the Assembly voters who raised their hands to legalize isolation as a legal institution for protecting law and order? What sort of discussion was conducted on this, and was there any debate at all? Were there at least a couple of delegates who warned about the systemic consequences of isolating even a single person?

A fact, or rather two, have not come out in today's discussion of isolation: first, not only the Kosovo Law on Internal Affairs, but also all the other laws of the same name in the republics and Vojvodina, do not speak of isolation in the way in which it was applied in the Kosovo situation; second, the nature of that application was not only illegal, but also unconstitutional, because restricting and prohibiting movement in a public place, residence in a given place, or prohibiting the leaving of the given place, with the obligation to report to the SUP

[Secretariat for Internal Affairs] authorities (in accordance with the legal provision), do not have any connection with peoples' literal disappearance, the prohibition of any contact between those isolated and family members or defense attorneys, the denial of notification of the place where the people isolated are located, etc. Literal application of the above-mentioned provision would not—no matter how much one could discuss its nature otherwise—evoke not only discussions and doubts, but also a feeling of insecurity that the provision might also be interpreted in the same arbitrary way in other areas of Yugoslavia as well, if the pressure upon the emergency nature of the situation continues to spread in the way that it is doing now, because then there really will be the devil to pay.

### Kosovo Case

That is particularly true if it is understood to mean behavior by the assemblies similar to what was noted in the Kosovo case. We remind the reader that the arrival of JNA [Yugoslav People's Army] units and the special troops several months ago was referred to as "special measures" introduced in Kosovo. There was even sharp criticism of all those who used the concept of a "state of emergency" in public. The turning point in the use of those concepts may be associated with one of the last speeches by Raif Dizdarevic in the SFRY Assembly, when the special measure first gained its connotation of an emergency nature, and immediately afterward, the full interpretation of a state of emergency. This terminological confusion was not accidental. After Dizdarevic's speech, and even more after the one by Lazar Mojsov in the same place, it was clear that the special measures could be considered paltry in comparison with what was being undertaken in the province. The legal norm regarding isolation itself begins with a precise position: "If the presidency (of the republic or province) feels that emergency conditions have arisen..." Consequently, there is no question of any special measures as prerequisites for the use of isolation.

The SFRY Assembly did not react to that lack of precision in the extent of the use of isolation, and neither did the Provincial Assembly; isolation was, as we have already said, used quite comfortably against an unknown number of citizens, with all the repercussions that have gradually leaked out to the public, so far, from the law offices of the attorneys hired by the families of some of those isolated. The assemblies also did not react to the nature of the use of article 53 of the Law on Internal Affairs of the Kosovo SAP, or to the fact that the "disappearance" of individuals from their living and working environment is not only violates the meaning of the norm, but also discredits the system as a whole.

### The Actors in the Use of Isolation

It thus happened once again that a purely legal dimension of current events was very quickly politicized. And as soon as that happens, experience teaches, it is at once

almost impossible to catch hold of those who are responsible for such free uses of the law. Are they the SUP authorities? Knowing the nature of that service, it is obvious that they could have applied the law the way it was done only during the first step forward into the state of emergency. The assembly is not the legislator just at the time when a law is passed, but also during its application. If someone, then, suggested to the SUP people that they act as they did, then the assembly is obliged to intervene. Isn't it served by the executive bodies, whose agencies also include the internal affairs agency? It is obviously something else. Various informal, but very influential political attitudes are still being imposed between the assembly and certain bodies of the system that act according to the laws and regulations passed in the assembly. Those responsible for these attitudes usually do not even have any connection with the jurisdictions of the assembly and the administrative, judicial, and prosecuting authorities, or even those of the State Security Service, which is so often mentioned.

### Illegal Measures

Citing only those few bodies and narrowing the consequences of political voluntarism to the institutions which a large majority of citizens perceive in their repressive aspect, we have opened up room for theoretical consideration of isolation as a judicial solution and isolation as a practical application. If attorneys' views can be classified as the biased interpretation of their current or potential defendants, and if the assembly and state reactions to the same phenomenon can be reduced to the usual negligent attitude toward the political situation, then a professorial opinion should have the necessary objective dimension.

And the professors at the Zagreb Law Faculty say that in view of the nature of the isolation measures, they are illegal if applied as they were in Kosovo. Why? Because in addition to the provincial internal affairs law, there is also a law on administrative disputes, which included, back in 1965, a provision giving protection to a citizen against an incorrect procedure or illegal action by an administrative body, and thus by the militia and bodies answering to it. That provision establishes a deliberately wide range of individuals who have the right to submit a demand for protection, and the opstina court is obliged to free the isolated person within a period of 3 days.

The professors' warning also applied to the Law on Criminal Procedure, which very strictly regulated any restriction of freedoms. Consequently, if all of this is already in the law, and if the law is at all a source of facts for the establishment of a state of emergency in Kosovo, then it is not possible to find a norm regarding isolation in all of this. In the way in which it was applied, it does not exist, even if an article of the republic law was a shield against such criticisms, because what that law says (we have quoted the key sentences of the norm) is not isolation. Furthermore, the professors say, since neither

criminal nor misdemeanor proceedings have been instituted against the people who were isolated, they are not covered by the norms of the laws which regulate that area.

This last assessment is at the same time the key to the problem of isolation. By giving meaning to isolation as an extralegal institution, the isolated individuals were subjected to the political will of those who ordered and carried out that isolation. There is no precise jurisdiction under that cloak; there are no deadlines which put pressure upon the authorities to act by applying the laws, there is no obligation for any guilt whatsoever or its extent to be proven, there is no defense and representation of the right of those isolated to a trial, and then there is no influence by the public upon the course and outcome of the proceedings. If none of that exists, naturally, then there is no law as a basis for determining responsibility.

And what now? Now it is possible that because of the extralegal isolation all of the individuals will simply be released, regardless of any responsibility for crimes or misdemeanors. It is still possible that sentences will be imposed at some time by initiating proceedings against those who were isolated. They will always be under the shadow of isolation, and its extralegality, and the justifiability of the measures decreed will be quite irrelevant. That is probably their purpose, but that is precisely what should not have happened, if we really care about ever having the situation in Kosovo resolved.

**Bulatovic Life, Rise to Power Profiled**  
*28000122b Zagreb DANAS in Serbo-Croatian*  
*2 May 89 pp 24-25*

[Article by Fahrudin Radoncic: "The Triumphant Stride of the Antileader"]

[Text] Instead of by the usual climbing of the hierarchical ladders of power and the personnel system, Momir Bulatovic came to the head of the Montenegrin party the opposite way—by bringing it down and destroying it once and for all. He thus became one of those rare fortunates whose political investment, by virtue of the risk at which they invested it in bringing down the former leadership, brought a return in a very short time with an extremely large profit and political interest.

The 33-year-old instructor in the School of Economics in Titograd, who 10 years or so ago was proclaimed to be the best student in Montenegro, belonged to the group that was opposing the former republic leadership, and he became well-known to the broader Yugoslav public after the December meeting of the Presidium of the Montenegrin League of Communists [LC] Central Committee and the Presidium of the Titograd University Conference of the LC. It is interesting that only a few days earlier Bulatovic had become chairman of the University Committee, which did not stop him from firing into the face of the party leadership at that time, which had

prepared the meeting as a routine pacification of the opposition: "The demand for democratization of society is a demand that we take our destiny in our own hands. We have enough determination, strength, and knowledge to make a start. All we need now is for you to leave the political scene."

That political debut was one of the most serious blows to that leadership, since his words, as the POLITIKA reporter did well to note at the time, "are becoming the direction of the people's commitment." Mostly thanks to a TV appearance and the Belgrade press, Bulatovic became a national hero whose brisqueness and, as many Montenegrins said, "cojstvo i junastvo" [humanity and heroism], became psychological nourishment in the pre-January twists and turns and an important trump card of the popular opposition when the political terrain was being sounded out for replacement of the former Montenegrin leadership.

His media star and antileaderism rose to their peak at the well-known January rally in which, as the head of the Organizing Committee of the Rally, he appeared in the role of spokesman for the people and the negotiator who issued the ultimatum in the demand for the leadership's withdrawal.

He was to say of this even on 15 January, 4 days after the rally, that it seemed to him that there would be no major problems, "however, the scandalous decision which they communicated to us internally after so many people had waited for 10 hours, brought everything to the edge of ruin. All members of the committee will bear in themselves for a long time that responsibility which they heedlessly cast onto our backs in refusing to submit their resignations on the 10th. It will take quite a bit of time for us to recover from the shock of that time and the fear of horrible consequences we experienced and which could have occurred in front of our helpless eyes. Fortunately, the senselessness was not repeated the next day, and on 11 January the people triumphed."

Judging by the subsequent development of events, that shock did not in fact leave any consequences. Bulatovic very soon gained political legalization, and in a triumphant procession he was elected to the very important post of chairman of the committee for preparation of the Extraordinary Congress of the Montenegrin LC, which made it possible for him to grow from "one among equals" into the first figure of Montenegro's young politicians.

Bulatovic gained his greatest sympathy, aside from his already well-known exposure in the pre-January and January days, by his eloquent insistence on an up-to-date and modern party. He expressed these commitments with the poignant sentence "full democratization in political life and the market in the economy," while political pluralism, in Bulatovic's vocabulary, is "that discord in political life means that no one will have priority."

Nevertheless, those who feel that he is in essence a person of different aspirations and that one should look at politicians not only on the basis of declarative commitments, but also on the basis of what they do, will not forget his intervention and denial of the regularity of the election of the new chairman of the Presidency of SR Montenegro, and then the vigor and indeed even antagonism which are obvious when he talks about those who do not share his political views, and particular weight must be given to his insistence on modesty of income and what might be called political and party asceticism, and in that context to the idea that all symbols of power should be sold off, the building of the Montenegrin LC Central Committee rented out, the replaced officials sent to employment security agencies, along with the public promise "that should I be elected to any political office requiring that I work a full 8-hour day, I will retain my present personal income as an instructor in the School of Economics. This is one of the sacrifices which an individual must make if he wants to prove that an idea is much more important than its protagonist."

Controversial assessments as to whether he is truly a democratically oriented politician who wants and is able to listen to others and respect their arguments were in fact stimulated by Bulatovic himself in some of his statements and comments, which also contain quite a bit of sarcasm. For example, he debated Marko Spadijer in a proper manner and at an enviable intellectual level in a meeting of the Montenegrin LC Central Committee, yet the next day this did not stop him from communicating in public, in Spadijer's absence, assessments of him that were not considerate in the least. Political vanity can be seen in his comment uttered after the insistence of the party rank and file that Tito's name nevertheless be mentioned in the documents of the congress, since Bulatovic was unable to restrain himself from saying: "Now, we are only afraid how to answer possible charges that his name has been mentioned only once, and not many more times."

Of course, a man who in the last 3 months has taken part in many public discussions, has answered hundreds of questions, has given numerous interviews, and made statements incessantly, holding the attention of the public on himself, should not be held to absolutely every word that he has uttered and has not reviewed before publication. Nevertheless, especially after the statement about Slobodan Milosevic "that this is a man who knows how to establish contact with the people, who has a definite objective, and who knows how to use suitable methods to achieve that objective," the question has arisen in many heads of whether a pluralistically oriented politician can sincerely accept such methods and affirm them publicly as the right ones?

It is precisely in a comparison of Bulatovic's views concerning political pluralism and the reflections of his we have mentioned, and there are other such examples, that one can seek an answer to the question: Aren't we

seeing in Yugoslav politics the rise of yet another curiosity whose political profile is formed from the conflict between two dominant political conceptions—the pluralistic democratic design on the one hand and what might on the other hand be called the anachronistic and politically superseded recipe for getting the country out of the economic and political crisis?

Things, of course, can be utterly simplified and it might be said that in this case we are rather dealing with a new political star which would like to retain its brilliance by the simple formula of taking from each only the best, but it still seems that Bulatovic has in his life been at the center of the notorious Yugoslav divisions, and this has inevitably had an impact on his own internal dilemmas.

