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CZECHOSLOVAKIA

Controversy Over PLO Consulate in Bratislava

91CH0369A Prague RESPEKT in Czech 17 Feb 91 p 3

[Article by Zbynek Petracek and Tomas Pekny: "Risky Relationships"]

[Text] It has been quite clear for two months now that Czechoslovakia stands unequivocally on the side of the anti-Saddam coalition. By dispatching our antichemical units to Saudi Arabia, we joined that grouping which is concerned not only with renewing the prewar status, but, primarily, with creating an effective system of global guarantees. Through our participation, we have also taken on certain risks, but it should be a duty and a plain need for self-preservation for the responsible Czechoslovak authorities to minimize these risks. It is also logical to consider relationships with those states and forces which have declared themselves to be pro-Iraqi to be risky. As far back as last August, they include the Organization for the Liberation of Palestine, the individual components of which are in uncommon agreement in their positions vis-a-vis Baghdad.

The credibility of all of the calming proclamations made by the PLO, however, is cast into doubt as a result of their lack of unequivocal tone, as well as by the fact that it is not clear who is speaking for whom. The Palestinian ambassador in the CSFR, Samih Abdul Fattah, stated on 1 February at a press conference in Bratislava that "terrorism exists, but the question is who is the terrorist and who is the victim?" However, at the Wednesday reception at the Ministry of Foreign Affairs, he distanced himself from terrorism. The head of the People's Front for the Liberation of Palestine (a component of the PLO), Habbas, was less diplomatic in his interview with the Italian ANSA news agency (22 January): "The PLO positions are clear—against the Jews and imperialism and full support for Iraq. Different words are being used, but the position is clear and we are united against the United States." In short, something is out of tune in the synchronization of Palestinian propaganda.

Although it is not possible to designate the PLO as an enemy of Czechoslovakia, it is beyond any doubt that its interests are in sharp contrast to the interests of our federation. The report by the CTK news agency regarding the reception of Palestinian ambassador to the CSFR, Samih Abdul Fattah, by Frantisek Miklos, the chairman of the Slovak National Council, on 18 January was, to say the least, surprising: Both individuals expressed the hope that a consulate of the state of Palestine would be opened as soon as possible in Bratislava and that prerequisites would be created for cooperation between the Slovak National Council and the Palestinian National Council. Such an act is generally perceived as an expression of efforts to expand friendly contacts. To expand contacts with an organization which, through words and deeds, supports the threat to all of civilization, however, is contrary to the principles

of state security. Moreover, according to the Vienna Agreement on Consular Contacts, dated 24 January 1963 (effective for Czechoslovakia as of 12 April 1968), a consular office can only be established with the agreement of the host state. The seat of the consular office, its classification and jurisdiction are determined by the dispatching state and are subject to approval by the host state.

We therefore asked the chairman of the Slovak National Council, Frantisek Miklos, how the meeting went. "The Palestinian ambassador told me that a consulate will be opened in Bratislava. Contacts between the Palestinian National Council and the Slovak National Council were not mentioned at all."

We then asked whether this means that Ambassador Fattah made the statement as a *fait accompli*.

"Yes. Like a *fait accompli*. I said that I am taking cognizance of it and that I see it as something positive insofar as we shall become aware of the culture of the Palestinian people."

We then asked whether Ambassador Fattah spoke at all about discussing the entire matter with the relevant ministry.

"I expect that this matter has long since been discussed...."

The responsible official at the Ministry of Foreign Affairs, Deputy Minister Martin Palous, however, knows nothing of this matter. Also, not a word was said within the Slovak Government regarding a representation for Palestine, as was documented by Deputy Premier Jozef Kucerak. According to Roman Zelenay, a deputy in the Slovak Ministry for Foreign Contacts, the Palestinian ambassador said "that the Palestinian Government would have an interest in opening a consulate in Bratislava because it recognizes that Czechoslovakia is composed of two parts, that he knows that there is a Slovak Republic and considers this to be useful and appropriate." Mr. Fattah also gave us his version of the discussion: "I stated that we are considering opening a consulate in Slovakia. Now I do not think that a consulate will be opened in the immediate future. I merely spoke about this idea."

How should the entire matter be interpreted? Was this a matter of the personal initiative of Ambassador Fattah; was it one of the Slovak attempts at diplomatic penetration into the world, intended to discredit our foreign policy; or was it merely distorted reporting on the part of the CTK news agency? It is inconceivable that such an initiative would not be known to anybody at the federal or Slovak ministries of foreign affairs. The information was published at a time when President Vaclav Havel told the representative of the Jewish B'nai B'rith organization, Kent Schiner, that relationships between Czechoslovakia and the PLO had cooled because the Palestinians are supporting Iraq. Samih Abdul Fattah was received in Bratislava immediately prior to the official

visit of Israeli Ambassador Joel Sher. The report about this was timed so that there might be a hope that it might not reach the Israeli ambassador in sufficient time (Saturday) and that he, thus, might not be able to react to it. Be that as it may, one thing is certain: While nobody claimed credit for the text of the CTK report, which was published 19 January, no one issued an official disclaimer either. Commenting on the entire affair without concern, Joel Sher said: "I am obligated to respect the decisions of the government of the country to which I am accredited, even though I sometimes do not understand the logic of their decisions."

In conclusion: Czechoslovak policy requires a completely clear line, particularly with respect to such burning questions as are represented by the Near East. A better path toward achieving that goal is to call things by their proper name, as Milos Mendel wrote in issue No. 6 of the weekly FORUM. It is a pity that in the next line he then writes, without any closer explanation, about "last year's clumsy spring" for our diplomacy in its relationships with Arab nations. The reader is thus left to wonder whether the author was referring to the renewal of diplomatic contacts with Israel or perhaps a visit to Prague by Yasir 'Arafat?

Slovak Prime Minister Meciar Criticized

Political Record Examined

91CH0385A Prague FORUM in Czech 22 Jan 91 p 4

[Article by Pavel Cernocky: "Vladimir Meciar's Past and Goals"]

[Text] Writers on Mr. Meciar's way of operating on our political scene have already covered many a ream of paper. Democratic politicians as well as journalists understandably find his methods disagreeable. But I don't think Mr. Meciar is overly disturbed by it; he is more interested in public opinion polls and these speak a clear language. True, in the Czech provinces among politicians lacking public confidence he made the magisterial jump from the sixth to the first place. Today he is distrusted by 21 percent of the citizens. Thus he exchanged his place on the scale with Mr. Mohorita who has begun to slide into obscurity and on the chart of "bad guys" has raked in a mere 3 percent of the vote. All this within a single month!

But in Slovakia his plans are coming up perfectly. While in September 24 percent of the population trusted Meciar, today it is 49 percent, that is, nearly one-half!

Such popularity was not accorded even to Klement Gottwald himself when after February 1948 he gave the order for a victorious march in the direction of communism.

Drawing his lesson from history, Mr. Meciar is quite purposefully building up the cult of his own personality. He is tremendously favored by the fact that on the contemporary political scene there is not one Slovak

politician capable of resisting him. It is indeed so that in Slovakia fear is again beginning to reign, and not only among the common folk. I was very upset when independently of each other two VPN [Public Against Violence] deputies confessed to me that they too suffer from a very ordinary human fear—and even explained why. "We are afraid that when we challenge Meciar publicly, a discreditation campaign will be unleashed against us in our home town." Mr. Meciar is perceived by the Slovak public as a new Janosik who rose from the people to wrest sacred Slovak rights from the hands of hostile Czechs. It seems that the bet on intolerant nationalism is winning once again. This is something to think about.

Gaining such popularity in such a short time is no simple thing. It requires mighty support from the press, best from an independent press as for instance the NARODNA OBRODA which has its independence emphasized in block letters directly on its masthead: Independent Daily of Slovak Citizens. But of course when you turn the paper to its back page you read there, this time naturally in much smaller type, that the newspaper is published—now hold on to your hat—by the Government of the Slovak Republic.

Permit me here to support my story by quoting from my own article written a few weeks ago which thanks to radio censorship never saw the light of day.

"I believe that it would not be reasonable to overlook an important fact—his (Meciar's) holding the post of interior minister of the Slovak Republic at a time when all the derogatory materials on various journalists, radio and TV workers, former politicians, and so on, were still in his safes. The issue is not how and whether these materials have been used. Weaker characters can be broken by the mere knowledge that certain materials may exist and that the first man in the state could, perhaps, make some use of them." Let us try to look at many Slovak media through this lens.

But let us return to Mr. Meciar. His immense popularity in Slovakia ineluctably raises the question—what actually do we know about him? Do you know his life history? I admit that I too did not have the information on hand. I have obtained it and can therefore share it with you.

Mr. Meciar (born 26 July 1942 in Zvolen) after military service began to climb the nomenclature ladder of the then Czechoslovak Union of Youth [CSM]. He made it high up—to chairmanship of an okres committee. In 1966 he was even entrusted with heading the Kolarovo youth construction project—and this was no minor post. As an outstanding official he was sent by the CSM Central Committee to study at the Komsomol School in Moscow. (Experts know what that suggests.) After completing his study he returned to occupied Czechoslovakia. Here he was first stripped of CSM functions and subsequently expelled from the Communist Party. It is of interest that he was nevertheless promptly enabled to attend, while employed, the prestigious law faculty of the

Komensky University in Bratislava. This I find startling because I know of many cases when not only expelled members of the party themselves were not allowed to study but even their children were denied admission to a mere secondary school.

From 1973 to 1990 Mr. Meciar worked for the Skloobal Nemsova firm as a supervisor and legal counsel. For his rapid postrevolution rise and the position of interior minister he reportedly owes thanks to a recommendation by Mr. Jan Budaj. Budaj himself left the VPN Presidium following revelations that he had cooperated with the StB [State Security].

Each of Mr. Meciar's voters should probably ask himself whether it is wise to entrust the post of interior minister to someone who had spent nearly 10 years working in the Communist nomenclature. You can object that...what was, was. Sure, in some cases the past may not mean anything, but of course in a democratic society we are entitled to know it.

The Slovak nation has the full right to elect as its leader anyone—perhaps even Gustav Husak, who incidentally is also out of the party at present, but it is my view that every Slovak should know whom he is choosing to be the leader.

One can only speculate about Mr. Meciar's future intentions. Personally I am convinced that this gentleman has set out on a calculated road to amass unlimited power. At its end there shines the vision of presidency in a free Slovak state. At a time when one-half of Slovakia's population supports him, any pretext will do to proclaim independence. If Mr. Meciar is abstaining from doing so right away, he is held back solely by the realization that immediately afterward Slovakia would run into unimaginably difficult economic problems. Then perhaps the voters might begin asking about the promised prosperity.

Well then...let us create an "authentic federation" with the Czechs in which extortion will enable us to wrest the largest possible slice from the common pie. As soon as we recover economically we will jubilantly proclaim a Slovak state.

I don't know about you, but I have always found it distasteful when someone professed friendship with me only because it offered him material advantage.

I do not intend to spend any more time on Mr. Meciar; I believe I understand him only too well. I would rather want to ask where the VPN as a whole stands in all this. Do you possibly agree with Mr. Meciar's methods? For if VPN fails to adopt a clear stand and continues to offer feeble excuses for his conduct, other citizens will inevitably conclude that Mr. Meciar and VPN are one and the same.

Personal Manners Faulted

91CH0385B Prague FORUM in Czech 22 Jan 91 p 4

[Article by Jiri Dolezal: "Who Is Next To Be Kicked by the Slovak Prime Minister?"]

[Text] When right after the revolution communist Minister Vaclavik yelled at a Czechoslovak Television reporter, "Shove that camera up your ass!" the program's producer let the whole scene be aired with the laconic comment, "so this was the former minister of national defense...." And TV viewers enjoyed the fact that arrogant politicians with their haughty manners who treated their less prominent fellow citizens as inferior slaves, have at last bitten the dust. But is it really the case?

On Friday 7 December our republic began to fall apart. Slovak Premier Meciar delivered his famous speech on television, press reaction followed immediately.... By the beginning of next week the whole crisis became the subject of parliamentary debate. The debate and address by the president of the republic was carried on Czechoslovak Television [CST] and coverage continued to include also comments by deputies in the controversy over competences. On Tuesday the eleventh the CST parliamentary reporter had an appointment for a discussion with Mr. Miklosko, chairman of the Slovak National Council. Time passed, and because the CST "Daily Report" cannot be postponed the parliamentary reporter, Dr. Ladislav Spacek, went to look for Mr. Miklosko in the parliament building. Having found him, they were walking together toward the studio for recording. At this point Dr. Spacek was spotted by Slovak Premier Meciar who was then engaged in a conversation with Dr. Rychetsky. Meciar turned to the CST parliamentary reporter and inquired whether Dr. Spacek did the previous day's reporting from the Federal Assembly. Dr. Spacek said he did and the Slovak premier asked him how a parliamentary reporter could dare speak of the sovereignty of Slovak laws and similar matters. Dr. Spacek replied that the strongest term he used was "a tense situation" and that if something was said with regard to the sovereignty of Slovak laws it was a quotation from speeches made by the president or the Czech premier. Thereupon Slovak Premier Meciar retorted (we do not want to deprive our reader of enjoying a cultivated political expression and therefore print the reply in its original, literal version): "I'll kick your ass, you swine, you!" and he proceeded to rise from the chair to carry out his threat. Dr. Rychetsky tried to restrain him physically and Mr. Miklosko, Slovak National Council chairman, sought quickly to move Dr. Spacek out of the range of the irate Slovak premier. At the same time he tried to explain to the parliamentary reporter that Slovak Premier Meciar just happens to be that way and offered all kinds of excuses for his outrageous conduct.

Dr. Spacek had virtually no chance to react; CST broadcast time will not wait. After recording the talk with Mr.

Miklosko they went back to the entire scandal—and Mr. Miklosko attempted to offer reasonable and gracious apologies for his prime minister's conduct. Dr. Rychetsky too, in a later conversation with Dr. Spacek, expressed his astonishment, to put it mildly, at the Slovak premier's behavior. On the following two days Dr. Spacek was continually present in the parliament building. Of course he had no urge to approach the Slovak premier—what if Mr. Meciar remembered his promise?—but he was there all the time. Yet there was not the slightest attempt on the part of the Slovak premier to offer an apology.

I believe that Mr. Meciar's whole performance was a premiere of sorts. Since 17 November perhaps no other politician has shown such utter lack not only of political but also human culture.

Such conduct was avoided perhaps even by Comrade Miroslav Stepan of ill fame—although his arrogance ranked him with the tops in the previous regime's political degradation. Slovak Premier Meciar has easily outdone him. And not only in the earthiness of his expression—for I believe that in the person of Dr. Spacek he has offended and disparaged the entire Czechoslovak Television and all mass media. But as I was informed, neither Dr. Spacek nor CST will sue Mr. Meciar.

There remains the question of what leads Mr. Meciar to similar excesses. There are only two possibilities. First is an utter lack of self-control, causing him to realize the scandalous and totally unacceptable nature of his conduct, yet leaving him unable to actually influence it. Such people are not exceptional—but they have no business being in public and political life. The other possibility is that Mr. Premier Meciar regards such conduct toward a representative of the most truly mass media as normal and admissible. In that case we have stretched this "democracy" very far indeed.

Kucerak's Answer to Meciar at PAV Congress

*91CH0429A Bratislava VEREJNOST in Slovak
7 Mar 91 p 3*

["Text" of address by Jozef Kucerak, deputy premier of the Slovak Republic, at the emergency session of the Slovak Council of Public Against Violence [PAV]; place and date not given]

[Text] You may think that I am crazy. Outside, the people are chanting: "Long live Meciar, long live Knazko." They could stone us to death and yet I am bold enough to say what in fact no one thus far would dare to say. To a certain extent, this will be my personal confession because one looks at all phenomena and events from his specific personal point of view, in accordance with his value system and with his own assessment of facts. After some discussions, several people told me that I acted differently last year, differently at the end of the year, and again differently this year, while I ask another

question: Is it my assessment of events or is it my environment that has changed?

I brought with me to the Federal Assembly certain values and certain attitudes that I had gained over many years. My attitudes may be characterized approximately in the following way: I had always opposed totalitarianism and supported democracy, namely, a democracy of individuals, in other words, a democracy in which individuals are accountable to specific groups that had elected them and put them in office, and not to an anonymous mob or nation or people. We experienced plenty of that. I brought there with me an attitude of unquestionable support for our federation. And I also came there with the intent that we should proceed in conformity with democratic methods.

I was glad that I could work together with such a dashing politician as Mr. Meciar. I supported Mr. Meciar in the Meciar-Andras dispute. And when Mr. Meciar resigned and was actually out for 48 hours, I in fact suggested to ministers that we go visit him because he was alone, and that we tell him about our support for him. It is not true that the coordinating center of the PAV [Public Against Violence] sought his resignation. We simply came to his support to prevent his recall. As you know, it is not the coordinating center but the presidium of the Slovak National Council that has the right of recall.

Ten Minutes of a Breakdown

You are well aware of the fact that after that, problems with competencies cropped up. I was actively involved in those matters, again with the conviction that it was an important issue for our economic reform as well. I still consider it useful, although some critics keep saying about the federal government that we made the matters more complicated. I disagree.

During the disputes about competency and during some tense circumstances, we held meetings with the presidium of the Slovak Government and with the presidium of the Czech Government. In 10 minutes' time Mr. Meciar was ready to approve a breakdown of the federation. I accepted that as a certain fact or a certain error which could be corrected, but for the first time something began to bother me—that this common good with which people had lived here for 70 years could be so easily given up. My feeling was even more unpleasant when Mr. Pithart spoke on television about the situation and then the Slovak side said that Pithart lied. Pithart did not lie, we lied. Pithart told the truth.

I want to tell you how the problems developed. Upon our return from Prague, I informed PAV's Slovak Council that I would be distressed if the federation should fall apart even for a single second, because that one second could stretch up to 10 or 20 years and we could find ourselves at the very edge of East Europe. I make no secret about that and you can criticize me all you want, but as an economist I know that it would mean a tragic end for our economy and for the daily life of Slovak citizens.

And so after we returned, having settled some disputes about competency, and after we approved the competency law, I thought that the situation would calm down and that we really would get on with our work to the benefit of our citizens and of our economy. However, I was mistaken. Our conflicts were resumed. Incessant attacks were aimed against the federal government, against individuals, the Federal Assembly, and federal deputies inconvenient to our premier. To be sure, in newspapers he said that the Federal Assembly was hindering his work. However, the deputies were elected by our citizens; that institution is a democratically elected body. How can the democratically elected deputies be blamed for hindering anyone's work? And if they do hinder it, we must get used to that. After all, that is what democracy is about.

Then there were several problems related to our economy. The conflict about the gas pipeline was overblown, with all those billions just floating in the air, and it was all untrue. Workers from the transit gas pipeline came to see me and to tell me that they did not want any separation and that the rumors about all those billions were not true, but they were afraid to say so publicly for fear of retribution. In the end the problems with the gas pipeline were resolved in a normal peaceful way, without stirring up conflicts, and the problems with the oil pipeline were settled in the same way.

Then the notorious law on restitution came up. The federal government submitted its draft of the law to the Federal Assembly for the required discussion; a dialogue could have found a solution. On television our Mr. Meciar implied to the Slovak people that allegedly the federal government intended to rob us blind and to bring Palfy here, to Slovakia. That is absolutely untrue.

When we met to discuss that draft, we proceeded from the data available to us. I think that it was an appropriate standpoint, although it was harsh on the federal government. But when we received from the federal government a fax with the text of the federal government's final draft, I personally sent to Mr. Meciar a request suggesting that the Slovak Government meet again to review its position because on three points the draft of the federal government corresponded fully and on one partly with our demands, but it still could be discussed. It was not too late for that because the vote was scheduled six hours later. That evening, when the vote was taken in the Federal Assembly, we could have helped take the edge off the situation because it was then the conflict really erupted.

A day or two earlier I had attended a meeting of cooperative agricultural workers, at which one worker got up and said that in his view this was a challenge to fight because someone planned to seize their land and return it to Palfy. Can we at all imagine what such a statement on television might lead to?

The Topolcany Case Came Up

Based on my own experience, in my contribution to the discussion in Topolcany I indicated that I was not for the merging of offices. I stated that in an impersonal manner without criticizing anyone. Nevertheless, I do think that in principle, power should not and must not be concentrated. History had to pay dearly for it many times; it was always done with the good intention of entrusting power to reliable individuals who had our confidence and who would unswervingly carry on correct and honest policies. This never happened. What always turned up was totalitarianism. We, and especially you younger folks, should bear that in mind.

Mr. Meciar, in Topolcany you made three false allegations—three economic lies: that the Czechs threatened not to deliver coal to us. That is absolutely untrue; on the contrary, there is the threat that there will be competition for Czech coal. You said that they refused, and threatened, that they would not supply us with electric power. We have on paper their confirmation of all our orders for every quarter, for summer and winter 1991. In front of three hundred persons you declared that they (i.e., Mlada Boleslav) disparaged the work of the VSZ [East Slovakia Iron Works]. That was no disparagement, those were normal trade relations between enterprises and by the way, the VSZ has no problems with that because it has plenty of customers. We must get used to this kind of thing because even Slovak enterprises may stop procuring certain products from some Slovak enterprises.

Those conflicts continued, for example, when the Slovak Government rejected the proposal of the federal government to raise the prices of thermal energy and electricity. I know that it was an unwelcome proposal, but after all, the federal government did not make up those prices for us; that is a task for our Slovak economy. Once the federal government abolishes subsidies, we must pay subsidies from the Slovak budget. To be sure, that concerns our prices and our heating plants, and it is absolutely necessary to calculate what price increase would be feasible and how to terminate subsidies. We cannot simply reject a proposal submitted by the federal government without presenting at least a counterproposal and without suggesting a feasible process of whether it should be done in stages, in how many stages, and so on, and we should review it at our next meeting.

Problem of the Constitutions

I think that the constitution will be discussed by more informed speakers but I must tell you that here we have another scenario for a catastrophe. Some people who participated in the group drafting of the constitution gave up their part in it; when they came to see the representatives of the PAV Slovak Council, one of them said that he was not willing to work on the project because this constitution is a *carte blanche* where anything could be inserted, even a Slovak state and a president, anything at all. That constitution allegedly

does not accept the principle of federation at all, and what is even worse, one of those lawyers said that in his estimate, it will turn into a scenario for a catastrophe. I give you now a secondhand version and it is a moot question whether that man was, or was not, telling us the truth. He said approximately the following:

"I stopped to work on that constitution because I fear that one night our premier could appear before our nation and say something like this:

'Slovak people, here I present to you our constitution. The Czechs are unable to come to any agreement and besides, they are stealing various things from us, and so here you have my constitution.'"

And do you know what would happen if a rumor circulated among the Slovak people that there is a version of the constitution presented to our nation by the premier? They would again start chanting in the streets that we are for his constitution and for no other, and a situation similar to the one with the language law could arise. For that reason you will also see it as a logical step for Mr. Plank to submit to the chairman of the Slovak National Council a version drafted by the committee of the Slovak National Council.

