

JPRS-EER-89-076
6 JULY 1989



JPRS Report

East Europe

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NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

DISTRIBUTION STATEMENT A
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19980511 106

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HUNGARY

Pozsgay Assesses Situation; Political Past, Future Discussed

Interview With Polish Journalist

25000247 Budapest MAGYAR HIRLAP in Hungarian
2 May 89 p 2

[Interview with MSZMP [Hungarian Socialist Workers Party] CC [Central Committee] member and Minister of State Imre Pozsgay, by Polish journalist Piotr Aleksandrowicz, as published in the Polish newspaper PRZEGLAD TYGODNIOWY: "We Must Close Ranks With Europe"]

[Text] The following is a conversation with MSZMP CC member, Minister of State Imre Pozsgay, published in the Polish newspaper PRZEGLAD TYGODNIOWY. The interview was conducted by Piotr Aleksandrowicz.

[PRZEGLAD TYGODNIOWY] A few weeks ago the British weekly THE ECONOMIST called you the communist Mitterand. What is your opinion?

[Pozsgay] Political fantasy nowadays associates a variety of ideas with Hungary. Doubtless, changing the law concerning the republic is on the agenda, and Hungary would like to change over from its present system of collective government to a republican presidential system. Holding part of the power, the president would play a very important controlling role in the life of the state. I do not deny the fact that public opinion very frequently focuses on me as the candidate for this office. It is likely that THE ECONOMIST's definition too is based on this fact.

Spanish Parallels and Differences

[PRZEGLAD TYGODNIOWY] And the Hungarian party spokesman said that Hungary would need someone like Spanish King Juan Carlos, who would implement the very important transition in a peaceful and consistent manner. Is this too a fitting remark in your view?

[Pozsgay] There is some truth to it, but in order to have a Juan Carlos we would also have to have a Spain, moreover a Spain of a kind in which the market was not annihilated even though there was a dictatorship. Spain was helped by wealthy Europe and wealthy America, in other words, her allies.

The ongoing process in Central Europe indeed represents a severance with dictatorship. But here we must get out of the quasi market and an economy that is poor in capital. Nor do we have allies who could lend us from their economies. All of us must break out by virtue of our own strengths, because we have used external resources up to the maximum capacity of the country. This is the difference between Hungary and Spain. I agree, insofar as the rest is concerned.

[PRZEGLAD TYGODNIOWY] Did broad strata of society and the political forces become aware of just how difficult the economic situation is?

[Pozsgay] Society knows the least of it, but this is not society's fault, it is the system's fault. It made infants out of citizens, deprived them of their independence and of the possibility of having foresight. The most important pieces of information did not reach the citizen. For this reason the peaceful implementation of transformation will be even more difficult.

[PRZEGLAD TYGODNIOWY] In the end, what kind of Hungary do you, and people who think like you want?

[Pozsgay] I envision a free and democratic Hungary in which socialism is built not on the basis of canonized theses. Nevertheless I would retain a sentence from the founding fathers' works, notably Marx' one sentence which says that communism is not some kind of an abstract, fixed image whose realization one must endeavor to pursue continuously. Instead it is real motion in which we transgress the already achieved limits day after day.

In my view, more has been accomplished in terms of realizing socialist values in some developed Western European countries than in others which call themselves socialist. This is so because man does not exist for socialism, but socialism exists for man. And man should not be the subject of experimentation.

Regular Competitive Situation

[PRZEGLAD TYGODNIOWY] Nevertheless you continue talking about a socialist Hungary. What features, what fundamental principles of socialism should be preserved or introduced?

[Pozsgay] Striving for equal opportunity and building on solidarity and initiative in group relations. Within these the principle of self government. I do not necessarily perceive self government as a producers' self government. I see it as self governance by various communities and collectives.

[PRZEGLAD TYGODNIOWY] Democratic Hungary will have a multiparty system. But there are two conceptions concerning the multiparty system. According to the first the MSZMP would have a leading role vis-a-vis the various forces. The second concept envisions competing political forces, free elections would be held as a result of which the Communist Party may even lose power. Which of these two conceptions is closer to you?

[Pozsgay] I represent the second concept. I believe that insofar as the party is concerned, this issue has been decided ever since the last CC meeting. Quite naturally,

no party could plan on losing power. The MSZMP will not have a program like that either. But the regular competitive situation includes the possibility of losing power.

Interpretation of 1956

[PRZEGLAD TYGODNIOWY] Does it not have a symbolic meaning that Janos Berecz, the author of the book "Counterrevolution—With the Pen and With Weapons" was not reelected as a Politburo member? Does this mean that your interpretation, according to which there was a popular uprising in 1956 has convinced the highest levels of party leadership?

[Pozsgay] I believe my arguments convinced them, but as it is known, Janos Berecz was among them. I would like to add that as of lately Janos Berecz stood up very firmly in favor of reforms. Despite this fact, the nominating committee did not take this into account. Probably some other, more long term, comprehensive aspects played a role.

[PRZEGLAD TYGODNIOWY] How did you feel when you announced your interpretation of the 1956 events a few months ago, and you received a warning instantly?

[Pozsgay] Well, in his struggles a politician must count on such things. Agreement does not evolve overnight.

One should not forget that an entire generation of party functionaries was brought up in an environment in which the definition "counterrevolution" was used unequivocally, and in which the 1956 events were viewed expressly as counterrevolution.

You probably noticed that my views served to purify the party membership's mood, and members of the party leadership adopted this mood. No political movement can afford not to have such purification.

Western press opinions suggest that Pozsgay wants to save his party for a new era. My response: There is something to that statement. Namely, I do not see much chance for a party which identifies itself with false evaluations of historic events.

Method of Achieving Neutrality Subject to More Debate

[PRZEGLAD TYGODNIOWY] The evaluation of 1956 is a good starting point for asking a question concerning the third feature of future Hungary. Without double talk: Does a free Hungary mean a neutral Hungary?

[Pozsgay] Not necessarily. Neutrality as a new European value can come about only in one way: if military blocs cease to exist. But even so, as long as military blocs do exist, I do not believe that every existential manifestation of our country would have to conform to that bloc.

Great Britain, the FRG and France are all members of NATO, yet it is unlikely that anyone would be confused about each of these countries individually.

[PRZEGLAD TYGODNIOWY] Oleg Bogomolov, one of Gorbachev's most important advisers, announced that he would not view Hungary's exit from the Warsaw Pact as a misfortune. Accordingly, would it not be advisable to give consideration to this possibility, because it would advance the cause of having a stable bloc of neutral countries evolve in the center of Europe. This in turn could lead to all of Europe becoming neutral.

[Pozsgay] Certainly, one must think about this too. I have very high regard for Bogomolov. To be exact, he said that a neutral Hungary would not constitute a danger from the standpoint of Soviet security, and I am certain that this is correct. But insofar as the method of accomplishing neutrality is concerned, there certainly will be more debate. In my view this will become realistic when military blocs no longer exist. And one more thing about neutrality. Historical experience shows that the Soviet Union has less to be concerned about neutral Finland, than about its own allies.

[PRZEGLAD TYGODNIOWY] Next year's elections would mean the first segment of the road leading to the Hungary you perceive. The elections, however, are viewed rather in the form of coalition agreements than in the form of a free election in which political forces compete with each other. Does this really have to be so?

[Pozsgay] In my view, Hungary must first establish a certain form of agreement, because there should be no power vacuum. One should not create a situation in which the country cannot be governed. At the moment there are no forces capable to govern, aside from the MSZMP.

The MSZMP has held responsibility for the past 40 years, on the other hand it has the advantage of having a developed infrastructure. All knowledge needed to govern is in the heads of its activists and cadres. This may be the subject of bargaining at this point.

It is possible that the future partners, the alternative movements do not accept this, and it is possible that the elections must be held in the form of free elections. But I am not against that, because here too I see an opportunity for the MSZMP.

It is an unquestionable fact that there is a lack of confidence vis-a-vis the MSZMP. It has happened twice during the past 40 years that once the situation was consolidated, the MSZMP forgot about its promises, and again conducted itself in a dictatorial manner. Undoubtedly, this engenders lack of confidence in our partners, but for a while we will have no other chance than to trust each other and to control each other.

My Milieu Restricts Me to a Certain Extent

[PRZEGLAD TYGODNIOWY] We spoke freely about free elections, about a possible change in the governing party. You joined the party in 1950. How long did it take before you understood that this is not the system [you thought it was] and that it must be changed.

[Pozsgay] It took me a long time. For me 1956 was also a tragic experience. But we students studying the humanities said that the party is the only field for political activity nevertheless. We said to ourselves: People guided by humanist ideals should occupy this area.

Doubtless, later on I experienced great shock and great disappointments, but my process of political maturing was complete in 1966-68. Beginning at that time I published various articles quite frequently. I would put my name to those even now, I identify with what I said. This, however, does not mean that these articles did not contain mistaken theses, nevertheless already at that time my cerebral system rested on two pillars: one was democracy, the other was reform. And insofar as my conduct is concerned, criticism was dominant, in the spirit of Marx whom I quoted already. Perhaps for this reason I was always one step ahead of the rest insofar as thinking through various issues was concerned. Accordingly, I believe that I did not err in regard to the direction.

[PRZEGLAD TYGODNIOWY] Nevertheless I feel that your views concerning reform became more radical in recent years. It is my impression that as secretary of the PPF [Popular People's Front] you began your new activity in a balanced and cautious manner in 1982, and that in a few years you concluded that there was a need for free democratic elections. This is only one example.

[Pozsgay] That is true. This is why I said that the direction was correct. This direction prevailed in me, but during this time I too transcended myself. Also I am restricted to a certain extent by my milieu, but perhaps I was always able to go one step beyond this barrier.

Political Reform Is Needed First

[PRZEGLAD TYGODNIOWY] We are discussing ideological and political issues, but the situation is determined by the economy, nevertheless. Could you give us a sketch of the economic system you would like to have in Hungary?

[Pozsgay] My starting point is that the economy must free itself from constraints that are external to the economy. In other words, political reform is needed first. The next step must be proprietary reform, and I envision the Hungarian economy as an economy based on mixed property which unifies state, autonomous and private property, although the universe of ownership forms may be more colorful than that.

Individual forms of ownership cannot be insulated from each other, so that capital can move in every direction, and that property can develop in every direction. This, of course, does not mean that the state must surrender every economic role it played. The state can participate in the economy according to the rules of the market place, but it cannot substitute any direction at all for mercantile and monetary conditions. Many say that this kind of market is an illusion, that this view is conjuring the image of the liberal market, but it is not possible otherwise. There is no market today, we must first reach the market and then may relate to that market with a critical view. Because it is absolutely certain that bureaucratic coordination which replaced the market has gone fully bankrupt.

I Am Afraid of a Silent Society

[PRZEGLAD TYGODNIOWY] Do you agree with the view according to which you are an advocate of social democratic views, in the traditional, Western European sense of that term?

[Pozsgay] I know of many values in the social democratic movement which I espouse. Insofar as I am concerned, from among these the most important one is that social democrats view socialism without democracy as inconceivable, and they realize this democracy within a constitutional state.

[PRZEGLAD TYGODNIOWY] A majority of society is politically passive. What kinds of people constitute this majority in Hungary, how do they feel about the present situation, how do they live?

[Pozsgay] One can tell how they live. But it is difficult to tell what they think. Another consequence of the single-party system is that there comes about a society which is not stratified, the size of the politically anonymous mass is rather large. One cannot tell what this politically anonymous mass of people is preparing itself for, what it feels, or whether it is, or is not preparing for an uprising. I am more afraid of a silent crowd than from an open, conflict laden political struggle. And although I know that the politically active part of society is in the minority, the majority has a choice if that activism manifests itself in political pluralism, because then there are things from which to choose. The masses will spend the energy that they need to spend in the political arena not through emotions, but within the political sphere.

The Obstacle Is in the System

[PRZEGLAD TYGODNIOWY] Economic invigoration requires the involvement of several tens of thousands, or several hundreds of thousands of people, small producers, engineers, directors. These people will suddenly find themselves in a more brutal economic environment, moreover, this has already started. Are you not afraid that in a given moment the reformers will be detoured from their proper path by their own society?

[Pozsgay] Reforms may be turned back, but I hope, reformers cannot. And they will once again be the repository of future reforms, which are unavoidable in my view. I would like to note that Hungarians are willing to take risks, they know how to establish enterprises, and therefore I think that the evolution of an entrepreneurial society is possible in Hungary. I believe in the dynamic force and creativity of people. I cannot believe that people in Singapore, Taiwan and Hong Kong are different from the people who live in Hungary. The obstacle is part of the system, this is why Hungarians are unable to develop their abilities.

[PRZEGLAD TYGODNIOWY] I gather from your words that by nature you are an optimistic politician.

[Pozsgay] You understand that correctly.

[PRZEGLAD TYGODNIOWY] Are you not concerned that as a result of the transformations just begun there will come about a peripheral country with not too great a potential, even though it will be democratic? Is there a chance that people will have a better life? How many years are needed for that?

[Pozsgay] There is a chance, but this process will take many years. Hungary fell behind developed Europe, and this lag has increased further during the past 40 years. We must close ranks with Europe. This is a historic constraint, and we must be responsive to that constraint.

British Television Interview

25000247 *Budapest NEPSZABADSAG in Hungarian*
28 Apr 89 p 3

[Unattributed article: "Imre Pozsgay on Thatcherism, the MSZMP Situation"]

[Text] An interview with Minister of State Imre Pozsgay broadcast Wednesday [26 Apr] evening on two British television newscasts. Pozsgay paid a brief visit to London on the occasion of announcing the Hungarian cultural festival to be held in the British capital next fall. He has since returned to Budapest.

The reporter made reference to the ongoing debate within the MSZMP in the context of the economic crisis, and asked for Pozsgay's views concerning the possible applicability of Thatcherism in Hungary.

[Pozsgay] We must give deep thought to certain important contexts of Thatcherism. We must consider for example the rational basic ideas of economic structural change, and the political determination by which these ideas were implemented. Quite naturally, however, Hungary will resolve its problems according to its own peculiar features.

The BBC reporter asked for Pozsgay's views in regard to widespread speculations concerning the immediate possibility of a party rift.

[Pozsgay] The transition must be accomplished peacefully in Hungary. This means that we must tolerate suffering created by inner conflict. A party split would create a power vacuum and a catastrophic situation in the country. On the other hand, if the party stays together and follows the reform trend, it will be able to see through the renewal of the country.

Asked whether a Stalinist counterstrike threatens, the state minister had this to say:

[Pozsgay] Doubtless, there is such a threat. I would be blind if I were to deny this, or if I would not notice such threat. But the Stalinist forces do not enjoy real support in our society. Society wants a turnaround which removes us precisely from the Stalinist model.

In conclusion, Pozsgay acknowledged the fact that removal of Soviet forces from Hungary has begun.

[Pozsgay] This too signals the fact that the Soviet Union and Gorbachev take seriously the idea of constructing a common European home.

PPF Urges New Parliament, Not Cabinet Deal With Constitutional Court

25000299a *Budapest NEPSZAVA in Hungarian*
25 May 89 p 5

[Text] At its conference last Wednesday the PPF [Patriotic People's Front] public law committee recommended to the cabinet that it delete from its Thursday extraordinary meeting agenda a discussion of the proposed law concerning the Constitutional Court. Composed of prominent lawyers, the committee believes that the proposal concerning the Constitutional Court is so important that it should be established by a new parliament which takes office under a renewing political system [sic].