The son of a retired lieutenant colonel of the YPA, he says with pride that he was born in Belgrade, received his elementary and secondary schooling in Zadar, and graduated from the School of Economics in Titograd, and he acknowledges that it is easier to destroy than to build. At the beginning of January, he was thoroughly convinced of the "ridiculousness of attempts of individuals who had inflicted so much damage on this people to make an appearance on the political scene without any substantiation whatsoever," and that entire process reminded him of "the buzzing of mosquitoes on a summer night."

Not long afterward, he would deny this statement, worthy of Muhammad Ali, in a pre-congress interview with BORBA, accompanied by an utterly unusual and pessimistic "forecast" that the young, new political team which had come onto the scene without political experience might last a very short time. Just a few months. It was condemned to failure. That is the price which must be paid."

Although the dramatic announcement of the rapid decline of the new political team says more about emotion than about political wisdom, it does show that he is clearly aware of all the immense problems that await him and that the now famous sentence addressed to the former leadership: "We have sufficient determination, strength, and knowledge to make a start; all we need now is for you to leave the political scene," is not a magic formula that will extricate Montenegro from the situation in which it finds itself.

Although this is a politician whose statements do not leave people indifferent, it would seem that if Bulatovic does not temper his increasingly frequent public statements more astutely, he will run the danger of being consumed by the media, and when it comes to foundation in theory, intellectualism, and that kind of charming the public, it seems to me that he is not, say, at the level of a Suvar, a Dimitrovic, or a Durakovic.

Bulatovic, who after the January events and his election as chairman of the organizing committee for preparation of the extraordinary congress, who in the course of 3 days received two important republic prizes for scientific

work—from Veljko Vlahovic University and from the Montenegrin Academy of Sciences and Arts—and was recently elected docent, captured the sympathy of the broad Montenegrin public and party rank and file with his “honest physiognomy,” vigor, new initiatives and ideas, and old attacks on the former leadership, whereby he gained the kind of popularity that had previously been held only by certain (post)wartime figures such as Milatovic, Djuranovic, Zarkovic, or Orlandic at their political zenith. Although such a comparison might perhaps anger him, since these are his political opponents, it is still a great compliment. Bulatovic has to learn precisely from their experience, since under Yugoslav and especially Montenegrin conditions the line dividing the leader from the enemy of the people is erased so rapidly that even experienced political foxes and diplomats of the Djuranovic and Orlandic stamp were unable to get their bearings and survive. It is

interesting that along with Milatovic it was Djuranovic and Zarkovic who deserve the credit of history for establishing Veljko Vlahovic University, the Montenegrin Academy of Sciences and Arts, and TV Titograd, the institutions which considerably contributed to their fall, and it is well-known that Dr Miljan Radovic and Dr Bozina Ivanovic and several other politicians who were replaced are lecturers at that university.

Bulatovic has to learn from their experience: In many respects, they would seem to have been greater authorities, but nevertheless they did not finish their political careers in the most glorious fashion. His political star, which has just begun to shine, will not only be carefully examined, but all will expect a great deal from it, as from “their own product.” What happens will depend to a considerable degree on him himself and the manner in which he resolves the dilemmas of society and his own dilemmas.



## CZECHOSLOVAKIA

### Komarek Views Future of Economic Intensification

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[Article by Doc Eng Valtr Komarek, DrSc, Corresponding Member of the Czechoslovak Academy of Sciences, Director of the Forecasting Institute of the Czechoslovak Academy of Sciences: "Prospects of the Intensification of Czechoslovak Economy. Choosing From Only One Alternative."]

[Text] The current economic situation in Czechoslovakia certainly is not satisfactory. It reflects many previously unresolved problems which can no longer be put off. The need for a change and the directions in which to find solutions are expressed in all the documents of the highest party agencies connected with the formulation and implementation of the strategic line of restructuring. The prognostic concept stems from this line, which it supports by the results of its analysis. The prognostic concept formulates a positive prognosis of change and transition to the intensification of the economy. The work is based on the recognition that economic progress cannot be separated from societywide progress, that economic restructuring requires also the restructuring of political and societal relations, the strengthening of the initiative and entrepreneurial spirit of the population, realistic possibilities of asserting one's interests, in other words, simply a broad, everyday socialist democracy. And finally we realize that the implementation of restructuring itself requires not only tenacious effort and enthusiasm, but also courage.

Quite a few pages have been written here about the structural changes and restructuring of the economic mechanism. I therefore want to avoid going over problems which have already been expounded in detail, and concentrate my attention only on several selected questions connected with the living standard of our population. Contrary to the main intent of the considered changes, it is becoming almost a habit to discourse much more about its risks for the further development of the economy and the immediate threat to the living standard of the broadest strata of the population. An economist who does not express his concern that the structural changes and restructuring of the mechanism will bring the danger of unemployment, deepening imbalance and growing inflation, is practically considered to be irresponsible.

Many leading functionaries of the central economic control, who had only recently been extolling the stability and successes of our economy, science, and technology, today, as if they had succumbed to panic under the pressure of the approaching implementation of the restructuring of the mechanism, are warning about deepening the disequilibrium, that we cannot abandon central management of the enterprises. On the contrary,

according to them we must again put management firmly into the hands of the central agencies. Thus is emphasized the necessity of central control over the production of enterprises, systematic central planning and control of R&D, central planning and regulation of prices, central distribution and redistribution of foreign currency earnings, depreciation resources, etc., while it is asserted that that a loosening will be possible only after a balance between supply and demand has been achieved.

### Structural Distortion

A similar situation exists in the case of the structural changes of the economy. If during the planning of the last 5-year plan, hand in hand with an uncompromising formulation of the need for structural changes, the interests of departments and pertinent producers in the preservation of the old structure of the plan were being pushed and basically were pushed through, it is not quite as easy to do that under the present conditions. Certain structural changes are already appearing in the first drafts of the 5-year plan, but mostly with great restraint and accompanied by many doubts.

Under consideration are the reduction of steel production by more than 1 million tons and a gradual reduction of the mining of brown coal by as much as one-fifth of today's volume, which would be welcome. However, the problem is that the contemplated reduction of coal mining is to be fully compensated for by increased imports of fuels and a higher output of nuclear energy, so that the overall consumption of energy in the national economy would actually even rise somewhat. The remaining output of heavy industry, that is, large-scale chemical processing of plastics and fertilizers, production of grey cast iron, cast steel and cement remains basically unchanged. And what is particularly disturbing—thus far there has been no consideration given to the obviously necessary significant reduction in the output of our heavy machinery industry and to the restructuring of our machine tool industry as a whole.

Of course, things are not yet finalized by any means. These are the first steps which according to my mind must be subjected to serious discussions—and this article should serve to that end as well. I base it on the analytically substantiated premise that the implementation of profound structural changes must lead to the release of vast macroeconomic resources that can be used for the dynamization of the living standard of the population.

The voluntary concept of structural development and a distorted economic mechanism, which provided little motivation for economic organizations to be efficient, led to distortions and poor efficiency of the overall production and use of the NI, particularly to disproportionately high production inputs and sizable capital investments for production, while stifling the personal consumption of the people. In addition, the inner structure of this personal consumption is distorted by the high

share of expenses for food and insufficient supply and poor quality of services and consumer goods (the prices of consumer goods being moreover disproportionately high).

The structural distortion is reflected in distortions of remuneration, which work against the most skilled strata of workers, intelligentsia, and women. A specific reflection of the distortions in the structure and mechanism is the material and age structure of fixed assets, excessive number of unfinished constructions and long terms of construction completions, excessive inventories, low level of the valorization processes and thus also of the price per kilogram we get for exports to demanding markets, wasteful practices and losses during production, poor quality and lagging technical level of production. The result is an acute shortage of quality electronics, state-of-the-art modernization technology, and quality consumer goods.

The administrative pressure to limit excessive use of macroeconomic resources under conditions of distorted incentives for the economic organizations leads to the proliferation of the currently standard products and services. To cut the Gordian knot of structural distortions merely along the line of simple technical and accounting linkages and measures, where by introducing continuous casting, increasing the share of quality steel and lightening sections would make possible a certain reduction of steel production and in turn a certain reduction in the consumption of relative heat value, is possible only in the minds of the accounting planners. Only through the forces of the market and its criteria could the final production consumption of materials, energy, investments, and work force be reduced to a level comparable to that of advanced capitalist countries (mainly smaller open economies with limited availability of their own sources of energy and raw materials). That is also why the structural changes cannot begin by an initial reduction of steel and coal production followed by mandated limits on their consumption, but by reducing excessive consumption and demand, by cutbacks of inefficient production and activities, while strictly limiting all budget, credit, and foreign currency financing.

However, there must be a parallel planning of technical-economic and social projects to shut down selected productions, reorient production area units and enterprises, and retrain workers. The central government must, of course, formulate this concept of reallocation, but it must implement it through budgetary, credit, tax, subsidy, and foreign exchange policy and not by directive production indicators according to enterprises; on the contrary, the enterprises must realize the expected changes already on the basis of market conditions. This will involve a great number of counter-movements which can be optimized only by a lively market and its entrepreneurial mechanisms and economic pressures including bankruptcies of production units that are unable to compete, which should not necessarily have an automatic impact on the workers who can be offered the possibility of retraining and new work opportunities.

#### Extent of Wastefulness

On the basis of a number of comparisons it can be stated that Czechoslovakia at present produces a relatively very extensive social product, but its production and realization are marked by considerable inefficiency and imbalance. Although the result is a quantitatively relatively high standard of consumption, overall its level does not respond to the needs of a harmonious growth of the standard of living.

The reason is that the production of the social product is burdened by excessively high macroeconomic inputs. Relative energy consumption here is higher than that of all comparable advanced countries (with the exception of the USA and Canada, where there is a traditionally high degree of consumption, particularly because of motorization). The relative production and consumption of steel and plastics are also high. In the production of cement, Czechoslovakia surpasses most of the advanced capitalist countries (with the exception of Switzerland), in many cases the amount being double or more.

It is, of course, difficult to express numerically the burden on the social product caused by high production inputs. The aggregate of the gross national product published by advanced capitalist countries contains only the net product, in which out of the production inputs only amortization is included. Only partial data are available, for example a study by the European Economic Commission according to Leontief's tables. They indicate a share of production inputs in the gross national product in selected countries of around 35 percent, whereas here it is about 55 percent. That would mean that production inputs, which our statistics express numerically by using the method of gross turnover (The CSSR Statistical Yearbook shows total production input in 1987 in the amount of Kcs 1,027,678 million) would be roughly Kcs 160 billion higher than the comparable level.

However, these data must be verified further. But it appears that indirect calculations confirm the above mentioned estimate. For example, the difference in the relative consumption of standard fuel equivalent compared with the most economical countries is regularly 40-50 million tons (which can be valued at about Kcs 50 billion), the difference in the consumption of black metals represents about 5 million tons (which can be expressed numerically at about Kcs 20 billion), etc.

Another production resource, which is being wasted during the production of the social product, is the labor force. Today, just under 8 million people are employed here (in 1987 it was 7,754 million, not including apprentices, family members helping out, and women on maternity leave), which represents 51.5 percent of the total population. If we take the real rate of employment in most of the economically advanced Western European countries to be 35-40 percent, then theoretically that

means that the comparable level of employment here should be roughly 5.5 to 6 million people. The difference of 2 to 2.5 million people represents excessive employment.