Cassette

Thus, one can fully understand that in ministers' clubs which include 15 or 20 persons, a question was posed whether after all Mr. Meciar should not consult the PAV Slovak Council, the representatives of that movement, on certain issues discussed in his Sunday talks. After all, he represents (represented—Ed. note) a specific movement, and conflicts should not be stirred up on television for no reason. And then someone mentioned that his speeches had possibly been already taped and were on cassettes. However, no member of this ministers' club would suggest censorship; in that respect it was concluded that Mr. Gal would personally contact Mr. Meciar and discuss with him what the potential topics were for Sunday.

It is noteworthy that Mr. Knazko, minister of international relations, who never comes to the television studio for short talks, visited there that Sunday, and it is noteworthy that in a brief period of two hours he was able to deliver a political address to the whole Slovak nation. And it is noteworthy, as he himself mentioned, how he was able to explain to the Slovak nation internal problems of our entire movement and to destabilize our situation instead of waiting to consult with you since you are the representatives of the PAV all over Slovakia. He elevated his personal interest above the interests of our movement and took the liberty to discredit every achievement of the Topolcany congress.

The Economic Backstage

Another tendency, primarily in the government, I did not like concerns certain aspects of our economic reform. It seems to me that some extremist type of

assessment of our national phenomena prevails there. As an economist I am aware that the national aspect is one of the vital aspects in the life of the people and society, but it must not be superimposed over anything else, because the economic reform, which concerns our transition to private ownership, market, liberalization, convertibility, stems from civil rights which recognize only one national aspect. In the end the incessant emphasis on the national aspect leads to populist socialism, and the experience with populist socialism never was and never will be good.

Unfortunately, it is no coincidence that immediately after the Topolcany congress Mr. Igor Cibula (commentator of the "independent" governmental daily NARODNA OBRODA—Ed. note) divided our scene—that is, both the political scene and the PAV scene—into two specific parts and right away linked me with the rightists but ranked Mr. Meciar with individuals with a feeling for social issues and close to the KDH [Christian Democratic Movement]. That is strange. Mr. Meciar, excuse me, but it is no coincidence that I often see Mr. Cibula leaving your place; a day before, as he was leaving your place, I said hello to him. He tried to ignore me, but I knew what was to appear a day or two later in the papers, just as I know that Mr. Kocuch also comes for consultations. But Mr. Kocuch is accompanied by other representatives of the NEZES [Independent Economists of Slovakia], the so-called independent economists of Slovakia; by the way, one of its eminent representatives spent twenty years translating Marx and assigning it to his students, but now he wants to offer independent advice. Among that independent advice is also one piece of information you can read in VEREJNOST, namely, that the trade unions should be called to protest against the federal and social reforms that are so oppressive for Slovakia. Excuse me, but this is one of the NEZES demands and you, Mr. Meciar, have ordered Mr. Fikus to sit at the table with the NEZES and discuss our economic reform with them—with the same NEZES which must be kept at a distance.

How It Was

And now I shall turn to methods of operation. Sometime in November or December I was surprised to learn that Mr. Meciar held certain information about some members of our government and their collaboration with the StB [State Security]. When I, ignorant man that I am about problems of collaboration, learned that this information was very secret and even top secret, that it could not be used and that its disclosure would violate secrecy, I was surprised that you, Mr. Meciar, did know that two members of the government had a record of collaboration with the StB. I think that it was in December, as we deputy premiers were sitting in your room, that you called those two ministers. Before that you said: "First, we shall call the one who was an agent and got paid for it." That man came in and wept.

The same man is still here, sitting with us. When I said that such methods were blackmail, you treated me on

television like a little boy and demanded my apology. Blackmail does not involve money alone; mental cruelty is also blackmail. Then you called the other man whom you also knew had collaborated with the StB.

It was only in January 1991 that you said to me that allegedly there were some records about my collaboration with the StB. And so I began to realize what methods of operation were applied. Two weeks later you said to me that the matter had been investigated, that I was no collaborator, and that it was disproved. That was in January. But it is interesting that two days after the congress in Topolcany which I had addressed, I received a letter forwarded by the Chancellery of the Slovak Government that allegedly there was information about my collaboration with the StB, and so on, and that I should state my position on that matter.

I made that letter available to our journalists. Why was it necessary to cast doubts against my person, one month after I was assured that I had not been a collaborator? And why two days after the Topolcany congress? So that the letter could be read by every official in the Chancellery of the Slovak Government, through which it passed. You failed to fool me. I simply replied that I received that information from you, and that I was informed about it by you alone, and that Fedor Gal did not give it to you. This was another attempt in general to accuse Fedor Gal of being an informer. And the person who gave you that information holds an important position and has the right to give you such information. That man is present in this room. (The chairman of the Slovak National Council F. Miklosko, who subsequently gave an explanation—Ed. note).

Your letter alleging that Fedor Gal offered you that information was intended to smear Fedor Gal, and that is all. In the evening the chairman of the Slovak National Council came with me to see you; the chairman of the Slovak National Council said that such practices must cease. Mr. Meciar, you sure know the ropes. You said that you had sent these letters to every member of the government to get his assurance that he had not collaborated with the StB. First, it is not in the premier's competence to issue written certificates that a person did or did not collaborate with the StB, and secondly, this is no way to inquire about past collaboration since I had already been told about the doubts concerning my collaboration. A proper request should say: Please inform us whether, and how, you collaborated with the StB.

You may ask why have I not brought up these matters before. You know how it is. Occasionally it would come up; all of us would go to Jirasek [Street] where 20 or 25 persons would meet every Friday; we tried to be tolerant and not to bring these things into the open. We honestly waited for five or six weeks for Mr. Meciar to come over so that we could frankly discuss these matters with him. However, we were told time and time again that this issue could not be discussed if Mr. Meciar was not present. But Mr. Meciar does not want to come there. The government does not deal with these problems; the

movement is the proper ground for that. So where should it be discussed if neither Mr. Meciar nor Mr. Knazko ever come here and we have to live under these conditions?

Problem of the Federation

Our system is breaking down, our economic reform is shifting somewhere towards hoary personalities, and we are unable to deal with it because Mr. Meciar never comes to Jirasek [Street]. He does not consider it necessary because the movement he calls KC [coordination center] gets in his way. However, after Mr. Knazko was the first one to make that information public, it was impossible to wait any longer because one must not yield to lies. At one point truth must be told even at the cost of having them (the demonstrators under the windows of the PAV coordination center—Ed. note) throwing stones. Truth is more important than any craving for power or positions.

I still think that the representatives of the congress have been defamed here because no matter who the individual is and what office he holds, he must be backed by the movement; he cannot break away from it and claim that he serves the nation and the people. He serves right here, this movement. Whoever he may be, he must be accountable to this movement.

And in conclusion, please accept my declaration that I am not willing to be part of a government that is determined to break the federation apart; I am not willing to be part of a government that uses such methods; I am not willing to be part of a government where the economic reform is directed in fact toward populist socialism of those gentlemen whose ambition was thwarted in 1968, and I am not willing to be part of a government whose ministers weep.

KDH Draft of Law on Interrepublican Treaty

*91CH0431A Bratislava SLOVENSKY DENNIK
in Slovak 8 Mar 91 p 4*

[“Text” of a proposal by the Christian Democratic Movement [KDH] to issue a constitutional law of the Czech National Republic and the Slovak National Republic regarding the state treaty between the Czech Republic and the Slovak Republic—first paragraph is SLOVENSKY DENNIK introduction]

[Text] Acquiescing to the wishes of our public, we are publishing the full text of the proposal by the Christian Democratic Movement [KDH] regarding the issuance of a constitutional law of the Czech National Republic and the Slovak National Republic regarding a state treaty between the Czech Republic and the Slovak Republic, as presented by representatives of the KDH to President Vaclav Havel and to representatives of the coalition partners of other political forces. This is a working proposal by the KDH which does not, for the time being, contain any specific delineation of the scope of the

authorities which the republics concede to the federation. Consequently, Chapter IV, specifically Article 3, Article 5, Article 7, Article 9, and Article 15 will be augmented by authorities which will be part of the province of the CSFR.

Introduction

We, the Czech and Slovak people, basing ourselves on the right of every nation to self-determination short of secession and respecting the sovereignty of every nation and its right to freely shape its method and form of national and state life;

Thus, creating the sovereign and independent national states of the Czech Republic and the Slovak Republic;

At the same time valuing the decades of our joint state life, but expressing the need to adjust our mutual relationships on a more precisely defined basis;

Simultaneously declaring, on a program basis, our desire to join in the integrating processing with the goal of advancing toward equal participation by our republics in the integrating groups of the community of European nations;

Represented by our delegates in the Czech National Council and the Slovak National Council, which represent the highest representative bodies for citizens of the Czech Republic and of the Slovak Republic, we have decided to adjust our mutual state relationships through the vehicle of this agreement between our republics in the form of a joint constitutional law of the Czech National Republic and the Slovak National Republic (see Chapter VII, Article 1, Section 1).

The Czech National Council and the Slovak National Council base their right to conclude a state treaty and, through it, decide on the transformation of the joint federal state as well as deciding on the extent of its activities, on the right of nations to self-determination, as recognized by international law and on the list of basic rights regarding freedoms as well as on Constitutional Law No. 143/1968, dealing with the Czechoslovak Federation which, in its introduction, recognizes the authority of the National Councils to conclude such a basic constitutional agreement.

Now, therefore, the Czech National Council and the Slovak National Council have resolved that the Czech Republic and the Slovak Republic have agreed to the following state treaty:

Chapter I

Parties to the Treaty

Article 1

(1) Parties to the state treaty are the Czech Republic and the Slovak Republic.

(2) The Czech Republic and the Slovak Republic are sovereign republics of the Czech and Slovak people as

well as of citizens of other nationalities. Both republics may use their constitutional laws and other laws to independently determine their state orders, their territorial arrangements, and the system of state organs.

(3) The Czech Republic and the Slovak Republic recognize the inalienable right of every nation to self-determination and to the making of independent decisions regarding questions of its development.

Article 2

(1) In concluding a state treaty, the Czech Republic is represented by its highest organ of state power, the Czech National Council.

(2) In concluding a state treaty, the Slovak Republic is represented by its highest organ of state power, the Slovak National Council.

(3) The constitutional law of the Czech National Council and the constitutional law of the Slovak National Council may alter the appellation of its highest organs of state power, which are empowered to conclude and alter the state treaty.

Chapter II

Agreement on the Federation

Article 1

Through this, their free and sovereign decision, the Czech Republic and the Slovak Republic voluntarily express their bilateral desire to establish a joint Federal state—the Czech and Slovak Federal Republic.

Article 2

(1) The foundation for the CSFR is a voluntary union between the national states of the Czech people and of the Slovak people and of their minority nationalities, with equal rights.

(2) The CSFR is made up of the Czech Republic and the Slovak Republic. Both republics occupy an equal position in the CSFR.

(3) Both republics mutually respect their sovereignty and the sovereignty of the CSFR; similarly, the CSFR respects the sovereignty of the national states.

Article 3

(1) The CSFR is established on the basis of democracy.

(2) The basic rights and freedoms of citizens and the guarantees for the accomplishment of these rights are equal throughout the territory of the CSFR.

Article 4

(1) The territory of the CSFR is formed by the territory of the Czech Republic and of the Slovak Republic.

(2) The borders of each of the two republics may be changed only by the constitutional law of the appropriate National Council.

(3) If the change in the borders of the national republic coincides with a change in the borders of the CSFR, this change also requires the constitutional law issued by the Federal Assembly.

Article 5

Materials owned by the state, which serve to safeguard its tasks in areas entrusted to its sphere of activities by the state treaty, are owned by the CSFR.

The Czech Republic and the Slovak Republic own the remaining property under state ownership.

Article 6

(1) Citizens of each of the two republics are, simultaneously, citizens of the CSFR.

(2) A citizen of one republic has equal rights on the territory of the other republic and has obligations which are equal to those of the citizen of the other republic.

(3) No one may be deprived of their citizenship against their will.

Article 7

(1) The official languages during negotiations conducted by organs of the CSFR and in proclaiming laws and other generally binding regulations are the Czech language and the Slovak language.

(2) Both of the official languages are used equally.

Chapter III

Conceding Part of Sovereignty

Article 1

The partners to the treaty—the Czech Republic and the Slovak Republic—voluntarily concede part of their sovereignty to the CSFR.

Article 2

(1) The CSFR is a sovereign Federal state created as a result of the voluntary concession to it of part of the sovereignty of the Czech Republic and of the Slovak Republic.

(2) The CSFR executes state power within the limits of authority which are entrusted to it by the treaty participants.

Article 3

The CSFR exercises its state power within its sphere of activities in a sovereign manner. Its actions are not subject to approval by organs of the individual republics.

Article 4

Matters which are not entrusted to the CSFR and its field of activities by this state treaty belong to the sphere of activities of the participants to the treaty—the Czech Republic and the Slovak Republic.

Article 5

(1) The CSFR exercises its state power to the extent outlined by this state treaty through the medium of federal state organs.

(2) The Constitution of the CSFR shall regulate the composition of the state organs of the CSFR and the relationships between them.

Chapter IV

The Extent of Conceding Sovereignty (Outlining the Sphere of Activity of the Federation)

Part 1. Legislative Activity

Article 1

The parties to the treaty—the Czech Republic and the Slovak Republic—concede part of their legislative authority to the CSFR. The limitations of the extent of these authorities are stipulated by this state treaty.

Article 2

(1) In the area of exclusive legislative activities of the CSFR, the Federal Assembly approves constitutional laws and laws applicable over the entire territory of the CSFR.

(2) The Czech National Council or the Slovak National Council may resolve to file exceptions prior to the approval of the proposed law under the exclusive jurisdiction of the CSFR and demand that it be reworked and resubmitted. In such a case, the Federal Assembly shall halt the discussion of the proposal and return it to the proposing party. The latter may reassert the proposal.

(3) To file an exception to a proposed constitutional law, the National Council is required to have a resolution of the qualified majority of votes necessary prior to approval of a constitutional law; in other cases, a simple majority of the delegates present is sufficient.

(4) In voting within the Federal Assembly on proposed laws under the exclusive jurisdiction of the CSFR, the majority rule is prohibited.

Article 3

The following are part of the exclusive legislative activities of the CSFR:

Article 4

(1) In the area of competing legislation, the CSFR has the right to promulgate laws as long as, and to the extent

that, the Czech Republic or the Slovak Republic do not make use of their right to promulgate laws.

(2) If the CSFR and one of the treaty partners make use of their right to promulgate a law in the area of competing legislation, the law of the appropriate National Council shall be applicable to the territory of that participant and the law passed by the CSFR will be applicable to the territory of the other treaty participant.

(3) The National Councils shall not be required to make known their positions with respect to a proposed law in the area of competitive legislation prior to its approval by the Federal Assembly.

Article 5

The following fall into the area of competing legislation:

Part 2. Implementation of Laws Passed by the CSFR and the Federal State Administration

Article 6

The treaty participants—the Czech Republic and the Slovak Republic—concede a portion of their executive authority to the CSFR. The extent of this authority is stipulated in this state treaty.

Article 7

The following fall into the activity sphere of the CSFR:

Part 3. Finances

Article 8

The treaty partners—the Czech Republic and the Slovak Republic—as well as the CSFR are independent and mutually not dependent upon each other with respect to their financial management.

Article 9

The following falls into the area of activity of the CSFR with respect to finances:

Part 4. The Judiciary and the Office of the Prosecutor of the CSFR

Article 10

The following are part of the activity sphere of CSFR judiciary organs:

- a) decisions as to recognizing the decisions of foreign courts with respect to the territory of the CSFR;
- b) in cases stipulated by laws covering actions before the courts and before the state notary system, the CSFR judiciary shall determine the appropriate courts and state notary facilities to be involved; and
- c) military justice.

Article 11

The organs of the Office of the Prosecutor of the CSFR carry out supervision over the implementation of, and adherence to, laws and other legal regulations issued by the federal organs of state administration.

Part 5. Protection of the Federal Constitutionality

Article 12

The fundamental goal of protecting federal constitutionality is the safeguarding of the functioning of a legal state, the harmonizing of legal actions with the Constitution of the CSFR and with the other constitutional laws of the Federal Assembly, as well as adhering to the scope of the activities of the federation, as outlined in this state treaty.

Article 13

(1) If an organ engaged in protecting federal constitutionality determines that there is a conflict between the constitutional law of a National Council and the constitutional law issued by the Federal Assembly, it shall temporarily halt the effectiveness of recently adopted standards and draw attention to this conflict.

(2) If the appropriate legislative body fails to resolve the conflict, which has been brought to its attention by the organ of constitutional protection according to Paragraph 1 above within six months from the date attention was drawn to the conflict, the conflict is solved through the vehicle of an agreement procedure between the National Councils, which may result in proposing a change to or a supplement to the state treaty.

(3) Details for the agreement procedure are contained in the constitutional law of the Federal Assembly.

Part 6. The Head of State

Article 14

(1) A president stands at the head of the CSFR. He fulfills the function of head of state of the CSFR to the extent of the federation activities stipulated by this treaty.

(2) The method of electing a president, his relationship with the other federal organs, his term of office, and other details are stipulated in the Constitution of the CSFR.

Article 15

The following are part of the activities of the head of state of the federation:

Chapter V

**Changes in the Scope of Conceded Sovereignty
(Changes in the Activities Sphere of the Federation)**

Article 1

- (1) The effectuation of changes in the scope of the sovereignties conceded to the federation is an expression of the original sovereignty enjoyed by the treaty participants—the Czech Republic and the Slovak Republic.
- (2) The effectuation of changes in the jurisdiction of the federation is an exclusive function of the Czech Republic and the Slovak Republic.

Article 2

- (1) A change in the jurisdiction of the federation can be accomplished only by changing or supplementing the state treaty through the form of a joint constitutional law promulgated by the Czech National Council and by the Slovak National Council.
- (2) A change in the jurisdiction of the federation shall not become effective until after it is approved by both National Councils by a qualified majority of the votes necessary to adopt constitutional laws.
- (3) A proposed change in the jurisdiction of the federation, approved only by the Czech National Council or by the Slovak National Council is invalid.

Chapter VI

Unilateral Abrogation of the Treaty

Article 1

- (1) Unilateral abrogation of this treaty is the realization of the right of a nation to self-determination.
- (2) Unilateral abrogation of this treaty is defined as seceding from the CSFR. The continued existence of the treaty participants is the existence of independent states or of another form of statehood. In such a case, the CSFR ceases to exist.

Article 2

- (1) Unilateral abrogation of this treaty is possible only on the basis of the qualified majority of the votes of the citizens of the treaty participant—the Czech Republic or the Slovak Republic—cast in a referendum which has been proclaimed by the National Council.
- (2) Details will be stipulated in the laws of the National Councils.

Chapter VII

Transitory and Concluding Provisions

Article 1

- (1) This state treaty shall become effective on the day its entire text is approved by the Czech National Council and the Slovak National Council by the qualified majority required for the approval of constitutional laws. After its approval, it becomes the joint constitutional law of the Czech National Council and the Slovak National Council.
- (2) The draft state treaty approved only by one of the National Councils shall be a constitutional law covering the proposal of the state treaty. The state treaty is concluded on the day its full text is approved by the Czech National Council as well as by the Slovak National Council.
- (3) Any amendment proposal by any one of the National Councils represents a new proposal for a state treaty and is subject to approval by the Czech National Council as well as by the Slovak National Council.

Article 2

- (1) The constitutional law regarding the state treaty between the Czech Republic and the Slovak Republic is a legal standard for the highest legal force in the CSFR.
- (2) This constitutional law shall be part of the Constitution of the Czech Republic and the Constitution of the Slovak Republic.
- (3) On the basis of the state treaty, which is brought into being by this constitutional law, and within the scope of jurisdiction stipulated by it, the Federal Assembly shall adopt the Constitution of the CSFR.
- (4) The Constitution of the CSFR must contain measures rescinding all provisions of the existing Constitution and constitutional laws which are in conflict with the provisions of this state treaty.

Article 3

- (1) Alterations and supplements to the state treaty may be accomplished only by the method used to adopt this state treaty.
- (2) Unilateral changes and supplements of the state treaty are excluded. An exception are the provisions of Chapter VI covering the unilateral abrogation of the treaty.
- (3) An expansion of the number of parties to this treaty requires the conclusion of a new state treaty.

Article 4

This constitutional law on a state treaty between the Czech Republic and the Slovak Republic takes effect on19...

Former Deputy Interior Minister Detained Again*91CH0370A Prague RESPEKT in Czech 17 Feb 91
p 16*

[Article by Jaroslav Spurny and Ludvik Hradilek: "From Detention to Detention"]

[Text] General Alojz Lorenc, the former first deputy minister of the Federal Ministry of the Interior, a person whose role during the last regime is the subject of discussion to this day, was released from custody on Wednesday, 6 February. A day later, on Thursday, he was rearrested in Bratislava.

During that period, we were successful in establishing contact with him and asking him two questions.

[RESPEKT] Speculation persists regarding your role in the events surrounding 17 November and the destruction of the State Security Police [StB] materials, for which you gave the order. Would it not be best if you finally spoke out?

[Lorenc] I fail to understand why such a sensation is being made of my case. After all, all of society had had enough of communism. Even members of the StB were not in contact with Jakes. In the final analysis, the nation decided to take matters into its own hands. I speak quite openly about this entire period and expect to be able to even testify before the commission investigating 17 November.

[RESPEKT] Do you know that the Office of the Military Prosecutor appealed against your release on grounds of violation of laws? What do you say about the possibility that you could be rearrested?

[Lorenc] Look here, I have three children and a whole host of personal problems. In a few moments, the bus for Bratislava will arrive. I know nothing about any appeal and I am not interested in it.

Let us attempt to take a look at the "openness" of Mr. Lorenc from another viewpoint. As first deputy minister of the interior, he issued an order in December 1989 to all StB commanders to liquidate "materials which, in view of the current political arrangement, might be compromising in character." What was liquidated was any documentation regarding secret agents, regarding counterespionage, but also investigative files. On 8 December, he issued an order in which he called for the destruction of the previous order. At the same time, an order which was identical with the first order was circulated, but without the sentence which we have quoted. On that same day, Mr. Lorenc issued another order which prohibited the destruction, the separation, and the disfigurement of documents. At that time, the majority of compromising documents was already in the shredder. Was the general creating an alibi for himself in the face of history?

The entire affair is proof of the fact that the investigation of the activities of former members of the StB is encountering a mass of problems. For example, Lorenc was originally accused of abusing the authority of a public official for issuing the order to shred documents. He was released from custody in June; allegedly, the reasons for keeping him in custody had passed. By fall, new facts came to light (which was to be expected, anyway). Lorenc was accused of organizing "Operation Norbert" and of issuing orders for the unauthorized arrest of members of the opposition. The detention was approved by the Office of the Military Prosecutor through the end of this year. The fact that the highest military court again released Mr. Lorenc indicates that forces which have a minimal interest in the thorough illumination of the role played by the State Security Police continue to exist.