Participants at the meeting were surprised that without waiting to learn the results of societal debate, the Council of Ministers placed review of this important law on its agenda.

Several participants felt that the provisions of the proposed party law could be distributed so as to appear in the framework of a number of laws some of which are already in force, and others to be prepared hereafter. Above all, provisions of the law on association should serve as a guide. Thus it would not be necessary to create a separate party law.

All members of the committee agreed that regulatory provisions concerning parties should be worked out in close coordination with the election law. A member of the Ministry of Justice present at the meeting made an instant promise to this effect.

Official Travel: Party Secretaries' Approval No Longer To Be Required

*25000299c Budapest NEPSZAVA in Hungarian
26 May 89 p 4*

[Interview with MSZMP [Hungarian Socialist Workers' Party] CC [Central Committee] sociopolitical division head Jenő Andics by "h.k.j.": "Let the Party Secretary Sign, But Not Interfere"]

[Text] Several times recently our readers have complained that in cases involving official travel the permission to travel still requires the party secretary's signature, whereas in most instances this amounts to a mere formality. Why is this necessary? We turned to MSZMP CC sociopolitical division director Jenő Andics for an answer.

[Andics] Your readers' question is just, because the party secretary's signature may be viewed also as a peculiar symbol of the party-state relationship which evolved during the earlier decades. Under the old relationship the party served as the holder of political guaranty. Since the party conference last May, the character of this relationship is changing, and the party and the state have become gradually separated. Under these circumstances party committees at workplaces cannot play their earlier role, accordingly, in reality the party secretary's approval to travel is unnecessary.

[NEPSZAVA] Is there a central decision which says that in the future party secretaries should not sign papers in these and similar matters involving workers?

[Andics] A central decision was made in regard to changing the role of party committees. Among other matters these include relinquishing the cadre authority. The logical consequence of this is that at workplaces too, the affairs of the state must be separated from matters having a political character, moreover, this should be done on the basis of an independent decision made at the local level. After all, the question arises: In the framework of a multiparty system, which party's secretary should sign a recommendation for foreign travel?

[NEPSZAVA] Would it not have been more clear to specifically inform party committees by way of a bulletin? It is difficult to rid ourselves of old habits after all, even if those motivate us to take actions amounting to obvious formalities.

[Andics] On this basis we would have to write several thousand bulletins, because the separation of the party and state is accompanied by a number of similar changes in the most diverse areas. This is why local autonomy is important. One of the consequences of the transitional period of separation [of party and state] is that there is no control over the heads of enterprises. There is no employer who could hold workers responsible for possible unwarranted travel, or refuse to permit unwarranted travel.

[NEPSZAVA] It is my understanding that the Passport Law requires the party secretary's approval for work-related travel, and that the form provides a separate space for the party secretary's signature. Accordingly, as of this moment if a party secretary acts contrary to the central party decision mentioned before, and does not sign the form, he will violate the law. How could this contradiction be resolved?

[Andics] The Passport Law is being reviewed. The modified law is expected to discontinue this contradiction.

[NEPSZAVA] And until that time, what would constitute proper conduct for the party secretary if he is faced with such a decision?

[Andics] Until the law is modified and new forms are sent to workplaces, the party secretaries should sign the forms, but should not interfere with decisionmaking.

[NEPSZAVA] When could we expect to see the new forms?

[Andics] The answer to this question must come from the state authority having jurisdiction.

High School History Books To Be Rewritten

*25000303a Budapest NEPSZAVA in Hungarian
16 May 89 p 4*

[Article by "P.A.": New Textbook Is Being Prepared: Our View of History Needs To Be Changed"]

[Text] No other educators are in a more difficult situation than history teachers. This was the opening theme of the third national conference of high school history teachers held at the Peter Veres Gymnasium in Bekasmegeyer. At the meeting, which has become a tradition, a perennial participant, historian Ferenc Glatz expressed his views on the role of the teaching of history and of historiography. On this occasion he did so in his capacity as a minister.

Glatz said that in organizing this year's meeting it was their intention to initiate dialogue between teachers and textbook authors. The basic text of a history textbook is already in the making—Glatz, Jenő Szucs, Ferenc Szakaly and Domonkos Kosary are working on it. It is their intention to complete work by late 1989, and this can serve as the foundation for a new series of history textbooks, to reach teachers and students alike beginning in 1991. In these days, however, public opinion and journalists are raising some urgent questions. Their primary interest pertains to the role of Imre Nagy, and the historical analysis of 1956. But these issues pertain to at most 5 percent of the course content. There are no scientific answers to questions such as the authenticity of a recently found letter written by Mihály Farkas. Accordingly, viewed in this way, too much is expected from historians. On the other hand, too little is expected when public interest relates only to personalities involved in

political scandals. The task is more important than that: One must endeavor to transform historical outlook, and this cannot be accomplished in a month or two, according to Glatz.

Historians today must ask questions like this: Why was the matter of how the Hungarians took possession of the land at the time they acquired this area, left out from monographs? The accurate history of the evolution of Hungary's historic borders is unfamiliar. A person who does not understand the era of the 18th century will understand nothing of today's problems in the Carpathian basin. For this reason the teaching of history must not be left to political analysis, instead, the total picture formed of history must be reconsidered.

Glatz also attributes great importance to teaching alternatives and to the independence of teachers, at the same time however he advocates the need for a system of standards by which teachers can be held accountable. In his work Glatz endeavors to protect the honor of teachers, because he finds it untenable that public opinion views teachers as the point of confrontation, and that teachers are held accountable for matters for which they are not responsible.

From among the audience we asked Laszlo Lator Jr., a student teacher, his opinion on what he expects will happen as a result of the conference.

[Lator] We have great expectations relative to the minister, because we feel that he has a great opportunity, and carries great responsibility of providing credibility to the ministry. It is beyond doubt that among teachers, historians are in the most difficult situation, because they must be always up to date. On the other hand, this should not be overly mystified either. But I feel very strongly about the fact that it becomes clear to all educators at this conference that the present domestic and foreign policy situation must be discussed with children. Before each class I devote a few minutes to answering the children's questions. I expect the conference to provide me with specific knowledge which I can utilize in practice.

Several professional presentations are scheduled for the day and a half conference. Pal Engel will discuss the Medieval Ages, Ferenc Szakaly will talk about the early Modern Age, Domonkos Kosary will address the issues of bourgeois and national development, and Ferenc Glatz will deal with the issues of socialist development.

Smallholders Party Elects Greater Budapest Leadership

*25000299b Budapest NEPSZAVA in Hungarian
27 May 89 p 5*

[Text] The Greater Budapest leadership of the Independent Smallholders, Agricultural Workers and Bourgeois Party was elected. At the Thursday evening session of the party's Budapest district organizations Imre Boross was

elected president, Gyorgy Balogh and Zsolt Lanyi as managing deputy presidents, Elemér Olah and Laszlo Samu as deputy presidents, Zoltan Simo as the party's general counsel, and Karoly Ravasz as the head of the party's press relations and propaganda work. Six secretaries were charged with the performance of organizational, city political and other detailed work.

Professionals Debate Technical Aspects of Elections

*25000304 Budapest NEPSZAVA in Hungarian
18 May 89 p 16*

[Article by "P.A.": "One Cannot Tell When, But One Knows How: Technical Preparations for the Elections; Stringent Controls, No 'Blue Slips,' Costs 200 Million, Results in Half a Day"]

[Text] Even though the exact date has not been decided, one thing is certain: Within a relatively short period of time there will be elections in Hungary, and in a new multiparty system. For this reason the professional debate organized by the State Census Bureau [ANH] and the Hungarian Lawyers' Association held yesterday was very timely.

Lorand Eotvos University of Sciences [ELTE] professor Dr. Peter Schmidt told the meeting that he sees no need for substantial changes concerning the right to vote in the election law now being prepared. Deprivation of the right to vote has been subject to a judicial decision thus far, and a continuation of this practice appears to be warranted in the future. It seems appropriate to continue the practice followed since 1945, according to which voter registration takes place ex officio, rather than having citizens report for registration. Similarly, it appears desirable to continue the practice of letting citizens decide for themselves whether or not they want to vote. In the interest of the purity of elections, Schmidt felt that it was very important that representatives of each organization running for election be allowed to participate in each balloting committee, and that representatives of each candidate be present when votes are counted, so that they can check that everything is done pursuant to rules.

Tamas Katona, representing the ANH, stressed that they will do everything to prevent a lack of information hindering and delaying the preparation and administration of the elections. By now, the registration of the populace has reached a sufficiently high level that for the first time it will be possible to utilize computer technology in this election. The experts do not recommend that the counting of votes be mechanized (not even in the most developed countries did they introduce technology into elections with this step). On the other hand, they feel that it would be appropriate to use vote tallying machines. This is because citizens, as well as losing parties, could lose confidence if the tallying of votes takes too long.

The existence of state-of-the-art technology in and of itself does not guarantee the avoidance of abuse, as is proven by election scandals world wide. It is precisely for this reason that the experts endeavor to render the rules at a degree of propriety that not even a shadow of suspicion may arise. They intend to develop a particularly proper system for verifications, thus eliminating the possibility of the "blue slip" abuse of long ago. The goal is for everyone to vote only once and only in one place, but this opportunity must be afforded also to those who for some reason—e.g., military duty or even vacation—are not at their place of residence on election day, according to the Ministry of Interior, Council Division Head Dr Zoltan Toth. They are trying to avoid abuses with the help of personal identification numbers.

Election-related expenses not related to campaign activities—expected to amount to some 200 million forints—will come out of the state budget. As part of this program they intend to use a computer program which conveys the information from each voting district to the election center in parliament via direct data transmission. As planned, the election results will be tallied within 12 hours, as compared to the previous 24 hours. They intend to administer the elections under conditions of full openness. The only constraint they recommend is that partial results not be released on election day until 1800 hours. This restriction is consistent with international practice. A similar procedure was used in the latest Bush elections [as published].

Technical implementation requires about 1,000 well trained computer professionals who will begin their work by early June, at the latest. The experts intend to render the entire apparatus ready, so that when the decision is reached, elections can be held as early as this fall.

Party Education To Cease at Szeged MSZMP School

*25000302a Budapest NEPSZAVA in Hungarian
11 May 89 p 7*

[Text] There have been various rumors in Szeged concerning the fate of the MSZMP [Hungarian Socialist Workers Party] Csongrad County party committee educational institute. At Wednesday's party committee press conference all the guessing came to an end.

Party education will be permanently discontinued at the party school at the end of June. Beginning in September six or eight high school classes may occupy the institute. The college section of the party school will be made available to the local teaching academy. Beginning in 1990-91 the character of the institute will change. Social welfare training sponsored by several institutions of higher education is expected to take place.

The fact that the Csongrad County and the Szeged City party committees will move into the same building—the city building—is yet another development. Plans call for

changing the building, up to now used by the county party body, into the Csongrad County Council cultural center. The existing cultural center is suitable for use by a high school or college.

MSZMP, Opposition Express Common Goals in Tolna

*25000300a Budapest NEPSZAVA in Hungarian
19 May 89 p 8*

[Text] Agreeing to have common goals, organizations are aiming to ensure as soon as possible the equal right to freely and publicly discuss politics to the fullest extent in every settlement of Tolna county. The goals jointly adopted by the MSZMP [Hungarian Socialist Workers Party] Tolna County committee and the Tolna County organizations of the opposition roundtable include the requirement that representatives of parties and organizations active in the area shall always be invited to the various forums of local public life. They also agreed that citizens' personal and civil rights will be fully respected, and that they will jointly stand up against any form of discrimination. The possibility of holding democratic elections in Tolna County, and the opportunity for the various organizations to take part on an equal footing in public life is a basic condition. Mutual information [exchange] is a preliminary condition for further political discourse. The goal is that society's political stratification be reflected in the mass media, and that all political organizations have access to the public. The establishment of a more rational and more professionally functioning state administrative system, and the continuous political support of this endeavor, is yet another mutually accepted position.

Szeged University Exhibit Mocks Socialist Realism

*25000298a Budapest NEPSZAVA in Hungarian
20 May 89 p 5*

[MTI Report: "The Gems of Socialist (Ir)Realism"]

[Text] "The Gems of Socialist (Ir)Realism: Lost and Found Items of the 1950's" is the title of an exhibit that opened in Szeged on Friday, in the mass organizations headquarters conference room at the Attila Jozsef University of Sciences. The unusual exhibit was organized by the public education secretariat of the university. The owners of the items "found" were young members of the Szeged intelligentsia belonging to the Unicum Club. They loaned the documents collected through the years to the exhibit. Each of these documents are period pieces of the "soreal" idea of the 1950's: a picture story about harvest collection, a 1949 red heart for mothers day from "a happy pioneer of a free country." A separate table holds the portraits of Marx, Engels and Lenin made of plastic, porcelain, wood and bronze, demonstrating that idols can be created by using the means of trash.

Cultural program schedules, schoolbooks, literature from mostly Soviet authors, the original editions of Stalin's works, and the materials of the CPSU 19th, 20th and 21st congresses also found room at the exhibit. And further: books by and about Rakosi, and the writings of Mihaly Farkas, Imre Nagy and Erno Gero.

According to the collectors the 1949 Police Rules of Procedure are a rare find, and so is the collection of laws governing harvest collection, whose loose-leaf cover and unnumbered pages make it possible to change the pages (laws) as necessary. Even the introductory paragraphs so indicate.

Just to create an authentic mood, at the time the exhibit opened on Dugonics Square a man dressed in a leather coat, wearing a black hat and sunglasses sat in a black Volga car, behind curtains drawn.

Renewal of Catholic Orders' Activities Discussed
25000298b Budapest NEPSZAVA in Hungarian
20 May 89 p 11

[Text] Leaders of Catholic orders [held meetings] at the State Office of Church Affairs. Barna Sarkadi Nagy, general deputy president and head of the State Office of Church Affairs, received at his office on Friday Father Roberto Flavio Carro, the general of the Capuchin Order and his associates, and following the meeting with the Capuchins, Father Polikarp Zakar, general abbot of the Cistercian Order. The meeting was conducted in a friendly atmosphere. Views were exchanged concerning the principles of the proposed law on the freedom of conscience and freedom of religion, and in regard to issues pertaining to the new start of the workings of religious orders.

POLAND

POLITYKA Weekly News Roundup
26000525 Warsaw POLITYKA in Polish
No 21, 27 May 89 p 2

[Excerpts]

National News

Czeslaw Kiszczak and Lech Walesa chaired a session of the Reconciliation Commission which was held at the Sejm. They examined the course of the election campaign: "The desire was again expressed that the campaign proceed in a spirit of toleration and democratic political culture." The Commission touched on the issue of registering the Independent Association of Students.

Anti-Soviet street disturbances occurred in Krakow and Gdansk; they were particularly sharp in Krakow, where the national symbol of the USSR was profaned, and the militia intervened. Vladimir Brovikov, Soviet ambassador, met with the city fathers and expressed his concern

over the incidents around the General Consulate building. The city fathers expressed their regrets. At an extraordinary session, the Collegium of Rectors of the Higher Schools in Krakow condemned the events around the consulate and expressed regret that young people had participated in them, including a small number of students. The academic community of Krakow explicitly distanced itself from this type of political activity.