But these data probably must be corrected a little. First, because in several countries the rate of employment is close to ours, for example, in Finland it is almost 50 percent and in Sweden even as much as 51 percent. But on the other hand the gross per capita national product in all the studied countries is appreciably higher than in Czechoslovakia, in Sweden, Japan and the USA by two-thirds or double. Moreover, the actual number of work hours is on the average appreciably lower in all the studied countries than it is here; for example, a worker in industry here works 100 to 300 hours a year more than in the advanced countries. For Czechoslovakia lags both in the average length of leave (by 5-15 days) and in the share of shorter work hours (in the total economy 3 percent, 6 percent for women, whereas in a number of advanced countries it is more than 20 percent, and around 50 percent for women). On the basis of these data we can estimate that our level of employment exceeds the comparable level in advanced capitalist countries approximately by 1 to 1.5 million people.

This overemployment results in lower labor productivity in comparison with the countries under review; for this reason, even if the gross national product were equal, the labor productivity achieved here would be 15-20 percent lower. At the same time the analyses indicate that the difference is not caused so much by a basically lower technological level, but rather by social elements of employment (and the poor work morale stemming from it).

A significant role in this respect has been played also by a postwar policy oriented more toward the cheap rather than the expensive work force, when improvements in the standard of living were achieved primarily by increasing the number of working family members rather than by increasing wages. That created pressure for increasing employment by including housewives and people of post-productive age. That there is hidden potential in the achieved level of work productivity is indicated, among other things, by data showing the average utilization of work time in our industry to be under 80 percent and in the construction industry under 70 percent. One can also point to the unusually high number of people working at purely administrative tasks in management. In the CSSR today, almost a million people are working in that area (that is, 10-12 percent of all employed people).

The most excessively large input in the production of the social product, however, are the fixed production assets. The share of investments in our gross national product during most of the years of socialist construction was around 30 percent (in most advanced capitalist countries only about 20 percent), while 60 percent was directed to the producing sphere (as against 30-40 percent in

advanced capitalist countries). The result is a low utilization of assets, documented by the low profitability (1,329 in industry in 1987), as well as by the number of vacant work places in the first and second shifts.

The maintenance and renovation of these assets entail excessive costs, estimated at least at Kcs 50 billion a year (repairs, maintenance, lighting, heating, etc.). It can be estimated that the unnecessary costs in fixed assets expenditures including this item are about Kcs 100 billion, while many newly acquired fixed assets do not represent the potential strength of further economic development because they cannot be put to good use. Analyses indicate the need for a one-time liquidation of capital assets in the value of Kcs 1 billion in the immediate years.

### Role of the Market

The aim of the new orientation of developing the national economy must be a fundamental improvement of the unfavorable relation—not only quantitative—between expended resources and attained output. The opposite pole of that approach is inertia with a longtime tendency toward a decline in economic growth, which particularly at this time is showing signs of stagnation. The average growth of the social product from 1979 to 1987 was only 2.1 percent a year, while the consumption of the social product increased by 1.3 percent, which after adjusting for domestic price fluctuations means a movement at the level of zero. At the same time, during the same period consumption of primary energy resources increased altogether by 8.7 percent, apparent consumption of steel by 3.5 percent (steel production by 4.1 percent), and production of plastics by as much as 35.1 percent. That, together with an appreciable increase of inventories in the national economy (by 34.4 percent) and a significant decline in foreign exchange relations in our foreign trade to 80 percent of the original level, points out the extensive character of the growth of our economy.

The phenomenon of wastefulness and poor quality of goods and services arises in an atmosphere of unconcern about selling the products. Wasting and depreciating what has been produced also is a result of a deep imbalance. The reason for that must be looked for primarily in the substitution of an objective market mechanism (based on the law of value) by a subjective system of administratively directed planning.

I believe that the key error in the past was the lack of appreciation of market relations, or respectively the category of labor productivity or efficiency of the national economy. After all, it is precisely the growth of productivity that determines economic movement. Directing the national product to specific consumption cannot be done other than by the agency of the market, where producers and consumers meet, where demand puts the hallmark of social necessity on the offered goods.

The activities of all economic organizations must therefore be regulated by the market, where society (the state) regulates the market and the market regulates the enterprises. This regulation of the market by society makes it possible to eliminate negative impacts on the economy, particularly mass unemployment and inflation. It also makes possible a transition to a strategic concept of the macroeconomic plan as a scientific instrument for the coordination of the entire economic policy and operational and forward looking regulation of the market.

Utilizing the virtues of market economy (while using planned regulation of the market) together with a deeper integration into the international division of labor represents a prospective basis for improving the competitiveness of goods and services, and above all for continued dynamic and effective development of the entire national economy. But the change from administratively directed planning and management of the economy to a market economy is one of a number of necessary conditions. It is also essential to revive all forms of socialist ownership, renew socialist justice, replace the bureaucratic manipulation of people with their real participation in the management of the economy as well as society, develop their political and economic participation and creative initiative. These are the most important elements of change and of revivifying the model of socialism, which has been distorted in the past.

#### Urgency of Change

By means of these theoretical and practical studies we thus arrive at a total concept of qualitative restructuring of the national economy which should solve its problems, and at the same time start it on the path of intensive development with the goal of rather quickly equalizing the population's standard of living—on both the quantitative and the qualitative side—with that in the most advanced countries. Some problems and views on how to solve them were already published during the course of the studies, and so the theoreticians as well as the managers could familiarize themselves with them.

It is natural that controversial material about the real problems of society will elicit a response, particularly after years of a lack of debate. But in the reaction to the planned concept there sometimes appeared signs of a lack of understanding of the seriousness of the situation and of the urgency to solve problems which have come to a head. Particularly from the ranks of the economic practitioners came voices which on one hand spoke about courage and innovative approaches, and on the other hand made light of the realism of the concept and put off the possibility of implementing it to the beginning of the next millenium.

I wish to emphasize with all seriousness that a solution can no longer be postponed. We are looking at a choice of only one alternative, and that is the alternative of a transition to an intensive development, restructuring, and dynamization of growth. The other alternative, that

of inertia in development does not, in fact, offer a realistic way out and is totally impracticable from the long-range point of view. It is self-evident that the intensification of development can have various scenarios, written by the decisionmaking sphere, and the selection of the scenario will be already a part of the decision-making process concerning the speed of the changes and how tolerable their impact will be.

Czechoslovakia thus will have to proceed similarly as do the advanced small European countries. That means, cut back the traditional branches of heavy industry and the standard branches of the light industry, and base the strategy for its development on the skills and adaptability of its work force. The Czechoslovak economy should accomplish the corresponding structural and technological changes in a relatively short period of time, making use of all the possibilities of conceptual and forward-looking management while using the energy and entrepreneurial spirit of the population.

While the general contours of the changes in the management and mechanism of the functioning of our national economy are already visible in a number of resolutions of the highest party agencies, the scenario for specific management, including the structural changes, has not been written yet. Even though at the level of general discussion the necessity of eliminating the dead components of production is acknowledged, when it comes to specific matters, arguments in favor of developing even totally unpromising branches still appear in the departments.

#### Changes in Employment

Further development will require a highly selective economic policy aimed above all at cutbacks in inefficient and obsolete production accompanied by support for long range programs. We cannot continue to follow the still appearing thesis that it is necessary to first create new resources and only then begin liquidating old capacities. With regard to the obsolescence and excessive dimensions of many sectors of mostly the heavy industry, cutbacks of the dead components of production have to come first. At the same time it will be necessary to mobilize the vast potential which remains unrealized because of the current wastefulness, low discipline and inadequate entrepreneurship, which will certainly help the restructuring of the economic mechanism and the policy of restructuring as a whole.

Of key importance will be shifts in the work force. The cutbacks of the current production for production could bring about the elimination of approximately 300,000 to 500,000 jobs in industry as early as the nineties. Streamlining, which increases labor productivity, together with the positive impact of economic reform should produce a saving of another 200,000 to 300,000 workers in agriculture and industry.

The extent and the direction of these changes in employment justifiably raises fears of possible extensive unemployment. However, the introduction of market economy and the implementation of structural changes is the only way to achieve better efficiency of the Czechoslovak economy and growth of the living standard of the population. It so happens that our economy finds itself in a situation where further delay of structural and systemic changes will of necessity lead to an absolute decline of the real economic level, and represents a real threat of unemployment in the future. In contrast, positive and mutually interlinked changes will accelerate efficiency and the competitiveness of the economy.

The following thoughts about developments after the year 1995 prove that the proposed measures are realistic. It can be assumed that limiting the participation of women with small children in the work force will reduce the pool of available workers by 150,000 to 300,000 people, recalculated at full time. The necessary extension of leave by a week should be compensated for by about 100,000 supplementary workers. Many workers, whose number can be estimated at 100,000 to 200,000, will have to undergo retraining. The increase in the share of skilled work will be reflected in a longer preparation time for employment, which will require a further 100,000 to 150,000 people. The effective pool of workers will then include 7.5 to 7.8 million people.

The demand for additional workers will be concentrated mainly in the service sector which today is understaffed. In the Ninth 5-Year Plan it will already be necessary to create 50,000 to 100,000 job opportunities in the travel and catering services. Providing room for small entrepreneurial activities can achieve a quick satisfaction of the demand for repair work and personal services. That would create about 100,000 to 200,000 new jobs. It would be useful to stimulate the development of services for production, and by broadening the banking and insurance services about 50,000 people could be employed. Other sources of job opportunities are in trade (100,000 to 150,000 positions) or social services (50,000 to 100,000 positions). It can be estimated that the service sector as a whole will require 400,000 to 500,000 new workers.

If we then assume a decline in jobs by liquidating inefficient production and by streamlining, we arrive at the estimate of 500,000 to 800,000 positions. The creation of new jobs in the service sector will demand 400,000 to 500,000 new workers, the demand for workers in 1995 should then be at about the level of 7.5 to 7.9 million people and it should be roughly equal to the availability of workers.

The condition for realizing the outlined structural changes is a comprehensive restructuring of the wage system, which would abolish the central wage tariffs and would tie wages to the economic results of the enterprises and the real contribution of each worker. Accrued wages saved by limiting the number of employed people should be used for increasing average level and particularly for

the differentiation of wages, same as should be part of the profit from the increase in labor productivity. Further, it will be necessary to supplement social security by temporary unemployment benefits which would motivate people to look for a new job, by assistance in necessary retraining, by social benefits to stimulate mobility, and by temporary wage equalization for workers who are leaving branches that are currently given preferential treatment, etc.

I would like to stress, however, that this article shows that structural changes could make women's position easier, create better conditions for improving the educational level and health of the nation, shorten and make flexible the work hours in a rational way; it illustrates that structural changes under our circumstances need not automatically lead to unemployment, but will rather prove to be a significant progress on the way to a socialist humanization of the work process and an improvement of the overall quality of our life.

Czechoslovakia is reaching—and all our studies confirm it with great urgency—a turning point when its future will be decided. If we go back to the basic thought about the two alternatives for further development, that is, inertia and intensification, then the only one which holds good prospects for the future is intensification. Improvement in the standard of living can be guaranteed only in contact with developments in the rest of the world, with other economically advanced countries, and to that end the conduct of the economic organizations in particular will have to be accommodated. The second alternative will bring only one result, the gradual decline of the overall economic level below that of other advanced countries and the resulting impact on the standard of living with all the social and political ramifications.

The drafting of a far-reaching program for restructuring society and managing the national economy has already been started earlier. Now comes the most difficult phase—implementation of the program, even if with further modifications and changes as life itself will demand them.

It is said that in the theatre there are no small and great roles, only small actors. To paraphrase, there are no insoluble problems in the economy, there are only people who are willing and able to solve them, and then there are the others. The implementation of party documents on restructuring will show the dividing line between the two groups of managers.