Postscript

Lorenc joined the Federal Ministry of the Interior in 1970. For a long time, he worked as a technical cadre member in the Special Service (Cryptographic Department); in 1979, he was appointed to head the kraj directorate of the SNB [National Security Corps] in Bratislava; in 1986, he became first deputy minister of the interior. At first, he had jurisdiction primarily over all technical departments; later, he began to command counterespionage, military counterintelligence, the surveillance service, and the intelligence equipment service—in other words, units which constituted the greatest support for the communist regime. Lieutenant General Lorenc was one of the principal proponents and architects of the hard line which was implemented after he was appointed as a deputy to Minister of the Interior Kincl. Together with another deputy minister, Nezval, the two made a strong pair in the period which preceded November and took over the decisionmaking process under Kincl. Following two years of a certain amount of indecision in the Central Committee of the Communist Party of Czechoslovakia (1986-87), it was decided to put a definitive end to the opposition. The StB was subjected to a reorganization and young and "promising" officers were installed in a number of command positions.

Jewish Federation Condemns Slovak State Rally*AU2203125091 Prague CTK in English 2118 GMT
18 Mar 91*

[Text] Prague March 18 (CTK)—The Federation of Jewish Communities in the Czech Republic today condemned the course of a rally in Bratislava on 14 March, which marked the 52d anniversary of the declaration of the wartime Slovak state.

It said in a statement that it is absolutely inadmissible that fascist and anti-Semitic slogans should appear in public unpunished, moreover before the eyes of thousands of TV viewers and in the presence of a Federal Assembly deputy.

The Federation demands that criminal proceedings against the persons responsible for the events should be started.

Prague's Mayor Portrayed as Translator, Artist

91CH0387A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 4 Feb 91 p 30

[Article by Milan Chlumsky: "Prague Is One of the Most Beautiful Books"]

[Text] Prague, early February—Is Henry Miller's novel *Quiet Days in Clichy* pornography? The answer may possibly be of vital importance. For Jaroslav Koran the positive answer meant compulsory work assignment in a steel plant. According to the official doctrine, he was guilty of "defamation of the republic," when he translated Miller's novel into the Czech language. For one year he had to work with red-hot steel bars. Some were spitting blood there after a week. Koran was released after a year. *Quiet Days in Clichy* was suddenly regarded after all as a literary work, not a pornographic one, the public prosecutor's office had decided in the meantime.

On 1 February 1990, 17 years later, Jaroslav Koran, now 50 years old, was appointed mayor of the city of Prague by the president of the CSFR, Vaclav Havel. The appointment came as a surprise to many, for, except for the specialists, almost no one knew the man who had acquired a reputation as one of the best translators of U.S. and British literature into the Czech language. It was he who in the sixties contributed to certain U.S. and British writers, such as Roald Dahl, Rennie Airth, Frances D. Francis, Henry Miller, Kurt Vonnegut, John Wyndham and others, finding their way to the Czechoslovak reader. Koran collaborated in the then legendary literary periodical *SESITY* that helped prepare the breakthrough to the Prague Spring, he wrote and published "short stories" of his own and worked for film and television.

Between 1963 and 1969 Koran attended the motion picture academy "Famu" in Prague, studied dramaturgy. His teachers included Milan Kundera and Jiri Lehovc, one of the most important Czech motion picture producers and photographers of the thirties. Koran ascribes to Kundera a charisma that is unique in Czech literature: "Milan Kundera writes a volume of poems, and it becomes an event. He writes a novel—again an event. He compiles a collection of essays—and again a surprise." Jiri Lehovc trained him to look at things: "Rarely a trimmed negative, hardly an oblong format. When he forgot to take along his camera from home and saw something that fascinated him, he formed a U in horizontal position by using his thumb and index finger in front of his right eye. That was the focusing screen: that is the way he saw the world, cinematographically and photographically."

During the occupation of Czechoslovakia by the Warsaw Pact armies the greatly decimated editorial staff of *SESITY* published four special editions. Jaroslav Koran,

like other members of the editorial staff, ended up on the "blacklist." After his documentary final work was graded ("vulgarisms, argot terms, caste language, obscene language—to be deleted," was written on the cover of the scenario), he devoted himself more and more to translations.

In order not to be convicted as a "parasite" after his release from prison—the party did not recognize independent professions—Koran worked in the gas works and in the sewage system of the city of Prague, where he nearly lost his life in an explosion. After his convalescence the future protagonists of Charter 77 met in his home. Having become persona non grata in the media, he translated more and more of the literature of the U.S. "underground"; he collected slang terms for translation of U.S. slang as faithfully as possible. His card file numbering 250,000 entries will form the basis for a dictionary of Bohemian and Moravian Czech slang. With each translation he tested anew the personal courage of the manuscript readers of Czech publishing houses. In 1982 he surprisingly received an invitation from the U.S. Government to participate for four months in the International Writing Program in Iowa. Koran met his authors; a whole series of black and white portrait shots was the result.

In 1989 he was in close contact with the Citizens Forum; he was asked to take photos of Vaclav Havel and other members of his circle. Koran's photographs reached the *TIMES* and the Reuters wire service. He also made a photographic record of the exodus from the German embassy in Prague. After the victory of the Citizens Forum—where he dealt with the political situation in the city—he went to Romania to take photos. He does not want to show the photographs of Europe's biggest mortuary, which he took there. Photography has its own ethic which must be respected.

For the exhibitions of his photographs in Hamburg and Bonn early this year Koran chose only those which, he is convinced, nobody else could have taken. Included are not only pictures of current interest, but above all portraits of colleague and writer friends, among them also photographs of the shy Moravian poet, Jan Skacel. Koran succeeds in capturing typical expressions of Czech and foreign authors in unexpected moments. Impressive photographs show Vaclav Havel with the Slovak writer, Dominik Tatarka, show Kurt Vonnegut, Yevgeniy Yevtushenko, Edward Albee, and Andrey Bitov—pictures without tense poses, documents of friendship all of them.

The photos from London, Cambridge, New York, or Prague always try to link picture and word. The symbiosis that can be achieved is shown in a photo from London. An old man sleeping on a bench leans against the wall on which the neat work of a graffiti artist can be read in big white letters: *LIFE*. Jaroslav Koran believes in the equal value of word and picture; he says he is not prepared to acknowledge the primacy of the visual. On the contrary: The one has to represent the other.

Assumption of his difficult office offers innumerable opportunities for discouragement: the difficult redevelopment of Prague's old city, the permanent lack of money, the failure of the law on the city's autonomy that had been prepared according to a western model, the overt and covert resistance of former and present members of the Czech Communist Party. Koran has to depend on the help of friends: "They could immediately get a better paid job elsewhere, with regular working hours and not 16 or 17 hours a day, as is the case here. I am not glued to my chair either, but the help of my friends places me under an obligation."

Despite the immense tasks in city hall he does not give up his translation work. In August his anthology of U.S. contemporary poetry, numbering about 10,000 verses, was published; the translation of Henry Miller's stories will follow. How is it possible to combine the bureaucratic work as mayor of Prague with the creative work as writer, translator, photographer? "Prague is one of the most beautiful books that has to be achieved," says Jaroslav Koran and laughs, full of optimism.

POLAND

KLD on Regional Administration Restructuring

91EP0288A Warsaw GAZETA WYBORCZA in Polish
4 Feb 91 pp 10-11

[Interview with Lech Mazewski, chairman, Gdansk division of the Liberal Democratic Congress [KLD], by Wojciech Zaluska; place and date not given: "Pole-Lands"]

[Text] [Zaluska] The Liberal Democratic Congress [KLD] favors the regionalization of Poland. Why?

[Mazewski] A united Europe will not be a continent of states, but of regions. This is already evident today: European cities cooperate within the framework of the Euro-City system.

Participation in a north-south economic exchange constitutes an opportunity for Poland. Unfortunately, no one wants us here. We are too big, both for the Baltic states and for the Czechs, the Slovaks and the Hungarians. The Balts will find it much easier to decide to set up contact with Pomerania than with all of Poland, the Czechs will link up with Malopolska, the Ukrainians will set up contact with Eastern Malopolska and the like.

Contact with the Germans will also be extremely important. In order to cooperate with Bavaria or Saxony, future regions should correspond in size and number of inhabitants to the German lands.

[Zaluska] If the eastern regions of Poland join up economically with the backward Ukraine and Belorussia and the western regions of Poland link up with the ultramodern German lands, the effect upon civilization will be like that of the Partitions.

[Mazewski] Not necessarily. Italy has equalizing funds whereby the wealthy North aids the poor South. This may also be utilized in Poland. The amount of the subsidies, however, should be limited. The poor may not consider themselves unresourceful.

[Zaluska] The regionalization of Europe either will take place or it will not. Is it worthwhile for us to risk a radical restructuring of the state today?

[Mazewski] The virtues of regionalization are familiar to all. A centralized system, the concentration of authority in one center, robs people of their initiative and their sense of responsibility. Such a system leads to arrogant attitudes. The result is a decline in interest in public affairs and a flight from democracy.

Decentralization will lead to the abandonment of the use of uniform norms and laws for the entire country. It will allow the dispersal of the negative effects of reforms. It will arouse activism.

Retaining the major portion of taxes (in Denmark about 80 percent) in the region will force local authorities to foster enterprise. Today they prefer to seek a handout from the Central Budget.

[Zaluska] How should these regions be divided up?

[Mazewski] The National Territorial Self-Government Sejmik favors a trilevel self-government: the present gminas and a return to the prepartition administrative districts and voivodships. In the opinion of Sejmik participants, the territorial divisions of 200 years ago still live in the collective consciousness.

Opponents of the historical concept believe that the Partitions and the migration of the population after the world wars dissolved former cultural ties. In their opinion, regionalization should be based upon the largest cities (and the economic and cultural ties that arise around them).

[Zaluska] What is the reaction of the KLD to this?

[Mazewski] The KLD favors a bi-level self-government with the gmina and the administrative district. Administrative districts should join together to create autonomous regions.

[Zaluska] What does autonomous mean?

[Mazewski] The members of self-governments from the Sejmik want to decentralize only the executive authority, after the French model. Using the models of Italy and Spain, we, likewise, urge the decentralization of legislative authority. We want the region to be set up with a bicameral parliament.

A council would be elected by means of a general election on the basis of a majority or combination electoral law.



Key:

1. Eastern Pomerania
2. Western Pomerania
3. Great Poland
4. Lower Silesia
5. Upper Silesia
6. Krakow Region
7. Sandomierz Region
8. Eastern Little Poland
9. Podlasie [Region]
10. Mazovia
11. Chelmno Dobrzyn Kujawy Region
12. Leczyca-Sieradz Region

The house would have only advisory and opinion-rendering powers on economic matters. Employer organizations, employee organizations, consumer organizations and the like would be represented in the house.

[Zaluska] According to the KLD's concept, what fate awaits the present voivodships and regions which are units of the central administration?

[Mazewski] These should be liquidated and their powers should be transferred to local authorities—regional, administrative district, and gmina. The central administration should end at the level of regions which will emerge when administrative districts merge. The

regional representative of the administration there would be the minister of the Polish Republic (this is the title we propose), the local equivalent to the president.

[Zaluska] Is this person responsible for appointing a regional prime minister?

[Mazewski] Yes, from among candidates of the group that has been victorious in elections to the regional parliament.

The territorial minister would also have the right to suspend all regional authorities. State services operating

within the region—the central police, the military, central bank branches, and the like—would all be subject to him.

[Zaluska] Fine, and what is left for the central authorities?

[Mazewski] Foreign and monetary policy, defense, the nationwide police force (similar to the FBI)....

[Zaluska] Are you certain that we are ready for such solutions?

[Mazewski] Malopolska, Wielkopolska, Pomerania, and Upper Silesia are certainly ready.

[Zaluska] And so will regionalization begin with autonomy for Silesia?

[Mazewski] In Poland regionalization will be possible only when the entire country is ready for it. Autonomy as an exceptional case will arouse various kinds of resentment; it will be read as separatism and the demolition of the state.

[Zaluska] How should the boundaries of the future regions be delineated?

[Mazewski] This cannot be done administratively, at a desk. When the market reform has been accomplished, all the ties will become apparent and it will be evident which gminas are mutually drawn to one another. The grassroots movement will fix the boundaries of regions and administrative districts. This movement has really already begun with the coming into being of gmina unions—the Union of Mazovians, the Union of Wielkopolsans, and the like.

[Zaluska] Does the KLD dream of Poland as a federal country?

[Mazewski] Perhaps someday, in the distant future. Unlike the United States or Germany, we do not have federal traditions.

Future of Political Left: 'Labor Solidarity'

Bugaj's Movement Profiled

91EP0300A Warsaw GAZETA WYBORCZA in Polish
8 Feb 91 p 11

[Article by Danuta Zagrodzka: "A Left in Poland"]

[Text] In a country where the communists have compromised the very word left, can an authentic leftist party come into being? In a country where a significant portion of employees is so disenchanted with market reform, can the left avoid the pitfall of revindictory demands and populism? What will Labor Solidarity be?

"It will be dangerous if the next election takes place without a real choice, under the influence of vague slogans and personal sympathies," said Ryszard Bugaj as he yielded for the first time to a public discussion of

Labor Solidarity program proposals. This discussion took place on 22 January 1991 at the B. Limanowski Club. People of various leftist orientations frequent this club—from post-Communists and PPS [Polish Socialist Party] members to people who sympathize only loosely with the left.

The Labor Solidarity program proposals (portions of which are presented in the companion article) were to be one of such election alternatives. In Bugaj's opinion, Labor Solidarity does not aspire to the role of a political party. On the other hand, it intends to create a discussion-type movement which is "broadly open to people and vocational communities." At present it constitutes a small group, without a mass social base. However, it is Bugaj's opinion that this potential base does exist and that it is composed primarily of wage-earning employees in the state sector.

The Left According to Bugaj

Bugaj, tracing the genesis of this movement, called to mind that differences existed all along in Solidarity with regard to social and economic issues. These differences sharpened during the 1980's. When the first Solidarity government arose, its program departing both both from the election slogans and from the roundtable decision, people with "a more prosocial orientation" refrained from any really severe criticism so as not to create an impasse, especially since certain difficult decisions were indispensable.

These people, while they did not quarrel with the major line of the program, looked for gradual correctives to be made within it. This did not happen. Today it is evident that the results are a great departure from what was promised. In Bugaj's opinions, the anti-inflationary measures that were applied are causing growing inflation. The subsequent government is also going this same route, although its announcements do contain certain accents about which Labor Solidarity is pleased, particularly regarding the increased role of the state in the economy.

Labor Solidarity denies neither the need for a market economy nor the need for ownership transformation, but it believes that a country such as Poland, which is backward according to European standards, cannot count on market mechanisms alone during a period of transformation. The state must play an active role.

It is also necessary to maintain a balance between private enterprise employee communities and large groups of employees of state enterprises, which cannot be pushed aside. Bugaj said: "The rapidly growing differentiation of property, which is economically productive within certain bounds, is impossible politically."

From the Left Flank

This very moderate, so-called soft program was sharply attacked from the left. Professor Dziewulski, a collector, correctly stated in another place: "This is not the

time for discussion clubs. We are entering a period of struggle over a program, of determining which direction this country is going." He argued that the proposals were imbued with academism, that they failed to observe political and class differences, and of that they spread the illusion that Balcerowicz's program can be corrected. He painted a picture of the poverty and decline of society. The Labor Solidarity program, he said, is softening the forces which have become disenchanted with capitalism and which are trying to consolidate. It does not serve the working people, concluded the professor.

Tadeusz Kowalik (one of the coauthors of the proposals) refuted this charge in principle, saying that "in no country has a centrally managed economy passed the test. Until recently it was possible to maintain the illusion that some results are evident in the GDR. This illusion has vanished. The only possibility is a market economy with the large participation of the private sector. In no way does this exclude cooperation between the social democrats and the liberals. The misfortune is that in Poland we are dealing with a very extreme, conservative version of liberalism.

Kowalik replied that the Labor Solidarity will defend Balcerowicz's program on two basic issues—privatization and a further shift to a market economy, for it feels responsible for the economy.

More Important Elections

The discussion showed that the majority of those present were less interested in responsibility for the economy than in finding some sort of political platform around which the left could consolidate, and around which it could enter the election.

While these proposals were solidaristic proposals, they seemed to be tame and not specific enough for these purposes.

Program Excerpts

91EP0300B Warsaw GAZETA WYBORCZA in Polish
8 Feb 91 p 8

[Introductory commentary by Danuta Zagrodzka]

[Text] Labor Solidarity, critical of the government's policy and aspiring to more equitable distribution and to greater influence over the situation of working people, is standing its ground, perhaps because most of the authors of its proposals emanate from economic spheres and, therefore, the potential of the Polish economy is well known to them. Election rhetoric demands strong slogans, clear demands, and refraining from investigating the realities and the possibilities. It is possible to anticipate, just on the basis of the Limanowski Club discussion, that during the election campaign voices may emerge which reject the market and private ownership. Professor Grzegorzczuk, who stated that it was better to wait in line three days and nights for a washer in the past than it is now to have to struggle for weeks to get one,

was alone in his opinion. We cannot deny the fact, however, that such views are becoming more and more frequent and that an authentic political force will support them. Thus, Labor Solidarity may be confronted by the dilemma: either it will be forced to radicalize and sharpen its proposals or it will remain a relatively unimportant intellectual movement.

Program Proposals of Labor Solidarity

- It is the political and unionistic duty of the Solidarity elite to counter the currently strong tendencies toward the renewed economic and political disenfranchisement of employee communities. If the viewpoint of this elite is not sufficiently reflected on the political scene, this will create an open space for radical, unrestrained revindictory movements and sharp class antagonisms.
- We believe that a clear area of mutual interests of wage earners and communities for which the initiative ethic is most important exists. This area is the aim to modernize the Polish economy.
- Our aim is to reflect the needs and interests of employee communities. At the same time, we are decidedly in favor of a program for modernizing the economy and the state. This means that we also accept the costs of such modernization, which likewise must be borne by the largest social group—employees. We are categorically opposed, however, to programs that do not aim to minimize these costs or that try to saddle wage earners above all.
- We are an outgrowth of Solidarity and our document is directed primarily to those who continue to identify themselves with the ethos of this movement....
- The modern social system such as we would like to see in Poland in the future is a system in which an effective mechanism exists for reconciling economic effectiveness and the capacity for technological progress with the requirements of social stability. This stability may be achieved by minimizing conflicts and fighting poverty.
- We consider the foundation of the modern economy to be the market mechanism. This market mechanism, however, should not amount to completely unrestricted competition. Antimonopolistic mechanisms must be built into this mechanism.... Without the state's active role, we do not have an opportunity for overcoming our backwardness. Likewise, the management of the labor market and the equalizing of material disproportions must be of vital importance. We call such an economy a social market economy.
- The private sector should develop as quickly as possible. However, ownership transformations may not be subordinated to any doctrine. The market should be the basic verifier of the ownership structure.... An important role of the state should be to protect national property from seizure by privileged groups....
- The modern state may not evade its obligations in the spheres of education, health and environmental protection, and the safeguarding the weaker groups.... Authentic cultural institutions must obtain strong material support from the state.

Some of the signatories of these proposals are:

- **Ryszard Bugaj**, Sejm deputy, economist, adviser to the Solidary National Commission from 1980 to 1981, member of the Mazowsze Regional Board, adviser to the underground Solidarity KKW [Citizens Voivodship Committee]
- **Szymon Jakubowicz**, theoretician and Solidarity self-government expert for many years, coauthor of the 1981 law on employee self-government
- **Maciej Jankowski**, ironworker, Warsaw University Solidarity chief and underground activist, currently chairman of the Mazowsze Region
- **Jan Jozef Lipski**, literary historian, a participant in the intellectual opposition since the 1950's, cofounder of the Workers Defense Committee [KOR], member of the Solidarity Mazowsze Regional Board from 1980 to 1981, founder and chairman of the PPS [Polish Socialist Party]
- **Andrzej Milkowski**, Sejm deputy, technician-mechanic, self-government activist, organizer and chairman of the Warsaw Steelworks Workers Council from 1981 to 1986
- **Karol Modzelewski**, senator, historian, one of the pioneers of the democratic opposition, gave Solidarity its name in 1980, Solidarity spokesman in 1981
- **Jan Mujzel**, PAN [Polish Academy of Sciences] economics professor
- **Jerzy Szacki**, sociologist, Warsaw University professor, chairman of the Reform and Democracy Association

Sejm's Political Configuration Presented

91EP0302A Warsaw ZYCIE WARSZAWY in Polish
9-10 Feb 91 p 10

[Article compiled by Artur Krzymowski and Tomasz Tracz, members of the Association for the Study of Democracy; charts, prepared by Agnieszka Pietrusinska, were based on data from the Information Center of the Sejm Chancellery and on information obtained from deputies clubs: "The Sejm—Divisions Old and New"]

[Text] Decomposition—this word hangs over the Sejm. Where is the right at present, and where is the left? Who is truly in the center? The results of votes happen to be surprising. Deputies of the former PZPR [Polish United Workers' Party] vote the same way as a considerable segment of the OKP [Citizens Parliamentary Club]. Our readers ask to what club individual deputies actually belong. For example, we received many telephone calls after the Democratic Union Parliamentary Club was established. Our interlocutors said: Publish a list of names; we voted for Solidarity rather than for any Union. The process of the disintegration of the Sejm began many months ago. Individual deputies have wandered from one club to another, and the number of independents has increased. Party discipline has long been forgotten; at present, voting one's conscience is in vogue. We may ask: Is one's own conscience more important than the will of the voters?

The Sejm debate on Prime Minister Bielecki's expose was amazing: Almost nothing but criticism and doubts were heard from the Sejm podium. The vote indicated almost unanimous support for the new prime minister. The electorate is becoming increasingly confused because there have been many such debates and votes. The chairman of a club discusses the position of the club, but its members vote otherwise. Even new clubs are already divided and unable to work out a common position. A meeting of the Democratic Union Parliamentary Club before the debate on the expose of the prime minister was quite a characteristic example. The positions of deputies outlined in the club discussion differed so much that it was even proposed that two persons take the floor in the plenary debate. Someone said right away: Perhaps we should split up right away.

Therefore, in response to requests from our readers, we present an attempt to show what the Sejm was at the outset of its activities and what it is at present, shortly before a debate during which it will make a decision on its likely dissolution.

In keeping with the Law on the Duties and Rights of Sejm Deputies of the Republic of Poland, "1. The deputies may create deputies clubs in the Sejm based on the principle of party affiliation. 2. The Sejm Presidium, upon hearing the views of the Convent of Seniors, may consent to setting up circles or other deputy groups along guidelines different from those set forth in Paragraph 1." (Article 17, Paragraphs 1 and 2).