The proposed law on the Presidential Consultative Council, as an advisory body to the president of the People's Republic of Poland, has reached the Sejm. The Council of State made the proposal. [passage omitted]

Jozef Czyrek for TRYBUNA LUDU, after a visit to the United States, where he was received by President George Bush: "I think that my interlocutors in the administration and in Congress realized with increasing clarity how great a burden Poland's debt is not only for our economy as a whole but specifically for our reforms, including the political ones."

Excerpts from a communique from the Central Office of Statistics on the economic situation in April: the price levels in April were significantly higher than a year ago. Prices for industrial goods were 67.8 percent higher; the prices for retail goods and services were 75 percent higher. The average wage in April in the five basic sectors of the socialized economy was 107,100 zloty (an increase of 127.1 percent compared with April 1988), and after the elimination of profit sharing, 89,800 zloty (105.1 percent higher compared with 1988). The average retirement was 41,600 zloty (an increase of 74.4 percent).

Deputies adopted a package of laws regulating church-state relations: on the relations between the state and the Catholic Church in the People's Republic of Poland, on guarantees of freedom of conscience, and on social insurance for clergy. The Sejm also adopted a law on medical chambers and a law establishing the Military Cross of the Polish Armed Forces in the West.

There was a conference of the working group on national minorities in which the chairmen and members of the boards of the sociocultural associations of Byelorussians, Ukrainians, Jews, Czechs and Slovaks, Lithuanians, Greeks, and Soviet and Bulgarian citizens participated. In June, a document with the joint recommendations of the national minorities' organizations is to be presented to the government.

In December 1988, the social minimum, according to calculations of the Institute of Labor and Social Issues was 26,800 zloty for a single working individual, 24,300 zloty for a single retiree, and 21,700 for a member of a 4-person worker family. It is estimated that, in December 1988, 24 percent of the individuals in worker families and 41.3 percent of the individuals in retiree families were below the minimum.

Yugoslavians will build a fat-processing plant in Szamotuly over the next 30 months that is to process 150,000 tons of rapeseed annually, one-fifth of what the entire Polish fat industry processes today. We will pay for the credit with surpluses of raw rapeseed oil. [passage omitted]

A common grave has been discovered in the forests near the cemetery outside Otwock; so far the remains of about 50 individuals have been removed, including women and children. Work to explain the mystery of the grave is in progress; representatives of the Citizens' Committee under Lech Walesa and the local parish priest are participating.

Investigation of the eavesdropping equipment in the Solidarity headquarters building in Slupsk continues. Experts stated that there is no doubt the equipment found is for eavesdropping.

The Peace Race ended this year with a great success for Polish cyclists: the Polish team took second place behind the GDR, and individually, Poles, Zenon Jaskula and Joachim Halupczok, placed third and fourth behind Uwe Ampler and Olaf Jentzsch.

The Central Office of Statistics has studied the living conditions of young people, age 15-29. On their scale of values, a happy, stable family and a good skill for earning a living are highest; the social prestige of the occupation, participation in government and social life have decreasing significance. Young people, even those around 30 years of age, are not economically independent: 80 percent of the young couples and 75 percent of young people live together with their parents. ZYCIE WARSZAWY, the source of this information (17 May 1989), draws attention to the poor physical abilities of the younger generation: more than half participates in no sports or outdoor activities; 40 percent cannot swim or skate; and 70 percent cannot ski.

In an open letter, the head of the Polish Scouting Union appealed to society not to weaken the scouting movement with internal divisions.

Budimor in Gdansk has protested against the decision by city officials requiring the eviction of partnerships leasing space in its office building in order to make space available for the national offices of Solidarity.

A Hyde Park has been marked out in the center of Wroclaw; according to the English model, it is a place for discussion, demonstrations, and posters without special permission.

The Citizens' Committee of the Universum Catholic Film Studio has issued an appeal to support the first "independent film studio." The Committee includes Bishop Tadeusz Goclowski, J.J. Szczepanski, writer, and A. Wajda and K. Zanussi, film directors. [passage omitted]

Who's Who News. Jozef Wiktor (age 47), mathematician, married, father of six daughters, has been named

Nowy Sacz voivod. He works in the Nowy Sacz voivodship office. He is a PZPR member. His predecessor, Antoni Raczka, has been elected first secretary of the PZPR Voivodship Committee.

PO PROSTU, the famous pre-October 1956 student and later social leftist weekly, which was dissolved in 1957, is to begin publication again. The Office for Control of the Press has given its permission.

An All-Polish Peace Coalition has been formed. Its chairman is Hieronim Kubiak. The title of honorary chairman has been offered to Lech Walesa, winner of the Nobel Peace Prize. [passage omitted]

The official exchange rate for the dollar has reached 800 zloty. [passage omitted]

On the Left

The decision of the Hungarian government to halt the construction of the hydropower complex at Gabczikovo-Nagymoros on the Danube for two months (until the opinion of experts can be received) has encountered sharp criticism in Czechoslovakia. [passage omitted]

Revelations of Gen N. Pavlenko, a historian in MOSKOVSKIE NOVOSTI: Marshal Zhukov told Prof Palenko about the directive Stalin gave to Beria in the presence of Zhukov on 7 October 1941 when the situation at the front was desperate. Stalin said: "We need a break in the war no less than in 1918, when the Brest pact was reached." Next turning to Beria, he added: "use your channels to study the background for concluding a new 'Brest peace' with the Germans." Stalin was ready to give Hitler the Baltic republics, Byelorussia, Moldavia, and a part of the Ukraine. Trusted envoys of Beria approached the Bulgarian diplomatic representative and asked him to serve as intermediary, but nothing came of this mediation because Hitler was certain of victory.

The head of the party policy section of the MSZMP Central Committee told journalists that the Hungarian party has decided to completely eliminate the principles of the nomenklatura. It has even ceased to operate within the party. This means that the higher bodies of the MSZMP can propose candidates for leadership positions in lower bodies, but the latter do not have to take them into account. This guarantees the members of the MSZMP the right to express their opinions within the party, but attempts to organize groups within the party will not be accepted.

The television news program, Vremia, reported that in Tbilisi there have been cases of affronts to soldiers and their family members. The head of the local internal affairs office, R. Gventsadze, sharply denied this report.

Immediately after the war, the Hungarian defense ministry judged that about 900,000 Hungarians were in prisoner-of-war camps. Of this number, 600,000 were in

Soviet camps, and the rest in camps of the Western armies. T. Stark writes in the Budapest *MAGYAR NEMZET* that in 1945-46, 200,000 individuals were released from Soviet camps in Hungary and Romania and that by 1948, 200,000 returned from camps in the USSR. "Officially all prisoners of war have returned home. But it suffices to add up these numbers in order to see that the fate of about 200,000 Hungarians is as yet unknown." [passage omitted]

ROMANIA LIBERA writes that environmental protection is treated rigorously. About 10,000 filters to protect the air and about 4,800 water treatment plants have been installed.

The Soviet Pen Club has been formed and has 62 members. Anatolij Rybakov said that all worthwhile writers can be members of the Soviet Pen Club, including those who live outside the borders of the Soviet Union. The AP reports that Soviet writers living abroad were opposed to the formation of a Soviet section of Pen Club until they were assured that writers other than supporters of the government would be able to belong to it.

Piotr Shelest, former first secretary of the Central Committee of the Ukraine and former member of the Politburo of the CPSU Central Committee, on certain details from the past: The sharp drought of 1963 influenced the removal of Khrushchev. "The tension could be relieved through the purchase of grain abroad. Khrushchev, however, was not up to it. . . . The economic difficulties affected the mood of the people and reduced the prestige of N. Khrushchev." A. Kosygin attempted to improve the economy, but Brezhnev's supporters constantly tied his hands. "I myself was a witness of frequent arguments between Brezhnev and Kosygin. . . . In effect, the reforms began to fall behind. I participated in all talks and conferences concerning Czechoslovakia which occurred in 1967-68. All the difficulties could also have been resolved in an objective manner using political negotiations. However, the 'policy of exchanging kisses' between Brezhnev and Dubcek caused a crisis situation and led to the introduction of the military forces of the Warsaw Pact into Czechoslovakia. Brezhnev decided to introduce the army into Afghanistan under the influence of Suslov's dogmatism."

During W. Jaruzelski's visit to the GDR, the agreement on the delimitation of waters in the Gulf of Pomerania [passage omitted], an agreement on cultural exchanges between the GDR and the People's Republic of Poland through 2000, and an agreement between the PZPR and SED on cooperation in the social sciences were signed. [passage omitted]

Opinions

Janusz Basiak, head of the Socioeconomic Section of the PZPR Central Committee:

(Interviewed by Miroslaw Aschenbrenner, *NOWINY* 9 May 1989)

[Answer] A simple restoration of capitalism cannot succeed in Poland. In any case, during his last meeting with intellectuals and creative individuals from all over the entire world, John Paul II said that both systems require renovations. The first because the primacy of money over man is too great. The second because of the terrible primacy of authority over man. Would this congruence between the social teachings of the church and the social principles of socialism be possible without the experience of socialism? Neither we nor the church are calling for the restoration of the old, capitalist order. Only a part of society is experiencing a wild frenzy for return to the primitive, even vulgar, form of 19th-century capitalism. [passage omitted]

Antoni Tokarczuk, a candidate for the Senate of the Solidarity Citizens' Committee in Bydgoszcz:

(Interviewed by Adam Golinski, *KUJAWY* 10-16 May 1989)

[Question] Primarily you are a representative of the opposition.

[Answer] Yes, but I am also a man of dialogue. In any case, I do not think that in the coming Sejm or Senate these current, stiff divisions into opposition or coalition-government side will operate as two monoliths. I rather think that subdivisions and alliances will form depending on the specific problems and methods of solving them. As Solidarity, we want to be a strong partner open to constructive cooperation, capable of involvement and of taking responsibility.

Gen Brig Antoni Walczak, commander of the 12th Mechanized Division:

(*GLOS SZCZECINSKI* 15 May 1989)

"If I become a deputy, I will strive for a social discussion of national defense. The representatives of the nation must decide whether we need an army, what kind of army, how much we can spend to support it, and what functions it is to perform."

Press, Personnel Changes, Media Developments in December 1988

26000530a Warsaw *PRASA POLSKA* in Polish No 2, Feb 89 pp 55-59

[Unattributed report: "Chronicle"]

[Excerpts]

1 December. Zdzislaw Drewicz has been named editor in chief of *ROBOTNIK ROLNY*.

Bogdan Plomin has been named deputy editor in chief of *PLOMIEN*. [passage omitted]

6 December. The Board of the Maritime Section of the Association of Journalists of the People's Republic of Poland adopted the following resolution:

"In recent months in the Gdansk Voivodship, journalists' access to information sources has been hindered or even refused. This is a clear violation of the press law.

"The Board of the Maritime Section of the Association of Journalists of the People's Republic of Poland has decided to counteract this tendency and asks the editors in chief of the press, radio, and television to use the means provided by law as set forth in the press law, i.e., to direct their complaints to the Chief Administrative Court and the general courts. Article 49 of the press law says, among other things, that whoever violates the regulations governing the provision of information is subject to punishment.

"The Gdansk-Elblag journalist community wants to take full advantage of the opportunities provided by law in the thorough performance of its profession."

6 December. In Warsaw, the Polonia Club of the Association of Journalists of the People's Republic of Poland organized a meeting with representatives of the Club of Industrialists and Traders of Polish Origin associated with the Polonia Society in conjunction with the new opportunities for cooperation with foreign capital in Poland.

During the meeting, the Club adopted the following resolution:

"The member journalists of the Polonia Club of the Association of Journalists of the People's Republic of Poland greet the initiative to amend the law on the conditions of operation for foreign capital in Poland, including Polonia firms, with satisfaction. We believe that the previous regulations did not produce the expected inflow of foreign capital into Poland, either in the form of joint ventures or in the form of direct foreign investment in Poland. Thanks to the formation of a new government, the opportunity arose to win over foreign capital for the implementation of the priority actions of the government of the People's Republic of Poland without taking new foreign loans and simultaneously to promote Poland in the world as a country with a stable internal and foreign policy, a country open to international cooperation.

"Thus, we think that our civic obligation is to recommend to the Sejm of the People's Republic of Poland the absolute introduction of the following principles into the final version of the law, the absence of which, in the previous versions, to a large degree undermined the intended sense of the law:

"1. The legal conditions for the operation of foreign capital in Poland should at least be as favorable as in the USSR, Hungary, Yugoslavia, and the PRC.

"2. The law should ensure there is no worsening of the conditions of operation for all enterprises formed on the basis of its provisions.

"3. The law should ensure preferences in particularly important areas of production, such as housing construction, drug production, production for environmental protection, and others, analogous to those for domestic enterprises.

"4. The law should ensure equal conditions of operations for various objects, both for foreign enterprises and joint ventures.

"The general thought of this law should be the effective mobilization of foreign capital, Polonia capital worldwide, and the many billions of convertible currency resources of Poles in Poland to accelerate the development of Poland and to raise the standard of living of Poles."

6 December. In Bydgoszcz, at the Journalists' Club, the open discussion on domestic sociopolitical subjects continued. This time its organizers, the Board of the Pomeranian-Kujawy Section of the Association of Journalists of the People's Republic of Poland and the leadership of the Bydgoszcz branch of the Academy of Social Sciences, posed the question: "Is Marxism outdated?" The introduction was presented by Dr Stefan Sarnowski; Dr Włodzimierz Jastrzebski led the discussion. [passage omitted]

8 December. In Warsaw, at the Journalists' House, a protocol on cooperation between the Association of Journalists of the People's Republic of Poland and the Union of Journalists of the USSR was signed. According to the document, in 1989 a dozen or so Polish journalists will go to the USSR for a course in Russian, the deliberations of the IPATC industrial commission, the presidium of this organization, and the meeting of journalists of the Warsaw Pact. Other forms of cooperation in the protocol are an expansion of journalist exchange contacts with organizations in the Ukraine, Byelorussia, and Lithuania and three-week editorial residences.

The protocol was signed by Andrzej Ziemiński, secretary general of the Main Board of the Association of Journalists of the People's Republic of Poland, and I.P. Makalovich, secretary of the Board of the Union of Journalists of the USSR. [passage omitted]

14 December. Mikolaj Hajduk has been removed from the position of deputy editor in chief of NIWA. [passage omitted]

15 December. Marek Jaworski has been removed from the position of editor in chief of KAMENA.

Wojciech Kaczorowski has been named editor in chief of the MAGAZYN MUZYCZNY and removed from the position of deputy editor in chief of ITD.

Leon Onichimowski has been removed from the position of editor in chief of KONTYNENTY.

15 December. In Bucharest, a protocol on cooperation between the Association of Journalists of the People's Republic of Poland and the Council of Journalists of the Socialist Republic of Romania for 1989 was signed. The document contains a plan for journalism seminars, international meetings, exchanges of groups of specialists, including the fields of agriculture, aviation technology, economics, women's, etc.