**Foreign Currency 'Self-Financing' Viewed**  
*24000137a Prague HOSPODARSKE NOVINY in Czech*  
*No 15, 1989 p 4*

[Article by Eng Vaclav Bok and Eng Jindrich Prochazka, State Planning Bureau: "Foreign Currency Self-Financing—For the First Time in All of Our National Economy"]

[Text] Since the beginning of this year, our national economy has been introducing in its foreign economic

relations with nonsocialist countries and with the Socialist Federative Republic of Yugoslavia a new foreign exchange standard, minimum payments of foreign exchange funds to the central foreign exchange bank, and maximum subsidies from that source. This system applies practically to all of our national economy, while the previous management of these operations was tested in a limited number of organizations. The restructuring of our national economy must be accelerated and factors have to be expeditiously introduced in the planning and management of our foreign economic relations, which will facilitate the transition of our organizations to self-financing in foreign currency; this is intended to create a system focusing our manufacturing organizations first of all on the achievement of value in foreign trade, i.e., on collections and payments.

The method of planning and management of foreign economic relations in our country used until the end of 1988 was devised almost 25 years ago. The system of management mechanisms that was gradually developed outdistanced in many respects the development of relations and mechanisms applied in the management of our domestic economy; these mechanisms could not rid themselves of the authoritarian and manipulative method of management. On the other hand, factors of economic management already existing in foreign trade included, for example, the system of financial-economic mechanisms, the system of foreign exchange incentives, and one may add, the system of foreign exchange control which coordinated the relations of balance of trade and payments. With the exception of foreign exchange control, the effect of these mechanisms was limited.

#### How To Enhance Responsibility

To this, a serious problem was added, above all in recent years, namely high indebtedness of developing countries which represent a traditional market place for our machine engineering. Our engineering products could not be sold in the markets of advanced capitalist countries. However, this situation created pressure to export our products to less challenging markets and this often on credit. Considerations of collection and credits for foreign trade transactions did not have a significantly direct effect on our manufacturing organizations because funds for imports were released for them on the basis of their information on estimated exports of their goods.

For those reasons, several variants of management of relations between our organizations and foreign trade have been gradually tested since 1983 in order to introduce these organizations to credit relations. Experiences gained particularly from the comprehensive experiment were applied in 1989 during the transition to the across-the-board application of the foreign exchange currency standard.

Therefore, the fundamental problem of the management of foreign economic relations with the nonsocialist countries and also with the Socialist Federative Republic of

Yugoslavia involved the selection of a method for 1989 that would substantially enhance the responsibility of our manufacturing organizations for the fulfillment of commercial contingencies, while they remain responsible for the fulfillment of their duties to pay taxes. For those reasons, a method of individualized foreign exchange standards based on the 1989 operational plan was introduced and supplemented with the minimum tax payment for the central foreign exchange bank.

Nevertheless, the essential qualitative shift involved the transition to collections and payments instead of previous exports and imports in material terms. This foreign exchange standard stipulates what share of collections for realized exports will be paid to the central foreign exchange bank, which may be described as a certain form of foreign exchange tax.

With respect to the fact that only about 25-30 percent of our organizations are engaged in active foreign exchange transactions with nonsocialist countries, it was not possible to accept the demand proposed by some enterprises, particularly light industry, that foreign trade relations of our organizations be subject only to relative indicators. From the socioeconomic point of view, imports required by organizations which are in the red in their transactions with nonsocialist countries must also be fulfilled. This concerns in particular national defense, health care, interstate obligations, and the sectors of primary industry (metallurgy, mines, etc).

To be sure, relative indicators do not necessarily always motivate the organization to export. For instance, the stipulated standard of payments for an organization whose collections amount to Kcs 1 billion and payments to Kcs 100 million in a given year is 90 percent. If it reduces its import needs by Kcs 10 million, its stipulated standard of payment enables it to reduce the value of its exports by Kcs 100 million.

An organization that is relatively independent from the economic point of view and that is responsible for its own development is interested mainly in obtaining imports it vitally needs. However, as the example shows, this priority may motivate the organization to reduce exports and drastically cut its payments of foreign exchange as compared with the amount envisaged in the plan, although those planned assets in foreign exchange were earmarked, for instance, for imports of pharmaceutical products.

Therefore, the foreign exchange standard for 1989 was supplemented with the minimum payment of funds in foreign exchange to the central bank. The foreign exchange standard of payments for 1989 was further supplemented with a unified incentive foreign exchange standard and by the same token, with maximum subsidies in foreign exchange representing the contributions from the central foreign exchange bank were stipulated for economic transactions of organizations which are in the red in payments to nonsocialist countries and the Socialist Federative Republic of Yugoslavia.

### What Should Be Included in the Standard

The objective of the foreign exchange standard as a mechanism of economic management does not rest solely in the stipulation of the share of foreign exchange collections for an organization or for the central bank. We see its significance especially in the fundamental shift toward greater responsibility of the organization for the results of its foreign trade and thus, in an important step toward self-financing in foreign exchange.

Unlike the previous so-called foreign-exchange covering of imports, which represented the obligation of the center to pay foreign exchange for imports, the foreign exchange-standard means nearly complete identification of foreign exchange with the means of payment. However, this change in the principle also means that in 1989 foreign-payment conditions must be transferred to appropriate domestic organizations thus far in foreign-exchange area. Moreover, this means also the assumption of obligation for payments due in 1989 for goods which those organizations had imported in the past.

Nevertheless, it should be noted that in 1988 payments for past imports enormously increased foreign obligations of the Foreign Trade Agency. This extraordinary effect upset the rationale for the demand that in 1989 our economic organizations cover also all payments from the preceding period. Obviously, banks must deal with part of this increment.

The foreign economic standard applied this year in our relations with the nonsocialist countries and the Socialist Federative Republic of Yugoslavia may be regarded as a certain step toward the convertibility of our currency. However, there are restrictions given by the formation of assets in foreign exchange of organizations and by pertinent standards requirements.

The inclusion of direct costs of foreign trade in foreign exchange standards stirred up a big debate. Essentially, there are two approaches:

1. To apply foreign exchange standards based on prices of commercial parity, where direct costs of foreign trade are included in calculations of the standard, and furthermore, are the subject of payments to the central foreign exchange bank.
2. To apply foreign exchange standards based on pro forma contract, where direct costs of foreign trade are regarded as some kind of administrative costs (current account), and are not a subject of payments to the central foreign exchange bank.

Each of the above-mentioned methods has its positive and negative aspects. Thus far, the foreign exchange standard based on pro forma contract prices appears much more appropriate for general application of the standard method in the management of foreign trade relations, particularly because of the separation of the

foreign and domestic areas of foreign exchange, which may be affected to various degrees by operations of the organization. At the same time, there are pressures to achieve the highest net profits in foreign exchange in fco prices. On the other hand, the application of trade parity is affected by several problems and shortcomings which in a number of cases may impair the operations of the organization. Above all, they make it impossible to plan direct costs of foreign trade with sufficient precision, because their amount does not depend only on the determination and efforts of the organization but especially on the conditions of trade. Pressures may negatively affect organizations and compel them to reduce direct costs of trade to a minimum by using the shortest possible parities in deliveries (all charges paid to border, fco factory). However, this process means a very disadvantageous consequence for the Czechoslovak balance of payments, because it reduces the space for the use of our domestic transportation capacities.

This problem may be illustrated in a simplified fashion by the following example: Let us assume that the standard stipulated for an organization amounts to 70 percent of the levy (at the level of par trade prices), and that the amount of direct costs of foreign trade included in the standard is planned, for example, at 10 percent on the basis of the average for the past year. Now the organization may decide to follow one of two different steps in trade:

(a) export goods at par value of Kcs 105,000 to the FRG. The levies represent 70 percent of Kcs 105,000, i.e., Kcs 73,500. The organization has Kcs 31,500 left; after direct costs of foreign trade, for instance, Kcs 5,000, are deducted, it is actually left with Kcs 26,500;

(b) export goods in the amount of Kcs 150,000 to a more distant territory, for example, Australia. Levies represent 70 percent of Kcs 150,000, i.e., Kcs 105,000. Kcs 45,000 is left to the organization, and after the deduction of direct costs of foreign trade, for instance, Kcs 50,000, the organization has actually a deficit of Kcs 5,000. Thus, the organization cannot engage in this transaction.

When stipulating the foreign exchange standards based on fco prices, the results of both transactions are the same. From this example it follows that the inclusion of direct foreign trade transactions in the standard and their "standardization"—as presumed by calculations of foreign exchange standards based on trade parity, is extremely questionable, especially where direct costs of trade are of major importance (machinery, investment units). Because calculations of standards must be objectively estimated on the basis of trade parity, according to decision of the CSSR government No 202/1989 this type of standards will be applied in 1989 in selected organizations.

The system introducing foreign exchange standards construed on the basis of fco prices interconnects the sources and expenditures to cover direct costs of foreign trade



from the central foreign exchange bank and thus, it enables Czechoslovak organizations to participate to a greater degree in transportation of our products both to and from other countries. In 1989 a similar system and foreign exchange standard are applied in foreign trade as in manufacturing organizations.

### Two Kinds of Accounts

Part of the standard planning of foreign trade transactions is the foreign exchange account of the organization. The situation of foreign exchange accounts of organizations and the data about future formation of assets for those accounts determine the obligation of organizations vis-a-vis foreign countries.

At present, there are capital accounts (which must be always fully covered in Kcs) and invoiced accounts (which represent claims for procurement of foreign exchange in amounts corresponding to the situation of the invoice).

Invoiced foreign exchange accounts predominate; their main advantage is that they may be included without any problem in the current system of financial planning. In addition, their character comes close to the usual concept of convertibility expressed as the right of exchange.

As compared with the invoiced account, the capital account has certain drawbacks which make its use more difficult. First of all, as already mentioned, it must be covered in our currency, Kcs, which the organization could use in some other way to its own advantage. Thus, its character is that of unprofitable assets, which has a negative effect particularly in foreign exchange, because it excludes from actual use part of foreign exchange assets equal to the deposit remaining in that account. Another problem is that it may be used by organizations receiving subsidies in foreign exchange, because it represents essentially mandatory purchase of foreign exchange in the amount of the credited foreign exchange subsidy, which even countries whose own currency is freely convertible do not require.

The objective need to transfer the conditions of foreign payments to manufacturing organizations is respected in the area of foreign exchange in the system of management of foreign trade transactions. In the Kcs area, this principle is not generally applied in 1989 due to great difficulties with the practical fulfillment of this transfer from the Foreign Trade Agency to manufacturing organizations, particularly in case of obligations from past years.

In this conjunction, there is apprehension that this method could be disadvantageous for the exporter. This issue is now the subject of intensive studies because the transfer of conditions of foreign payments must be made even in the Kcs area as soon as possible.

A fundamental change in the new method of management of foreign trade involves the transition to the collection-payment relations. The control of foreign trade by the center was replaced by individualized foreign exchange standards, payments or subsidies assigned to individual organizations by ministries. Here the sectors proceed from the state plan of operations for 1989.

The methodology for the stipulation of foreign exchange standards, payments and subsidies was issued jointly by the State Planning Commission, the Federal Ministry of Foreign Trade, the Federal Finance Ministry, and the Czechoslovak State Bank in August 1988. The reorganization of the management system and the problem with the identification of claims and obligations of individual organizations considerably delayed the presentation of necessary documentation. This situation demanded that the coefficients stipulated in methodological instructions be applied for the determination of payments for import of investments in 1989.

For the same reason, it was then necessary to regard deferred payments for noninvestment imports in 1988 as a constant; in other words, payments for imports delivered in 1989, which have been deferred until 1990, will be approximately the same as payments delayed until 1989. Therefore, these basically supplemental methods could lead to certain inaccuracies in initial data for the calculation of foreign exchange standards, payments and subsidies for individual organizations.

Many problems notwithstanding, it may be noted that certain positive moments have begun to appear. The essential contribution for broader applications of the principles of self-financing in foreign exchange is the change in the approach to our manufacturing organizations to the results of their exports and imports, and the objective need to become more involved in foreign trade, credit transactions, etc.

The foreign exchange standard is a mechanism of the new system of planning and management of foreign economic relations; by itself it cannot resolve objective problems of specifications of the plan which stem from a certain measure of subjectivism in the drafting of the plan. The transition to this new system, which means a major qualitative change, demands also that central authorities specify all procedures in greater detail.