In January 1991, 12 deputies clubs were registered in the Sejm of the Republic of Poland. If we go back to the beginning of the term it will be seen that five more clubs have appeared since June 1989. In keeping with the roundtable agreement, the following clubs accounted for 65 percent of the composition of the lower chamber: the Polish United Workers' Party (173 deputies); the United Peasant Party (76); the Democratic Party (27); the PAX association (10); the Christian-Social Union (8); and the Polish Catholic Social Union (5). The OKP [Citizens Parliamentary Club] deputies, elected in free elections, accounted for 35 percent (161 deputies). At present, the array is as follows: the OKP (111 deputies); the Parliamentary Club of the Democratic Left [PKLD] (104); the Deputy Club of the Polish Peasant Party (73); the Democratic Union Parliamentary Club (45); the Parliamentary Club of the Polish Social Democratic Union (41); the SD [Democratic Party] Deputies Club; the PAX association Club (10); the Independent Deputies Club (10); the UChS [Christian Social Union] Club (8); the Club of Military Deputies (7); the PZKS [Polish Catholic Social Union] Club (4); and the PSL [Polish Peasant Party]-Kaszubski's Club (4).

Let us follow how such considerable changes came about.

At the beginning of the term the Citizens Parliamentary Club had 161 deputies. Bronislaw Geremek headed it until 8 November of last year. Deputy Mieczyslaw Gil was elected to his position. The number of deputies in the club has changed during the term of the Sejm. In December 1989, four deputies (Roman Bartoszcze, Tadeusz Kaszubski, Janusz Rozek, and Stanislaw Tomkiewicz) joined the PSL ("Wilanow") Deputies Club. After the PSL Unity Congress, yet another OKP deputy, Stanislaw Majdanski, joined the club. The number of OKP deputies did not change fundamentally until as late as the presidential election (Ryszard Brzuzy dropped out of the club). While formally remaining united, the club nonetheless was affected by gradual, deepening divisions. As early as the fall of 1989, "interest groups" of sorts began to emerge within it. At first, there was the Agricultural Section, and subsequently the Group for the Defense of Employee Interests, and other groups (for example, in April 1990 the Group of Social Democrats separated). The group of deputies who do not belong to any circle is also numerous. Under the statute of the club, a deputy may belong to only one circle. There were eight such circles:

(1) Circle of Christian Democrats (29 deputies, including Adela Dankowska, Pawel Laczowski, Marek Ruskiewicz, Andrzej Milkowski, and Jerzy Wuttke).

(2) Circle of the Forum of the Democratic Right (4 deputies—Michal Chalonski, Jaroslaw Kapsa, Andrzej Sikora, and Michal Wojtczak).

(3) Liberal-Democratic Circle (3 deputies, including Krzysztof Bielecki, Andrzej Zawislak).

(4) Rural Solidarity (NSZZ [Independent Self-Governing Trade Union] RI [Individual Farmers] "S" [Solidarity]) and the Polish Peasant Party "Solidarity" Circle (19 deputies, including Artur Balazs, Janusz Bylinski, Tadeusz Kowalczyk, Zbigniew Mackiewicz, and Jacek Szymanderski).

(5) Circle of Independents (31 deputies, including Mieczyslaw Gil and Henryk Sienkiewicz).

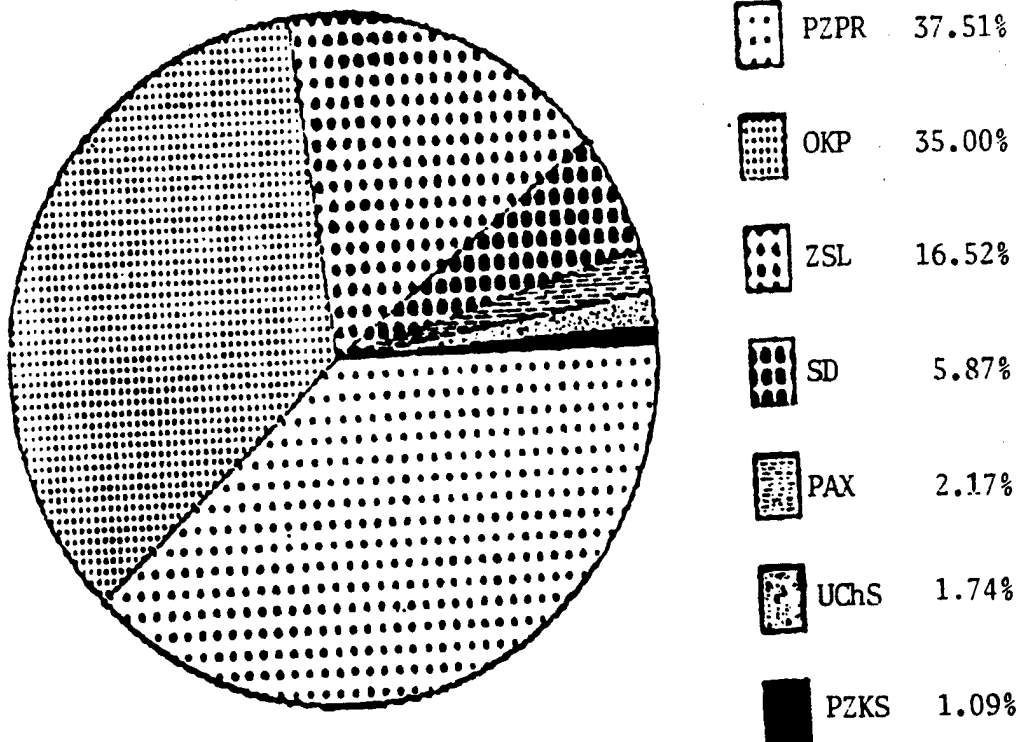
(6) Circle of the Center Accord (26 deputies, including Andrzej Kern, Jerzy Orzel, and Krzysztof Zabinski).

(7) ROAD [Citizens Movement—Democratic Action] Circle (30 deputies, including Jozefa Hannelowa, Olga Krzyzanowska, Jacek Kuron, Jan Litynski, Henryk Michalak, Jerzy Osiatynski, Jan Maria Rokita, Grazyna Staniszewska, and Henryk Wujec).

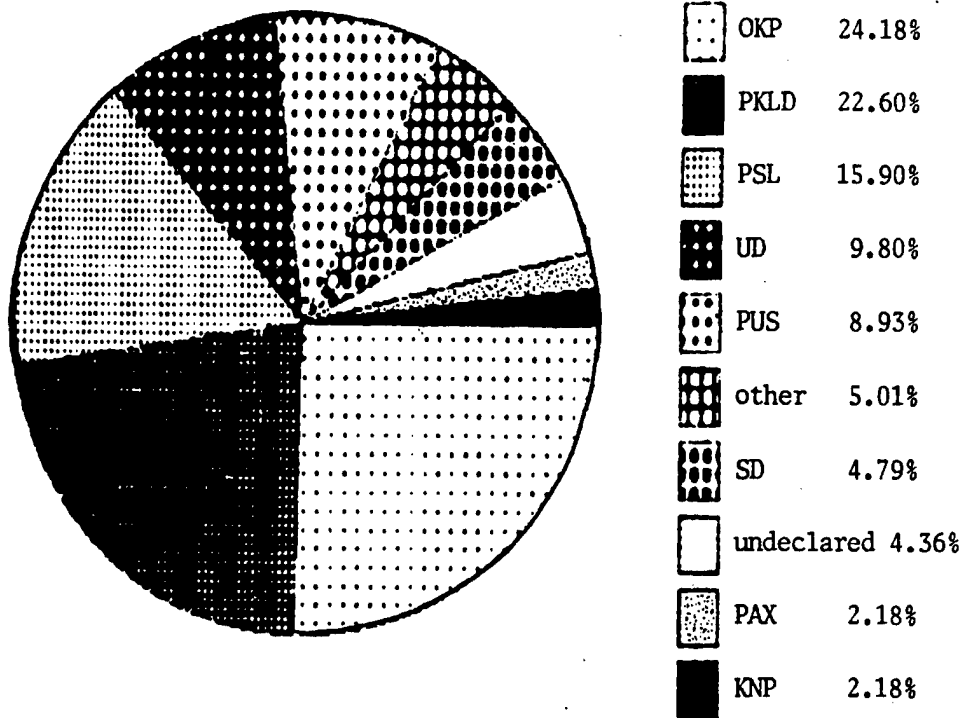
(8) Circle of the Christian-National Union (3 deputies; Marek Jurek, Jan Lopuszanski, and Stefan Konstanty Myszkiewicz-Niesiolowski).

Seventeen deputies did not sign up with any of the circles (among others, Ryszard Bugaj, Jacek Ambroziak, Aleksander Malachowski, Jacek Merkel, and Janusz Onyszkiewicz).

Composition of the Sejm in June 1989



Composition of the Sejm in January 1991



Divisions in the OKP became more pronounced in conjunction with the contest between Lech Walesa and Tadeusz Mazowiecki for the office of president and the progressing coalescence of political groups inside the Solidarity movement. In November, OKP parliamentarians replaced the leadership of the club virtually in its entirety. Adam Michnik left the club after the OKP supported Walesa. In the first week of January, a split occurred in the OKP. The Democratic Union Parliamentary Club separated from the club. A majority of deputies in this club belonged to ROAD and FPD [Forum of the Democratic Right] or did not belong to any circle until recently (among others, Jacek Ambroziak, Janusz Onyszkiewicz, and Jerzy Zimowski). Members of the PSL "Solidarity" (Artur Balazs) and the Circle of Independents (among others, Bronislaw Geremek) were in the club as well. Adam Michnik and Marian Czerwinski (initially of the PZPR, subsequently KNP [Independent Deputies Club] leader, and later not affiliated with any club) also joined the PKUD [Democratic Union Parliamentary Club]. Initially, the club was lead by the "six" (Deputies Bronislaw Geremek, Michal Chalonski, Jerzy Koralewski, Jan Krol, Maria Stolzman, and Senator Andrzej Wielowieyski). In January, B. Geremek became the PKUD leader. At present, after secession, the OKP numbers 111 deputies, and the PKUD 45 deputies.

Initially, the PZPR Club numbered 173 deputies (its numerical strength did not change until the last congress of the PZPR) and was the largest club in the Sejm. It was

lead by Marian Orzechowski. After the dissolution of the PZPR, the club changed into the Parliamentary Club of the Democratic Left. At present, Wlodzimierz Cimoszewicz is its chairman whereas the previous chairman has left the ranks of the club. At the time it was created, the PKLD [Parliamentary Club of the Democratic Left] numbered 167 deputies. Initially, three groups of deputies existed within the framework of the PKLD: deputy-SdRP [Social Democracy of the Polish Republic] members—over 20; members and sympathizers of the Social Democratic Union of the Polish Republic (since April 1990, it has been called the Polish Social Democratic Union)—44 deputies; and a "nonparty" majority. In March 1990, when ostensible unity could no longer be maintained, the PUS [Polish Social Democratic Union] group emerged from the club. Deputy Miroslaw Nowakowski died during the term. Deputy Jan Goczol returned to the PKLD, whereas Janusz Szymborski remained unaffiliated after leaving the club. Wieslawa Ziolkowska has been the chairperson of the club since its inception. Tadeusz Fiszbach, Roman Ney, Andrzej Bratkowski, Krzysztof Komornicki, and others also belong to the club.

On 2 February 1990, the Club of Independent Deputies was established; it was headed by Marian Czerwinski. Among others, deputies from the former PZPR who previously displayed "a lack of club discipline" belong to the club. The number of KNP deputies has fluctuated around 10. The club is currently headed by Zbigniew Kostrzewa.

In the fall of last year, the Club of Military Deputies [KPW] headed by Professor Zbigniew Puzewicz split from the PKLD. Seven officer-deputies belong to it, including Vice Admiral Piotr Kolodziejczyk. Despite leaving the PKLD, the KPW remains closely tied to it (it appears that the nature of the division is strictly "in substance").

In addition to those already mentioned, the following are outside the deputies clubs: from the PZPR Club—Sebastian Czepionka, Ryszard Szwed, Lucjan Sliwa, and Adam Zielinski; and from the PKLD—Tadeusz Kijonka and Marcin Swiecicki. At present, the PKLD consists of 104 deputies.

After the June elections, the newly formed ZSL [United Peasant Party] Club had 76 deputies. Aleksandr Bentkowski was elected chairman. After he was appointed minister of justice, Jozef Zych replaced him. On 29 November 1989, the club changed its name to the PSL-O [Polish Peasant Party "Rebirth"]. Teresa Liszcz did not join it. In December 1989, the PSL-O Deputies Club headed by Roman Bartoszcze was formed which was joined by Stanislaw Jasinski, Franciszek Kiec, and Jan Warjan from the PSL-O Club. On the eve of the PSL Unity Congress, there was a change of chairman in the club: Tadeusz Kaszubski became chairman. After the congress (5 May 1990), the second PSL Deputy Club was formed which was joined by deputies of the PSL-O Club and Roman Bartoszcze, Jan Warjan, and Franciszek Kiec from the "old" PSL Club. At present, two PSL Clubs are in operation and are associated with two parties with the same name: The "majority" PSL Club (of Jozef Zych and Roman Bartoszcze) to which 73 deputies belong, and the "minority" ("Mikolajczyk") PSL Club (Tadeusz Kaszubski) with four deputies.

During the term, the following left the "majority" PSL Club: Czeslaw Janicki, Stefan Ryder, and Grazyna Solyk (they are currently unaffiliated). In turn, Stanislaw Majdanski from the OKP joined the club.

The Deputies Club of the Democratic Party initially numbered 27 deputies. Jan Janowski was its first chairman (until he was appointed to the government of Tadeusz Mazowiecki). He was replaced successively by Zbigniew Rudnicki, Tadeusz Bien, and Anna Dynowska. All of them gave up further affiliation with the club after resigning the position of chairman. At present, Leslaw Lech is chairman of the club to which 22 people belong. In addition to the former chairmen, the following have also left the club: Kazimierz Czerwinski, Tadeusz Dziuba, and Bohdan Osinski (currently unaffiliated). Krzysztof Czereyski left the club and subsequently returned to it. Jerzy Bartnicki, a former PZPR deputy, subsequently unaffiliated, also joined the club.

The PAX Deputies Club has numbered 10 deputies since the beginning of the term. Jozef Wojcik has been its chairman.

Eight deputies have invariably belonged to the Deputies Club of the Christian Social Union. Deputy Tadeusz Nowacki is its chairman.

The Deputies Club of the Polish Catholic Social Union initially had five deputies. Ryszard Gajewski is its chairman. Recently, Wojciech Polak (who, as they say, intends to set up the Club of the Christian Democratic Association) left the club.

In January, 20 deputies did not belong to any club. Six of them have left the SD Club, five the PZPR Club, three the PSL Club, two the PKLD Club, and one each the OKP, the PZKS, the PUS, and the ZSL.

The emergence of new political groups (and the downfall of old parties) has been the most frequent cause of divisions in deputies clubs. This has happened to the PZPR (PKLD, PUS, KNP), the ZSL (two ZSL's), and the OKP (PKUD, OKP). Departures from deputies clubs have also come about as a result of the existence of fundamental differences in interests between the politicians leaving and the majority of the club, or the authorities of a party (cases of Michnik and Dynowska). In turn, the cases of the PKLD and the OKP have indicated that attempts to maintain unity have not passed the test of time.

Unless new parliamentary elections are scheduled soon (which appears not to be a foregone conclusion at all), it is virtually certain that more divisions and mergers will come about. For example, it remains an open question whether the separation of the Democratic Union from the OKP closes the period of further splits. After all, neither the left (Labor Solidarity) nor the Peasant Party members of the club have spoken their last word yet. The situation on the left flank of the lower chamber is also interesting (particularly after the presidential elections). We may think that the PKLD core may feel strengthened by the good result which the leader of the club achieved in the elections. There are also reasons to believe that the thus far stable PUS Club may lose its cohesion. The decision of Tadeusz Fiszbach to support Walesa, as well as the appearance of the Democratic Union Club, may in effect split the club. At present, an outline of divisions is absolutely incomparable with the status as of June 1989, and at the end of the term it may differ from what it is today.

ROMANIA

'Low Price of Conscience' Deplored

91BA0400B Bucharest LIBERTATEA in Romanian
5-6 Mar 91 pp 1-2

[Interview with Brigadier General Mihai Stan, deputy director of the Romanian Intelligence Service, by Octavian Andronic in Bucharest; date not given: "A Few Months Ago"]

[Text] The discussion from which we are about to reproduce a few passages took place a few months ago on

a very informal occasion: a current festivity at a military school in Bucharest. The festivity was attended and joined by representatives of several publications of various orientations, whose uncomfortable questions were answered frankly and openly. The tape recording preserved the memory of the discussion intact and I noted that its topicality is no less appropriate today. That is the reason that we now bring it to you, almost one year after the tragic events in Transylvania that made it necessary to have such an institution, which some more or less disinterested "voices" classified as superfluous in the climate of political openness that should have marked the postrevolutionary period.

Having said that, here are some of the views of Brig. Gen. Mihai Stan, deputy director of the Romanian Intelligence Service [SRI].

[Andronic] Brigadier General, what is the SRI and what is it trying to be?

[Stan] The SRI wants to be—and I think it is (I am one of the people who have grounds to say so)—a politically neutral state body that does not pursue anyone and does not watch the country's citizens in order to report on their political or religious ideas or beliefs or for not accepting the government's positions. We, too, think that a democracy cannot be built without a strong, serious, and coherent opposition. Falling into a single political color or into the mistake that characterized Romania after 1947 because of the conditions that led to a power monopoly, can only lead to disastrous outcomes.

The SRI was established to serve democracy. Along this line, we expect Parliament to discuss a law on national security. This law will specifically provide for situations in which people's right to private telephone conversations and correspondence may be violated and in which other specific secret service methods may be used. However, SRI will in no circumstance use the methods of the Securitate. The latter needed dissidents. It searched for Ceausescu's enemies and that is why it needed to intercept so many calls (in the order of tens of thousands in one city). SRI doesn't need dissidents. We do not now use such methods; this must be made clear to one and all, although unfortunately some people say that letters are still being opened here and there. That is not true. The situation is the following: There are very frequent thefts out of parcels and envelopes. Mail cars coming from Hungary are the best example along this line—you should see what the mail looks like. As far as I am concerned, I never ordered, approved, or carried out any such operations—namely, special supervision—precisely because this new organization must be protected from such precedents. We will not do so except in the conditions envisaged by law and on the basis of a legal warrant signed by a court. Because such approvals used to be issued on the basis of political principles that in fact did not exist: the right to violate and interfere with individual privacy on absolutely subjective grounds. Such a right can only be given to the organization in the conditions envisaged by law, for well-founded

and real reasons, and not because someone happens to not like the looks of some member of another political party. This is the fundamental issue that we want to elaborate: Only in situations in which actions aimed at destabilization, terrorism, and treason are carried out under the cloak of political ideas! Under no circumstance will we allow or condone that discredited officers or officers who disqualify themselves continue to be employed in the SRI, nor officers unable to think in modern terms and in line with the times in which we live, in the sense of asserting the principles of democracy, because if the society that we are all building now comes out crooked, this is what we and our children will have to live with. We want to avoid repeating the mistakes of the past in any form. Dialogue will be one of our trump cards—representatives of the mass media will always be welcome—and we intend to provide them with all the elements that can help the journalists to establish the truth. The country is now at a major crossroads. That is no sophism. The monetary pressure in the domestic market is over 300 billion lei for which there are no goods and wares. By the end of 1990 the foreign debt climbed to almost two billion [currency not specified], although no technology was imported (what was massively imported was cigarettes, whisky, and canned beer). The precarious condition of installations, lack of labor discipline, and capital drain—in every form, down to stockpiling grain—are some of our major problems. The truth is that we are living dramatic times and it may not be a bad idea at this point for the press to act in greater national accord based on authentic tools to promote good understanding among individuals or to overcome some of the difficulties of the past. By keeping alive conflicts of the "Down with..." type we can only fall into the exclusivism of 1947, when the country's intellectuals were sent to the Canal and one of the Bolsheviks' diabolical plans was implemented, namely the liquidation of the Romanian intelligentsia. It would be a disaster if we once again fell into the same mistake.

[Andronic] The SRI is criticized for having reactivated a large number of former Securitate members...

[Stan] The situation is very clear: It takes five to 10 years to shape a counterintelligence officer, depending on his talents and training. Unfortunately, after the revolution, the counterintelligence was inexplicably and even dangerously dismantled, too, and the entire Securitate apparatus was retired indiscriminately and on absolutely no criteria. We sifted and continue to carefully sift through all those who were kept on, because we want to keep only completely uncompromised people capable of democratic thinking and of meeting the major commands that we even placed on the emblem of our organization: Fatherland and Honor. This is the motto under which Cuza handed out the first Romanian army banners at the Floresti camp, because one cannot be an honorable man if one does not love one's country, and one cannot love

and serve the fatherland unless one is an honorable person. As for the reactivation, some people were retired merely on geographical criteria: While people stayed in position throughout Moldavia and Wallachia, the entire personnel throughout Transylvania, from Baia Mare and Carei to Brasov, were retired to the reserves. And there's something else. Everyone was reinvestigated and their situation was determined, because it was not natural to give up well trained and competent people. People who graduated in 1987 and 1988 had also been retired. When did they have the time to discredit themselves? It would have been a grievous injustice to leave the country in the hands of... In this kind of work there is no recess. Not to mention absolutely special situations. For example, you cannot tell me that someone in the State Department can betray Bush without betraying the United States! Is there any legal system in the world that says that you can betray a person but not the organization for which you work? Whatever term may be used, the country is the same country and it must be defended. Because, unfortunately, the information collection by many espionage services gathered strength after the revolution and there was no organization to neutralize this great influx of cadres and agents. In some embassies people still sleep on cots because of the great influx of personnel. There are embassies whose staff had been retired but have now been reactivated precisely because they had sources of information here. This whole situation is against the country's interests, whatever its political color. What some newspapers are saying, that Transylvania was once again being used as a Ceausescu-type diversion, is not true. The situation is still serious there!

After the Revolution the price of a Romanian conscience fell to an extraordinarily low level. More's the pity. This is the element against which we run most often without yet having the legal means to intervene. And in very many cases the intervention may come too late.

Developments in Liberal Party's Youth Wing

*91BA0400A Bucharest ADEVARUL in Romanian
7 Mar 91 p 2*

[Interview with Dinu Tatarescu by Romulus Caplescu in Bucharest; date not given: "The Young Wing Reencounters Old Liberal Traditions"]

[Text] "We want to welcome those who think like us, and even more those who feel like us, but think differently."

A few days ago, at the initiative of the National Liberal Party [PNL]—Young Wing, the Liberal Group of Initiative [GLI] was established in Bucharest. The communique released to the press on the occasion stated that the establishment of the new political group was in keeping with the liberal tradition of free exchanges of analyses, views, and initiatives inside and outside the party, and was designed to permit the most efficient possible contribution to the efforts to heal the Romanian society. The Group chairman is Mr. Dinu Tatarescu, one of the

personalities of the liberal "old guard." He kindly answered our questions about the objectives of the newly established group.

[Caplescu] Well, it seems that the Young Wing will be able to enjoy "mature" support, thus achieving an osmosis between the rejuvenating intentions of this wing and the old Romanian liberal traditions.