The protocol was signed by Wojciech Krasucki and Nicolae Dragas. [passage omitted]

15 December. In Warsaw at the House of Soviet Science and Culture, two clubs of the Association of Journalists of the People's Republic of Poland—the Friendship Journalists' Club and the Worldview Journalism Club—organized a meeting on the subject of religion in the Soviet Union. A discussion followed the presentation by Doc Halina Grinenko from the Moscow Institute of Culture.

15-16 December. In Szczecin, the Maritime Journalists' Club of the Association of Journalists of the People's Republic of Poland organized a session on the operations of the Szczecin-Swinoujscie port and the role of Polish Maritime Shipping in world tramping. During the session there was a meeting with the managers starting up the free trade zones in Szczecin-Swinoujscie and Gdynia-Gdansk.

16 December. Jerzy Chocilowski has been named editor in chief of KONTYNENTY and simultaneously removed from the position of deputy editor in chief of the journal. [passage omitted]

18 December. In Hungary, 1,700 permits to publish newspapers and magazines have been issued. At present, from two to five applications for permission to publish new press titles reach the Office of the Council of Ministers each day. [passage omitted]

19 December. In Warsaw at the House of Journalists, the Journalists Club for Foreign Affairs of the Association of Journalists of the People's Republic of Poland organized a meeting with Tadeusz Zylkowski, the president of the Polish Chamber of Foreign Trade. The club's guest spoke about the new role of, and new principles for the operations of the Polish Chamber of Foreign Trade in light of the new laws on economic activity and the participation of foreign capital. [passage omitted]

22 December. The last issue (62) of STOCZNIOWIEC, a biweekly of the employees of the Gdansk Lenin Shipyards appeared. The shipyard plant newspaper was formed two years ago as a result of a decision of a

meeting of the Politburo of the PZPR Central Committee held in Gdansk. The liquidation of the paper resulted from the liquidation of the Gdansk Shipyards. [passage omitted]

31 December. Tomasz Gaska has been removed from the position of deputy editor in chief of FAKTY.

Stefania Henczel has been removed from the position of deputy editor in chief of KONTAKTY.

Wojciech Kawinski has been removed from the position of deputy editor in chief of PISMO.

Ryszard Marut has been removed from the position of deputy editor in chief of TYGODNIK CIECHANOWSKI.

Supplement

In previous issues, the chronicle of personnel changes in the press for September, October, and November 1988 did not contain all the decisions. Below we present a supplement to those reports.

30 September. Wanda Wozniak has been removed from the position of deputy editor in chief of TYGODNIK NADWISLANSKI.

31 October. Konrad Greszta has been removed from the position of deputy editor in chief of SZTANDAR MLODYCH.

Halina Wilk has been removed from the position of editor in chief of KURIER PODLASKI.

1 November. Franciszek Piatkowski has been named editor in chief of the new weekly RELACJE—TYGODNIK WSCHODNI.

30 November. Waldemara Malinowska has been removed from the position of editor in chief of the monthly AUSRA.

Press, Personnel Changes, Media Developments in January 1989

26000530b Warsaw PRASA POLSKA in Polish No 3, Mar 89 pp 54-59

[Unattributed report: "Chronicle"]

[Excerpts]

1 January. Kazimierz Dlugokecki has been named deputy editor in chief of PROBLEMY and simultaneously removed from the position of editor in chief of WIEDZA I ZYCIE.

Andrzej Gorzsym has been named deputy editor in chief of WIEDZA I ZYCIE.

Jerzy Model has been named deputy editor in chief of WYBRZEZE.

Piotr Olejnik has been named deputy editor in chief of RZECZYWISTOSC.

Jan Ruranski has been named editor in chief of WIEDZA I ZYCIE.

Michal Rybarczyk has been named deputy editor in chief of WALKA MLODYCH.

Jan Sobiecki has been named deputy editor in chief of TYGODNIK CIECHANOWSKI.

Zbigniew Zukowski has been named deputy editor in chief of GLOS WYBRZEZA. [passage omitted]

10-19 January. A delegation of the Archive Section of the Editorial Club of the Association of Journalists of the People's Republic of Poland visited the GDR. In the delegation were Jerzy Waszkiewicz, chairman of the section, and Zbigniew Dlugi, deputy chairman of the section. Our archivists familiarized themselves with the organization and work of the press archives in the GDR and exchanged information with the Information and Archive Section of the Association of Journalists of the GDR. They signed an agreement on cooperation between the two sections that calls for, among other things, exchanges of materials and joint efforts to form a press archive section in the Internal Organization of Journalists. [passage omitted]

12 January. Gen Div Henryk Szumski, the commander of the Slask Military District, met with journalists of the press, radio, and television who belong to the Wroclaw section of the Military and Defense Journalists' Club of the Association of Journalists of the People's Republic of Poland. Other participants in the meeting were: Gen Brig Zdzislaw Rozbicki, deputy head of the Main Political Directorate of the Polish Army, Col Dipl Zdzislaw Nowacki, deputy commander of the Slask Military District, and Wacław Dominik, chairman of the Wroclaw Section of the Association of Journalists of the People's Republic of Poland.

During the meeting Generals Szumski and Rozbicki acquainted the journalists with the achievements of the Slask Military District and the tasks facing the soldiers of the District during the current year. The speakers also emphasized that the journalists of the press, radio, and television in their reports from the ranges and training grounds had presented the training efforts of the soldiers and the achievements of the units. A number of publications concerned military training, cooperation of military units with plants and with civilian party and youth organizations, and the soldiers' work on behalf of the national economy. [passage omitted]

12 January. In Warsaw at the House of Soviet Science and Culture, the Friendship Journalists' Club of the

Association of Journalists of the People's Republic of Poland organized a meeting on changes in the Soviet educational system. [passage omitted]

16 January. Jerzy Ostaszewski has been named editor in chief of TYGODNIK ROBOTNICZY and removed from the position of deputy editor in chief of ZYCIE GOSPODARCZE. [passage omitted]

19 January. A new journal RELACJE—TYGODNIK WSCHODNI published in Lublin has appeared. As Franciszek Piatkowski, the editor in chief, writes in his opening editorial, it is to be a local journal that boldly covers current topics, and its title "obligates us to publish reports (from the city and the voivodship, from the region, the country, and from the world) and to observe the relationships 'between'...(people and the values recognized by them, the authorities and society, the past and today, Poland and the world, etc.). Our subtitle—TYGODNIK WSCHODNI—in turn, obligates us to introduce on our pages problems of the border area: geographical, ethnic, cultural, religious. . . . We will do that shortly." [passage omitted]

19-21 January. A group of journalists from Cherkas in the Ukraine visited Bydgoszcz. The meetings were devoted to exchanging information with the Board of the Pomeranian-Kujawy Section of the Association of Journalists of the People's Republic of Poland, with the staff of GAZETA POMORSKA, and with the staff of the Polish Radio. The guests also toured Torun. [passage omitted]

23 January. In Warsaw at the House of Journalists, the Polonia Club of the Association of Journalists of the People's Republic of Poland organized a meeting on the ministry among Polonia. The guests of the club were Father Prof Dr Stanislaw Kowalczyk, head of the Institute for Study of Polonia and the Polonia Ministry of the Catholic University of Lublin, and Jan Sienkiewicz, chairman of the Social and Cultural Association of Poles in Lithuania.

24 January. In the Czechoslovak Culture and Information Center in Warsaw, the Friendship Journalists' Club of the Association of Journalists of the People's Republic of Poland organized a discussion meeting on the transformation of the national economy of the CSSR.

25 January. The first issue of the new journal SMAKOSZ has appeared. This culinary monthly, carefully and beautifully published by PRZEKROJ, is edited by Jan Kalkowski, the author of the popular column "One Dish" in PRZEKROJ. Although the magazine is not cheap (350 zloty), it is selling rapidly in Warsaw newsstands.

25 January. In Bydgoszcz, there was a general reporting and election assembly of the section of the Union of Polish Writers. Jan Gorec-Roskinski, former editor in chief and one of the founders of the local socio-cultural

weekly FAKTY, was again elected president of the section. Stefan Melkowski was elected deputy president, and Dariusz Tomasz Lebioda was elected secretary. [passage omitted]

26 January. In Warsaw, the premier's Press Council held its last meeting of the current term in office. Jozef Krolkowski presided and summarized the efforts of the council. (We publish Krolkowski's comments in this issue.)

The efforts of the Council, in the opinion of the premier, contributed to improved performance of the press's social functions, an increase in its prestige, and enhanced satisfaction of the needs of the mass media.

At the behest of the Press Council, a report on the material and technical base of the Polish press, radio, and television has been prepared; the report judged that the base is being constantly degraded.

The report, Minister Aleksander Kwasniewski, chairman of the Sociopolitical Committee of the Council of Ministers, who participated in the meeting, has become the starting point for the first remedial measures to improve the material conditions for the operations of the mass media. A working group has been formed which is to make recommendations by the middle of February 1989. During the first few days of March, the Council of Ministers is supposed to discuss these problems.

During the discussion, which returned to these problems, in addition to comments on the positive efforts of the Council during its first term in office, there were also critical comments. In the opinion of Marian Podkowinski (PERSPEKTYWY), the Press Council should meet more frequently and take up such essential problems as the declining readership of newspapers and magazines in Poland. The Council, Jan Brodzki (TRYBUNA LUDU) said, should defend the press's right to professional confidentiality, but, during the next term, it should pay more attention to the ethical behavior of journalists. In spite of everything, Father Michal Maciolka, the director of the St. Wojciech Publishers in Poznan, said, the Press council has contributed to increasing openness in public life and to an understanding of the role of the mass media. The pluralization of viewpoints, opinions, and communities, toward which the first steps have been taken, should contribute, he added, to an increase in the credibility of the press. Prof Walery Pisarek, director of the Center for Research on the Press in Krakow said, during the past term of the council, the level of the mass media improved somewhat. In two areas, however, he noted a regression: the technical backwardness of the Polish press got worse and the role of the daily press declined. [passage omitted]

31 January. Marian Belof has been removed from the position of deputy editor in chief of GAZETA ROBOTNICZA.

Andrzej Lewandowski has been removed from the position of editor in chief of GLOS POMORZA. [passage omitted]

Local Protest Against Czech Coking Plant Becomes National

26000527 Warsaw POLITYKA in Polish 27 May 89 p 7

[Article by Jan Dziadul: "Stonava in Wacław Square"]

[Text] The news of the construction of an enormous coking plant in Stonava began reaching the residents of Cieszyn at the end of 1986, although, to tell the truth, it is easier for them to emigrate to the West than to cross the Friendship Bridge to reach the other side of the Olza River where their families live. In 1988, the Cieszyn Ecological Club sounded the alarm: the location of the coking plant was 2 km from the Polish border, on the CSSR side, 6 km in a straight line from the center of Cieszyn. Meanwhile, the Beskid Mountains begin just beyond the city borders—the Slask Beskids, which are beginning to look like the Isar Mountains in the Wisla, Ustronie and Szczyrk regions. The blame for the contamination of this area of the Beskids lies almost entirely with the industry of our southern neighbors.

The 40,000 residents of Cieszyn have probably not seen such a public display since the end of the 1960's. On 19 May, along the border of the Olza River, more than 10,000 people marched between Friendship Bridge and Freedom Bridge.

"Between these two bridges, there should arise another—a bridge of understanding," says one of the organizers of the protest, Jerzy Kronhold from the Cieszyn Region Motherland. "We are protesting not only what is being done on the other side of the border, but likewise the inertia of our officials. They usually bury their heads in the sand on these touchy border issues, of which the ecology is one. We have not received even one korona in damages for the recent polluting of the Oder with mazut."

Certainly, it is easier to see the neighbor's dirt than the dirt in our own house, but in this case the problem has another aspect, since the neighbor, profiting by a providential geographical location, puts out his garbage full of pollutants at our front door. The problem is that 80 percent of the winds in this region blow from a south-westerly and westerly direction. This means that even the chimneys of average height direct most of the emissions from these pollutants towards Poland.

I look at a satellite picture of the border made by Landsat 1. You can clearly see a huge stream of pollutants crowding through the Moravian Gate, breaking up at the Beskid Mountains and then trailing away to reach the emissions of the Upper Slask Industrial District and combine with them. The Beskids, and particularly the Wisla, Ustronie and Szczyrk regions receive the highest doses.

In the Ustronie Forest Inspectorate, 100 percent of the standing timber is diseased. The greatest threat is to lots over 800 meters in altitude. Forests of higher than 1,000 meters are dying. Włodzimierz Buzinski, director of the Voivodship Office environmental protection department in Bielsko-Biala says that the practice of beating around the bush in the name of neighborly relations has had its own effect on the contamination of the mountains:

"The truth is that the Czechs usually ignore us and do everything during talks to keep from understanding our problems. Decisions on environmental protection matters can be made only at the government level. Thus, even if we meet with the authorities of a neighboring voivodship, it is only to talk over things. Is it even conceivable that to date no agreements regulating ecological problems on both sides of the border have been signed?"

Voivodship authorities have been aware of the existing state of things for a long time. In the 1970's, several measuring stations were installed in the mountains at the Trzyniec steel plant, which causes the greatest devastation. The issue, however, has always been a touchy one, awkward to bring up officially. Thus (why pretend?), people were relieved when these matters were brought up by the social ecological movement.

"To put it most circumspectly, for decades our neighbors lacked the motivation to invest in modern, admittedly usually expensive environmental protection equipment," Włodzimierz Buzinski assesses. The wind rose favors them, and so... I do not believe that they were quick to comprehend the seriousness of the situation. It is also hard to believe that they will abandon the construction of the coking plant in which they already have invested 1.5 billion koronas. But what is happening in the environs of Stonava should impose design changes and a search for more modern technology. If the coking plant continues to be implemented, then it is with the awareness that the investors are being watched closely—and for the first time.

The Stonava coking plant will be the second large plant located right on the border. Several years ago, in Dębowice, an electrical power plant was opened at the altitude of Zebrzydowice. According to data published in the Polish-language GŁOS LUDU, that comes out in Ostrava, in 1988, in the Ostravo-Karvinsky Industrial District, the following emissions of pollutants were noted: sulfur dioxide—176,000 tons, nitric oxide—43,000 tons and fly-ash—102,000 tons. It is claimed in Bielsk that that district, in which the basic heavy industry of Czechoslovakia is concentrated, generates 50 percent of the ecological problems of the voivodship.

It is difficult to research whether such major industrial capital spending projects in the border belt are subject to consultation from the other side. In September 1987, Stefan Jarzebski, minister of environmental protection

and natural resources at that time, was shocked by reports from the Bielsk authorities regarding the coking plant lying on the border, which evoked justifiable concern among the residents of Cieszyn and the Beskid recreational spots.

Within a short time, discussion over Stonava began in the Sejm. The Ministry of Health and Social Welfare became interested in the issue, and a memo was written from the Ministry of Foreign Affairs to the Polish ambassador in Prague to familiarize himself with the problem "at the appropriate governmental and political level." However, the residents of the endangered regions continually received placating explanations: the coking plant, producing 1.5 million tons of coke annually (and processing 2.2 million tons of coals for this purpose) will be a clean facility. Moreover, two old coking plants will be closed after the new one is put into operation.