Standard planning and management introduced in 1989 represent a system of mechanisms which integrate enterprise and national economic interests into a single totality. Its basic factors, i.e., management of foreign exchange relations through central foreign exchange banks, the responsibility of organizations for khozraschet in the area of foreign exchange, or efficient interactions of objectives of the state plan with what is already almost a mechanism-like type of management of organizations, may be regarded as principles with long-range applications.



It is certain that considerations and discussions about the possibility of managing foreign economic relations by another kind of standard or about its long-term validity and character of accounts are imperative and inevitable. Naturally, the advantages or disadvantages of these variants must be weighed both from the enterprise standpoints and from the standpoint of our national economy. At present, however, the primary task of the system of standard foreign trade management is to get it running properly, to eliminate and remedy shortcomings along the way, and to draw appropriate conclusions from experience thus gained. Last but not least, our enterprises and the center must change the direction of their economic thinking in agreement with the actual situation of the world trade in the final years of this century.

### **Factory Managers Told To Bring Out Quality Products**

*24000141a Prague RUDE PRAVO in Czech  
10 May 89 p 1*

[Editorial: "Fight for Quality"]

[Text] Why is restructuring proceeding so slowly—people often ask. And they get the answer that it is proceeding at the planned speed, now even much faster than was originally expected. By 1 January of next year the new rules will already be in force throughout the national economy.

But are rules the whole restructuring? It cannot very well begin to function without a change to new thinking, and that cannot be planned. Each enterprise and each individual has to work out their own way. So far this change has been proceeding very unevenly and obviously slowly. Or at least we can conclude that from the attitudes and behavior of many enterprises. Many of them are at a loss how to proceed under the new circumstances. That is understandable, after so many years of ingrained methods it is difficult to shed them.

There is no shortage of ideas, to be sure, but few of them are the correct solution. Until now, enterprises received almost everything from the state. And now—take care of yourselves. They can handle the greater authority, perhaps even the responsibility, but thus far self-financing has been an indigestible mouthful. And so organizations are trying to improve their economic situation by raising the prices of their products, services, and labor, and by giving priority to developing production of expensive goods, in other words, at somebody else's expense.

They will not arrive at new thinking in this way, of course, not to mention new approaches and solutions. Actually it is not so difficult to find the right way; it must begin with self-criticism.

In many departments until now decisions on production programs were made without regard to the needs and wishes of the consumers. The domestic ones had to be satisfied with it, the foreign ones either found another

supplier or were only willing to pay minimal prices. Can an enterprise afford to continue like this? Therefore, the first thing to do is to adjust production programs to the demands of the consumers.

Until now, most R&D workplaces set for themselves goals that were too modest, while taking a long time to achieve them. Often the results did not bring anything new, but only seldom did anybody take exception to it. What is such research and development good for, if its ideas do not increase the competitiveness of the products?

Many workers engage in thinking about innovations. But, apart from a higher price, the product seldom has a greater utility value, which consumers very quickly discover and lose interest in the product. An innovative process conceived in this way brings no contribution to the enterprise, but means unnecessary waste of money, including salaries for the innovators.

At various international shows, mainly at home, our exhibitors receive many commendations and acknowledgments. But very few of the products thus honored turn out to be also a commercial success, particularly on the foreign markets. Why do we then support the producer in his false feeling of self-satisfaction instead of enforcing strict international standards and demands?

These are random examples of the old thinking which persists and is the main reason why self-financing is feared. New thinking means to realize that we must now without fail work and evaluate the finished work in an entirely different way than before. A struggle for quality work is beginning and must begin in all enterprises and organizations. And quality does not mean only not making defective products, but above all continually putting higher demands on ourselves.

And it also means not waiting for others—for someone to develop a new piece of machinery, a supplier to begin sending better materials, or a store to begin buying even dead stock out of desperation—but for each of us to begin working in his own area better, more reliably, more responsibly. Even when it is an activity of the least importance, even then it is essential that it be performed faultlessly.

People expect that restructuring will do away with the current shortcomings and problems, as well as improve the standard of living. To put it simply—they hope that everyone will be able to buy what they want and what they can afford. That expectation is correct, but without a change in work attitudes, without an improvement of their own efficiency, basically unachievable. In addition, a new approach to remuneration is also necessary.

A deep-rooted equalization of wages, little differentiation between the best and the worst, good wages for poor work, and even payments for work not performed, all that is for the time being the greatest obstacle on the road

to restructuring. As long as wages grow faster than labor productivity we cannot expect a turn for the better, and till then instead of improving the standard of living we shall get closer to inflation.

It is about time that we stop clinging to the hope that a system of remuneration can be implemented by some decree. That can and must be decided by those who have to judge the volume and quality of work and determine the remuneration accordingly. As long as they are afraid of conflicts and idlers—and conflict cannot be avoided when applying the principle of merit—as long as they prefer their own comfort to a real development of the enterprise, their companies will not be rid of problems and shortcomings. And, unfortunately, until then remuneration will not be an efficient economic lever, but only a source of jokes.

It was established by law that work collectives elect their own enterprise directors and chairmen of cooperatives. They thus give them not only their trust, but also charge them with responsibility for the development of the organization, for its good management. No director or chairman need be afraid that he will be recalled for being strict and for demanding order. But if he does not insist on discipline and order, require from each a full and quality performance, if he tolerates shortcomings, then it is in the interest of those to whom he tried to be kind and undemanding to recall him as quickly as possible.

New thinking—fight for quality. The sooner each of us understands it, the better for him and for the restructuring.

## GERMAN DEMOCRATIC REPUBLIC

**Robotron General Director on Combine Status**  
29000026 Paris LE MONDE (supplement) in French  
3 Jun 89 p 23

[Interview with Robotron general director Friedrich Wokurka, by Erik Izraelwicz, date and place not given: "Friedrich Wokurka: No to Privatizing the Robotron Combine!"; first paragraph is LE MONDE introduction]

[Text] "Innovation and training" are the two foundations of the strategy being implemented by Friedrich Wokurka at the head of his company, Robotron, a 68,000-person conglomerate which manufactures typewriters, printers, computers, and chips. That all seems ordinary enough so far, but Wokurka is a big East German boss. General director of one of the main GDR combines, he explains why, unlike some of his Hungarian and Polish counterparts, he is opposed to the privatization of his company, but also using the market as a principal guide in commercial and technological policy.

[LE MONDE] Robotron is a combine, a state conglomerate specializing in data processing and electronics, that groups together 20 companies. It has no competitor in the GDR, and thus no stimulus. Isn't that a handicap?

[Wokurka] I compete directly with IBM and the other Western manufacturers. Over the last 6 years, we have increased our sales by 20 to 25 percent annually. Last year 70 percent of our 10.5 billion marks<sup>1</sup> in sales were made outside the GDR. We must maintain a high technological level both in hardware and software. We have a long-term strategy that aims to constantly satisfy market needs based on what is technologically feasible.

Innovation and training are the two foundations of this strategy. We devote between 10 and 12 percent of our sales [revenue] to research and development. It is essential that our personnel be technically qualified. At least once every 3 years, on the average, each Robotron employee undergoes training in one of our own centers.

[LE MONDE] What is the goal of a combine company head in the GDR: to boost sales, maximize profits, or please his ministry?

[Wokurka] Not the latter in any case. Not at all. That is not asked of us and I will never do it. Our first goal is to carry out the tasks assigned us by the state in its national strategy, the plan. The general director has a personal responsibility to his company. Sales or profits? In East Germany, we do not say profits, but returns. In any case, there is a connection between sales and results. Returns unquestionably come first, for without them we could never pay our taxes or, above all, invest.

[LE MONDE] But if the general director of a combine does not reach his goals, is he replaced?

[Wokurka] Not immediately. It can happen that the expected success does not occur right away. But the situation must not drag on. If the objectives are never reached, if there is a permanent deficit, then this can have consequences not only for the general director but also for his collaborators. That's life.

[LE MONDE] In other socialist countries (Hungary, Poland, USSR, etc.) company directors are now elected by the personnel. What do you think of that?

[Wokurka] Each country does as it likes. It has not been considered in our country. Nor in yours (France) to my knowledge. In the GDR, the state names directors and assigns them goals to accomplish. It generally chooses already experienced directors; that strikes me as normal.

[LE MONDE] In certain socialist countries, state enterprises are in the process of being privatized. Would you favor privatizing Robotron?

[Wokurka] No. There is no plan to do so. A state enterprise, Robotron has already undergone a long period of development, with much success. People whose work has contributed to this development and who have reaped considerable social advantages from it would not understand why their company was being privatized. More broadly speaking, state property

remains the definitive form of property in East Germany, alongside cooperatives and private property. Over the last few years the private sector has, moreover, benefited from a special incentive plan, particularly in the tertiary sector, crafts, and the restaurant industry. But the great productive capacities are and will remain state property.

[LE MONDE] Fifty percent of Robotron's sales are made in the USSR. Isn't your company too exclusively dependent on a single market?

[Wokurka] The Soviet Union is indeed our top client. It is an enormous market which we would like to hold onto over the long term. However, you're right, we are in a situation common to all companies which have a principal market. We must constantly adapt.

[LE MONDE] To perestrojka notably?

[Wokurka] We now work with many independent partners in the USSR. We have had to adapt to meet the competition, Soviet and foreign. In particular, we have increased our sales force. We are in the process of creating subsidiaries in each republic, in order to be closer to our customers.

[LE MONDE] Western businessmen who work with the USSR complain of a certain disorganization of the economy.

[Wokurka] I won't call it disorganization. Commercial relations are diversifying. There are now many partners who can work directly with foreigners. This raises certain temporary problems. We must get to know our new partners, their strategies, and so forth.

[LE MONDE] Is the COCOM [Coordinating Committee on Export Control] list (banning Westerners from selling certain technological products to the East block) still an obstacle to your exchanges with Western countries?

[Wokurka] In certain sectors, especially anything high tech, COCOM is still a hindrance. It affects both sides. I know many Western companies who would like to cooperate with us. We must be patient.

[LE MONDE] Are you seeing greater flexibility now?

[Wokurka] I cannot speak for the overall situation. There has for instance been progress in exchanges of scientific information, but the rate needs to be speeded up further.

[LE MONDE] By selling mechanical typewriters to the West, you are saddling yourselves with an image as "throwback, bottom-of-the-line" producers.

[Wokurka] Business is business. When you can sell a product and realize a return, why refuse? It has no effect on the development of our new products.

[LE MONDE] What are your relations with France?

[Wokurka] We have annual sales of around 50 to 60 millions francs in France, from the sale of typewriters, televisions, printers, electronic measuring instruments, and drafting tables. I think there are still many unexploited trade possibilities, in both directions. We are particularly interested in cooperating with French companies in the development of software and computer networks, but also peripheral components.

#### Footnote

1. One East German mark equals approximately 3.40 French francs at official market rates.

## HUNGARY

### Modern Corporate Reorganization Raises Hopes, Questions

#### Medicor Executives Interviewed

25000245 Budapest FIGYELO in Hungarian  
4 May 89 pp 1, 6

[Interview with Medicor executives Dr Istvan Martos and Peter Gabor, by FIGYELO editor in chief Dr Gyorgy Vargha: "Medicor Maneuver: From Business Concern Into Holding Corporation"; date and place not given; first paragraph is FIGYELO introduction]

[Text] For months now, debate related to the vesting of interest in assets and to the establishment of institutional conditions for the management of communal assets has continued on the pages of FIGYELO. Since we have no such experience, it is particularly important to study those few enterprises which already transformed into stock corporations. These include Medicor. In Spring, 1988 Medicor transformed its factories into stock corporations, and the enterprise itself became an holding company managing the assets. Its name: Medicor Management Company (MIV) (FIGYELO Nos 14 and 39, 1988). In the recent past the enterprise MIV presented a new surprise. As one could learn from an announcement published in FIGYELO, the Medicor Investment Advisory Inc. (MBT) was established. Are we witnessing another financial trick—as some viewed the matter during the 1988 transformation—or is this a new step to strengthen the function of the actual owner of capital, and consequently of interest in actual capital yield? Dr Gyorgy Vargha asked this question from MIV president Dr Istvan Martos and MBT president Dr Peter Gabor.