[Tatarescu] Indeed, the purpose of establishing the GLI was to achieve such an osmosis, but I think that its aspirations are higher than that. In reality, the Group was the outcome of an analysis of the current economic and political situation in Romania. There is no need to expand on the seriousness of the economic situation, which requires urgent, pragmatic, and efficient measures. In point of fact, efficiency is one of the basic criteria or principles of the activities that our group intends to carry out.

The other facet of the crisis has assumed, in my opinion—I may be wrong—the form of a growing political vacuum. More precisely, we note that the newly created or restored parties are showing a tendency to divorce themselves from the profound realities of the people. This aspect can be viewed as very dangerous, because a democracy in which the political parties are not strongly anchored as the tools of democracy par excellence, may leave room for maneuvering for movements apt to get out of control. We think that restoring the vitality of the political parties and healing the economy, not according to abstract theories but in keeping with the realities prevailing in Romania, is an absolutely necessary safety net for the political and social climate which is indispensable for the country's development.

[Caplescu] The communique in which the establishment of the Group was announced also stated that "this is not the time for political literature, but for a book of instructions for practical activities." What should be included in this "book of instructions" in order to facilitate or speed up efforts to help Romania overcome the current economic crisis?

[Tatarescu] First of all, considerations on methods of establishing the order of priorities of the reforms required to establish a market economy. That is to say, we have been asking ourselves whether the market economy, with all the difficulties it implies, is on a positive path. We think that by and large many of the solutions adopted are adequate, but what we want to stress is that a market economy is a mechanism, and this mechanism requires a whole string of component parts. And it is only natural that in the absence of such parts the mechanism cannot run well. There is a danger that, at some point, if the situation doesn't improve, the principle itself of a market economy, which is in fact the only viable one, will be compromised. As far as we are concerned, we plead for concrete measures that can become effective as soon as possible, we hope.

In view of the existing enormous imbalances which tend even to increase and to create a totally negative socio-economic climate for future enterprises or investments, we are considering a battery of measures to encourage small and average-size enterprises, including the establishment of a Development Institute designed to assist such enterprises which make up the essential economic fabric of any country.

We are also concerned with establishing a judicious and equitable ratio between trade and industry, not through authoritarian methods, but through a whole array of economic, fiscal, credit, and other measures customary in a democratic society, apt to eliminate the negative effects of a premature and predominant development of trade at the expense of industry.

Of course, we must not ignore, on the contrary, I would say that the first thing we should consider is the issue of unemployment, which cannot be dealt with only through legislation, but in the wake of an economic process.

[Caplescu] I know that one of your favorite ideas concerns the great opportunities available in a country like Romania in the area of services. Does the group's program feature anything concrete in connection with this aspect?

[Tatarescu] Yes. There are several essential aspects here. In view of the international situation and in view of the fact that the entire Romanian economy must be revised, why not establish economic free zones in Romania, for example, why not create an international banking center with appropriate fiscal legislation? Why shouldn't Romania become a turntable for facilitating commercial brokerage operations, international shipping, splitting up and storing various goods, etc.?

I have to add that along this line we are in the process of finalizing a project designed to link the Danube area (through the Danube-Black Sea canal and the Constanta free zone) to Rio de la Plata, a commercial area interesting to Romania from many viewpoints. This project could also serve to demonstrate the viability of such a concept.

In all these projects we must not forget the principle of the major balances: the budget balance, the foreign trade balance, and the foreign balance of payments. Without those balances we cannot achieve anything worthwhile.

[Caplescu] Back to political issues: The GLI very correctly stated that democracy means a contest of ideas, proposals, and programs, and certainly not a state of civil war. How can the Group contribute to establishing this essential principle in Romanian politics?

[Tatarescu] First of all through the example of its own actions. We will neither attack nor make insinuations about others. On the contrary, should a situation arise—we hope it won't—in which we are the targets of such attacks, we will not respond.

Secondly, our criticism of government actions or of others will not be gratuitous, but will stem from a conviction that they are necessary and will always be accompanied by counterproposals. We wish to establish relations of courtesy, cooperation, and exchanges of ideas with the other political parties and speaking for myself, as soon as I will have returned to Romania permanently I intend to take up contacts with their leaders. We will resolutely uphold our options, but should we come to believe that opposite views are more correct, not only will we applaud them, but we will sincerely support them.

Therefore, as the GLI communique concluded, we want to welcome those who think like us, but even more those who feel like us, but think differently.

TV Reporting on Mazilu Attack Criticized

91BA0400C Bucharest DREPTATEA in Romanian
9 Mar 91 p 3

Article by Serban Sandulescu: "Television Subtly 'Justifies' Violence"]

[Text] A few short days after our newspaper carried an article in which we highlighted beyond doubt the proto-totalitarian nature and the servility of the Television's "Current Events" desk and its chairman, Mr. Razvan Theodorescu, the Current Events broadcast aired on Wednesday, 6 March once again compels us to point out the retrograde nature of that desk, whose manipulations justify and incite to violence the most retrograde forces of the securitate inherited from the old regime and carefully sheltered under the protective cloak of the SRI [Romanian Intelligence Service] with the blessing of its direct bosses up to the highest level.

Well, here is what it was all about.

The Foreign News portion of the broadcast in question reported at great speed that Dumitru Mazilu, the former well-known dissident from Ceausescu's time and former first deputy chairman of the National Salvation Front [FSN] and opponent of Ion Iliescu, was savagely attacked by two masked men at his home in Geneva, where he was working as a UN reporter for the Human Rights Commission; he was hospitalized in a serious condition.

It was also said that Dumitru Mazilu had stated that the men who beat him up and stabbed him with knives were Securitate men.

What was not said, however, was that the incident took place three hours after Dumitru Mazilu had read before the UN Commission a report on the human rights situation in Romania, which he described as ranking fifth in the world from the viewpoint of the seriousness of human rights violations. Neither was it said that both he and his family had received death threats "if he continues to slander Romania."

Who is actually slandering Romania? Dumitru Mazilu, or that gang of assassins and his majesty's men sent from Bucharest to do what they did?

This very serious incident, which will have a loud international resonance and will serve to once again confirm what happened in Romania on 13-15 June, what happened with Professor Petru Cretia, or with the foreign reporters beaten up in University Square, and many other similar incidents, is almost identical to the attack on Mrs. Monica Lovinescu in Paris and the case of one Romanian Embassy employee in Paris who fell out of an embassy window with a knife in his back, which happened during Ceausescu's time.

Particularly bad was the fact that a few minutes after the news about Dumitru Mazilu was reported, the Current Events desk found it fit to deliberately show scenes from the United States in which policemen were savagely beating up a black man, evidently dwelling on that scene.

The unspoken but very clear message intended by the Current Events desk was: Keep at it, boys, it's done in America, too.

This was a veiled incitement to hatred and aggression on the part of television, which the Prosecutor's Office is obligated to immediately make a note of. It also constitutes an act of complicity by the TV Current Events desk with attempted murders in the country and abroad, the one against Dumitru Mazilu being only one of them, most clearly evidenced by the fact that under Razvan Theodorescu's chairmanship, television, which did not find it fit to show the atrocities committed in the streets of Bucharest by the Securitate-miners summoned by Ion Iliescu on 14 and 15 June, has been unconscionably dwelling on damnable scenes in some American city. This is exactly what television used to do under Ceausescu!

This is an infamy, Mr. Razvan Theodorescu, which will win you the disapproval of all those capable of correctly assessing the facts, which you pretend not to see while continuing your more than damnable manipulations!

Instead of being educational and promoting renunciation of the old Securitate methods that caused so much suffering in this country, television broadcasts are doing exactly the opposite. How long will this continue?

We hope and wish that most of the order personnel in the police and SRI will understand the message that this article wants to convey to them, namely to distance themselves from those of their colleagues and bosses who are adepts of the old Securitate methods, the methods that inflicted so much damage on the country and on the sons of this people in the past under Gheorghiu-Dej and Ceausescu, and continue to do so now under Iliescu, as once again proven by Dumitru Mazilu's case.

We hope to make it clear that we are convinced of the need for bodies of order and intelligence organizations that should observe and defend the law, and that we

appreciate their activities when they are aimed at serving the country, rather than some social reprobates who don the same jackets as they do and turn into the lackeys of leaders who fail to grasp the irreversible progress of the society and dream of establishing a new dictatorship.

Brucan Discusses Difference With Regime

*91BA0366A Stockholm DAGENS NYHETER
in Swedish 18 Feb 91 p A7*

[Article by Hans-Ingvar Johnsson: "Securitate Trial a Farce; Romanian Salvation Front Ideologist Disappointed in Unfinished Revolution"]

[Text] Bucharest—"Securitate is the as yet unsolved problem in the Romanian revolution," says Silviu Brucan, one of the key figures in the process which led to the fall of President Ceausescu fourteen months ago.

No careful investigation has been made of the activities of the feared security service. Only a handful of top figures—including the last head of Securitate, General Vlad—have been charged. Furthermore, Brucan has a very definite idea about the trials now taking place in Bucharest: "A judicial farce, an international scandal."

The charges are limited to the events occurring between 16 December 1989 and the actual day of the revolution, 22 December. All acts of terror and infamy during the many years before that are set aside.

Brucan, who is now 75 years of age, was one of the six who dared to urge Ceausescu, in writing, to step down in the spring of 1989. Later Brucan became somewhat of a chief ideologist within the National Salvation Front.

Clash

In an interview with DAGENS NYHETER, he describes how he and the current president, Ion Iliescu, clashed as early as the afternoon of the day of the revolution. Iliescu wanted to appoint Victor Stanculescu as defense minister, a man whom Ceausescu had appointed just before he fled from Bucharest.

Brucan protested strenuously, Iliescu gave in temporarily and chose instead Nicolae Militaru, who was rapidly forced out, however. After a short while, Stanculescu, who has been called "Ceausescu's pet," was given the important post where he still remains.

Brucan feels that this is only one example among many of Iliescu's political insensitivity, and he also accuses the president of not having enough courage to accept responsibility for the actions of the miners in Bucharest last summer.

As far as the prime minister, Petre Roman, is concerned, Brucan is prepared to give his approval and he adds: "He was my choice."

Even though Brucan might be disappointed in a lot of things that have happened since December 1989, he still

wants to emphasize that "manifest changes" have taken place in Romanian society. He deems it inevitable that many former communists are occupying leading positions in most of the parties.

"You cannot exclude four million members of the old Communist Party, practically all of those politically active in the country, from parliamentary life."

While talking about the positive things that have happened, he points to great improvements in regard to human rights. There is now freedom of speech and freedom of the press, the right to hold meetings, and the right to belong to unions.

That is all well and good, but not without problems. The freedom of the press, for instance, is seriously abused: Extremist campaigns of various kinds have free rein.

Without hesitation, Brucan ventures a sensational statement: "80 percent of all political newspapers and journals in Bucharest have editors who in one way or another have had ties to Securitate."

This means that they have access to money. They also know how to influence opinions, based on their great experience from the old well-oiled propaganda machine.

Brucan says that he finds it easy to divine their intentions. He himself has also been the target in many newspapers—among other things, when he deplored the proceedings against the former Securitate generals.

The abuse of the right to strike is another thing that bothers Brucan. The recurring conflicts jeopardize the country's production and productivity.

He is happy that the government has shown a clear intent to introduce a market economy—even if serious mistakes have been made along the way.

In summary, Brucan feels that the positive aspect of the development is in the fore and he feels that it is fully justified that the international status of the country—in the European Council and in the EC—is improving.

Seriously Concerned

He is seriously concerned, however, about the current economic situation, about the rising crisis temperature: "Romania is threatened with a depression the likes of which the country has never experienced before. To begin with, all the strikes must be brought to a speedy end."

As far as the parliament is concerned, he feels that the government and the opposition find themselves like chess players in a draw. The atmosphere is not improved by the fact that the opposition has taken part in actions outside the parliament. He says that he has clear evidence that there were plans for toppling the government in connection with the first anniversary of the revolution.

He is not quite sure how the current political stalemate can be ended. Perhaps a new election will become necessary some time this fall before another crisis winter.

Brucan himself will continue to try to make the government correct "its most serious mistake," i.e., not getting to the bottom of the Securitate question and thereby clearing the air in the country.

He has aired his demands in a series of TV programs and says that he has received a tremendous response. "Continue, keep it up" has been the main theme of all the thousands of letters he has received.

Brucan intends to go on fighting: "It is a question of winning the unfinished battle of the revolution."

Weekly Director, Editor Blast Monarchy

Barbu's Sarcastic Remarks

91BA0317A Bucharest ROMANIA MARE in Romanian
11 Jan 91 p 10

[Article by Eugen Barbu: "Princess Margaret"]

[Text] I have written elsewhere that our royalists are getting ready for festivities, but not just any kind of festivities. His Majesty King Mihai has five darlings, five cute daughters who have suddenly fallen in love with their little country. Nice countryside, decent people, and a few castles here and there, which are eagerly anticipating the arrival of the royal gang, like in the good old days. A little patience, a royal salary, a few cars, and with our little Mihai we revive a tradition of pillage. The exile will quickly be forgotten, and with God's help here we are again on the balcony of the Royal Palace, which has long awaited the illustrious family. In the meantime, we note that the visits of the illustrious princesses are multiplying. Whether for a "Holy Thursday in The Valley" or for a New Year's Eve celebration, the presence of these gracious persons intimates future times which ostensibly would bring a restoration and in which, with the Almighty's help, Romania would become a kingdom once more. As a simple citizen, I am not indifferent to these small details which should come at some cost. A royal court like England's would certainly look good on a small country like ours: The Rosiori and the Palace Guard would once more step smartly at the courtyard gate in the center of the city; as they say, that's not peanuts. But appearances don't come cheaply. In my case, I have already seen His Majesty in his Boy Scout short pants, saluting the multitude with his pudgy little hand. At one time, the Royal stand was the delight of the crowds that dearly relished pageantry and drum rolls. But after the founding of the republic, we sort of lost our taste for parades and drum rolls, not to mention fanfares and other fine details of protocol. In any case, the 10 May processions looked better than the display of Anna Pauker and Dej portraits, or the five-line interviews with the Little Father who meditated in the Kremlin, when all of Eastern Europe trembled at the reading of the Red Tsar's prodigious thinking. Today, liberated from this wisdom from the East, what did they dream up, the old royalists who ran away we don't know where? Let's put

our little Mihai back in the palace: He's still healthy, he's not senile, we can put him back on the throne! Let's do it!

But such a decision requires a strategy. The sovereign did not ride in on a white horse like Mihai Viteazu; a modest man, he did not posture, but waited to be called. The Liberal and Peasant Party faction could hardly wait to fall before the throne and serve its Sovereign. As I wrote in another publication, the former Sovereign proves to have an unassailable patience: With five daughters and no dowry, it's hard, it's very hard. No matter how happy it might make us, the pageant of an imperial wedding is fascinating for many, because republican supporters do not have a taste for extravagance. And since any restoration requires a collective strategy, what did His Majesty or his collaborators conceive? Let us be the ones who prepare the elegant festivities, and let's accustom the people to the idea that His Majesty will assure a long reign, which can only carry Romania's renown throughout the world. In any case, five daughters, married or not yet married, look good at a Royal Court! There will be children, inheritors of the throne; with God's will one of the offspring will be a little boy, and then everything will be just fine.

And to prove to you that this is the way things are going, I'll tell you about a very unusual occurrence. Recently, when waves of demonstrators were chanting under the walls of the Intercontinental, who do you think appeared at a balcony on one of the hotel's upper floors? Princess Margaret herself, her royal highness in the flesh, saluting the crowd that marched and chanted, not for her father's return to the throne, but more local slogans for our own backyard. The flower-named princess, who probably knows Romanian, vigorously waved her arm from her great height, captivated by the free parade under the walls. I don't know whether flowers were thrown down from the balcony of this new Juliet, but the show was worth seeing. So I asked myself: Do you suppose that this young girl has gotten tired of the code imposed at her father's battered court and has joined the ranks of the republic? It's a good question... And then, the devil whispered in my ear: How about marrying her to the Prince of Gypsies, of whom we have several million in the country? The advantage would be mutual. The Gypsies have everything: gold, silver, whatever they can get from swindling, not to mention that they deal in dollars, speculate, and hoard items that are not available on the open market. In short, the girl's idea is not so bad if that's what she was thinking! Plenty of gold, Your Majesty, until we find five Gypsy chiefs to fill the nation with descendant princes!

It's a possibility, isn't it?

Tudor's Interpretation

91BA0317B Bucharest ROMANIA MARE in Romanian
11 Jan 91 p 10

[Article by Corneliu Vadim Tudor: "Mihai Without a Country"]

[Text] Why do you disturb our peace, Mr. Mihai? Why can't you accept the idea that the country does not want

you, and that you have no correlation, but absolutely none, with the traditions of Carol I and Ferdinand, in whose name you now believe that you deserve the throne? In God's name, how bad are your advisors, Your Majesty, or how have you aged, so that on Christmas Day you could become the laughing stock of all humanity? You now have done it all, you need no more, having destroyed even the wisp of understanding which some Romanians still granted you for your four decades of exile. Were you that sure that the country wants you, Sire? Had it been a matter of fusing once more our historical traditions, why would the Romanian people not call upon one of the descendants of an illustrious Romanian family, such as Brancoveanu, Ghica, Sturdza, or Bibescu, which have ruled with honor in this country? Would the direct or collateral descendants of illustrious families such as Vladimirescu, Kogalniceanu, or Cuza not have been more entitled to make a claim? And while in a rethorical mode, why are you the only royal offspring in Europe who swoops like a bird of prey on the ruins of a throne, while Otto of Habsburg has not made claims in Austria, nor the Count of Paris in France? What are the historical justifications leading you to believe that you deserve the throne of a country for which you have done nothing for 43 years? And who told you that Romania wants to be a kingdom? Let's study some history together Mr. Mihai.

Independently of what will be said, I assert that monarchy for us began with a crime and ended with a crime: It began with the removal and moral assassination of the beloved prince of the Union, Alexandru Ioan Cuza, in 1866, and ended with the arrest, by you, and the assassination, by the Russians, of the great soldier and patriot, Ion Antonescu. Such was the sacrificing of two celebrated Romanians, which the people now honor more than their four kings. In a lesser known comment, referring to the events of February 1885, Eminescu wrote: "If we examine the story of Cuza's overthrow, we learn that nearly all the conspirators except for a few dupes, were foreign. The foreigners brought in a foreigner." But the spiritual evolution and sweep of Cuza achievements during only seven years of leadership, can be compared to what Carol I achieved in 48 years. Actually, it would be a mistake to compare the two governments. Carol I as well as Ferdinand were good and honest rulers—kings about whom I personally wrote with praise even during the years of communist censorship. Their fundamental merit was not to oppose the national policy of their principal political advisors and masterminds, who represented the true backbone of our monarchy: Ion C. Bratianu, Lascar Catargiu, Mihail Kogalniceanu, Petrache Carp, Nicu Filipescu, Ion I.C. Bratianu, Alexandru Vaida-Voievod, and others. Except that you, Sire, are much too little like your grandfather Ferdinand and too much like your father, the adventurer King Carol II. You are his progeny, with a curious mixture of bloods: English, Russian (grandmother Maria), German (grandfather Ferdinand), and German

(mother Elena)—but Romanian not a drop, because it was the fashion of the Almanach of Gotha to not enter into morganatic marriages with barbarians. You were small when your father tried to fraudulently return, but the country is large and remembers: The body of the king crowned at Alba Iulia in 1927 was not yet cold, when Carol decided that the time had come to launch his latest adventure (following a shameful youth as gambler and playboy, in which it seems that even homosexuality was not unknown). So, being low on money, he was not indifferent to a lucrative kingdom such as Romania. Fortunately, the English Government did not allow him to take off, so as not to ruin its relations with the Romanian Government. For three years, therefore, you were king, Mr. Mihai, but only in principle, since the nation's affairs were conducted through a regency. But the great adventurer with the degenerate turkey profile did not give up, and at cherry-picking time, in June 1930, he took a chance on the dissatisfaction generated by the great crisis and entered Romania by deceit, under the name of Caraiman. It was one of the great political mistakes of Iuliu Maniu, who was governing at the time: He could have arrested and deported the impostor, but he did not. A clear voice, that of the politician I. G. Duca was then heard: "Last night's deed is the most dangerous adventure that could be undertaken, and that could bring the worst harm to our national union, and to our country's situation in all respects." Nevertheless, some will say that the restoration period of 1930-40 coincides with the greatest flowering of Romanian culture. And that is true, except that vision could not be among any of the traits attributable to the monarch; his concerns were of an entirely different nature: How to exact a duty from the city's prostitutes, together with the chief of Bucharest's police, Gabriel Marinescu; how to make some money for Elena Lupescu and her father, including from the handkerchiefs manufactured for the Romanian Army; and so on. His departure from the country was as dishonorable as his arrival.

As for you, Your Majesty, you effectively reigned from 1940 to 1947, exactly seven years, like Cuza Voda. It would have been unreasonable for us to expect you to accomplish as much as your great forebear. You also inherited a very difficult period: the war with the Soviets, then the war with Hitler, and then the coming of the Russians into the country, with all its retinue of misfortunes. Except that you were a weak man, an insubstantial babe, raised from childhood like Nicu Ceausescu, with the fantasy that you would reign implacably over this nation, for which you were anointed as Great Voievod of Alba Iulia. What the people did not know, beyond the lavishness of the Boy Scout celebrations, was that you had a speech teacher because you had some serious speech defects. And now, Sire, you are completely deaf (you wear a hearing aid) and seem to speak with even greater difficulty than in childhood; your stutter is akin to the flutter of a moth. Or more exactly, you are like the hero of the Mircea Eliade novel *Nights at Serampore*, who we eventually learn has been dead for 200 years and whose words came from another

world, from screens of volcanic tuff and weeds burned with gunpowder. You reigned for seven years in a childish way, confusing everyone. You made no gesture of dignity toward the Soviet Commissar Visinski, who slammed his fist on your desk and who left by slamming the door hard enough to loosen the plaster. You made no gesture against the communists' resolution to arrest Marshal Ion Antonescu; in fact, you staged a morality play and secretly rejoiced at being rid of an individual who had humiliated you with his overwhelming personality. I am not saying that the catastrophic alliance with Hitler's Germany should not have been ended, but the manner in which you sacrificed Antonescu, knowing full well the fate that awaited him, has forever erased your name from the history of this nation.

What brings you here now, Your Majesty? Do you really believe that the history of this land can be relinked to 1947 exactly, and that the four or five generations of Romanians since then have done nothing else but wait for you? Any normal person in Romania will respond more readily to the republican theory of Nicolae Balcescu than to the monarchist theory of the pathetic agitators of Timisoara and Bucharest, who alas, know so little of this country's history! Why do you come knocking at a door that will not open for you, to a house where you have not been invited? In 43 years, what have you done for our country, which has struggled through so many difficulties? We constantly hear claims from your intimates and from some of the lost souls in Romania, that you have retained your citizenship; but this was actually a source of honor for you rather than a virtue to be rewarded. In fact, it's not even true. So please, don't perpetuate the dubious legend that for 43 years you had no other concern than to cling to your Romanian citizenship, because you'll bring tears to our eyes. Especially since you now haunt Europe with a British passport one time or with a Danish passport the next. As it happens, a lady in Great Britain asked me on the phone how the English and Danish Governments explain the allocation of such diplomatic passports; are you a member of these governments, or their emissary?