In May 1987, Cieszyn mayor Edward Matuszek, spurred on by ecologists, wrote a letter on this matter to the CSSR consul general in Katowice. The most important thing about his reply was that this was the first time that the Czech side publicly informed about the construction of the coking plant, and said that it should be of no concern:

"(...) The plant design is based on the most modern technology from the environmental standpoint. The system of cooling the coke using a dry method based on a Soviet license and the system of drawing off coking gases based on a West German license from the STILL firm are noteworthy here (...) Based upon this, we are able to assert that the placing in operation of the new coking plant will not have negative consequences to the natural environment of the PRL."

Unfortunately, this answer did not satisfy the ecologists and the authorities. It became evident that similar systems used elsewhere do not guarantee the planned parameters. Then capital spending problems came out in Stonava associated with the shortage of land to build a waste treatment plant. About 80 hectares was needed, without which 12,000 square meters of toxic waste would enter the Oder drainage system. In addition, our specialists did not believe that it was possible to open a suitable protective zone that met standards for this type of plant because this zone would have to be established on Polish lands.

Tadeusz Kania, a research worker at the Slask University branch in Cieszyn and initiator of the ecological movement, believes that Stonava should be viewed in a broader scope:

"We have had the experience many times that most of the issues resolved between Prague and Warsaw that concern Cieszyn Slask impact us unfavorably and proceed at the expense of our tradition and our identity, and ecological issues fill the cup of bitterness. This is especially the case if one watches Czech television and reads

the Czech press daily. There is not one word mentioned about the dangers. If we do not manage as allies to come to an understanding in a bilateral pact, then let us at least abide by international agreements. The Stockholm declaration 'Concerning the Natural Environment of Man' establishes that no country may cause or has the right to cause harm in another state through its activity."

Two months ago, the Cieszyn Region Motherland approached the city authorities regarding approval for organizing an ecological protest.

"We received permission with no problem," says Jerzy Kronhold. "Our slogan is: 'Stonava Take Heed! We want clean air over the Beskid Mountains.'"

Cieszyn mayor Edward Matuszek, when asked an hour before the demonstration whether the protest action was justified, said: "The opposition to this capital spending project is completely justified and understandable. In general, industrial plants noxious to the environment should not be constructed within zones situated on borders. That is one issue. The Stonava problem has yet another dimension. Basic information, technical details and technological assumptions are deficient on this subject. We are not sure what the other side is planning. Despite many approaches and interventions made to the central authorities by the deputies, we are still going around in a circle of suppositions, conjecture and estimated data. It has already been 2 years since we began trying to find out what our neighbors are cooking up for us less than 2 kilometers from the border."

The greatest outpouring of ecological protest in Poland began in the artistic community. A mountaineer duo recalled in song that the Beskids were once beautiful, clean and green, and a student cabaret presented the history of Stonava in pictures, concluding with the ironic warning: And so why all this fuss about the destruction of little trees that are rickety anyway? At that time the Cieszyn market began to be flooded with banners covered with slogans (to a great extent in the style of the Orange Alternative) opposing the building of the coking plant: "Stonava in Waclaw Square," "We are perishing in an Atmosphere of Friendship," "Brothers, Poison the Imperialists"...

In the resolution formulated at the conclusion of the hour-long march along the bordering Olza River, the residents of the Cieszyn Region demand the following: the halting of construction on the coking plant in Stonava; the taking of action to reduce the emissions of dust and gases from the nearby mill in Trzyniec; the construction of a waste treatment plant and suitable safeguards against chemicals in the rivers flowing into Poland; the suspension of locating industrial plants noxious to the environment in the Beskids and the adjoining area; the payment of damages for losses emanating from the pollution of our rivers and forests. Jerzy Kronhold observes: "We do not ask for a great deal, but we shall not yield while the dumping of mazut into our rivers and

the poisoning of our forests continues to go unpunished... We want normal relations, a normal border, in accordance with the standards of international law. We have the Freedom Bridge in Cieszyn, families whose members live on both sides of the river, but our backs are turned to one another. Why?"

On the day of the ecological demonstration, the border traffic from Czechoslovakia to Poland was unusually light. Many reasons were given for this, but let us just pin the blame on an approaching rainstorm. And let us just say that is probably why there was an unusually small number of people to be observed on the Czech bank of the Olza on the boulevard that runs along the river. So it was surprising to see a group of young people appear on the Czech side carrying banners (three) in solidarity with our ecological demonstration.

P.S. On 22 May, J. Koziol, minister of environmental protection and natural resources, submitted a letter to the CSSR premier from Premier M. Rakowski, referring to the urgent need to resolve the most critical bilateral issues in the field of environmental protection. The Polish minister broached the subject of the building of the coking plant in Stonava, also expressing, on behalf of the government, alarm at the location of two industrial waste storage piles in Mala Czerwna, also not far from our border. The CSSR premier declared that the investor building the coking plant is already taking the necessary steps to reduce the production volume of coke at the plant by one-half as compared to the original plans, while the emission of dust and gases will be below that allowed by international regulations. This issue and related issues (including compensation for polluting the Oder) will continue to be discussed by experts in talks that will conclude at the latest on 30 June 1989.

YUGOSLAVIA

Criticism of Suvar Statements Rejected
28000113 Zagreb VJESNIK in Serbo-Croatian
23 Apr 89 p 6

[Article by Vjekoslav Krsnik; first paragraph is VJESNIK introduction]

[Text] One should react to all the attacks and fabricated accusations with dignity and arguments to confirm that Croatia, as a federal unit, wants not disintegration, but rather democratic new socialist integration in multiethnic Yugoslavia in harmony with the demands of the times. Not through means of dictation along the lines of "either it will be this way or not at all," but through dialogue and tolerance for diversity.

In continuing the propaganda campaign that has been aimed at this region with greater or lesser intensity, utilizing various methods, some of Serbia's delegates at the beginning of the 22d session of the LCY [League of Communists of Yugoslavia] Central Committee [CC]

made use of the presentation by Dr Stipe Suvar, President of the CC Presidium of the LCY, to pile on new attacks and descriptive terms in that campaign. The ideological mood that lasted since the initiation of the campaign for the rehabilitation of Dr. Milos Zanko, which in the past year or two has taken on new dimensions and forms, has resembled a furious crusade in the last few days (with still incomprehensible and unpredictable consequences) as speeches are made against Dr Suvar as a metaphor for much more serious aims.

In disputing the right of Dr Suvar to preside at the 22d session of the LCY Central Committee, Mihailo Milojevic said among other things that the program presented by Dr Stipe Suvar at the session of the Croatian LC Central Committee was, in essence, "hatred of Serbia": "Hatred of any part of Yugoslavia can bring no good. Suvar's preelection speech was a blow aimed at breaking up Yugoslavia, at bringing a clash between Serbs and Croats." Darinka Duraskovic declared that "it would be honest if we would express all our differences and objections at the forum where we are now, rather than to go to our republic, province, or opstina and speak of them there." As has recently become the custom among politicians from Serbia who confront positions and opinions about Serbian policies in other parts of Yugoslavia, these two speakers were trying to challenge the right of the Presidium president to preside at the 22d Central Committee session, using unsubstantiated and fabricated attacks and suppositions. Their motion was voted down by a great majority (111 to 23).

The Neglected Part

Anyone who has carefully read Dr Suvar's remarks at the session of the Croatia Central Committee could not anywhere misperceive that he had attacked the Serbian people or Serbia as such; rather, he clearly directed several sharp objections to the policy of the leadership of Serbia's LC. If Mihailo Milojevic and the number of others who reacted in the following days at all levels and in all structures regard the entire Serbian people in Serbia as having been equated with the policy conducted by Slobodan Milosevic as the head of the Serbian communists, then that is a coarse political provocation, with precisely the aim of inciting hatred in the Serbian people against the Croatian people. And precisely that manner of reaction, when from megalomaniac and authoritarian positions they wish to impose their model and their policy on the rest of Yugoslavia, "is directed at breaking up Yugoslavia, at a clash between Serbs and Croats." We will cite only one neglected part of Dr Suvar's speech, amidst this flood of slanderous attacks on him: "Nothing must be allowed to bring into question the ethnic freedoms and rights of all, the equality of constituent peoples and other ethnic groups, brotherhood and unity. Each of our republics should be strong and stable, regardless of the number of inhabitants, territorial size, or the economic and cultural level of development, for that is essential if Yugoslavia is to be stable and strong."

The speech by Darinka Duraskovic also requires attention as an expression of the double standard applied according to the principle of political voluntarism. She was disturbed by the fact that on the eve of the 20th session of the LCY Central Committee, Dr Suvar—who had in fact declared that he would "call a spade a spade"—postponed this address until the session of the Croatian LC CC, right before the voting in the Croatian Assembly for the Croatian representative in Yugoslavia's presidency. There is no doubt that Dr Suvar did that on purpose, but there is also no doubt, from the resistance to some of his political initiatives, that he has opponents in Croatia itself.

Along with all that, the Croatian Assembly cannot be regarded as a collection of ignoramuses who are unaware of the current political situation in Yugoslavia and who, despite all the negative baggage it has in the republic, gave their confidence to Dr Suvar. The latter, in the current confrontation between two visions of the future of Yugoslavia, is responsibly and resolutely advocating a democratic vision combined with a new socialism, all based on the roots of AVNOJ (Anti-Fascist Council of Yugoslav National Liberation) Yugoslavia, not some other one, and Tito's, not anyone else's, Yugoslavia.

New Tones in Unanimity

If Dr Suvar spoke this way in the Croatian LC Central Committee, and not in the LCY Central Committee, then naturally that can be taken as a minus for him, but then the same criteria must be applied to Slobodan Milosevic as far as Yugoslav topics are concerned. The latter's key declarations, such as "Serbia will be like this, or it will not exist," were expressed not at a session of the appropriate LC entity, but in other circumstances. Milosevic even promised arrests not at some official session, but from the steps of the Yugoslav Assembly, etc.

Naturally, in accordance with the well-established pattern in all authoritarian-structured political organizations, the speech at the 22d session of the LCY Central Committee was followed by a veritable eruption of attacks and criticisms with the same or similar intellectual framework at all levels in Serbia. A veteran of the communist movement in Serbia, Dobrivoje Vidic, joined in, reminding us that in the republics, provinces, and the society as a whole a fear exists of outvoting and the abuse of majority rule in decisionmaking in Yugoslavia (and thus not only in the LCY—writer's note), saying that "doubts are being manufactured in relation to the intentions of the Serbian people and their representatives to impose their own, Serbian, hegemony on others." Naturally, Vidic correctly perceived what Dr Suvar stated in sharper language at the LCY Central Committee session, but the Serbian communist veteran did not attempt to dispel those doubts, since he himself has fallen into the trap of equating the aspirations of the Serbian people and the present leadership of the League of Communists of Serbia.

At least two events last week in Serbia and in Belgrade itself confirmed that such an equation is pure illusion. First of all, the prominent "Committee for the Defense of Freedom of Thought and Expression," better known by the shorter title "Cosic Committee," sent a letter to Serbia's Presidency and to the Socialist Alliance of the Working People of Serbia [SAWP] expressing the conviction that Serbia's new constitutional arrangements had created "markedly more favorable possibilities for the decisive democratization of the existing authoritarian (underlined by V. K.) political order." The letter goes on: "Today's exceptionally difficult economic, political, and social situation can, of course, be an excuse for conservative forces to postpone extremely necessary democratization. In our opinion, it would be wiser to accept the risk of freedom as opposed to the apparent security of the status quo. We also believe that political pluralism is the prerequisite for a worthy democratic system in which the citizens by their own volition will associate in various leagues and associations."

At the same time, the committee of the Association for a Yugoslav Democratic Initiative (UJDI) was formed in Belgrade, although the Zagreb headquarters of the association had not received the green light for registration. According to all of this, although these are strictly isolated instances, the equating the policies of Serbia's LC leadership and the Socialist Republic of Serbia with the entire Serbian people, or rather, with the entire population of the Socialist Republic of Serbia, is pure illusion, which sooner or later—or so history teaches—will crash down on the heads of those who stubbornly want to build Yugoslavia in such a way as to impose their own ideas on others, ideas found somewhere on the scrap heap of the past, and "let it cost whatever it costs."

Institutional Pressure

For that reason, the campaign begun against Dr Suvar, a future member of the Yugoslav Presidency for the coming 5-year term (when a solution for the profound nationwide crisis must be found), is not a campaign directed at just a single person, a single politician. It is

also directed against the region that has remained mysteriously silent, watching from a distance the ideological clash of two contrary options: the Slovene option of opening up to the work and the Romanian-style closed Serbian option (the Serbian leadership, of course—author's note).

In this sense, the protest from members of the Vojvodina's SAWP conference to Croatia's SAWP conference is instructive. The Vojvodina delegates did not attempt to refute Dr Suvar's speech, resorting instead to a proven method, stating in their protest that Suvar's speech "was aimed at provoking hatred and intolerance between the peoples and leaderships of Serbia and Croatia." Suvar's election to the Yugoslav Presidency "has created discord among the peoples of Yugoslavia and distrust in the Yugoslav Presidency, disrupting efforts to unify the country and find a way out of the social and economic crisis." Suvar's speech was termed "destructive and biased, aimed at breaking up Yugoslavia." That comment was only the institutional form of the pressure on the legal agencies of the Socialist Republic of Croatia, with intentions that will probably be manifested in a broader context in the coming days, since no campaign can call itself off all at once.

For that reason it is important to rebuff any new wave of hysteria with dignity but not in a cowardly way, with arguments serving to confirm the fact that the Socialist Republic of Croatia, as one of the federal units, by its entire activities does not want disintegration but rather a new socialist integration of multiethnic Yugoslavia, in harmony with the demands of the times. Not by means of dictation along the lines of "either it will be this way or not at all," but by dialogue and tolerance of diversities. In that context, the attitude expressed by Croatia's Assembly to an effort to draw it into polemics (in response to an article in POLITIKA EKSPRES) may be instructive. Energetically rejecting the accusations that the Assembly had committed itself to an anti-Serbian policy, the delegates resolutely proclaimed their right to elect whom they wanted and asserted that the Assembly policies had always used a Yugoslav orientation as their point of departure, and that this would continue to be the case whether it pleased anyone or not.

CZECHOSLOVAKIA

New Legal Principles for Economic Planning To Appear in June

24000137b Prague *HOSPODARSKE NOVINY* in Czech No 15, 1989 p 3

[Article by Eng Vaclav Vertelar, first deputy chairman of the State Planning Commission: "The Framework of a New Economic Mechanism"]

[Text] The federal government recently discussed the draft of the law on national economic planning, which will be submitted to the Federal Assembly for approval, so that it may be enacted on 1 July 1989. This article outlines its basic principles, although further discussions will undoubtedly introduce a number of changes in the draft of the law.

The proposed law provides the preconditions for the intensification of the long-range planning of our national economy by underscoring the role of long-range perspectives and by shifting the focus of planning from annual plans to 5-year state plans which will serve as the basic mechanism of central management of our national economy. To correlate the actual development with the objectives and intentions of the 5-year state plans and to eliminate the effects of serious unforeseeable changes in both the external and internal conditions of development, a system of a controlled economic development which will be applied will include the necessary modifications of outputs in a given year of the 5-year state plan in interrelations with annual state budgets and annual currency plans.