[FIGYELO] I find the establishment of MBT an interesting turn of events. How and for what reason did this idea come about?

[Martos] The MIV too has to be transformed into communal property. At that time, however, we did not

know—we could not know—how to do that and in what form. The experience gained since has matured the idea of establishing the MBT.

[FIGYELO] Nevertheless the MIV does not cease to exist. A certain kind of dualism has evolved: the MBT has come into being, but the MIV continues to function.

[Martos] This is true, but only temporarily. Until such time that the MIV fulfills its obligations to its creditors. Accordingly, transformation, the further step we took is not based on a new idea. The method by which this matter is being resolved is new.

There came into being an assets management holding corporations in the form of a stock corporation, and MIV will cease to exist within a year or year and a half.

[FIGYELO] Let's talk more clearly. Medicor has experienced financial problems, problems in making payments since 1986....

[Martos] Ever since the state has pursued restrictive fiscal policies....

[FIGYELO] Okay, let's pin down the facts. The 1988 change into a stock corporation was also a result of constraint in hopes that by selling stock Medicor could obtain supplemental resources and thus avoid the threat of insolvency. If I am correct, in 1988 the stock corporation closed with a profit, but MIV suffered a loss of about 500 million forints. Was it not this fact that provided motivation for the establishment of MBT?

[Martos] I must correct your question. Namely: MIV's 1988 loss was exclusively of a technical, an accounting character.

[FIGYELO] I learned from FIGYELO that MIV took over all financial obligations assumed by the large enterprise prior to 31 December 1987, that is loans, the interest on these loans, the guarantee obligations, etc. Are these not included in that certain 500 million forint deficit?

[Martos] Yes, also these are included, but in addition to these, also the stock corporation's 600 million forint result appears. I will emphasize: the bulk of the loss you mentioned is a matter of accounting technique, in other words this case does not involve the movement of money. The situation is well characterized by the fact that while there appears a loss in MIV's balance sheet, its assets are increasing, meaning that the balance sheet is positive.

[Gabor] The loss incurred by MIV is a result of the method used for transformation, it was a consciously chosen solution. We did not burden the new stock corporations by transferring Medicor's liabilities that accumulated until the end of 1987, as well as the segregated expenses. The source of financial obligations

is the sale of part of the shares and of other assets that fell into MIV's hands at the time of transformation. In accounting practice the sale of assets does not produce income, while interest on loans and segregated expenses must be accounted for in the financial statement among investments. A situation with this size loss must be shocking to the outside observer, but otherwise, if stocks were sold at an appropriate pace it would not cause solvency problems.

At the same time one must see that the transformation of Medicor does not create a budgetary loss. To the contrary. It results in additional tax revenues. Because the companies pay taxes after the 600 million forint profits that came about in the companies. Had Medicor functioned as a large enterprise in 1988, and if the final result would be made up of profits earned by all the companies and the losses shown by MIV, this could have resulted in a smaller tax base.

[FIGYELO] Let's stay with monetary and capital resources. MIV counted on selling 700 million to 800 million forints worth of stock in 1988, and on using part of the money raised from the sale of stock to discharge its payment obligations. In reality, how many forints worth of stock were you able to sell?

[Martos] We overestimated our potential. Medicor stock valued at 320 million forints was sold. One reason for this was that the capital market is still rather undeveloped. The other reason was that the owners of capital had a choice. They could invest in a high risk industrial enterprise promising to pay dividends at the rate of 8 percent, or to commit their money into a strongly capitalized bank paying dividends at a rate of 17-18 percent. I believe there was no question about the choice.

[FIGYELO] I accept the argument, although it makes me wonder whether these were the only considerations that played a role, even if the primitive stock market manifests a judgment of rejection?

[Martos] We will learn about the stock market's value judgment when there exists a real stock exchange.

[Gabor] It is unquestionably true that we were not able to sell our stock at the pace warranted by our payment obligations. By now we can also see that our stock is worth less than what we assumed in 1988 they would be worth. This is also proven by the establishment of MBT: the Medicor company shares became attractive and saleable below face value.

[FIGYELO] By how much did you devalue the stock?

[Gabor] By 50 percent.

[FIGYELO] And at the same time you doubled the dividends.

[Gabor] It now may represent something like a 14-15 percent dividend as contrasted to the earlier 8 percent.

[FIGYELO] If I understand this matter correctly, the establishment of MBT once again took place by circumventing the stock market, by avoiding the judgment of the stock market....

[Martos] Yes, we are talking about establishing a private company.

[FIGYELO] Moreover, I would not be amazed if some people became suspicious about having triggered a fraudulent bankruptcy. What do you think of that?

[Gabor] One has to go bankrupt first in order to have a fraudulent bankruptcy. But the MIV did not go bankrupt. In 1988 it complied with its repayment obligations, and it is precisely because of the establishment of MBT that MIV will be able to fully comply with its payment obligations, i.e. that it avoids going bankrupt. Another large co-owner of MIV and MBT—the National Commercial and Credit Bank—which served as the largest creditor for the earlier Medicor has as its elementary interest to avoid bankruptcy—real bankruptcy.

The way we did this includes the potential of fraudulent bankruptcy. I will not deny that. But bankruptcy is in the interest of no one. We are aware of the fact that under market conditions this is a very serious violation, and would shatter Medicor's positions not only in Hungary, but also abroad.

[Martos] The MIV will remain in existence until all of its obligations are discharged. And further, MIV property, following the establishment of MBT is valued twice the amount of its existing obligations. In other words: the likelihood of bankruptcy may be ruled out. And finally, Medicor has only short and medium term debts composed of liquid assets. Medicor will be one of the Hungarian enterprises to resolve its financial problems under its own authority, and will not turn to the state for subsidies and special treatment. Incidentally, it is my experience that in Hungary no one roots for enterprises manifesting positive conduct.

[FIGYELO] Don't take it amiss if I express further doubt: would not the 50 percent devaluation of Medicor stock on a whim mean that state assets are being wasted?

[Gabor] Relative to what did we devalue state assets? Relative to a real market value or to an artificially created book value? The value of assets is determined by the capital market and by capital yield. If capital yield is average, so is its worth. If capital yield is below average, the capital market will devalue that capital by reducing the market value of the security. The 8 percent dividend offered by us in 1988, and the depressed demand for our securities proved that in Hungary today industrial stock cannot be sold according to book value.

[Martos] Our 8 percent dividend evolved on the basis that in 1988 banks paid dividends at a rate of about 15 percent. But had the large banks paid a 12 percent dividend last year, as they do today, we probably could have rendered Medicor stock attractive at 75 percent of the book value. The fact is, however, that numerical values have nothing to do with the real market. And don't forget that by devaluing our stock by 50 percent and by selling a large volume of stock we got rid of loans bearing a 20 percent interest.

[Gabor] I would like to add another thought to the devaluation of state assets. If this is the economic price a business must pay in order to raise supplemental capital, to thus maintain its market positions developed in the course of several decades, and to make its capacities function in a way so that instead of suffering losses and liquidation it produces income, one may ponder why we are so afraid of a realistic valuation of state assets by the market.

[FIGYELO] What other reasons supported the establishment of MBT?

[Gabor] The other reason was that in a state enterprise like MIV, it is difficult to separate the managerial function from the ownership function. Because this could, and has become the source of unresolvable contradictions.

As a result of the fact that in the future the organization which exercises ownership rights is also a stock corporation, the managerial function will be distinct from the ownership function. We feel that by virtue of the stock corporation there came about an organization of owners interested primarily in capital yield. Owners will leave their capital in this system as long as their expectations relative to yield are satisfied. MBT—in its capacity as a holding company which manages assets—will also satisfy the requirements of capital mobility.

[FIGYELO] The separation of managerial and ownership functions, however, does not take place overnight. Supposedly there is a transitional period in which the MIV still exercises ownership rights, and the MBT does not yet exercise ownership rights. Would this not be the source of disturbances?

[Martos] I would like to make clear what the goal is. Within the foreseeable future, MBT will own all of the MIV assets. Until such time we will indeed have a transitional period, but one need not be concerned about the mixing of managerial and ownership functions because the corporate bylaws make clear provisions in this regard. The MBT assumed authority primarily in regard to ownership rights related to capital investment, while the freedom of member corporations, within certain limits, is substantially increasing even as compared to the present situation.

[Gabor] In the course of establishing MBT, two-thirds of Medicor stock was handed over to this holding corporation. As a result of this, also the direction exercised by the owners becomes a function of this organization. A few functions remain under the MIV jurisdiction, among other matters the tasks related to the further sale of its own assets and to the attraction of foreign capital.

[FIGYELO] Would this mean that the stock remaining in MIV's hands will be sold primarily abroad?

[Gabor] Yes. In this way we will be able to acquire technology from abroad, and at the same time we may enjoy the tax benefits due to mixed nationality joint enterprises. This is so, although we would like to attract foreign capital to our companies not only by selling stock, but also by increasing the capital.

[FIGYELO] More than a year ago you stated that you intend to attract foreign capital at a ratio of at least 20 percent. How much of this has materialized?

[Gabor] The way we see it today it appears that from the standpoint of some of our companies we could not rule out the possibility of achieving a 30 percent foreign capital share. Thus far, however, we have not attracted foreign operating capital. We have worked on this matter for close to a year and in 1989 we may realize a few transactions.

[FIGYELO] Can you see a change in enterprise attitudes?

[Martos] We gathered some noteworthy experience regarding the first year functioning of our stock corporations. The most important thing we learned is that it is more difficult to change one's outlook than it is to change the organizational system. For example, they still place part of the profit into "reserve" accounts and they are upset about profit withdrawals. They say: "thus far only the state took our profits, now even the holding company reaches into our pockets," etc. By now these forms of conduct must be viewed in a different way because there appeared an owner who establishes visible, specific profitability criteria.

[FIGYELO] What proportion of profits produced by individual corporations does the holding company withdraw?

[Martos] In 1988 the owners withdrew an 8 percent dividend along with a 10.6 percent average taxed profit in proportion to assets. The redistribution of the income of ownership organizations takes place based on the maximum yield requirements. In other words, the money is not necessarily returned to those who produced it.

[FIGYELO] We already talked about capital mobility. Should I interpret your words as meaning that the MBT is a portfolio investment company?

[Martos] No, it is not. It is a holding corporations which enables capital flow to a decisive extent within the medical instrumentation profession. Our plans do not include diversification. I believe that a majority of international holding corporations thinks this way.

[Gabor] The MBT must prove in the long term that as a result of favorable capital yield it is worthwhile to invest here and in this form. If we do not succeed in proving this, the 65 percent capital stock share held by financial institutions will be removed from this holding corporation.

[FIGYELO] May I assume that the personnel of the holding corporation consists of investment experts?

[Gabor] The MBT personnel consists of well educated economists and financial, technical, and management development specialists familiar with Medicor for a long time, and who may become also investment specialists.

[FIGYELO] Will the overlap in personnel in MIV and MBT remain?

[Gabor] Since MIV owns the largest part of MBT, it has a controlling voice regarding all decisions which the owner is entitled to make. It then follows that the president of MIV is also the president of MBT.

[FIGYELO] To this extent then, there exists an overlap in personnel. This could make the separation of exercising managerial and ownership functions inconsistent.

[Gabor] To the contrary. Ownership functions are performed by MIV together with the other owners, while the work organization of MBT performs the management of the Medicor group of corporations. Overlap is warranted to this extent.

[Martos] The personnel overlap is characteristic of the transitional period. Each large stockholder is represented in the MBT directorate, meaning that owners are already making decisions in this body.