In this way, Mr. Mihai, you risk becoming the most distressing character in this Romanian era, and a nation with such a strong sense of humor does not forgive. As it has not forgiven you for your preposterously surfeited youth: while the young men of the Carpathian mountains were dying at one front or another, while starvation ravaged the population, your only care was to give several tons of fresh meat to the crocodile which you were raising in a tank! And of course, to offer real money and decorations to Legionnaires, as we can learn from enough documents of that time, which we will soon publish.

God has blessed you with five daughters, only one of whom speaks Romanian: patriot king, indeed. What will you do, Your Majesty, if one day, as is only natural, you pass into the other world (may the Almighty give you a long and happy life): Which one of the girls will then be left on Romania's throne? Margaret? Sofia? The princess

married to the German manufacturer of matches? Does Romania deserve such profanation? And with what team of hungry emigres do you want to govern? Maybe with the old procuress who recently led you through Bucharest, and who during the 1940's was running a house of assignation like the ones at Crucea de Piatra? Maybe with the unfortunate world wanderers, covered with dust among the old lace of families that have left the stage of history? In the one year since the Revolution, the Romanian people have learned about exile, its intolerance, its total rupture with Romania's realities, the punitive attitude with which representatives of emigres returned to the homeland, and which managed to disgust us and put us on our guard. Your clique is composed exclusively of such avenging angels who chased for money throughout the world, are swamped by debts, and now want to recover their losses from the sweat of this honest and unfortunate nation. Shall we remind you of the enormous property with which your father left the country, and how he stole from the Romanian state the most valuable paintings which had been bought with the money of this people, and which the will of Carol I stipulated would remain forever in the national patrimony? Shall we remind you of the fabulous wealth which the Royal Household wrung out in only 80 years of power? To take a single item, real estate: During the last year of monarchy, in 1947, all of you owned 158 castles, palaces, homes, and cabins, for a total of 2067 rooms! From the cream gathered in this country, you lived regally until today, when it would seem you have reached the bottom of the bag.

There is much to be said, Your Majesty, but I doubt you will understand. No more than you understood the fierceness with which the Romanian people rejected you once, indirectly, through their vote on 20 May 1990.

Because at that time they elected not only a president, but also a form of government, the republic. Let us return to history for one moment, and let us examine together how you forced your way through the border like a terrorist, like the last earthly ruler of this country. If I'm not mistaken, it was in July of 1870: The great prince of the Union, Alexandru Ioan Cuza, had wandered in exile through Vienna, then headed for Heidelberg, where he ended his days at the age of only 53. The elections for Romania's Parliament had been held not long before, and the Romanian peasants, for whom he sacrificed himself, to whom he gave ownership of their land, did not forget and voted him in as senator for the Second College of Turnu Severin. The election was perfectly legal, he could have returned into the country anytime, especially since he was awaited with adulation. But Cuza did not return, he did not want to disturb the peace of the new state which he himself had founded. Had you had a little Romanian blood, had you been inspired by the same dignity which at crucial times the Romanians have in infinitely greater measure than other nations, you would have acted in the same way, Mr. Mihai. But how far removed you are from all these things! You came furtively, at night, misled maybe by some, but under a fake name and with a burglar's ways. They probably told you that the authorities in Bucharest are ineffectual and timid from guilt, and that the country shivers with pleasure when it hears your name—a name that is indeed hallowed by Romanians from Mihai Viteazul to Mihai Eminescu. But the country has renounced you, Your Majesty, were it only for the simple fact that you cannot govern a country whose laws you grossly violate. So that from Mihai, you became again that which you have always been in the twilight European nobility, Michel. Between a king without a country, and a country without a king, the Romanian people have wisely chosen the latter.

CZECHOSLOVAKIA

Trade, Payments Agreement With Poland Signed

*91CH0391C Prague HOSPODARSKE NOVINY
in Czech 14 Feb 91 p 8*

[“Text” of agreement between the Government of the CSFR and the Government of the Polish Republic regarding trade and payments, signed 14 December 1990]

[Text] Article 1. The treaty partners shall support the development of mutual commercial exchange, as well as long-term and stable bilateral trade relationships between both countries.

Article 2. The treaty partners confirm that they will be guided by the principle of maximum advantage in their commercial relationships in conjunction with the General Agreement on Tariffs and Trade (GATT).

Article 3. On the basis of mutuality, the treaty partners shall create advantageous conditions for access to each other's markets.

Article 4. Deliveries of goods and services shall be accomplished on the basis of agreements concluded between Czechoslovak legal and physical entities (hereinafter referred to as entities) who are entitled, in accordance with valid Czechoslovak legal regulations, to engage in foreign trade activities on the one side and Polish economic entities (hereinafter referred to as entities), who are entitled, in accordance with Polish legal regulations, to engage in foreign trade activities on the other side.

Article 5. The conditions for the delivery of goods and services, for payments conditions, as well as the prices of goods and services shall be agreed upon in contracts between entities, taking into account the provisions of this agreement.

Article 6. Effective 1 January 1991, all payments shall be realized in freely convertible currencies. The contracting parties concede to the possibility that some payments, agreed upon between appropriate organizations of the treaty partners, could be accounted for even in other forms.

Article 7. Goods imported by the entities can be reexported to third countries with the approval of the exporter.

Article 8. Aware of the importance of economic and commercial information, the contracting parties shall support the exchange of information, particularly in the area of laws and other legal acts pertaining to trade, economic programs, and the exchange of additional information involved in establishing commercial contacts.

Article 9. In conjunction with the legal codes which are applicable in each of the countries of the contracting

parties, the treaty partners shall mutually render assistance in the organization of trade expositions, special exhibits, and advertising campaigns organized by the respective entities in the other treaty partner country.

Article 10. The appropriate state organs of both treaty partner countries shall, in conjunction with their legal codes, make it easier for entities to establish and conduct the activities of representative agencies, offices, technical service centers for exported goods, or other organizations serving the goal of developing trade between both countries.

Article 11. The treaty partners have hereby agreed to establish a mixed commission, composed of representatives of the contracting sides. The commission shall meet at least once a year and alternate its meetings in each of the countries which are parties to this agreement. The mixed commission shall: evaluate the realization of the provisions of this agreement; exchange information pertaining to legal regulations having to do with trade, which are valid in each of the countries involved; propose measures designed to assist the development of commercial collaboration; support the exchange of information on possibilities of expanding trade and industrial cooperation; examine obstacles which render the development of commercial contacts between both countries more difficult and seek methods for their elimination.

Article 12. This agreement is subject to approval in conjunction with the legal code of each state and becomes effective upon the exchange of diplomatic notes confirming its approval. The day upon which the agreement becomes effective will be considered to be the day on which the later of the diplomatic notes is received. This agreement is concluded for an indefinite period of time. It can be abrogated by each of the contracting sides through the vehicle of notification. In such a case, it ceases to be effective six months from the day the note of abrogation is received. At the request of any of the contracting sides, this agreement can be changed by mutual accord. Any kind of change or termination of this agreement will be effective without detriment to any kind of legal provisions emanating from or adopted on the basis of this agreement prior to its being changed or prior to the termination of its validity.

6 Banks Licensed in Foreign Currency Handling

*91CH0391E Prague SVET HOSPODARSTVI in Czech
31 Jan 91 pp 1, 3*

[Article by Karel Machala and Jan Ferenc: “All Roads Lead to the Koruna; For the Present, Six Czechoslovak Banks Have a License To Handle Foreign Exchange”]

[Text] Since the beginning of the year, everything is different; we have free prices, liberalized imports, redistribution of jurisdictions, and also the internal convertibility of the Czechoslovak koruna [Kcs]. Every economic entity registered in the enterprise register has the right to purchase foreign exchange required to cover import payments and, at the same time, has the duty to

offer the foreign exchange acquired through its activities for purchase by the bank. However, how are things regarding the creation of the foreign exchange rate, its safeguarding, stability, and the technical aspects of convertibility?

Every bank which holds a foreign exchange license, and is, thus, a foreign exchange monetary institute, may directly broker foreign exchange payments and receipts of foreign exchange invoices for its clients (on the basis of the duty which recipients of payments have to offer it the currency). In addition to the existing "experienced" foreign exchange monetary institutions (the Czechoslovak Commercial Bank, the Zivnostenska Banka), foreign exchange activities may be engaged in also by other banks holding a foreign exchange license (the Commerce Bank, the General Credit Bank, the Investment Bank, the Tatra Bank). Of these "neophytes," however, only the Commerce Bank is making use of the foreign exchange license for the time being; the General Credit Bank is furthest along in its preparations and the Investment Bank intends to begin its activities during the first half of 1991. However, activities by other monetary institutions are also anticipated (the Agrobanka, the Slovak Agricultural Bank, the Societe Generale-Commerce Bank).

Changes in the foreign exchange position (changes in foreign exchange accounts receivable and accounts payable) of Czechoslovak foreign exchange monetary institutions are carefully monitored by the Czechoslovak State Bank which, by aggregating information regarding foreign exchange movements in these banks, acquires an overview of the status and development of foreign exchange markets all over the CSFR. However, daily monitoring is insufficient to support a good exchange rate policy. Foreign exchange movements in the future are also monitored on the basis of the reporting obligation of economic entities (which is imposed on them by law) regarding their future obligations and invoices over a time frame of six months. The banks are obligated to provide this information monthly to the central bank. On the basis of these data, the Czechoslovak State Bank acquires a gross overview on the balance or imbalance of foreign exchange movements six months in advance.

The exchange rate for the Czechoslovak koruna is determined on the basis of the long-term balance between the offering of foreign exchange and the demand for foreign exchange (with the following ratios pertaining to a basket of five currencies: 45.52 percent for the German mark; 31.34 percent for the U.S. dollar; 12.35 percent for the Austrian schilling; 6.55 percent for the Swiss franc; and 4.24 percent for the British pound). The Czechoslovak State Bank is interested in the maximum degree of stability for the exchange rate of our currency and, therefore, eliminates short-term swings in this balance with the aid of so-called standby loans, that is to say, special stabilization loans made for these very purposes. In negotiating conditions for the above type loan with the International Monetary Fund, that financial institution establishes certain criteria (so-called performance

criteria) within the framework of which the level of foreign exchange reserves is the decisive indicator. The level of the payment balance may reach a limit of - \$2.5 billion, and this figure then also limits the extent of any possible daily intervention to support the koruna. In other words, as long as there is a long-term large excess in the demand over the offering, the rate of exchange must be adjusted to the detriment of the koruna (and in the opposite case, the rate of exchange could be adjusted to benefit the koruna).

During the first weeks of convertibility, the situation is calm, there is no discernible pressure, the balance of purchases and sales is within acceptable limits. Interventions do not exceed the anticipated daily average and, therefore, an adjustment in the rate of exchange of the koruna is not anticipated for the time being. Those changes which we observe daily in the rate of exchange listing only express mutual movements between foreign currencies (cross rates), but not changes in the koruna rate of exchange with respect to these currencies in general.

A market among banks is beginning to develop; they balance their accounts payable and accounts receivable among themselves so that their foreign exchange positions would remain within the stipulated span of 0.95 through 1.05 (that is to say, ranging between a 5-percent influx of foreign exchange to a 5-percent outflow of foreign exchange). The Czechoslovak State Bank intervenes in these transactions only in the event that the banks are not capable of closing their positions among themselves. In other words, if their foreign exchange positions cannot be fitted into the 5-percent deviation window, up or down, they turn to the Czechoslovak State Bank with an offer to sell or with a request to buy foreign exchange for balancing their positions.

For the present, there have been mild interventions to benefit the Czechoslovak Commercial Bank (which has thus far handled the largest volume of payments and encashments) as well as interventions to benefit the General Credit Bank (which was preparing to sell foreign currencies to the public and needed to augment its foreign currency holdings for that purpose).

(To the extent to which we break down \$2.5 billion over available working days, this amounts to virtually \$9.9 million per day, that is to say (multiplied by 28), virtually Kcs277 million per day—and this is, thus, the maximum permissible excess in demand over the offering of foreign exchange which can be equalized through intervention.)

A certain slowdown in the demand for foreign exchange is supposed to occur as a result of a 20-percent import surcharge; this slowdown is also contributed to by the restrictive currency and accounting policy, as well as by other influences. On the other hand, the devaluation, to be carried out prior to the introduction of convertibility, together with other influences, is supposed to have a positive influence upon the growth of the offering of

foreign exchange and upon the stability of the rate of exchange and, in the longer term, should lead to an improvement in the rate of exchange for the koruna.

The system of internal convertibility is as yet in its infancy; for the time being, there is still a dearth of information regarding the developments into the future, although these data should be available within a short time. However, it is impossible to predict some possible catastrophic influences on the economy, on the foreign trade balance, and, thus, on the rate of exchange (such as, for example, the escalation of oil prices or the influences of the recession in the most highly developed nations of the world upon the decline in trade). Following the likely positive solution of the crisis in the Persian Gulf, however, we can rejoice in tossing the most catastrophic scenario of the development of Czechoslovak economy as well as the rate of exchange of the koruna "into the wastebasket."

The stability of the course of the currency is one of the principal goals of the monetary policy of the Czechoslovak State Bank (just as this is the case for every other central bank in the world). The failure to maintain the stability of any currency is rapidly reflected in price levels, in production, in employment, or in foreign indebtedness. Under unstable conditions, it is not possible to efficiently calculate economic processes. We have no choice but to hope that the anticipated drop in gross domestic product will not be unduly "felt" in terms of the stability of our currency. Poland's internal convertibility can give us certain hope with its successes.

Commercial Bank Blamed for Payment Problems

91CH0391D Prague HOSPODARSKE NOVINY
in Czech 1 Feb 91 p 9

[Guest commentary by Eng. Karel Svec, Commerce Bank: "The Commerce Bank and Inherited 'Credits'; Periodic Order Inventories and Other Problems"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Is the Commerce Bank to blame for the current payment difficulties being experienced in the enterprise sphere? Is it to blame for reducing the demand by private individuals for operating units in the small privatization campaign? Recently, such questions have been posed in various communications media by some representatives of enterprises and state organs. We present below the comments on this problem by an officer of the Commerce Bank.

Strong criticism is being directed particularly at three basic areas. Primarily, the elimination of the category of "credits for periodic order inventories." These credits were granted at the beginning of the 1970's to Czechoslovak enterprises to fill the gap which arose as a result of the siphoning off of their working capital to the state budget. The political organs at that time tasked the bank with realizing such credits. These were credits which were really not true credits because they had no fixed period for repayment. The Commerce Bank took them

over as a result of delimitation actions. These credits were assigned a low interest rate of 6 percent per year which gradually fell far below the interest rates paid by the bank for resources. As of 1 January 1991, the category of these credits is liquidated or they are transferred to credits of a commercial character—at current interest rates and a specific time for repayment.

The difficulties caused by these measures for bank clients are being considered as being the fault of the banks. Commercial banks, which are the same kind of enterprises as any other enterprises, cannot be responsible for state organizations, which they are not. The previous method of managing the economy, part of which was the central administrative decisionmaking regarding the granting of credits, is an unpropitious inheritance for the banks. The Czechoslovak economy has a considerable amount of excessive credit in it, which got that way through an economically absurd method. The former center distributed large volumes of credits without regard to their recoverability or the efficiency of their utilization. Credits to enterprises served to augment the state subsidy policy or even to replace state debts. The commercial banks, thus, inherited massive credits granted by the state to state enterprises without a future, whose fate is quite uncertain.

Restrictive Policy

Along with the coming into being of commercial banks, 1990 saw the beginning of the application, which is completely justified, of restrictive currency policies, brought about by the reform. The restrictions obligate the entire banking system to observe strict rules of liquidity. This requires the coverage of granted credits by acquired resources and the limitation of the volume of credits granted. These anti-inflationary measures put an end to the previously current practice according to which credits were granted for all enterprise requirements which were confirmed by the plan, essentially without regard to the economic justification for the credits.

Today's practices also stem from other factors which credit applicants do not always consider. The majority of credit resources in our country is formed by savings deposits of the population which are then further loaned out by the banks. Thus, if we wish to guarantee that it will be possible to pay the population its savings, we must guarantee that the granted credits will be returned to us with a maximum of assurance. The Commerce Bank is in a particularly difficult position because, when it came into being, it became the heir of the largest volume of uneconomical credits and, at the present time, the withdrawal of deposits is running ahead of savings. In other words, available credit resources are shrinking and the room which the Commerce Bank has for granting new credits is getting smaller, even if efficient operations are involved.

The Commerce Bank, much like the other commercial banks, is obligated to adhere to the rules for engaging in credit activities. It is not possible to request credits for

enterprise needs if those needs are not backed by real possibilities for returnability. The notion held by enterprises that their only task is to produce, or possibly sell to anyone, has no place in a market economy. Production, the sale of which is perhaps agreed upon between high-risk countries of the Middle East and our enterprises which are struggling with enormous degrees of insolvency, is frequently considered as being secure. However, a guarantee for success is the actual amount of money collected, including money collected from Czechoslovak commercial partners.

Interest Rates

Interest rates are another chapter. Their previously very low level, which was approximately 5-6 percent per year, was brought about by the low price of money in the economy. To the extent to which there is a desire to maintain and renew the importance of our currency within the framework of the reform and under conditions of the existing inflation, it is necessary not only to make it scarce, but also to make it more expensive. Moreover, the volume of credit resources is also dependent upon the interest rates charged for the credits, on the interest rates paid for deposits, and the volume of these deposits is, in turn, dependent upon these rates and such deposits serve to form available credit resources.

In the current situation, not only the Czechoslovak State Bank as the central bank of the nation and the Federal Ministry of Finances, but even commercial banks and savings institutions are increasing interest rates payable on deposits in their own interests. For example, the Commerce Bank is offering interest rates on deposits of 14 percent and up and the interest rate on issued obligations is 23 percent per year. Under these conditions, it is, of course, not possible to do anything but increase interest rates chargeable for credits. Credits which have already been granted and taken over from the Czechoslovak State Bank are, according to valid contracts, running at interest rates which are substantially lower. Without exception, the bank must pay higher rates for all of its resources. Frequently, those who criticize the bank for its high interest rates on credits are, at the same time, not happy with the current rates, for example, on obligations and other deposits, which have already exceeded the limit of even 18 percent. From the macroeconomic standpoint, high interest rates in our situation are also a positive factor because they represent a sort of parameter for the success of entrepreneurship; an unsuccessful enterprise or entrepreneur is not capable of tolerating these rates and goes bankrupt.

Of course, it is not possible to use the argument, against any commercial bank, that it is obligated to support one or another enterprise with credits. Its obligation is to successfully manage and to safeguard the deposits entrusted to it. To a certain extent, we have a divided banking system. If a client is dissatisfied with one bank, he may turn to another. To the extent to which the current problems of enterprises are caused by the former system and to the extent to which anyone is obligated to

rectify those problems, in no event is this the responsibility of the banks which have now come into being.

Establishment of Stock Market Planned

91CH0391A Prague HOSPODARSKE NOVINY
in Czech 14 Feb 91 p 2

[Article by Petr Stepanek: "A Step Toward a Securities Market—The Czech Government on the Establishment of a Stock Exchange"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] A securities market will also become an important component of the money market in our country. The proposed law regarding the securities market was discussed yesterday by the Czech Government. We therefore asked Karel Spacek, the minister of finance of the Czech Republic, to provide more detailed information.

In his words, the stock exchange will primarily serve the purpose of placing free capital in those branches where it can yield the greatest gain. This is also the purpose of any stock market transaction. We anticipate, he said, that the stock exchange will be a legal entity with jurisdiction extending over the entire state. It should be organized as a joint stock company, trading in shares, bonds, foreign exchange, foreign currencies, and gold. This is the way in which money would then be able to flow into the most promising sectors of the economy, which is the prerequisite for increasing the efficiency of the entire economy.

Understandably, this will involve big money. It must therefore be guaranteed that transactions will be conducted correctly and justly. This goal is also pursued in the appropriate passages of the proposed law. It is based on the experiences of foreign stock exchanges; in essence, we are taking over their system. Trading on our exchange will, thus, be adapted to current customs.

To facilitate the establishment, permission will be required of the Federal Ministry of Finance, in agreement with the Czechoslovak State Bank and the appropriate republic ministries of finance, depending on where the stock exchange is to be located. For the present, consideration is being given to locating one in Prague and one in Bratislava. They will issue their own shares to specifically named investors at a nominal value of 100,000 Czechoslovak korunas [Kcs]. Foreign legal entities will be allowed to share in the basic capitalization to a maximum extent of one-third. The minimum size of the required reserve fund is 25 percent of basic capital. The law also stipulates the duties and authorities of stock exchange organs and specifies who may function on the stock exchange.

In the beginning, we anticipate that transactions will take the classical form; later, we would like to make the transition toward a computerized stock exchange. We expect that we shall need this kind of institution as early as the end of the year because the revitalization of the securities market will be brought about by the coupon privatization (provided it is approved). Coupons would

be exchangeable for shares which could then already be traded. Actually, the first embryo of the money market would thus be created. The law could be adopted as early as midyear and the stock exchange could begin full-value operations at the beginning of next year. Naturally, the functioning of a stock exchange requires trained employees. In this respect, we must rely on assistance from abroad. A similar proposal will have to be worked out also for the establishment of a commodities market.

Wage Increase Regulations Clarified

91CH0323C Prague HOSPODARSKE NOVINY
in Czech 16 Jan 91 p 3

[Unattributed article: "More on Wage Regulations"]

[Text] In Nos. 3 and 4 of HOSPODARSKE NOVINY, dated 4 January and 7 January, we wrote about preliminary calculations of possible average wage increases between 1990 and 1991 that would not be subject to regulating transfer requirements on business wages. Because we have received a number of questions and comments from readers, we asked Eng. Ivo Bastyr, director of the incomes policy division of the Federal Ministry of Labor and Social Affairs for some clarification.

The calculation is based on average monthly gross wages in the former economic sphere of the national economy, which had reached 3,300 Korunas [Kcs] according to statistical data. For the purposes of this calculation, and in accordance with wage regulation rules for 1990 this total average wage was divided in a 90:10 ratio, with Kcs2,970 (90 percent) included in costs and the remainder, Kcs330 considered the amount of wages covered by profits.

The average wage included in costs can be increased for 1991 by five percent, under so-called wage increase guidelines, to roughly Kcs3,199 ($2,970 \times 1.05 = 3,119$). This amount represents the average wage included in costs and not subject to regulating transfer payments.

If these wages are exceeded by no more than three percent (the so-called untaxed zone), to Kcs3,213 ($3,119 \times 1.03 = 3,213$), the transfer will not be levied. This means that the average wage included in costs can grow in 1990-91 without the penalty by Kcs243, or 8.2 percent ($3,213 - 2,970 = 243$; $2,970 / 3,213 \times 100 = 108.2$).