Differences in Comparison With the Current Situation

Main changes in the currently valid system of planning appear in particular in the following aspects:

1. In agreement with the 2-stage management principle, only a comprehensive state plan and the plans of socialist organizations are envisaged.
2. As for priority projects of state plans, they are no longer based, as they previously were, on specifications of an extensive set of volume and partial individualized indicators. A shift is made to mostly economic methods which will fulfill the managing function of the plan by means of uniform taxes and other mechanisms of financial, price, currency and wage policies, as well as by means of economic standards which are essentially uniform. Specific tasks in the new concept act as a mechanism for enforcement of significant structural changes of our national economy. With the gradually restored structural balance, with a stronger position of the state as concerns foreign exchange, and with the objectivation of value mechanisms, the range of specific tasks and limits will be diminished.

3. Central regional planning agencies will take an active part in the drafting of comprehensive state plans; with some exceptions stipulated by law, they will not submit independently 5-year regional segments of state plans to the CSSR government or to the governments of our republics.

4. The status of central sectoral agencies will be fundamentally changed; no longer will they serve as a planning instance and they will not draft the sector's economic plan. They will cooperate in the drafting of a comprehensive 5-year state plan and its specifications for socialist organizations, without expanding the volume of mandatory outputs. They will not accumulate surplus funds; with some exceptions stipulated by law, the CSSR government or the governments of the republics, they will not accumulate sectoral funds. Surplus funds will be accumulated both on the level of the center and on the level of socialist organizations in their plans. The importance of such surplus funds as a stabilizing factor of economy in the conditions of the new economic mechanism is greatly enhanced.

5. In agreement with higher authority of national committees on the lower level, their role is also expanded in the economic area, particularly in terms of their function as founders and of their greater powers in the management of budgetary funds.

6. The status of socialist organizations in the planning process is changing and becoming more influential. They will be authorized to draft and alter their plans while fulfilling the mandatory outputs of state plans, their contractual obligations, and the generally mandatory legal regulations; they will not present them for approval to a superior agency. By the same token, they must inform designated central agencies about selected data related to the plan and its changes.

Concept, Subject, Purpose

The draft of the law characterizes national economic planning as the basis of the management of our unified socialist national economy. It is understood as a uniformly organized, continuous and goal-oriented activity by participants in the planning process, which is aimed at rational control of the implementation of the objectives of the socioeconomic development in the CSSR and in both republics; and it results in the formulation of comprehensive state plans for socioeconomic development of the CSSR, and of comprehensive state plans of both republics. The plans for the socioeconomic development of territorial areas and communities (areal plan) and the plans for the socioeconomic development of socialist organizations are extensions of the state plans.

Our national economic planning encompasses the whole process of expanded socialist production and must facilitate a profitable utilization of intensification factors, i.e., the application of R&D achievements, efficient integration in international division of labor, and the

development of socialist entrepreneurship. This, along with the assertion of an active role of the socialist market, will focus the development of national economy on efficiency, and balance our economy in order to create resources for comprehensive satisfaction of the growing needs of our society.

Definition of the System of Plans

Plans for socioeconomic development constitute a comprehensive and diverse system. State plans display a markedly goal-oriented character. In general, they are mandatory for economic and management operations in every agency and socialist organization to which they apply.

The plans of socialist organizations are their basic documents for the management of socioeconomic operations, including the development of their entrepreneurship and initiative. Plans of internal structural units (for example, factories, businesses, shops) have the character of internal plans or parts of the plan of a socialist organization, and the socialist organization determines their form and contents.

Together with the generally mandatory legal regulations and other mechanisms of management, state plans define conditions for socioeconomic operations of socialist organizations by stipulating their mandatory outputs. Moreover, they provide them with basic information required for their operation, and serve as the basis for all other plans.

State plans of both our republics stipulate, in agreement with the CSSR state plans, the goals of the comprehensive development of economy managed by the appropriate government. Furthermore, they determine the ways to ensure a proportional development of territorial areas and communities, and for that purpose, they contain also the decisive parameters for regional planning of the republics.

According to the term of the planning period, the draft of the law breaks down the state plans into long-range forecasts for the socioeconomic development of the CSSR, of the CSR and of the SSR, and, similarly, into 5-year state plans, divided in individual years.

Documents for long-range forecasts for the CSSR are the initial and fundamental goal-oriented programmatic documents which define the basic aims of our socioeconomic development, as a rule, for 10 years, and in selected sectors for 15 years. The selected sectors are, above all, the investment-intensive branches of our national economy (for instance, fuels, power engineering, including nuclear engineering), where due to the period of the investment cycle projections for a 10-year period are inadequate. Documents of long-range outlooks are further specified and extended for 5-year cycles. Their follow-ups are presented in documents of long-range outlooks for both republics which specify

them in definite terms and expand them according to the needs of the republics. "The Concept for R&D," "The Socioeconomic Development of the CSSR and of the Republics," and "Main Directions of the Socioeconomic Development of the CSSR and of the Republics" are documents for long-range planning.

Main directions of the socioeconomic development of the CSSR and of the republics provide the groundwork for the determination of primary goals and tasks of 5-year state plans. Therefore, they consist of directives stipulated by the CSSR government and of directives stipulated by the governments of the republics for drafts of 5-year state plans, of plans of socialist organizations, and of territorial plans specified for individual years. Their intrinsic components are unified directives for control of the economic development. With the shift to the new economic mechanism, the significance of these directives has considerably increased both in terms of their contents and of the influential role which they must play in the drafting of 5-year state plans. Socialist organizations will draft their 5-year plans, and national committees their 5-year territorial plans on the basis of mandatory outputs stipulated by the directives.

Five-year state plans specify strategic objectives of long-range forecasts, determine their main goals, tasks and parameters for socioeconomic development in a comprehensive way, focusing on total commodity-money and structural balances and on balance of supply and demand. Their essential characteristic is the comprehensiveness required by basic documents for their structuring of the economic mechanism. It is safeguarded by comprehensive 5-year plans submitted to the CSSR government and to the governments of both republics, which contain also the decisive objectives and tasks of the R&D plan, and the plan for the development of prices, and main parameters of the 5-year currency plan and of the budgetary outlook. The government of the CSSR and the governments of the republics will approve the drafts of the 5-year plans and present them to appropriate representative assemblies.

Territorial plans represent one kind of plan for socioeconomic development. National committees will process territorial plans for the area under their administration and submit them to the central planning agencies of the republics. In agreement with the state plans of the republics and with regard to approved territorial planning documentation, central planning agencies will ensure the comprehensive socioeconomic development of their territorial areas and communities, including the creation and protection of the environment and the exploitation of local opportunities for an efficient development of our national economy. According to the term of the planning period, the plans are divided into long-range concepts for the development of the territory, i.e., territorial areas and communities, and into 5-year territorial plans.

Plans of socialist organizations are the basic mechanism for the management of their operations. Next to the duties and restrictions specified by legal regulations (primarily by laws), they must guarantee in particular:

- mandatory outputs of the state plan;
- obligations toward financial agencies;
- credit agreements with appropriate banks;
- economic contracts;
- development of their own economic, social and commercial operations, and intensification of technical and qualitative standards of production for efficient satisfaction of the needs of our socialist society;
- socialist development of work teams.

The plans of socialist organizations are divided into 5-year plans, into divisions according to individual years, and into annual plans. As a rule, they also specify long-term concepts of their development.

Creation, Contents, Outputs

The basic method of the drafting of state plans, mainly long-range projections, is the search for ways to realize the most effective directions in the development and structure of our economy. The cognitive basis here consists, in particular, of prognoses, above all of the "Summary Prognosis for R&D and the Socioeconomic Development of the CSSR for a 20-Year Period," prepared by the Czechoslovak Academy of Sciences, and furthermore, of concepts for the development of international division of labor, concepts for the development of both republics, sectoral concepts for development, and international comparisons with advanced economies. Long-range concepts for the development of socialist organizations are used also in sectoral concepts of development.

The concept of mandatory outputs of state plans is new. It proceeds from the premise that in the future the state plan will not specify a number of individually stipulated tasks and mandatory indicators for individual organizations; the emphasis is above all on the enforcement of economic mechanisms. In their structure and type the outputs of the directives and the outputs of 5-year state plans are practically identical. In the case of information outputs of state plans, they are conveyed to organizations on the level of national economy or in sectoral profiles. They serve as important guidelines for their operations. Along with them, socialist organizations will also be acquainted with regulations concerning the focus of our economic development.

Outputs of the state plan include primarily standard directives. This economic mechanism represents mandatory output of the state plan either as firm obligation, or

as maximum demands determined by the relative (relational) method. Its purpose is to gradually stipulate generally valid standards. Naturally, because initial conditions vary, it should be expected that sectors or departments will set extraordinary individual standards especially in 1990 and for the Ninth 5-Year Plan.

Contrary to current arrangements, it is expected that specific tasks will be substantially limited to those which are vital for the fulfillment of strategic objectives. As compared with the current mandatory tasks in every area, i.e., capital investment and technical development, it is envisaged that the quantities and the scope of specific tasks will be drastically reduced. The plan for 1989 has already radically cut the number of mandatory tasks in supplier-consumer relations, mainly by abandoning the mandatory character of balances of ministries and enterprises. Non-convertible currency, the monopolistic status of some manufacturers, the imbalance of resources and needs, and imperfect value mechanisms demand that priority directions of supplies—i.e., deliveries of selected goods for our domestic market, compliance with international obligations, and so on—fulfill specific tasks during the initial stage of the introduction of the economic mechanism. In other words, with some exceptions, no production tasks will be assigned in the future.

So long as the plan does not explicitly stipulate tasks for individual socialist organizations, such tasks will be determined by central sectoral agencies. By the same token, the emphasis is on the principle of reality, that is, on restrictions in accordance with available capacities and with the main purpose of the organization's program. At the same time, specific tasks assigned by the state plan are ensured also by preferential allocations of centrally controlled deficit material resources, which means that specific tasks cannot be assigned to socialist organizations over the limit of centrally stipulated material balances.

The draft of the law treats state orders as a type of specific task, i.e., one of the forms of mandatory outputs of the state plan. It is characteristic of mandatory state orders that their recipients are either the central agency of the state administration or an organization appointed by it to act in its behalf and on its account. From the nature of the matter it follows that they will be financed either fully or at least in part from the funds of the state budget.

As mandatory outputs of state plans, limits are expressed either in material or monetary units; they have the character either of limits in consumption or of collection. At the same time, the supplier's duty depends also on the consumer's determination (so long as he insists on the delivery). It is presumed that the number of limits will follow a declining tendency in accordance with the way in which the structural balance is restored and the foreign exchange situation improves. Moreover, consumption may be rationalized by the application of economic mechanisms (mainly by price adjustment), and thus, current limits may be abolished.

Control of the Economic Development

The draft of the law defines the tasks of the State Planning Commission and of central planning agencies of both republics in drafting comprehensive state plans in terms of organization, coordination and other functions which they fulfill in this process. By the same token, their responsibility for correlation of all parts of the plans and for their interconnection is emphasized, with the focus on interrelated directions of material and value relations and on the comprehensive character of the state plan. As the center's specific national economic and managing practice, control of our economic development is seen in coordinated and flexible implementation of stipulated mechanisms of management that are at the disposal of the center.

It will be implemented in conformity with uniform regulations for control of the economic development, which are included in the guidelines for the drafting of 5-year state plans and further specified in 5-year state plans, namely, on the basis of systematic analyses of the development of our national economy as a whole and of its individual parts, and with regard to the character and to the extent of deviations in the national economic development from the goals and aims of the 5-year state plan. Principles for the control of our economic development will be approved by the CSSR government or by the governments of the republics. The purpose of the control of economic development is to achieve harmony between the development of our national economy and the goals, objectives, proportions and tasks of 5-year state plans, also with regard to the changing conditions of the CSSR and world economies, including international obligations.

Major deviations from the outputs of 5-year state plans will be corrected mainly by adjustments required for a given year of 5-year state plans; such modifications will be approved by the government of the CSSR and by the governments of the republics. If the scope of adjustments should call for a complete overhaul of 5-year state plans, the government will submit its proposal for such changes to the appropriate legislative body.

HUNGARY

U.S.-Hungarian Stock Corporation Formed 25000302b Budapest NEPSZAVA in Hungarian 11 May 89 p 9

[Text] Elzett Certa, the company well known for its magnetic locks, has established a joint venture in the form of a stock corporation with its American business partners. Twenty-nine percent of the 60,000 U.S. dollars founding capital was contributed by Certa, 10 percent each by Budapest Bank, Inc. and the Ferunion Foreign Trade Enterprise, 25 percent by the American Securitec

Group, and 26 percent by the latter company's vice president, Mr. Peter Helfy, personally. Mr. Helfy is of Transylvanian Hungarian descent.

On signing the founding documents Securitec president Simon Berger, Mr. Helfy, and Certa president Laszlo Szilagyi told the NEPSZAVA reporter that the decision to establish a joint venture is based on a mutually satisfactory commercial and developmental relationship which has lasted several years. Certa and the American party already have several jointly developed inventions; they will enter the American market with new products.

In the American-Hungarian stock corporation Certa will manufacture modern locks responsive to high level security requirements, while the Americans will cover the expenses related to sales. The U.S. market for locks is as high as 5 billion dollars a year. If only 2 percent of this sales volume can be acquired—a matter deemed possible within a few years—this will represent a rapid growth opportunity for the founders, among them the company from Satoraljaújhely. Already in 1990 they are counting on an income of at least 3 million U.S. dollars.

Exclusive sales rights for jointly developed products are held by Securitec in the United States and Canada. Certa holds exclusive sales rights throughout the rest of the world.

Prospects of Future With European Community Discussed

25000242c Budapest HETI VILAGGAZDASAG in Hungarian 6 May 89 pp 78-79

[Interview with Bela Kadar, director of National Planning Office, Planned Economy Institute, by Gergely Fahidi: "Changing the Political Sphere Costs Nothing"; date and place not given]

[Text] Everyone has some kind of "program for evolution" at the coffee house level; unfortunately, however, alternatives presented by people assigned to develop such programs are frequently based on hypotheses and illusions. Just how realistic is the ever-recurring hope that Western Europe would not leave the Hungarian approach, which has now been expressed more firmly than ever, without a specific response? Who has a greater need for the other? What else could we "sell," and what should we do, if anything, to appear as promising partners in the eyes of a potential "customer"? We requested an answer to these questions and others from Bela Kadar, director of the National Planning Office, Planned Economy Institute, (age 55).

[HVG] Barely a few weeks ago a war of statements was waged between government officials over whether we should join the Common Market, or more accurately

stated: the European Community (EC). But just as important as the Hungarian intention is whether Western Europe would accept us.

[Kadar] We must start out from various time frames. At the moment the EC's goal is to avoid increasing the number of member countries. In the EC's long-term strategy, however, the intensification of relations with Eastern and Central Europe does have a place.

[HVG] Have they said this in such specific terms, or are we only hoping that this is true?

[Kadar] Official documents do not expressly state this, but this kind of building of relations is an obvious necessity. The EC, which has fallen behind for a long time, is trying to adopt a new course, is finding its place in the world. The success of this search also depends on how Western Europe can cooperate with the geographical border zone that surrounds it: with Southern and Eastern Europe, the Near East and North Africa. The new European energies which are now beginning to develop will be turning toward the border zones by the 1990's.

[HVG] Should we then understand that these areas—among them Eastern Europe—will become a kind of backyard for the EC?