[FIGYELO] What long term advantages of a business policy nature would flow from the establishment of the holding corporation which manages assets?

[Martos] The primary advantage is the improved opportunity to attract foreign capital. This may result in improved technological standards, and in improved wage conditions and quality of work. We are counting on a 1989 foreign capital share ratio of 20 percent in our companies, or at least 5 million forints. We are confident in this regard because foreign capital became more confident since we established the holding company. They are dealing with a real owner, not with a state which appeared to them as an abstract owner. The foreigners' confidence is also strengthened by the fact that banks too are co-owners of MBT. For example the

[Austrian] Creditanstalt [Bankverein] has indicated that they would be willing to join the holding corporation.

[FIGYELO] Under what conditions?

[Martos] We must submit to them the Medicor companies' 1988 financial statements audited by an internationally recognized public accounting firm, and we must secure their capital in one way or another against forint devaluation. We will meet the first condition within a month, it is more difficult to meet the second condition. Supposedly it can be accomplished through some kind of a termin [word unknown] transaction.

Opportunities unprecedented during the past decade will be available to our stock corporation as a result of foreign capital participation. Nevertheless it is fact that each stock corporation must still develop its business policies, because without those we cannot count on attracting interest in investing foreign capital. The foreign businessman is interested in something completely different from the Hungarian enterprise manager. While the latter is interested in technology and physical investments, the foreign businessman looks at and values management, the product, the market for products, the market share of a product and the company's ability to innovate.

[Gabor] The chief business policy goal of transformation is to establish financial stability. This is the starting condition for the renewal of the production structure, the establishment of technical and organizational conditions for increased productivity, and the expansion of capital within our companies which helps all of the above.

[FIGYELO] Is their going to be a change in the management of the 10 Medicor concerns abroad?

[Martos] Yes. An independent limited liability corporation will take over their direction. The relationship of that limited liability corporation to the holding company has not been clarified, however.

[FIGYELO] In 1988 you stated that gradually you will terminate the uneconomical CEMA obligations. Have you reached a decision in this respect?

[Martos] It is in progress. A majority of our companies has not undertaken uneconomical exports in 1988. Nevertheless demand is so great relative to a few products which constitute loss centers that we must render those products economical by further reducing costs.

The bulk of the first year's results stem from general cost reductions. MBT has 13 employees altogether, while MIV has 24. When MIV ceases to exist, the ownership organization will have 24 or 25 employees.

[FIGYELO] Have changes been made in the management of Medicor companies?

[Martos] At last year's start we changed the manager of only one company. In our judgment however, despite the results, some of the good managers must be replaced by better ones primarily because under the new circumstances we need a completely different outlook and work style. Beginning in this fiscal year new managers will be heading half of the companies.

[Box, p 6]

At the initiative of MIV, the MBT was established with an initial capital of 1,035 million forints. Its founders: MIV, the National Commercial and Credit Bank Inc., the Budapest Bank, the State Insurance Company, the Post Bank and Savings and Loan Inc., the Industrial Development Bank, Mikromed Ltd. and Medicor Commercial Company Inc. In establishing the company MIV contributed stocks, while the Medicor companies participate with cash. Capital share distribution is as follows. MIV 29 percent; the financial institutions 65 percent, and the Medicor companies 6 percent. The relative majority share of stocks remains in MIV's hands.

By making relatively small investments, the founders of the new stock corporation become the owners of a firm which has majority control over assets worth more than 3 billion forints at book value.

The MBT's activities are the management of the earlier Medicor assets, the executive direction of companies through the exercise of ownership rights, and the operation of the Medicor concern. Later on the Corporation will prepare action programs, issue investment advisories to other enterprises outside the concern on a consignment basis, will make investments and will be active in the stock market by using available or accessible capital.

#### **Banker on Debt Conversion**

25000245 Budapest FIGYELO in Hungarian  
4 May 89 p 6

[Interview with banking executive Dr Ervin Ernst by I. G.; date and place not given; first paragraph is FIGYELO introduction]

[Text] There are four banks among the founders of the MBT. One of these is the National Commercial and Credit Bank which manages MIV's account. We asked managing director Dr Ervin Ernst about the business relationship between the Bank and Medicor.

[Ernst] Not only in the MBT are we stock holders. Last year, when factories in Budapest and in the countryside changed into stock corporations we bought stock in three of them. These are Medicor Maros Furniture Manufacturing Inc., Medicor Technical Development Inc., and Medicor Main Enterprising [sic] Inc. We managed their accounts before and continue to do so. We recognize

them as properly functioning enterprises. For this reason we bought 36 million forints worth of stock in these three corporations.

[FIGYELO] And in the MBT?

[Ernst] In this case, and in regard to this company we are running after our money. Namely, we "purchased" stock worth 150 million forints at MIV in lieu of our short term loan. We converted it into capital stock. Incidentally, stock served as collateral also for that borrowed 150 million forints, under a security agreement Medicor deposited stock at the bank worth 300 million forints at book value. Under the terms of the agreement, in case the loan is outstanding after its expiration date, the Bank could have sold the entire stock deposited as security.

[FIGYELO] Any other credits or outstanding loans?

[Ernst] There is a substantial amount of outstanding loans. It is composed of export credits, medium term advance credits on operating capital, and of older special purpose investment credits. In harmony with the risks implicit in lending, Medicor's debts incurred through loans is appropriately secured through collateral and credit insurance. Thus far Medicor paid the installments and the interest on time.

### **Vandalism, Theft Baffle Railroad Management**

#### **Safety Concern**

*25000267a Budapest NEPSZAVA in Hungarian  
24 Apr 89 p 5*

[Article by Attila Csarnai: "The Trains Must Run.... Safety Without Security Devices?"]

[Text] An increased number of reports concerning damaged cables were received by the Hungarian State Railroad [MAV] directorate during February and March. Thefts occurred particularly in the Budapest, Debrecen, and Pecs regions. As a result the number of accidents and the number of delayed trains increased.

MAV leadership appears helpless for the time being. According to a report released by MAV's control division, police investigations do not produce the desired results due to the inaccuracy of reports covering the incidents. Copper cables used in conjunction with signaling and security devices are sold, most likely to small tradesmen and MEH [scrap metal collection and recycling] tradesmen dealing in nonferrous metals.

Statistics of this nature are not of recent origin: 164 incidents of damage inflicted on various railroad equipment were reported in 1986. By 1988 the number of incidents had increased to 292. The number of thefts reported in 1987 amounted to 9 incidents; in 1988 there were 100 thefts. The largest number of criminal acts took

place in the areas under the jurisdictions of the Budapest, Debrecen, and Pecs directorates, in a descending order of magnitude.

#### **Vandalism and Profiteering**

Recognizing the untenable situation, MAV chairman and president Lajos Urban convened a special meeting and requested the control division to prepare a special report. Among other matters, the 3 March report has this to say: "The motive behind the damages is in part vandalism for the sake of causing damage, and in part profiteering. Protection of trains and of railroad equipment is made more difficult by the fact that most of these are outdoors, accessible to anyone.... The number of confused situations along railroad lines is increasing. Under such circumstances, railroad workers may sooner or later accidentally cause severe railroad accidents."

MAV deputy chairman Andras Meszaros stated that "unless we can stem the destruction through joint effort, the quality of passenger transportation will deteriorate further."

The report further states that "In January and February 40 percent of the criminal acts took place in Budapest and within Pest County. The afternoon and evening hours are most dangerous ... in January the loss incurred through damages has reached the 500,000 forint level, and damage inflicted on security equipment is particularly large. Disadvantages stemming from overdue trains are difficult to quantify. Nevertheless it is clear that such delays cause losses too. Except for a few incidents, we have no records concerning delayed trains.

#### **Jurisdictional Dispute**

Meszaros says that "fortunately thus far passengers have noticed only a few train delays periodically. Although significant delays have not occurred, we must realize that delays lower the esteem of the railroad in the public eye."

Control division deputy director Peter Lanczos enumerates the direct consequences of destruction: "In case of trouble we must direct traffic by using a calling system; signals dividing sectors force the trains to slow down, and trains must stop more frequently because of obstacles placed on the track. Repairing the damage takes 2 to 5 hours on the average, and it is about an hour and a half before we determine the actual cause of the damage."

And the policing aspects of the report: "Within the railroad right of way, protection of the social property and of MAV assets is regulated, but provisions designed to protect freight and the prevention of damage cannot always be enforced. In many places there are disputes concerning authority and jurisdiction, and these retard, rather than enhance active preventative measures."

"Thus far our security personnel have been preoccupied mainly with the protection of freight," according to



Meszaros. "Henceforth they will have broader authority: as much as possible they will also oversee the security of railroad equipment. One should realize, however, that we cannot have people everywhere, if for no other reason than that we do not have the needed manpower."

"The president of MAV last August requested Deputy Minister of the Interior Karoly Ladvanszky to increase the frequency of police and joint police and army patrols within areas under MAV authority. The resultant action frequently produced positive results, but it did not produce results in reducing the number of deliberate actions aimed at trains," according to the report.

"We always reported to the police criminal acts involving railroads," according to Meszaros. "From now on, however, we will file criminal charges to obligate the police to investigate. This makes a substantial difference. In addition, we requested the Ministry of the Interior and the State Supreme Prosecutor to increase the related penalties."

"MAV is unable to conduct investigations," according to Lanczos. "There is no manpower for that purpose. Rather than investigating we reward people who present a vandal caught in the act or provide proof on the basis of which the vandal can be tracked. Rewards range between 2,000 and 5,000 forints. Railroad workers as well as others are eligible. We have already received reports."

#### Changing Luck

"We would like to enlist the support of everyone in protecting the railroad," according to Meszaros. "Safe travel is in the common interest. We are counting in particular on those who reside along the railroad, and on frequent travelers."

The report reveals that at the initiative of the Budapest and Miskolc directorates railroad workers are looking around in neighboring MEH locations, and also inquiring of small tradesmen dealing in nonferrous metals. Probably, the example set will be followed by other directorates, and the police will get involved. After all, copper cable cannot disappear without a trace....

The report assigns tasks individually to each main division and division. Accordingly, the frequency of patrols and of track, equipment, and cable inspections is increased. Action is being taken to provide for personnel and physical conditions which render policing activities more effective. The responsibility assigned to the heads of each area must be clarified. Reports about damage caused by deliberate action will be prepared for use by the minister of transportation, communications, and construction, the minister of the interior and by the supreme state prosecutor.

It is a shocking fact that thus far it has been mere luck that no accident has occurred. But we may run out of luck. No one can be safe as long as some people endanger the railroad. Nevertheless the trains must run.

#### Komarom Incident

25000267a Budapest NEPSZABADSAG in Hungarian  
3 May 89 p 10

[Text] Vandals have been active at the Komarom railroad station. They cut seat cushions and broke tables and lights in six passenger cars parked on a tail track. The area railroad office declared the cars not suitable for purposes of transportation. A reserve train was dispatched from Budaors to Komarom.

#### Soviet Border Shoppers Empty Stores

25000267b Budapest NEPSZABADSAG in Hungarian  
3 May 89 p 10

[MTI report: "Soviet-Hungarian Small Border Trade: Siege Condition in Stores, at Gas Stations"]

[Text] (MTI)—In the course of two months 250,000 people crossed the Soviet-Hungarian border. This means a daily average of 17,500 entries and exits. Tuesday's edition of IZVESTYA reported on developments resulting from the relaxation of travel restrictions that went into effect 1 March in the region beyond the Carpathian mountains.

According to the report, 150 Soviet border crossing points along the Romanian, Czechoslovakian, and Hungarian borders received permission in 1985 to shorten the lengthy process of border crossing for the purpose of visiting relatives, by allowing people to travel on the basis of a simple border crossing permit issued in response to a letter of invitation. This measure did not produce the appropriate results, therefore early this year the Hungarian government recommended that an agreement be signed to further facilitate travel. The agreement is still being worked on, but on 13 January this year the two parties signed a "verbal memorandum" to permit travel on an experimental basis in four areas. "Introduction of the simple exit permit created a state of siege at the border stations; people had to wait for several hours before crossing the border," IZVESTYA notes.