That part of average wages covered from profits and not subject to regulating transfers, in accordance with approved wage regulation laws, can for 1991 be up to 20 percent of the average wages covered from costs and not subject to transfers, i.e., Kcs624 ($3,119 \times 0.2 = 624$). The total average wage, therefore, can increase between 1990 and 1991 without the imposition of a regulating transfer by Kcs537, or 16.3 percent ($(3,213 + 624) - 3,300 = 537$; $(3,213 + 624) / 3,300 = 116.3$).

The above calculations are somewhat simplified in view of the approved procedure for applying regulating transfers from wages. The average wage included in costs and not subject to regulating transfers is not based on wages paid in 1991, as established in the regulation laws, but on wages paid in 1990. Nor does it take into account differences in the scope of selected components of cost wages excluded from coverage by regulating transfers (liberalizing components) between 1990 and 1991 (for example replacements for wages, bonuses based on authorship rights regulations, etc.).

Editorial note: The increase in wages covered from profits, and their share of total wages generally, clearly depends on whether the enterprise makes any profit at all.

Minimum-Wage Law Questions Answered

91CH0391B Prague HOSPODARSKE NOVINY
in Czech 14 Feb 91 p 8

[Article by Eng. Vladimir Starecky, Federal Ministry of Labor and Social Security: "Specifically on the Minimum Wage"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Following publication of the general agreement, which was concluded on 28 January of this year in Bratislava, state organizations, trade union central offices, and editorial offices of newspapers are being flooded with questions pertaining to the minimum wage. Following the more theoretical works on the minimum wage (P. Miller, HOSPODARSKE NOVINY, 24 January, M. Sevcik, 8 February 1991), it is high time to explain some of the specific questions surrounding the minimum wage.

First of all, it is necessary to know that the general agreement is not a legal regulation and that, on its basis, it is impossible to pay out any minimum wage. The legal regulation which makes possible the payment of minimum wages will be a decree by the government of the CSFR, published in SBIRKA ZAKONU. The proposal for such a law was submitted by the Federal Ministry of Labor and Social Security to the federal government at the beginning of February. In the explanations which follow, I only list the facts stemming from the general agreement, which I do not expect to be substantially altered by the government regulation.

The basic determination is the circle of employees to whom the government regulation on the minimum wage will apply. They will be employees in an employment status, including secondary jobs. The government regulation on the minimum wage will not apply to activities based on agreements covering work performed outside of the employee status. The government regulation will not apply to members of agricultural cooperatives, because, according to Section 38 of Law No. 162/1990 on agricultural cooperatives, the remuneration of members of such agricultural cooperatives is regulated by each cooperative through its own regulations.

The general agreement lists the size of the minimum wage at 10.80 Czechoslovak korunas [Kcs] per hour for a workweek of 42.5 hours (in the event of another established workweek, the size of the minimum wage is appropriately adjusted) and Kcs2,000 per month. In this respect, some unclarities arise because the literal text of the general agreement is being forgotten. The general agreement states that the minimum wage amounts to Kcs2,000 per month only for workers who are paid in accordance with monthly wage tariffs, provided they have worked the full working time. Workers who have agreements or permission to work shorter working times and workers who fail to work all of the working days of the month will be entitled to wages corresponding to the amount of time worked. For example, a worker who has an agreement to work 25 hours per week (that is, 58.8 percent of the stipulated workweek of 42.5 hours) will be entitled to a minimum wage of Kcs1,176 (2,000 x 0.588). An employee who only works half of the days during the month because of sickness will be entitled to a minimum wage of half the amount, that is, Kcs1,000. He is secured for the unworked days by sick pay. Workers paid by the hour will be entitled to the hourly minimum wage for the number of hours worked.

It is pointless to recriminate the size of the minimum wage, which was pushed through by the trade unions and which will have unfavorable influences upon employment, particularly upon employment among certain groups of the population (young people, mothers with children, Gypsies, etc.), which will narrow the wage differentiation and, thus, weaken the stimulus to perform work. A high minimum wage will result in difficulties for many an organization which has many workers earning less than minimum wage or those which have financial problems. Difficulties involving the minimum wage will impact particularly upon budgetary and contributory organizations.

A certain solution can be seen in reevaluating the extent of some activities and in individually adjusting the length of working time in working agreements. For example, today, an organization will pay its charwomen Kcs1,500 per month for an agreed-upon amount of working time, even though it is generally known that they do not adhere to this working time. After introduction of the minimum wage, the organization will have to either reduce the number of charwomen it employs or, better still, adjust its individual working agreements to the actual number of hours which the extent of the work requires. In some installations, such as museums and galleries, it will be necessary to begin restricting the time these facilities are open and to begin utilizing technical devices to protect exhibits.

If, according to regulations governing minimum wage, an employee fails to achieve that level, it is expected that the employer would make good the difference through the form of supplemental payments (as an extratariff component of labor costs). For purposes of determining whether the employee is entitled to a supplemental payment to bring him to the minimum-wage level, the

wage calculations should include all components of the wage (excluding wage replacement). The cumulative amount paid to the worker should be divided by the number of hours worked and the results compared to the minimum wage prescribed per hour. A similar procedure should be adopted for workers paid in accordance with monthly wage tariffs where the daily wage should be compared with the level of the minimum wage appropriate for the day in the given month.

It is expected that every employee will be secured by the minimum wage in every month, even where employees receive some wage components over longer periods of time, for example, quarterly bonuses, shares in economic results, etc. In such cases, the supplemental payment to bring the level of payment up to a minimum wage during the month where the above components are not paid shall be considered to be of a reserve nature. Employers will be obligated to establish wage components, the period and conditions for accounting for the supplemental payments to the minimum wage in internal wage regulations or within the working agreement.

For some groups of employees, the government regulation proposes specific solutions embodied in the general provisions on the minimum wage contained in the general agreement. For example, this pertains to beneficiaries of invalid or partial-invalid pensions, as well as to invalids under 18 years of age. This provision is intended to make it easier for them to establish their position in the labor market without being subjected to the threat of falling beneath the limits of penury.

The application of the minimum wage without restriction in the case of old-age pensioners appears to be illogical. It is expected, however, that this deterioration of their position in the labor market will occur to the benefit of workers during their productive years. A specifically addressed group includes young people under the age of 16, for whom it is expected that the minimum wage paid during the month will be lower because, according to the labor law, they are not permitted to work more than 33 hours per week. With respect to cottage industry workers, the judging of time worked on the basis of derived standard hours appears as an acceptable solution to the minimum-wage question.

For legislative reasons, the directive of the government of the CSFR regarding the minimum wage cannot contain unessential details and no further regulation bearing on it must be issued. Upon approval, therefore, the government decree will be published in its full text with explanations.

Komarek on Economic Reform, Current Politics

*91CH0386A Prague PRAVO LIDU in Czech 14 Feb 91
p 1*

[Interview with Prof. V. Komarek by R. Bajer, en route from Zlin to Prague, date not given: "This Is Not How We Visualized It," V. Komarek Says of the Reform"]

[Text] He was one of the most notable personalities of the November revolution. His distinctive features are vividly connected with his improvised yet well-argued addresses at spontaneous gatherings where Prof. V. Komarek presented ideas from the program of his Forecast Institute on Czechoslovakia's future economic development following the fall of the discredited Communist regime. He belonged to those recognized members of the government of national accord enjoying great trust among the wide public. But he had to leave because of differences of opinion on the government's program for the future.

Yet even today when he no longer holds top positions in the government structure Valtr Komarek has not lost his high moral and professional stature among experts as well as the common folk. Of this we got convincing evidence last week in Zlin and Znojmo where Valtr Komarek once again discussed problems meaningfully, clearly, and candidly—what is again ailing our society, what troubles the people and makes them feel insecure. The calm and even-tempered manner characteristic of Professor Komarek's personality remained unaffected even by some attempts in Zlin to disturb the friendly and down-to-earth atmosphere of the meeting to which the Prague guest was invited by the local organization of the Czechoslovak Social Democracy. Once again Valtr Komarek won the people over, and even those who did not entirely share his often uncompromising views paid full respect to the strength of his personality and the weight of his arguments.

PRAVO LIDU was there. Our correspondent used the opportunity of the joint return trip from Zlin to ask Professor Komarek a few questions.

[Bajer] Professor, how do you view the present situation in the OF [Civic Forum] and the causes of its breakup?

[Komarek] The process of differentiation currently affecting OF reflects deeper disintegrative tendencies and increasingly far-reaching changes on our political scene. And all of this needs to be seen in a certain, deeper context. OF had its beginning right in the first days of the November revolution and in a way mirrored its nature. It acted as a unifier and organizer of this spontaneous revolutionary current. But obviously this spontaneous revolutionary consensus ought to have been transformed into a programmatic consensus.

But it was precisely here that problems arose. OF underestimated the need for this kind of programmatic work, it was rather turning into a handmaid of the government and when at last prior to the elections it attempted to formulate its program the result was, I believe, a very vague and overly general statement. OF began to assume a Janus-faced appearance when on the one hand it retained the form of a civic movement while on the other it decided to contest the election claiming more or less the status of a political party. OF's entry into the electoral battle meant the start of a disintegration process; the original consensus began to crumble. We saw

polarization announced as programmatic declarations, polarization in the form of capitalism vs. socialism, the right against the left, polarization by nationality. Our entire political scene is being increasingly dominated by particularist demands.

[Boxed item: The Forum, or public square of the revolution created for a permanent dialogue, saw the people leave but was filled by a multitude of groups trying to shout each other.]

The earlier seeds of a political crisis are rapidly being reinforced by seeds of a growing economic crisis, and this whole movement is acquiring certain alarming forms.

There are three basic possibilities. Either the Forum finds within itself sufficient strength to return to its original mission of serving as the revolution's forum, to put itself at the head of integrative rather than disintegrative processes in our society, to become a leader in regard to the need for tolerance, patience, and social justice and, in the spirit of the revolutionary tolerance of November, help create a truly healthy and functioning pluralist system.

A second possibility is for the Forum, in addition to splintering off rightward, to shape also a clearly profiled liberal center as well as a segment moving toward Social Democracy or the left. So that at least in coordinating its three internal tendencies the Forum may possibly aspire to a more balanced program of economic reform and socially acceptable development.

The third possibility is that the Forum will be unable to endure this splintering but may at least preserve its limits and the brief albeit so very important revolutionary past. It would simply leave the scene, no longer engage in differentiation and messy flights but rather find its place in free associations and of course also in political parties.

[Bajer] What is your personal relationship to the Social Democratic movement and what is your "forecast" for its future in Czechoslovakia?

[Komarek] From a general point of view I have a great respect for Social Democracy. Indeed, Europe today is shaped by socialist France with President Mitterrand at the head, by socialist Spain, and in the north of Europe we have an interesting grouping of states with a Social Democratic orientation. These facts nowadays escape the attention of many people in our country.

[Boxed item: Educated Europe is developing these socialist tendencies within a democratic system. The Social Democratic orientation has now stood the strictest scrutiny.]

It was subjected to attacks by the frenzied Stalinist International as well as by Hitlerites, and essentially all reactionary forces, which deformed certain aspects of capitalist development into strongly right-wing movements which exceeded the bounds of civilized systems. Thus Social Democracy has proven its ability to combine

demands for social justice reflecting the tenets of modern socialism, with a market system, a progressive and highly modern and efficient economy, and managerial direction of enterprises.

So it is my judgment that this movement has a bright and promising future and that therefore it will have a future in Czechoslovakia as well.

[Bajer] From the content of your conversation in Zlin it emerged that your views of the reform now being instituted in the CSFR are diametrically opposed to the position of Mr. Klaus and his close collaborators. Why and when did your joint path diverge?

[Komarek] Look, I wouldn't want to let this complex problem descend to the level of a personal polemic or handing out cheap recipes. Even though I have spent a good many years in the field of economic theory and practice, I cannot pretend to have a perfect understanding of all aspects of an economic reform.

[Boxed item: It is that I regard the problem of the transition of former socialist countries to democracy and a market economy to be an exceedingly complex one which has no parallel.]

We were aware of these difficulties when we approached formulation of a reform program in the Forecast Institute, when we drafted such fundamental requirements as economic reform, reintegration of our economy with the advanced Western economies, introduction of deep structural changes and impulse to raise living standards with emphasis on the people's quality of life and the environment in which they live and work. It was something that a whole large collective worked on for a number of years.

In this connection I cannot pass over some pitiable outbursts such as the one at Respekt where a certain Mr. Blazek, who probably hadn't had a chance to study our forecast thoroughly or overlooked that it contains hundreds of data, analyses and international comparisons, resorted to the same trivial and cheap polemics as once carried by TRIBUNA and some other [Communist] Party journals attacking the forecast from the opposite direction but ultimately the same point of view.

I was present at the birth of the program of national accord declared by the government in December 1989; it was from this document that we proceeded and on its basis we also formulated the economic part of the government declaration. Participating in this work were also economists and staff members of the Forecast Institute who now hold ministerial posts in the Federal and Czech Governments—that is, colleagues Klaus, Dlouhy, Dyba, or Jezek. Yet within a short time a pronounced differentiation set in, with some of us continuing to adhere to this program while others were increasingly aiming at a different one. Or, respectively, they separate out of the original and accentuate the

financial and monetarist elements so as to compose a program based exclusively on financial monetarist operations.

Our original program is built on an extensive and interlocking complex of measures. Its axis is a selective economic policy oriented not toward restrictions but rather supply and a certain economic growth—the kind of growth in which selective government support motivates sectors and branches that offer prospects for linking up with West Europe and creating export possibilities. What we visualized was that all methods including involvement of private enterprise were to be used to rapidly increase supply in the domestic market and to maintain and strengthen a balance there that would function more or less effectively. After all, we did not deal with a market that had broken down and was in a permanent crisis, even though it had serious problems. On the other hand, we counseled tough restrictions in regard to typical government outlays for the armed forces, a repressive and not essential security apparatus and vast investments placing great demand on energy resources.

All this, together with an extensive package of social measures, was of course not intended, as some liberals now accuse us, to preserve relics of central bureaucratic planning. Rather, the intent was to lay the conceptual foundation for a selective government policy based on profound and serious analyses. We recognized that opening up our economy must be viewed as a necessary but differentiated process. This means immediate establishment of contacts with advanced Western producers, expanding cooperation and joint ventures, making immediate surgical interventions in the bureaucratized trade network and the entire commercial system including foreign trade. Here it is possible and necessary to proceed rapidly.

On the other hand there are issues, say for instance setting currency rates, where one has to proceed by certain stages, for instance combining a balanced rate with increasing growth in free currency revenues. For opening up our economy we must prepare specific corridors, enter agreements with individual countries so that they would open their markets to us, and thus substantially increase our exports which are still minuscule and now permanently declining.

[Bajer] Do you believe that it was truly realistic to carry out a radical economic reform without such a drastic growth of inflation that we are presently experiencing?

[Komarek] It was not our intention to resort to measures of a deep devaluation, much less inflation. We worked with variants of a managed inflation, with maximum caps of 5, or say, 10 percent. We were of course very careful with devaluation. In the complex issues of privatization we naturally wanted to open up room for its widest possible application, but without merely glorifying the change in ownership form and abstaining from putting it to practical use.

[Boxed item: We never visualized the potential sacrifices as something boundless that would be imposed on people by the powers on high, but rather as something that the people will find very clear and acceptable.]

In the radically conceived program of some of my colleagues who pushed through their variant in the government, only the finance monetary aspects are now predominant. They are actually only the apexes of what seems a very large triangle. This is full price liberalization, internal convertibility of the koruna and a lightning-speed privatization. Of course we considered these aspects in our program, but for the most part only in the more advanced stages. In economics unlike in sprint races, the point is not who is fastest at the finish line. One must recognize that a transition of historical hybrids which is what our countries are—a sort of motley mix of developed and developing economy—to a market economy solely by monetarist means is a very simplified notion. Personally I distinguish between a successful and an unsuccessful reform.

[Bajer] From this point of view how do you rate the one that is currently being introduced?

[Komarek] I think that, alas, it rates rather with the less successful ones. Signs of its nonsuccess are already evident to the experts. If from a relatively good starting position where the standards are reminiscent more of advanced Europe than of Mexico, we manage within a year to produce a giant inflation wave, create distrust of the currency and people's fear of the future, if we manage to precipitately devalue the benefits brought by the revolution such as travel, at today's prices substantively out of reach for the broader public, it becomes a mockery if even all this should not be enough for us. Today senior citizens are without a defense, they feel isolated and helpless when more expensive electricity and heat is to come, when in spite of all the demagogic assurances they can expect higher rents and on top of it there is high unemployment in the wings. Meanwhile many are engaging in an ostrich policy thinking that it will hit the neighbor rather than them. To the extent that all this is combined with restricting sales in foreign markets and complications connected with the growth of foreign debt, I believe that one can rightly and unequivocally speak of a failure. And if someone wants to avoid discussing these problems by various diplomatic stratagems, let him at least abstain from hindering examination of such problems as how others might defend themselves against growing inflation, fatal unemployment, how we might ultimately survive a brain drain. What can be expected if with our real wage of 200 German marks a potential cooperative venture might find working alongside each other engineers of whom those from the West will be making 15-20 thousand? It's time to quickly do away with the jubilant optimism and to begin with realism.

[Bajer] So how can we counteract the tremendous tension which will surely arise in our society in the near future as a consequence of the sharpening of many problems.

[Komarek] This is a big question and I cannot pretend to have a perfect answer to it. Let me return to what we started out with. Our revolution was spontaneous and in the first days of its eruption it created an unwritten consensus. This needed to be elevated to a programmatic consensus once the first wave receded. So that we would tell ourselves that ahead of us is a new society which may be liberal or even socialist, according to how the people will decide on their own.

[Boxed item: But we have allowed disintegration, the mounting of a multiplicity of hysterias, accusations, attacks and a gradual breakdown of the entire society. This is quite clear in the deformation of economic measures.]

I personally cannot forget that people used to say...under Komarek the koruna will be like the mark. I know it was a well-meant illusion, but it was necessary to lift the popular perception up to the level of those Western countries. The people were convinced that we were hindered in it by the totalitarian system and its bloated attributes. No one in my opinion believed that the road to prosperity must lead through destitution.

A program of a Darwinian early capitalism—help yourself as best you can—contains nothing from the original essence of the citizen revolution. It can lead only to a shock and popular indifference which was the inevitable accompanying response in the period of totalitarianism. Or, on the contrary, people may become aroused, develop defensive reflexes and there may be dangerous eruptions of social tension.

We must get away from the permanent political disintegration when practically each week there is some controversy, be it about nationality or race, or involving screenings, competences, composing new shadow governments, creating new bridges and structures in OF, and the like.

Everything here is overpoliticized, overheated. The air is laden with rivalries. The political scene has become a play of particularist interests where various grouplets are vying for power, careers, jobs. Sweetly anguished speeches from the intellectual corner do not offer much of a promise. What is needed is realism, a pragmatic policy, a clear and concrete program. We must borrow an example from West European politics, from respecting a political culture against the background of which there arise genuine political personalities. We are paying very dearly for the lack of a political culture. So the prospect is open not only for OF but for all political parties and movements to make a practical evaluation of the complexity of the state of affairs and to find a joint way out.

Thank you for the conversation.

Background of Temelin Nuclear Power Plant

91CH0384A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 13 Feb 91 p 6

[Article by Ota Filip: "Conversations and Histories in the Shadow of the Temelin Nuclear Power Plant: Four Soviet Atomic Piles; New Construction Now After a Pause for Reflection"]

[Text] The signposts have been removed from all country crossroads around the southern Bohemian town of Temelin. On Page 18 of the latest road map for Czechoslovakia, five towns are missing between Vodnany and Tyn nad Vltavou: Temelinec, Krtenov, Knin, Brezi, and Podhaj. These towns were liquidated in the 1980's in order to make room for the socialist nuclear power plant, as it was called at the time. Four Soviet atomic piles—the so-called VVER, with an output of 4 x 1,000 megawatts, almost the same as at Chernobyl—were supposed to provide cheap electricity beginning in 1994. After Prague's velvet revolution in the late fall of 1989, and after the political turnaround, there was a pause for reflection at the nuclear plant construction site. This was also necessary, since the money was running out. Each year, the nuclear power plant eats up more than seven billion Czech korunas. Now, the pause for reflection is over, the money has become even more tight, but construction is under way again on Blocks 1 and 2, which are being equipped with western technology. Today, no one knows when Blocks 3 and 4 will be completed. Only one thing is certain: They will be built.

The road from Vodnany to Temelin runs through a charming landscape past many ponds. Even the latest road map is of no help. It is confusing, because most country roads and the three or four towns between Vodnany and Temelin are not depicted on it.

"Right now, there are too many people coming from the west to take a look," a man tells me when I inquire about the road to the nuclear power plant construction site. With a stick, he tests the strength of the frozen pond, looks at me distrustfully, and continues: "If you want to demonstrate here against the power plant, then please let it be. I say that everyone should crow on his own atomic manure pile. When it was Wackersdorf that they were talking about, thousands of demonstrators, opponents of nuclear energy, and pacifists travelled to Bavaria every Saturday from all over the FRG, even Austrians from as far away as Vienna. The Viennese and Austrians were at least 150 km closer to us, the biggest construction site for a nuclear power plant in the world. But not one person ventured out on an excursion here. At the time, we were a so-called socialist country, and protests against a socialist nuclear power plant didn't suit the western peace movements and opponents to nuclear energy. Only after the victory of the velvet revolution, in January 1990, did these professional protesters, a Greenpeace group, come to Temelin in their elegant bus. They hung a slogan against atomic energy on one of the four cooling

towers and distributed stickers against the nuclear power plant among the schoolchildren. But after three or four days, the Greenpeace people noticed that they were not receiving very much attention from us, and were even ignored by television, so they went away and never came back."

"Are you against the nuclear power plant?"

"Only a year and half ago I was against it. Now, it doesn't matter whether I am for it or against it. The matter has been decided."

At Temelin's kindergarten, located in the shadow of the nuclear power plant, Mrs. Jana Bizzariova looks after only 15 children. There used to be many more, before construction began on the power plant. There was even an elementary school in Temelin. Mrs. Jana Bizzariova is an exception in Temelin. Only a year ago, she lived with her husband and two small children in the northern Bohemian lignite-mining region, probably the most polluted and contaminated landscape in Europe, both then and now. When Mr. Bizzaria got a job at the construction site for the Temelin nuclear power plant and the plant allotted him an apartment, the family moved to southern Bohemia, where the air is still clean and the forests are still alive, where the children can still play in the green grass and breathe fresh air.

Mrs. Jana Bizzariova has a brave attitude. She is not afraid of the nuclear power plant, because her husband has told her this: "The first two Soviet VVER blocks, each with an output of 1,000 megawatts, are currently being retrofitted with western assistance. And we will buy Blocks 3 and 4 in the west, with western technology." "So you trust western technology?" "Sometimes when I drive by the four cooling towers rising up 160 meters, I am struck by a strange feeling. Then I think of my children. In northern Bohemia, they suffered from bronchitis; here, they breathe fresh air and are healthy. So what else is there? I have to trust western technology."