[Kadar] Backyard is an ugly word, it means total dependence. It is even more ugly because Eastern Europe is still an independent power zone. True, by now this power has only one and a half dimensions. Aside from its developed military strength, the region still possesses certain elements of technical and scientific power, even though much of that has crumbled away in the last 15 years.

[HVG] And what kind of chance would you give to such a militarily strong Eastern Europe, whose infrastructure is at the turn of the century level?

[Kadar] The detachment of our area took place precisely because our economic policy has thus far concentrated on direct production: in essence they are constructing the traditional industrial society of classic capitalism. Intensive global technological development, however, greatly demands intellectual resources, and this presents an opportunity in the sense that even the most developed centers of technological development need to draw on intellectual resources outside of their own countries and regions. From this standpoint the Soviet Union and Central Europe have a pretty good dowry to offer.

[HVG] You are stressing a little known dimension of the illusion, but you have not yet said a word about another, more frequently mentioned hope. This is the significance of Central and Eastern Europe as a consumer market. Many believe that this mass of more than 300 million people hungry for consumer goods would offer great opportunities for the EC.

[Kadar] In this regard we cannot have any particular illusions either in the short term or in the medium term. All of East-West trade, with each side trading 45 billion U.S. dollars worth of [goods and services], amounts to less than 2 percent of world trade. This amounts more or less to South Korea's current trading potential. We know best the limits of our import capacity. The best opportunity rests with the utilization of a well trained intellectual workforce, and its potential.

[HVG] The only thing that makes me uncertain is that all you have said—although logical and rational—amounts to no more than the enumeration of chances. As far as concrete facts, one can hardly say more than that EC country leaders visited by our politicians have "assured that the Hungarian intention will have their well intended support." Our newspapers at least are filled with reports like this.

[Kadar] Look, promises received by politicians are usually not quoted on the stock exchange.... We must understand that Latin Europe and the group of significant agricultural producers are not overly enthusiastic about us. It is also a fact that between the two parties there is a forceful asymmetry of interests and bargaining power. From our standpoint of course, a developed global economic center is much more important than the reverse. One must also clearly see that because of the CEMA member countries' level of development, performance capacity, and the changed Hungarian interest relations, CEMA cooperation can play only a very small role in charging the Hungarian economy, in technological development, and in ameliorating the balance of payments deficit. And it follows that, insofar as a transition into a technologically intensive course of growth is concerned, only those countries which are more developed than we are can help. Accordingly, there is an urgent need for the rearrangement of our relationships.

The advantages hoped for will carry price tags, of course. We can offer in part political compromises, and in part economic concessions. The first is simpler because the transformation of the political sphere—even if it demands a high degree of foreign policy circumspection and caution—does not cost money. Moreover, for example, the development of the multiparty system presents an opportunity for the development of party relationships with the Common Market countries, provided of course that the new Hungarian parties find partners within the political structure of the leading forces in Western Europe. The situation is different in regard to paying the economic price. We are talking about liberalization here, not of a mere, simple import liberalization of 20-30 percent, but of a pouring in of such forceful, competitive partners which would quickly sweep aside the inviable Hungarian enterprises, and even branches of industry. Neither the Hungarian economy nor Hungarian society is prepared for the consequences of such change. Industrial branches of heavy weight and the

entire society must be transformed into a competitive mechanism, while we finally recognize that we cannot count on the intensification of relationships without adaptation pains.

[HVG] It is an unpleasant contradiction of the present Hungarian situation that while we dream about catching up, capital is continuously being extracted from Hungary, so that we have no external resources to rely on. In the short term, can we count on some kind of financial assistance as a result of our approach to the EC?

[Kadar] Experience shows that the international money market is willing to finance installment payments on the debt service of countries which perform favorably in the external economy. At present, interest payment obligations represent 4 percent of Hungary's gross national product. This constrained withdrawal of income must be regarded as comfortable. Nevertheless, between 1991 and 1993 it will become heavier: depending on prevailing interest rates and other factors, the installment payments can be expected to increase by a further 1-2 percent. We cannot count on the EC to cover this increase, only the international world of finance can help. Our approach to the EC is much more likely to affect our export perspectives.

[HVG] In other words, in order to retain the confidence of the world of finance we must improve our general economic, and particularly our external economic, performance. Except for the fact that we can hardly count on the resources of that same world of finance....

[Kadar] We are fooling ourselves if we postpone the long overdue and necessary modernization of the Hungarian economy in hopes of future external assistance. We cannot expect to break through the vicious circle with external assistance. In the initial period we must count on the rapid regrouping of the still existing short supply of Hungarian economic growth energy, in the framework of a comprehensive reform strategy.

[HVG] Forgive me, but during recent years every economic interview has concluded with the urging of a "comprehensive reform strategy." Since this seems like a lecture, let me ask you: what do you mean by that?

[Kadar] Unfortunately, to this date that certain performance turnaround in the Hungarian economy has not been found; and I, personally, do not see an element which could relieve the political sphere from the primary constraint of adaptation to the external economy. Nevertheless, chasing rainbows is an impermissible luxury in small countries. Therefore, perhaps, in a period when legality is experiencing a renaissance, the time has come to rehabilitate the laws of the economy and of the sober mind.

Bogomolov on Dollar-Based Settlement, European Integration

25000242a Budapest HETI VILAGGAZDASAG in Hungarian 6 May 89 p 11

[Interview with Oleg Bogomolov, director of Soviet Academy of Sciences, Socialist Global System Research Institute, by Katalin Bossanyi; date and place not given]

[Text] A mixed committee was formed as a result of the closing accord of the Hungarian-Soviet economic conference series held in Budapest last week. The committee will develop specific programs for CEMA modernization. On this occasion we conversed with academician Oleg Bogomolov, director of the Soviet Academy of Science, Socialist Global System Research Institute concerning the prospects of reform.

[HVG] Do you envision a possibility for dollar-based settlement in Soviet-Hungarian mercantile trade? How would this affect our relations both in the short term and the long term?

[Bogomolov] I view this as a realistic possibility, although the experts must still think through very thoroughly the positive and negative effects of such a change. The most essential supportive argument for this arrangement is that this kind of settlement would increase the requirements for quality in both economies, would strengthen the mercantile and monetary conditions, and through import competition would reveal whether each of us measures up to the world market. In the long term it would enhance a more modern settlement, and foreign exchange reform throughout CEMA. But there are also some counterarguments to be considered. In the short term, for example, mercantile trade would decline, and on both sides the delivery of "hard" goods would come to the forefront.

[HVG] Considering today's prices and price levels, the Hungarian economy would suffer further exchange rate losses. How realistic do you think a Russian ruble-U.S. dollar price level would be?

[Bogomolov] I view that as totally unrealistic. A decision has been reached already that next year we will devalue the Russian ruble—by about half—as compared to the U.S. dollar. This, however, is only a first step, because realistic price levels must be established by the marketplace, and we are just beginning to build the market. For the time being we are enabling enterprises to purchase dollars for rubles, provided that they sell dollars if they acquire a surplus as a result of successful exporting. But this process is strictly controlled by the state.

[HVG] Both countries are promoting the organization of joint enterprises, yet progress is very slow. Why?

[Bogomolov] Because of the primitive market conditions.... My experience shows that joint enterprises can be brought about without problems primarily in areas

where there is an opportunity for barter trade or for settlement in convertible currencies. We achieved good results in organizing joint enterprises for example in the duty free areas. I think that we should take to heart the idea of establishing such zones on the Soviet-Hungarian border—it would also facilitate the influx of Western capital.

[HVG] How would a possible dollar-based settlement affect the already existing agreements, e.g. our participation in the Tengiz investment?

[Bogomolov] I am aware of the fact that many in Hungary criticize this agreement. It is precisely for this reason that the ratio of settlements should be examined very thoroughly. In general my feeling is that, in the case of a settlement transition of this nature, some equalizing mechanisms should be brought to function to bar either party from gaining unwarranted advantages.

[HVG] Would you not think that although Hungarian goods would be competitive in the Soviet market, the same competition would also prevail in reverse? For example, it is not certain that in the case of dollar-based settlement we would buy another new nuclear plant from you, although thus far it has appeared that such investments are treated as political issues.

[Bogomolov] I feel that the enforcement of political interests along with economic interests is accepted practice not only in Eastern trade.... But if you bring up nuclear plants as an example, we may raise this issue also in regard to our purchases: in lieu of the large number of Hungarian buses, could we not obtain better quality buses from Western Europe? In my view, as a matter of experiment, we should change over to dollar-based settlement prior to 1992, but most likely in several steps, so that we can ameliorate the temporary tensions. For example, as of today it is not clear to the experts in what way one could establish a clear-cut interest in large exporting enterprises. Let us say that they continue to deliver as much crude oil to Hungary as they did before, while in a manner similar to yours, we too want to discontinue [state] funding.

[HVG] In your view, could consistently pursued economic reform lead to a change in the socialist model?

[Bogomolov] Economic and political reforms are linked closely. We want to get Stalin's heritage over with and formulate a new socialist model. As of today this is only a vision, however. It is easier to say what we want to reject than to prepare a specific sketch of the new model. In general we can say that we want a market economy. But the role of planning and of state direction has not been clarified, and there is much debate concerning the development of mixed proprietary forms. We must face the fact that an overemphasis on the differences between capitalist and socialist market conditions does not protect us from the unfavorable effects presented by the

global economy. Only openness could change this situation, the fact that we would become part of global development. I believe that the new socialist model will not only be national in character, it will also have international attributes.

[HVG] It appears that the future holds integration. To what extent would post-1992 Western European unity present a challenge to accelerating CEMA reform?

[Bogomolov] I believe that a number of various types of conclusions may be drawn from this. By all means we must strengthen the integration of socialist countries, but it is at least as important to prevent economic division in Europe. In my view it is more like the "European House" concept that holds the opportunity for catching up. I see conflict between internationalization on the one hand, and the development of closed integrated blocs on the other.

[HVG] Supposedly, radical CEMA reform is a function of Soviet economic reforms....

[Bogomolov] We are inclined to treat the difficulties of CEMA mainly as bureaucratic bungling, accounting, and technical problems, whereas with CEMA's crisis, in my view the crisis of the region, and primarily that of the Soviet Union, is more definitive. It is for this reason that we must first bridge the internal economic difficulties to expand cooperative opportunities.

[HVG] You made reference to the dominant role of the Soviet crisis. We hear and read convincing political declarations about your reform endeavors—but is there a specific economic program behind these declarations?

[Bogomolov] We do, of course, have concepts regarding the implementation of reforms, but I would not say that we have a completed, detailed program regarding every issue. Unfortunately, in recent times the situation of the Soviet economy has not shown spectacular improvement; actually, it has deteriorated. The group of products which represents losses has increased, and due to inflationary processes the population feels the worsening of the standard of living. All this is closely tied to the superfluous volume of money in circulation. For this reason I believe that we should now concentrate on making the financial sphere healthier. Otherwise not even the market effects will be able to prevail.

Commerce Ministry Releases Consumer Supplies Forecast

*25000300b Budapest NEPSZAVA in Hungarian
9 May 89 p 9*

[Article by "V. Zs.": "There Will Be Enough Toilet Paper and Pencils"]

[Text] Is it possible to prepare a forecast about this year's consumer sales? It is rather difficult, because even those able to pay their rent and to buy shoes for their children

live on a day to day basis, as it is virtually impossible to make long-term, or even short-term plans. Nevertheless, this year too the Ministry of Commerce has prepared a report on the anticipated supply of goods, because manufacturers and merchants work on this basis.

If consumption evolves according to plans, retail sales volume will be about the same as last year, according to the report. Catering industry sales will drop significantly, however, by about 8 percent. Assuming constant prices, we will be able to spend 2.5 percent less on clothing this year. This means that if prices increase we will be able to spend even less. On the other hand, it is expected that we will spend the same amount as in 1988 for food and for mixed goods.

Our everyday experience also appears to support the ministry's forecast, according to which demand will vary significantly this year. An increasingly broader stratum will limit its spending of consumable income on basic goods and services. In virtually every merchandise category, demand for lower-cost items will increase, while many will continue to be able to afford more expensive, and even luxury items in 1989. It may be expected, however, that there will not be sufficient supplies of lower-cost household chemical products, and that there will be a shortage of basic building materials, although this shortage will manifest itself in fewer brands as a result of declining demand.

Industry has made smaller commitments in regard to so-called open system household hot water heaters, tape recorders, freezers, and color television sets. This does not expressly signal the increasing dominance of market conditions.... Similarly, factories will not provide sufficient supplies to the domestic market in household chemicals, because they are barred both by their capacities and by the uncertainty of the foreign exchange situation, as it affects base materials originating from capitalist countries.

The shoe industry has committed itself to satisfying commercial demand, and there will be adequate supplies of school uniforms, training wear, diapers, toilet paper, and notebooks. There will be fewer coats, suits, hosiery, modularized furniture, and children's furniture manufactured in Hungary. On the other hand, supplies will be greater than the volume ordered in several merchandise categories, including wool textiles, carpets, draperies, bed linen, children's textile coats, women's and children's clothing, sneakers, and pencils. The selection will be complemented by imports at a rate similar to that of last year.

This year's consumer demand for meat and dairy products, laundering and dry cleaning, and for the repair of communication equipment will decline. Unused laundering capacities may even reach the 50 percent mark. Thus it can be expected that several laundry service outlets will discontinue operations. In contrast, the sale of used items is expected to increase by 30 percent this year.

Industrial Policy Council Meeting Evaluated
25000243b Budapest FIGYELO in Hungarian
27 Apr 89 p 8

[Article by FIGYELO editor in chief Dr Gyorgy Varga:
"Industrial Policy: Variations on a Theme"]

[Text] Worldwide, we could be first in the per capita production of ideas. At this time the Industrial Policy Council chaired by Industry Minister Frigyes Berecz debated a document submitted by Bela Csikos-Nagy. It contains background material for debate on a comprehensive strategic industrial policy. I am no longer counting who submitted similar documents covering shorter or longer periods during the past two years, but I doubt that the labor invested in preparation is proportionate with either the enrichment of our knowledge, with the improvement of our ability to foresee matters, or even with the role played by these documents to influence actual decisions, and mainly, to mobilize action.

Also the "background material" submitted establishes the fact that most industrial policy concepts thus far have gotten stuck at a point where the strategic outlines of industrial policy could have appeared. Various diagnoses reach the same conclusion about industry's present situation. The most pronounced judgment can be found in a document prepared by the Global Economic Research Institute: "...As it is, the processing industry is unsuitable to serve as the engine for Hungarian economic growth." According to the Hungarian Economic Chamber there is not a single recommendation which could provide an appropriate foundation for the relief of the structural policy concerns of Hungarian industry, and which could be realized in the medium term.

The key link in the chain of developing industrial policy strategy is the development of an appropriate strategy for the external economy. The background material makes reference to the fact that according to the Ministry of Industry, the CEMA complex program projection until the year 2,000 may be regarded as the main driving force for modernization. In contrast, several experts, and primarily the National Planning Office concluded that although CEMA cooperation still involves hidden reserves, only to a small degree may we count on these, and especially on seeing positive effects these reserves may exert on technological development during the period ending in the year 2000. Therefore the main area where industry can be charged up and where technology keeps in step is outside the CEMA region.