Although Soviet banks exchange 30 rubles per person into forints, customs agents are not bored. The initial siege emptied store shelves on the Hungarian side, and a shortage of gasoline at Soviet gas stations has become a general phenomenon. At least this is how a customs agent at Csap summarized the initial experience.

#### Black & Decker Proposes Joint Venture

25000292b Budapest NEPSZABADSAG in Hungarian  
22 May 89 p 8

[Article by Csaba Egerszegi: "Hungarian Entrepreneurs, Foreign Capitalists"]

[Excerpt] [Passage omitted] For half a decade now, handyman's tools have been manufactured at EVIG in Cegléd, in the framework of cooperative ventures. These

tools are considered to be in short supply on the Hungarian market. Generalimpex facilitated the marriage between Black and Decker, EVIG, and Vidia, in which component parts for tools manufactured by the well-known U.S.-based company were to be assembled in Hungary. The cooperative venture was so successful that at the Budapest International Fair the Black and Decker representative announced their intent to establish a mixed-nationality joint venture, and to build a factory to expand production. In this way the company hopes to further strengthen its market position. The Szeged-based Vidia commercial Enterprise's announcement is also important: they want to lower prices on these products.

The joint venture, to be established in the near future, would produce mostly for third markets, thereby also satisfying the Hungarian demand, worth between 350 and 400 million Hungarian Forints (HUF). Thus far 13 kinds of handyman's tools have been manufactured in Hungary; this selection will be expanded to include gardening tools. Black and Decker will have a 50 percent share in the joint venture. In the framework of the current joint venture, goods valued at 300 million forints have been produced annually. In the planned 5,000 square meter factory to be built in Cegled, production will be increased more than threefold. [passage omitted]

## ROMANIA

**Measures, Commissions To Ensure Good Harvest**  
27000072x Bucharest BULETINUL OFICIAL in  
Romanian Part I, No 20 25 May 89 pp 1-4

[Text]

**[Decree No 124 of the State Council on Measures for the Efficiency of the Summer Agricultural Campaign of 1989]**

The State Council of the Socialist Republic of Romania hereby decrees:

Article 1. The National Council for Agriculture, the Food Industry, Silviculture and Water Management and the county councils for same are required to provide for the preparation, organization, and best implementation of the summer agricultural campaign of 1989, for timely harvesting of the entire yields of bread grains and other summer crops without losses, and for the performance of the operations essential to the double and successive crops and to preparation of the lands for next year's crops.

To this end the Ministry of Agriculture, the Ministry of Contracting and Acquisition of Agricultural Products, and the National Union of Agricultural Products, and the National Union of Agricultural Production Cooperatives are required to take measures to mobilize all personnel, cooperative members, machine operators, specialists, administrative personnel, other workers and all residents fit to work so that operations for harvesting the summer crops will be performed as follows in every agricultural unit and in every locality:

- Harvesting of wheat in 7-8 days;
- Harvesting of barley and two-row barley in 3-4 days;
- Harvesting of flax for oil in no more than 4 days.

Article 2. The state and cooperative unified agroindustrial councils and the managements of the state and cooperative agricultural units are responsible for observance of all the provisions of the operational plans and programs for performance of the operations in the course of the summer agricultural campaign, for mobilizing the entire labor force, and for the proper organization of the activity and order and discipline at work in every unit.

Article 3. The start of harvesting each crop as well as the performance of the other operations for the summer agricultural campaign are determined by the management of each state and cooperative agricultural unit according to the operational programs for the campaign, in the given order, and according to the law.

Article 4. The following operations will be performed along with harvesting the bread grains:

- Clearing land of straw in 11-18 days in the case of wheat and in no more than 6 days in the case of barley;
- Timely and proper harvesting and delivery of vegetables and fruits;
- Collection and storage of fodders;
- Maintenance of row crops and vegetables;
- Irrigation of crops;
- Application of organic and chemical fertilizers and soil improvers;
- Scarifying and deep summer ploughing;
- Optimal performance of all zootechnical operations.

Article 5. The Ministry of Agriculture and the county agricultural organs will provide for sowing of at least 2 million hectares in double and successive crops in the course of the summer agricultural campaign of 1989, including 500,000 hectares of irrigated grain corn and 187,000 hectares of vegetables after the barley and wheat in the irrigated system.

To that end every socialist agricultural unit will harvest its barley and wheat first in the areas to be sown in double crops of corn and vegetables. Article 6. The agricultural operations for the summer campaign will be performed in every unit by composite crews, who are responsible for the harvesting operations, collecting straw and chaff, ploughing, preparing the land and sowing the double and successive crops.

The composite crews will perform the harvesting operations, clear the lands and sow by day while they plough and prepare the lands by night.

To provide for the efficient performance of the equipment and prompt repair of defects, every agricultural unit will organize specialized teams for emergency repairs.

Article 7. For punctual and proper performance of the whole volume of operations for the summer agricultural campaign, the Ministry of Agriculture will provide for the operation, maintenance and repairs of all agricultural machines and equipment needed for harvesting, clearing the lands, ploughing, preparing the seed beds and sowing the crops.

Article 8. Through its units the Ministry of Contracting and Acquisition of Agricultural Products takes over the management of and is responsible for the entire output of barley, two-row barley, wheat, rye, rape, flax for oil, oats and peas. For that purpose the ministry will specify the points of reception and storage in order to receive the products in step with their harvesting and to preserve them properly.

The socialist agricultural units will make the necessary storage space available to the enterprises for contracting for, acquisition and maintenance of agricultural products throughout the period of harvesting and storage.

The Ministry of Contracting and Acquisition of Agricultural Products takes over the management of the quantities of barley intended for livestock foddering via the enterprises for concentrated fodders, and they are to be kept on the premises designated by those units according to the places where the fodders are consumed.

Article 9. After the wheat and barley are harvested the cooperative agricultural units in every county will pay in kind in those products 50 percent of the remuneration benefits due according to law.

Article 10. For purposes of reception and storage of the agricultural products, the Ministry of Contracting and Acquisition of Agricultural Products will appoint one authorized state representative to each state and cooperative unified agroindustrial council, and the executive committees of the county and Bucharest municipal people's councils will appoint one authorized state representative to each agricultural unit.

Article 11. The Ministry of Agriculture and the Ministry of Transportation and Telecommunications are required to provide, on the basis of the daily schedules and programs, suitably equipped facilities for the prompt transportation of the entire harvest without losses directly from the field to the reception centers and to other storage points designated according to the present decree.

The Ministry of National Defense is responsible for the prompt transportation without losses of the quantities of grains and other agricultural products determined by agreement with the Ministry of Agriculture.

In order to transport the entire day's harvest on the same day, the transport means will be used daily on two extended shifts.

All transportation of agricultural products is to be coordinated by the Ministry of Transportation and Telecommunications through its units.

Article 12. The Ministry of Interior is responsible for the entire effort to guard the agricultural products during transportation and storage, and for the special instruction and control of the socialist agricultural units' own guards as the public ones.

Article 13. The Ministry of Domestic Trade and the Central Union of Cooperation, Production, Purchasing and Sale of Goods, jointly with the bureaus and executive committees of the people's councils, will see to the operation of public-catering, service and trade units in villages and communes in accordance with some special programs suited to the proper performance of the operations for the summer agricultural campaign.

Article 14. County commissions, commissions in the state and cooperative unified agroindustrial councils, commissions in the socialist agricultural units, and a central command are organized in order to coordinate all activity in the summer agricultural campaign.

The central command and the coordinating commissions specified in the first paragraph are to promptly solve all problems dealing with the summer agricultural campaign, and the measures they take are binding on all state and cooperative organs and on all economic units with functions and tasks in that field.

The compositions of the central command and coordinating commissions are specified in Annexes 1-4 which are integral parts of the present decree.

NICOLAE CEAUSESCU  
President of the Socialist Republic of Romania  
Bucharest, 24 May 1989

**ANNEX 1: Central Command for Coordinating Activity in the Summer Agricultural Campaign of 1989**

Vasile Barbulescu—secretary of the RCP [Romanian Communist Party] Central Committee

Cornel Pacoste—vice prime minister of the government

Ion Catrinescu—first deputy section chief on the RCP Central Committee

Gheorghe David—minister of agriculture

Gheorghe Stoica—minister of technical-material supply and control of management of fixed assets

Constantin Zanfir—minister of contracting and acquisition of agricultural products

Aurel Dan—deputy section chief on the RCP Central Committee

Ferdinand Nagy—minister state secretary in the Ministry of Agriculture

Florea Gruia—minister state secretary in the Ministry of Agriculture, chief of the Department of State Agriculture

Adelina Popescu—deputy minister of agriculture

Ioan Oancea—deputy minister of contracting and acquisition of agricultural products

Neculai Mantz—deputy minister of agriculture

Costica Leu—state secretary in the Ministry of Agriculture

Traian Garba—president of the National Union of Agricultural Production Cooperatives

Stafan Guse—first deputy minister of national defense, chief of staff

Lt Gen Constantin Nuta, deputy minister of interior, chief of the General Inspectorate of the Militia

Ana Ferentz Mircea—secretary of the UTC [Union of Communist Youth]

Valeriu Momanu—deputy minister of the chemical and petrochemical industry

Aurelian Gubandru—vice president of Bank for Agriculture and the Feed Industry

Iulian Tudosie—deputy minister of transportation and telecommunications

Viorica Neculau—deputy minister of education and instruction

Alexandru Stanescu—deputy minister of the electrical engineering industry

Lt Col Mihai Ciahoreanu, Firearmens Command

**Annex 2: Composition of the County and Bucharest Municipal Commission for Coordinating Activity in the Summer Agricultural Campaign of 1989**

Chairman: the secretary of the RCP County Committee on Agricultural Problems

Vice chairman: the director general of the County General Directorate for Agriculture

*Members:*

—the president of the County Union of Agricultural Production Cooperatives

—the director for production of grains and industrial plants and the land reserve in the County General Directorate for Agriculture

—the director of the State Agricultural Enterprises Trust

—the director of the Agricultural Mechanization Trust

—the director of the Horticultural Trust

—the director of the County Enterprise for Contracting for, Acquisition And Maintenance of Agricultural Products

—the deputy chief of the County and Bucharest Municipal Inspectorate of the Ministry of Interior

—the director of the branch of the Bank for Agriculture and the Food Industry

—the director of the County Enterprise for Concentrated Fodders

—two or three directors of institutes or stations for study and production of crops

**Annex 3: Composition of the Commission in the State and Cooperative Unified Agroindustrial Council for Coordinating Activity in the Summer Agricultural Campaign of 1989**

Chairman: the chairman of the State and Cooperative Unified Agroindustrial Council

Vice chairman: the chairman of the Executive Bureau of the Communal People's Council at the headquarters of the State and Cooperative Unified Agroindustrial Council

*Members:*

—the directors of the state agricultural enterprises and agricultural research stations

—the director of the Agricultural Mechanization Station

—the chief engineers in the state agricultural enterprises

—the presidents of the agricultural production cooperatives

—the directors of the intercooperative and state and cooperative economic associations for agriculture

—the authorized state representative in the County Enterprise for Contracting for, Acquisition and maintenance of Agricultural Products.

**Annex 4: Composition of the Commission in Agricultural Units for Coordinating Activity in the Summer Agricultural Campaign of 1989**

Chairman: the director (president) of the agricultural unit

*Members:*

—the authorized state representative appointed by the Executive Committee of the County or Bucharest Municipal People's Council

—the chief engineer of the Agricultural unit

—the chief accountant (chief economist) of the agricultural unit

—the chief of the farm in the agricultural unit.

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