The background material makes reference to the fact that in the future development of the Hungarian economy dependence on world markets is fundamentally dependent on the extent to which the Hungarian economy is squeezed out of the CEMA market. In this relation the document describes two possible variations.

The first alternative is based on the hypothesis that CEMA assures the satisfaction of the Hungarian economy's raw material and energy needs at the 1990 levels until the year 2000.

The other alternative proceeds from the idea that during the 1990's, material and energy imports from CEMA will decline by 40-50 percent.

According to the background material, industrial policy strategy must be based on the idea that only the processing industry can serve as the main catalyst for economic growth. The document mentions that there is ongoing debate as to the extent and manner the government should play a role in charting a new growth course for the processing industry, and whether such involvement should be in the form of central developmental programs, preferential treatment or other forms of intervention. The document concludes that the development of a structure is fundamentally an enterprise task.

Even as of today, the least clarified problem cluster of strategic industrial policy is the termination of uneconomical production. According to some calculations, industrial exports to CEMA during the first half of the 1990's may decline by as much as 30-40 percent. The examinations show that the situation of 15 to 20 large enterprises may become critical. It is for this reason that a developmental alternative capable of halting the decline of Hungarian industry must be worked out. The document states that successful industrial policy may be formulated only on broad foundations, by taking into consideration all the essential factors which affect industrial development.

Several individuals have called attention to the fact that industrial policy cannot be confined to the tasks of structural transformation. These findings were made in the course of a rather uneven debate. A sphere broader than this must be included. Other persons are of the view that industrial policy should not contain specific decisions. And according to still [another group of] individuals, industrial policy must focus on the tasks of the state, meaning that industrial policy must designate the areas where the state must be directly involved—e.g., through central programs—and must define areas where the state must manifest an assisting, a supportive attitude (primarily in regard to supporting exports, technological development and small enterprises.) Again others envisions "internationalization" as the focal point of industrial policy. Accordingly, it appears that the Industrial Policy Council should first agree on the meaning of the term industrial policy (the strategy).

It has been recommended that the document be harmonized with the conceptual plan developed by the economic reform committee, by taking into consideration all the political and economic changes that are going on in Hungary and in our environment. Several persons thought that it is not sufficient to merely reference the state's role in implementing industrial policy strategy.

The specific methods and means of that role should be worked out instead. (It is unfortunate that representatives of institutions which formulate and influence industry's system of economic conditions did not take part in the meeting.) An important remark made in terms of consequences held that one cannot expect the same results if the state exerts its activities in a functioning market system on the one hand, or "resolves" the tasks by serving as a substitute to the market system, on the other.

While the document submitted for debate appropriately states that the evolutionary path for industry can be found only in an convertible currency export orientation, most persons commenting dealt with CEMA problems. They referred to the fact that the Soviet Union will make purchases from Hungary also in the future, because of a huge quantitative shortage, and that the qualitative features of products will play only a secondary role in the foreseeable future. One should endeavor to transact trade without commitments made by the state, however. Supposedly, the Hungarian proposal according to which the transition to dollar-based settlement in Hungarian-Soviet trade take place gradually rather than in one step was received favorably. True, in the framework of today's product and price structure this would be accompanied by a balance of payments deterioration of between 1 billion and 1.5 billion dollars. (I should not here that some experts view the transition to dollar-based settlement as unrealistic because of this negative consequence. Supposedly, the consequence of such a balance of payments deterioration would be that cooperation would revert to within the framework of a clearing relationship interwoven densely with barter transactions and correlations. See: FIGYELO, No 15, 1988. Article: "Dollar-Based Settlement in Hungarian-Soviet Trade?")

Supposedly, the influx of capital through traditional channels of attracting resources and borrowed money for the financing of structural renewal and the launching of the economy on a new course would prove not to be sufficient. For this reason consideration should also be given to taking a 1.5 billion dollar loan for a 3-year modernization program.

A debate ensued concerning the viability of the processing industry in the convertible [currency] market. There were some who felt that in its present condition the processing industry is not viable, and that it is the function of industrial policy to bring about a change in this regard.

According to a Business and Market Research Institute [Kopint] study at least one-third of the processing industry would be able to compete. An examination conducted by the Ministry of Industry found that one fourth of the processing industry is competitive.

Relative to attracting foreign operating capital several individuals made reference to the fact that the failure to

resolve the foreign exchange problems of CEMA greatly reduces our chances. They said that even today, despite the favorable, high level legal provisions, there are many bureaucratic obstacles. The establishment of joint enterprises is set back by high customs duties, fees and various taxes. The establishment of a joint enterprise with an equal amount of foreign exchange capital in Austria costs the Hungarian partner about half [of what it would cost to establish the same joint enterprise in Hungary.] The situation by which business loans with proceeds paid in foreign exchange and taken at favorable interest rates (5-7 percent) and for 5-to-7-year terms by joint enterprises are converted into forints by the Hungarian National Bank, and that the bank then charges 20 percent interest, approximately.

Those who commented expressed their belief that attracting foreign capital is indispensable and important. On the other hand, Frigyes Berecz mentioned that great damage is caused by shallow diplomacy which in a dilettante and uncoordinated manner offers Hungarian enterprises for sale abroad.

Large scale inflation and high interest rates strongly hinder the influx of foreign capital (and also the generation of domestic capital). For this reason foreign contributions should not be calculated in forints, (Or, as has been noted : One should acquiesce in the practice that a foreigner will value his contribution in terms of machinery worth one unit of foreign exchange as two units of foreign exchange.)

It is the virtue of the background material to the debate that it starts out from the expected formulation of the market situation; that it encourages market orientation and that it provides an alternative. On the other hand its weakness is that it is characteristic of the old approach. Essentially it works within the old framework of state-owned large enterprises. It does not attempt to provide a sketch of an industrial policy concept under a future market system operating in a mixed economy; it does not say what the strategic content of industrial policy ought to be when institutional and natural owners actually interested in maximizing return on capital appear.

I am convinced that the debate material disregards the fact that the focal point for any state industrial policy must be the establishments of the best possible conditions for enterprising. Enterprising, as the sine qua non of industrial renewal, is totally missing from the document.

Also in the context of what we just said, the debate material "forgot" about the small enterprise, the small entrepreneurial sphere, i.e. the fact that without newly established small enterprises (and I consider the independence of individual units of certain large organizations as part of this,) this industry will hardly be able to renew itself.

And, finally, Frigyes Berecz asked an appropriate question: Is the present period suitable for the development

of an industrial policy? The question remained unanswered. The question remains unanswered....

Chinoin License Suspended for Storage of Hazardous Waste

25000242b Budapest HETI VILAGGAZDASAG in Hungarian 6 May 89 pp 67-69

[Article by Gabor Juhasz: "Vac Contra Chinoin: Infuriated"]

[Text] On grounds of causing a threat to public safety the Vac City Council last week suspended the license of Chinoin's plant at Vac. Previously the council filed a criminal complaint at the prosecutor's office against Chinoin, and against the president of the Microelectronics Enterprise (MEV) which, until the end of April, stored containers filled with poisonous gases at the Vac plant.

The leaders at Vac began a large-scale action at the end of April to free the small city from the local Chinoin plant. Pharmaceutical waste is stored there on the basis of a permit issued by the mayor in 1944. At last Tuesday's city council meeting a letter was drafted to Laszlo Marothy, environmental protection and water resource management minister. On grounds of public safety it demanded the immediate shutdown of the waste storage plant which in earlier days had already caused water and air contamination.

The people of Vac—not only the council, but also the MSZMP [Hungarian Socialist Workers Party] organization and several alternative groups—have been on the warpath with Chinoin for years. Their present protest was prompted by a citizen complaint, from which they learned that poisonous gases are also being stored at the plant next to the city without a permit. Vac council chairman Janos Both responded to our question by saying that they did not believe the story at the beginning, but later on, jointly with the fire services, they verified the truth of the complaint and thus decided that the plant's permit should be suspended. As it turned out, when the MEV's Budapest plant burned down in 1986, gas containers were transported to Vac, and 16 full containers were still at the Chinoin plant last week. The council knew nothing about rescuing the containers until April, according to both. The council chairman, who also serves as the civil defense commander for the city, believes that the "warranty" on the containers has expired and thus they present danger to the environment because they contain rather strong poisonous gases.

In response to our question Chinoin president Istvan Bihari confirmed that indeed this is how the "auxiliary materials needed in the manufacturing process" got to Vac. To his knowledge the shipment took place with the approval of then deputy industry minister Sandor Bogнар, who had oversight authority for MEV. "We were

able to storage the containers safely, away from residential areas in Vac," according to the Chinoin president. He added that at the time he felt it was his duty to assist MEV in its constrained situation. "I take responsibility for the decision I made," Bihari concluded discussing the container issue.

It is possible that Bihari will have an opportunity to take responsibility for his decision. The regulatory division of the Vac City Council has filed a criminal complaint at the office of the prosecutor against him and MEV President Bela Balogh. With this action the Vac council has embarked on an unprecedented path regarding environmental issues—at least insofar as large enterprises are concerned. The grounds: the suspicion of abusing poisonous substances violates Section 265 of the Criminal Code of Laws. According to this section anyone possessing a poisonous substance without authorization commits a misdemeanor, and may be punished by one year in prison, corrective work, or fines.

Bihari was outraged when he learned that a criminal complaint had been filed: "henceforth I'll help no one in such matters," he said, and deemed the action taken by Vac as the harassment of a person who is prepared to help. With a degree of irony he also noted what according to him constitutes the true background of the case: "I could even be proud of being first to bring the MSZMP, the council, FIDESZ [Association of Democratic Youth], and the Smallholders Party to see eye to eye, at least at Vac." Nevertheless the Chinoin president may have headaches for other reasons: for the time being he does not know what will happen to several hundreds of tons of pharmaceutical waste piled up at Vac, if indeed the plant is shut down. In any event, one must wait for the final liquidation of the Vac waste plant at least until June, when the Dorog hazardous waste incinerator begins operations. Chinoin contributed to the construction costs of the incinerator.

MEV president Balogh, whom the people from Vac want to see as a defendant, was more calm when he learned of the complaint. He too heard the report from newspaper accounts. He confirmed Bihari's words, as he said: the containers were legally shipped to Vac in 1986; in the ensuing period the containers were stored properly. Transfer of the containers was no secret; "True, we did not issue a notice concerning the transfer," he added. A total of 29 undamaged containers, which were stored by MEV but no longer needed because of the fire, were shipped to Vac. (To characterize the containers the president said that not a single container exploded at the time of the fire.) "The containers do not hold any special material; they are gases used in the manufacture of semiconductors," he said in reference to the fact that the people of Vac claim that the containers hold even rocket fuel. Several gas containers have been sold since 1986 and several containers were taken back by the shipper; thus by April, 16 full and 2 empty containers were left at Chinoin's Vac plant. These would have been removed anyway by the end of last week, Balogh argued. MEV has

a contract in this regard with the chemical and explosives industry supervisory, which accepted the assignment beginning on 15 April. Thus, according to him, environmental contamination is out of the question, and the action taken by the people of Vac is exaggerated and superfluous. Also, the MEV president suspects that there are political grounds behind the case; people can be mobilized easily with this type of action, he said.

The affected enterprise leaders speculate that it is possible that leaders could be found behind the action—regardless of whether they are from the council or the MSZMP, or if they represent alternative organizations—wanting to recruit support and sympathizers for their organizations on the basis of this predictably "successful" action. Nevertheless, "environmental contamination cases" with such background were deemed by both Bihari and Balogh as raising concern, because the entire Hungarian industry could be shut down by invoking a hazard. But it is equally possible that as the people from Vac say, the cup overflows as a result of the container case.

The fate of the council's criminal complaint is still in question. At press time the files were at the supreme state prosecutor. From there, however, the docket will be returned to the prosecutor at Vac for investigation. Thus, at press time one cannot tell what decision was reached by the Vac prosecutor; nevertheless one may get an idea by considering what the head of the investigative unit at the supreme state prosecutor told us in response to our question: "No criminal act was committed, in our view."

Former Industrialist Refuses To Reclaim Property
25000289 Budapest FIGYELO in Hungarian
25 May 89 p 6

[Article by "V. Cs.": "Is Zwack Coming?"]

[Text] He is probably coming. Because not even for God's sake would Peter Zwack, the businessman residing in Italy, demand the return of the Zwack family's once renowned distillery—despite the television reporter's several attempts to persuade Mr Zwack to demand the return of his now state-owned factory.

What should I say? I have never had a laugh like this over a TV interview which was meant to be serious but was mostly revealing. Imagine the situation—and I'm telling this only for the benefit of those who did not see the 14 May "Het" ["The Week"] broadcast—there stands the father of the genuine entrepreneur in the unquestionably devastated manufacturing plant of his former factory, and while the national television—is that what they call it nowadays?—reporter uses all his persuasive power to talk him into taking back the nationalized plant, Peter Zwack hems and haws, is embarrassed and evasive, saying that well, please, this is not as simple as it was perceived by Hungarian national television. In this case, and generally in cases involving nationalization, we can't get anywhere by making ordinary demands! To which

the reporter counters for the umpteenth time: but if perhaps nevertheless ... if perhaps Peter Zwack would decide to make some kind of a demand which he promises to make effective, but which is mostly tough words.... After all, his own property is at stake!

Mr Zwack continues to struggle, then, while continuing to show his unveiled embarrassment, he makes a determined turnaround and throws a life raft to the reporter: "If they would ask me to help in some other way, to put my experience and ability to use in making the Hungarian distilling industry and exports flourish, then, perhaps, you know, I would help with all my strength and all my abilities ... But to make demands! ... That will not work here and now." In response the reporter uses an elegant posture to slip out of the life raft—by virtually threatening Zwack he repeats: "In other words you will not demand the return of your property!"

And Peter Zwack remains unpersuaded....

He knows why. It is as if he had a hunch of something the reporter seems to have no understanding of, namely that the entire matter of privatization and reprivatization is much more complicated, and must be thought through much more thoroughly by an entrepreneur than individual TV reporters would think. And apparently Mr Zwack does not understand the reporter, who does not understand why Zwack does not want to return. But most of all, he does not understand why Zwack does not make demands.

Even though nothing depended on Zwack, he did everything to save the situation. And no, and still no.

But who could really understand these capitalists? (And parenthetically another issue: would it be possible that our greatest problem is precisely this—that we are simply incapable of following the rational thought processes of others? And that this applies not only to TV reporters? ...)

HUNGARY

Soros To Increase Funds, Construct Office Building

*25000303b Budapest NEPSZAVA in Hungarian
16 May 89 p 4*

[Article by MTI (Hungarian Telegraph Agency)]

[Text] Deputy Education Minister Ferenc Ratkai and Gyorgy Soros, the American businessman and president of the New York based Soros Foundation, signed an agreement on Monday in Budapest. Pursuant to the

agreement the Foundation would increase its support of scientific, cultural, educational and health care programs in Hungary. The increased dollar contribution will be matched by the Hungarian government in Hungarian forints. Consistent with practice followed thus far, the Soros Foundation Committee of the Hungarian Academy of Science will decide how the funds are to be used.

It is Soros' intention to have an office building constructed in Budapest. Ownership rights and income—after paying off the investment—will be pledged by Soros for the future Hungarian Soros foundation.

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