Local politician Mr. Josef Man, elected as a member of the local branch of Civic Forum to the Temelin town council in the fall of 1990 with a 60 percent majority, is in favor of nuclear energy: "Our lignite power plants have already destroyed the forests and the landscape all over northern Bohemia, and now the gigantic mountains, the Altvater Mountains in Moravia and the Beskids, are next. We have no choice other than nuclear energy."

Josef Man had the exact figures in his head: By 2010, seven nuclear power plants in Czechoslovakia should provide more than 60 percent of the electrical energy, thus at least 12,000 megawatts. Two nuclear power plants, Dukovany in southern Moravia and Jaslovske Bohunice in Slovakia, are already in operation, three more are under construction, and two remain to be built in the next 20 years. For Josef Man, the construction of the nuclear power plant in his own back yard is no grounds for hysterics; his concern is now directed

towards the people who had to leave their towns in the mid-1980's in order to make room for construction of the nuclear power plant.

"The communist regime left deep wounds among these people. Eighteen old people who were forcibly resettled from Krtenov to the concrete silos of Tyn nad Vltavou died during the first 15 months after they had to leave behind their town, their village life. Naturally the people from the five destroyed towns were compensated. But members of the Communist Party, obedient comrades, received more than twice as much for their possessions as normal citizens. As late as a year and a half ago, the local party secretary in Krtenov, Comrade Bily, was still proud of the fact that he had saved more than a million korunas in providing compensation to nonparty members. Belated justice is generally meaningless; we must now try to heal the wounds faster."

It is remarkable: No one in Temelin was against the nuclear power plant, but in every conversation with people in the town the word "wound" was bound to come up sooner or later. The wound at the southeastern edge of Temelin is impossible to miss: It is 6 km by 6 km in size. Four cooling towers measuring 150 meters in height, with four more under construction, jut skyward from the wound ripped out of the charming landscape.

The town of Krtenov, or rather all that is left of it—the cemetery, the ruins of the church, and the priest's office, now the "Dionysus" plant tavern—sit in the shadow of the four mighty cooling towers. A woman decorating the grave of her grandfather, Tomas Bezpalec, with dried flowers for the winter responds to questions in short, clipped sentences: "The bulldozer was already there to tear down the church. The dead people were to be dug up and reburied in various cemeteries in the area. But the bulldozer operator said that he wouldn't touch a church. And then came the revolution of Vaclav Havel, God bless him. The church is now being renovated, and we will again be able to lay our dead to rest in our cemetery."

"Where will the dead come from if there is no town here any more?" "We will bring our dead home from the city. Maybe the cemetery will be too small in two years, after the nuclear power plant has begun to burn and heat." The woman stands up straight. She looks at me with a sad smile and says: "This is the only nuclear power plant in the world with a church and a cemetery in the middle of its grounds."

The mayor of Temelin, Mr. Stanislav Helige, supported the nuclear power plant in the first free municipal elections; he received 55 percent of the votes in the fall of 1990. Stanislav Helige's platform was easy to understand: Safety at the nuclear power plant beyond Temelin's last barns must be jointly monitored by citizens. Today, the mayor's platform is a reality: An elected citizens committee can enter the nuclear power plant at any time and check up on safety together with experts.

All around the plant, measuring equipment is set up that is inspected not by the plant technicians, but rather by citizens.

"We have drawn up rescue measures for a 30 km area in the event of a problem. But by the time Blocks 1 and 2 are fired up, we will have drawn up further safety measures. Chernobyl cannot be repeated here!" The mayor speaks so firmly and with such determination that he would seem to be the master of the entire nuclear power plant. Naturally, Stanislav Helige also wants to get something in return from the power plant, he says clearly. The Temelin local politician is already counting on the juicy taxes that the plant will have to regularly pay the area communities in two years. The nuclear power plant brings with it a new future for the town: The plant management will build 80 to 100 housing units in the town for its employees. "That is important to us for two reasons," says the mayor. "First of all, young people will be returning to Temelin in the form of highly qualified, predominantly young plant technicians and employees. And secondly, if the engineers responsible for safe operation of the nuclear power plant live with their families in the immediate vicinity of the atomic piles, then our people in the town will feel safe as well."

"So the people here don't feel completely safe?" The mayor gives me a scrutinizing look and responds: "You don't live here, so you will not understand what I am saying: I do feel safe here, but the atomic piles at the edge of the town still give me the creeps..."

Mrs. Maria Rychlikova, the director of the City Museum in Tyn nad Vltavou, 3 km from the nuclear power plant as the crow flies and located on the left bank of the Vltava, which even here is polluted, black, and dead, is skeptical: "So far, the nuclear power plant has done nothing for the city, bringing only problems with the boiler houses in the two new settlements for the plant workers, as well as with the Poles. You must know this: In the settlements, there are around 100 boiler houses, and all of them are heated with the poor lignite from northern Bohemia. Our city stinks. But a bigger problem than the smog over the city are the Poles who are working on the nuclear power plant. No one here protested the nuclear power plant; we simply left the protests against Temelin to the Austrians. But we are standing up against the Polish guest workers. Any child knows about the Poles: They steal anything they can get their hands on, they buy everything off the shelves of our stores, and they make the city unsafe at night.

"So as I said, nobody in the city protested the nuclear power plant. But a citizens initiative against the Poles back in October 1990 collected signatures. It is not discussed openly, but this is what in fact happened: The majority of Tyn citizens supported housing the Poles only in barracks outside the city or even sending them back to Poland. Politically, however, this popular will, this completely distorted voice of the people, was not feasible. After all, we are all democrats now, aren't we? And so everything remains as it was: the smog over the

city, the polluted Vltava, the hysterical Austrians, who are continually telling us what we should do against the nuclear power plant without telling us where we should get our energy, and the Polish guest workers, who steal and make the city unsafe."

The bygone existence of the five towns, whose thousand years of history came to an end with the construction of the nuclear power plant, is now preserved at the City Museum in Tyn nad Vltavou. Before the destruction of one of the most beautiful landscapes in southern Bohemia, Mrs. Maria Rychlikova and her colleagues gathered and saved everything that was still worth saving: the dialects that were spoken in the vanished towns, traditions and songs, the town chronicles. The history of five southern Bohemian towns, concluded once and for all, fills one cabinet in the City Museum. The history of the largest nuclear power plant construction site in the world was allotted more than half of the total display space in the City Museum of Tyn nad Vltavou. From the window of the museum, the visitor has a commanding view of the contemporary history of the medieval city on the Vltava: the brown smog over the roofs and the four cooling towers of the nuclear power plant, veiled in stirred-up yellow dust, on the southern horizon.

HUNGARY

'Program of National Renewal' Criticized

91CH0324D Budapest HITEL in Hungarian 9 Jan 91
pp 51-52

[Article by Gabor Slosar: "What Should Be Done? Thoughts About the Program of National Renewal"]

[Text] To ward off any misunderstanding, I would like to make it clear that I feel a deep and lasting commitment to the spirit of the MDF [Hungarian Democratic Forum].

Nor can I lose sight of the fact that political commitment and the economic value system are closely interrelated, at least when it comes to defining goals and parameters, or selecting a course of action. However, this does not mean that I should look at logical interrelationships through glasses that select colors in accordance with political commitment; that is, that I should consider anything said by party members or those close to the party in an uncritical manner, as good and correct, perhaps even perfect.

To get to my topic, in reading the "Program of National Renewal," I was primarily interested in the parts on economic policymaking, so my observations and remarks are applicable exclusively to those passages.

After reading the entire publication, I was troubled. Simply stated, I did not know what I had in my hands: a political concept or program, or a popularizing announcement. I am not going to enumerate why it does not qualify as one thing or another, because anyone who

read it knows why I am so confused. Nor could I determine to whom it was addressed. Was it addressing those in the profession, on a chapter-by-chapter basis, or members of the society, the voting citizenry, in the way of guidance, or only those who are interested in politics? I could not come up with an answer.

As for the style of the publication, it reminded me of the period of brochures. On almost every page one could find bombastic, overused, and discredited turns and passages, and the reader was greeted by a mass of hackneyed sentences.

My first reaction was that I should make notes on it, and make my observations point by point, page by page. I soon gave up on that. The notes would have been lengthier than the original material. Later, I thought that the substance of the criticism could be stated on one typewritten page.

I know that it is easier to criticize and express an opinion than to write and edit the mass of original material, striving to achieve a unified style and a balance of topics discussed, while attempting to emphasize the most important points.

I regret to observe that the publication achieved very little of the above goals. Another way of saying it is that there have been better publications, such as the government's thesis titled "Property and Privatization."

Fortunately, one can find thoughtful pages in the part addressing issues of making economic policy, for example, the chapters dealing with the development of the taxation system, or those focusing on nurturing enterprise and privatization. At the same time, the publication devotes only two and a half lines to the concepts concerning the handling of state properties, which is simply incomprehensible to me. After all, it is alright to say that we are privatizing, and we do it at a rapid pace; however, what are we to do in the interim with enterprises remaining in state ownership? Are they to wait, like cans of preserves on the shelf, until their turn comes up? After all, for the next several years these enterprises will constitute a significant proportion of the national economy. What will be done with them? How can we achieve the goal of having them operate in a more efficient manner, without state subsidies?

A certain proportion of this sector (the railroads, the airlines, some of the mines, energy-producing enterprises, etc.) will remain in state ownership in the long run. Who will manage and operate these enterprises? What considerations will the government use to determine criteria for effectiveness and performance? How will proprietary, supervisory, and administrative functions be separated? What are the considerations based upon which the government determines which enterprise, and to what extent, it will retain in its possession? What will be done with enterprises that are "stuck" in state ownership?

There were no answers to the many questions. It is not difficult to realize that the success of privatization will also depend on whether or not we see an improvement in the effectiveness and performance of state-owned enterprises. If there is a decline in this regard, then the mass of state-owned enterprises will negatively effect the nation's combined economic performance to a degree that can destroy hopes attached to privatization.

It would be practical to organize the nation's economic transformation around privatization. I would propose that the "Property and Privatization" thesis be combined with a strategic plan that would include the techniques of privatization and all related economic measures that are necessary to implement the plan. The most important task within the privatization package is solving the question of managing state-owned properties, and formulating the privatization of fiscal institutions and banks.

As for the large commercial banks, it is unnecessary to either prohibit or subsidize the influx of foreign capital, as long as it is below 20-30 percent of the founding capital. The only practical concern would be to make sure that the Hungarian share of holdings guarantees the implementation of national interests. We should create conditions conducive to the creation of numerous small banks and investment firms, even with 100 percent foreign participation, because that is the only way we could hope to see an end to the shortage of credit sources.

It should be acknowledged (regardless of all the resistance by the opposition's experts) that an unusual situation exists for the country, and its economy, and such an unusual situation calls for special, rather than traditional, measures. What this means is that we must arrange the generally accepted economic measures in an unusual manner that suits the situation.

The government should clearly and unequivocally announce that preparing and implementing the packages of measures necessary for the country's economic transformation will take time. It should also be announced what kind of planned packages are under development, when we can expect to see them implemented, what are their expected achievements, and what will be the consequences.

The most difficult task may be choosing the course of action leading to the achievement of goals, and making the initial steps; that is, the definition and execution of short-range economic measures applicable for the next six months.

I hope, and I am confident, that the government used the past months to prepare the economic transformation, and that its concepts will soon be revealed to us.

ROMANIA

Foreign Investment Needed, Says Agency Official

91BA0353A Bucharest ROMANIA LIBERA
in Romanian 16 Feb 91 p 3

[Interview with Mr. Petru Rares, under secretary of state at the Romanian Agency for Promotion of Investments and Economic Aid From Abroad, by Dan Vardie and Eliade Balan; place and date not given]

[Text] [Rares] Before you question me I would like to tell you something. We will have to oppose the slogan, "We Are Not Selling Our Country." The question is not whether or not we need foreign investments, but whether or not they are coming, and whether we can attract and direct them. We are seeing an eternal race for resources essential to development, a race in which we are neither first (more accurately among the last), nor alone (a very large group of developing countries have been in the competition for a long time). We have made a leap from the tail end to stimulating conditions. Why do we need foreign capital? Because we have one of the poorest economies in the world, from which payment of a \$11 billion debt drained the last drop of blood. By not paying it out of our net exports, we "succeeded" in exhausting our national income. Actually, we converted a foreign debt to a domestic one. Opinions have been heard that we are granting too many tax reductions by the new law, but our economy is not producing enough to collect taxes. It needs a stimulus and a comparison. We do not have the investment capacity to import technology. We need an infusion of managerial mentality to change the psychological-economic climate. The capitalist will try to apply his economic reflexes and will not ask about a plan, like poor me, who worked for 45 years as a chief engineer and knows nothing else. In Romania, a change has taken place overnight and not in 20 years, as in the case of the Hungarians, for example. There is fear. Who are these? Are they still those? Well I am sure of it. You are still journalists, and I am still an economist. If I do not succeed in adjusting, time will pass me by. The investor is concerned with what the property law is, what the conditions are for foreign investments, what tariff advantages there are, what taxes are on his profit when he transfers it, what guarantees against nationalization the lawoffers, whether the currency is convertible and what he does with the lei, what bankruptcy law there is and what laws on unemployment and social protection, and what law the trade unions have. In Romania we have not created those legislative elements as yet. Then let us at least have arguments to attract investments through facilities.

[ROMANIA LIBERA] Why won't this agency become a new bureaucratic barrier? Will the complicated formalities be simplified if there is an ARPIS [Romanian Agency for Promotion of Investments and Economic Aid From Abroad]?

[Rares] When the agency's set of functions was considered, it was done on the basis of comparison with several countries. It was possible for us to analyze the legislation in about 24 countries notable for their performances in attracting foreign capital, such as Turkey, Malaysia, Hong King, Canada, Malta, Greece, South Korea, Taiwan, Portugal, and Spain. We found in Turkey the elements that we have drawn upon the most from the standpoint of the economy. As a skeleton organization, we have drawn upon the CFIA [Canada Foreign Investment Agency] as a procedure for both attracting and recovering investments. If anyone ventures to speak of the CFIA as a bureaucratic agency interfering with introduction of capital, then...even if our printed forms were inspired by the Canadian model. Our main task is to attract investments and direct them to the priority sectors for development of our economy. I tell you that in Romania it does not take more than a day or two. After registration an investor goes into the legal procedure, namely, the financial administration, the commercial register, etc. He comes back and says, "I want incentives." Now I begin to offer advantages on the basis of the law. The agency gives him an investor's certificate, and at the end of the fiscal year he will not pay taxes if the Financial Guard finds that he has met his obligations. The trade procedures are not being simplified. Trade is trade, and investment is investment.

[ROMANIA LIBERA] Is the foreigner required to seek you out or not?

[Rares] According to the law, someone has to notify him of the legal procedure and then give him his investor's certificate. Accordingly, we are essential to foreigners for two reasons: We do not set any limit; a foreigner can invest in any field, in any number of fields, in any part of the country, and with any amount of manpower.

[ROMANIA LIBERA] Is the agency able to transmit the most effective signals? Is it equipped to cope with its mission to attract foreign capital?

[Rares] The question is far-reaching. In both equipment and size, we are only trying to be a center for development of some relations. We intend to contact the centers in the world that are actually our similar but supplementary institutions, that is agencies for promoting investments abroad. We have contacted them, announcing our intentions and keeping in touch with the ones in the main developed countries. And then, through the UNIDO [United Nations Industrial Development Organization] institutionalized networks with Investment Promotion Services in most of the developed countries, we contacted the Industrial Promotion Divisions in the countries that are putting out capital and investments. We are in touch with the UN Transnational Center in the United States, with which we are jointly preparing a program to promote foreign investments in Romania. We are preparing jointly with the UNIDO a forum intended to identify investments of importance and interest to the Romanian economy. We have started an advertising campaign to publicize the agency abroad and

also at home. We have sent a UNIDO questionnaire to more than 2,000 economic agents and have already received several hundred letters of intent that we are going to use as a data bank concerning the requirement for foreign capital.

[Box, p 3]

ARPIS is the first government body engaged in selection and use of foreign capital in the form of investments in Romania. The time limit is 30 days for the agency's reply to a proposed investment. A foreign investor is required to contact the agency. His access to the data and information bank is guaranteed and free of charge. The economic agents in Romania benefit by economic and advisory aid in order to make investments abroad.

Commerce Department Official on Privatization

91BA0376A Bucharest TINERETUL LIBER
in Romanian 1 Feb 91 pp 1-2

[Interview with Stefan Voicu, head of the Domestic Trade Department, by Gabriel Nastase; place and date not given: "We Don't Yet Have 'Privatized' Storekeepers!"]

[Text] [Nastase] Mr. Secretary of State, I suggest we spend a moment on an expression heard increasingly frequently in the street, which signals a social rather than economic phenomenon: "These privatized...!" Said in anger, envy, spite, or merely read in the looks given by simple citizens to little shops with bars on the windows exhibiting a fairly small selection of goods at prices in foreign currency or unaffordable for someone with an average salary, this expression strikes me as downright dangerous because it may well distort the reality (with someone's premeditation?!) and generate mistrust in the normal progress of a real privatization process. The (sad) reality is, however, that the shelves of state stores remain rather empty (at liberalized prices!), while the "privatized"...with their consignment shops open nonstop seem to be getting rich. One fact clearly emerges from this: Private storekeepers are certainly much more active than state employees. What is your view on these aspects?

[Voicu] The issue you raised is indeed very interesting. In fact, there are several matters involved here, so let's take them in order. I would like to begin with the concept of privatization that emerged after the Revolution and that covers a very wide range of elements, unfortunately not sufficiently well understood by the broad masses, but whose meaning gradually degenerated to the point of becoming distorted. Speaking strictly of commerce, the fact, for example, that some of the commercial space inefficiently used by state units was leased to private persons has nothing to do with privatization. That was in fact an instance of encouraging private initiative, with which I am in full agreement. Privatization, however, is something entirely different; it is a more complex phenomenon referring actually to the transfer of a property

that today belongs to the state but will not belong to it tomorrow. This process was planned in several stages, only a few of which have so far been implemented, namely the establishment of autonomous commercial firms under Law No. 15 in the wake of the dismantling of state units and enterprises. Thus, the state's property (as the sole owner) in the past managed by a rigid hierarchy (ministry-central-enterprise) is still its property, but the sole, hierarchical manager has disappeared. The property has been divided up and has been de facto and de jure entrusted to commercial associations, which are now the only ones entitled to make decisions about it. Thus, as a ministry, we now no longer have any right of decision over that property. The process, however, must be continued, so that the existing commercial associations can in their turn distribute this property among various economic units. This is the next step toward privatization, which was planned in the form of concessions.

[Nastase] Let us expand a bit on this concept.

[Voicu] Under the law, concessionary use consists of the following process: A person or a group of persons employed in a unit or from outside is offered the means of operating the unit as if it belonged to them. In other words, in private conditions, but for the time being the money doesn't come from the person or persons in question. A contract is drawn up under which the commercial association provides the concessionaire with space, furniture, equipment, installations, and the existing stock and the concessionaire pays the association a certain percentage of the profit earned.

[Nastase] I assume that this transfer is not done in a haphazard manner....

[Voicu] Of course. For example, the fact that a certain manager is in place at a unit slated to be farmed out on concession doesn't automatically entitle him to become the concessionaire. An auction is organized and the person who offers the most advantageous conditions and the best guarantees for the most efficient possible utilization of the respective property is awarded the concession.

[Nastase] What specifically are the criteria for selection?

[Voicu] This kind of auction is quite complex: The first condition is to preserve the specific use of the unit. Secondly, the bidder must present moral and material guarantees, to have the skills and capabilities required of a store manager, not to cause social disturbances (to keep on the existing personnel), etc. Of course, in certain conditions the existing personnel in a unit may offer a good price and take over the operation. Thus, after a few months, when the value shares that we are all entitled to purchase will be issued, each person's 30 percent share can be used to purchase the very unit in which they are employed. In this manner individuals may become real owners of the respective store, i.e., the store is transferred from state property to private property. Or, the individual may continue as a coowner with the state. The

important thing is that this is the only way to achieve privatization in the real sense of the word. In other words, we transfer state-owned assets to private ownership. This is the basic difference between encouraging private initiative and the process of privatization.

[Nastase] To summarize, this concept of privatization (entirely new and totally specific to our present society) is the antithesis of the nationalization effected 43 years ago. In other words, it is a reverse transfer of state property to private property, an undoubtedly complex process rather difficult to achieve....

[Voicu] You now see why the expression "privatized" as applied to owners of consignment shops or stores located in commercial spaces rented from the state is not at all appropriate. So far, we don't have "privatized" storekeepers in our trade system. The privatized will be those owners who will acquire some of the present assets of the state through their own labor and after passing through the concession process.

[Nastase] I would like to go back to the issue of auctions. You see, I think that the public is currently very suspicious about the morals, so to speak, of commerce employees. But if all former managers are given priority in obtaining the concession for the unit in which they are employed, people will say, "Them again, mister!?"

[Voicu] I think there are some differences. You must know that, generally speaking, commerce employees are honest people who are in fact doing a very difficult and not well-paid job. Of course, some are not that honest. Until now, however, the problem was lack of incentive. But by taking over the concession for the respective premises, the manager is no longer a wage earner. He begins to work as a private user with taxable income. Except that he didn't have to buy the assets of the respective unit (we realize that people don't have the money to purchase tens of thousands of units), but received it on credit from the commercial association. And since he is working in his own interest, he certainly won't steal from himself! What he sells in the store is in fact his own direct and immediate profit. So he has to work, to procure goods, to keep the store open long hours, draw customers, etc. He won't make money by selling to preferred customers, but by selling, period. And the more he sells, the more he makes.

[Nastase] So the problem is the merchandise....

[Voicu] Which is a problem indeed, but which should not be generalized, because currently the volume of deliveries is fairly high, having increased in 1990 compared to 1989. A real storekeeper must learn how to deal with this problem. For example, currently there is a shortage of flour, but in the country people do have wheat. A real storekeeper can negotiate directly with peasants, buy wheat, negotiate with a mill to have it ground, and sell it. Nobody stops him. That he will demand a higher price, in line with his outlay, is something else. Other sources can be tapped in the same way for products like meat, etc. We hope that this will be very

well understood and very soon; in a few days time all the commercial associations are to announce the units that will be operated as concessions, so that anyone may participate in the auction.

[Nastase] So the auction may be entered by...

[Voicu] ...any Romanian or foreigner, individual or company, of course if they present guarantees and certain professional qualifications. I don't think that anyone can overnight become a good butcher or a good fabric merchant! A certain material guarantee will also have to be deposited, of course; similarly, someone who was sentenced three times for embezzlement, for example, will of course not be accepted. We have worked out the most objective possible system of selection, but there will undoubtedly be subjective factors, too, which in time will naturally be eliminated.

[Nastase] When exactly do you plan to begin these auctions?

[Voicu] Very soon. We have already started the program and by the end of February we plan to have 50-60 percent of the units under this concessionary system. The process is not simple, especially because it is not clearly understood. Frankly, there are conflicts of interests among the managements of commercial associations and administrative bodies, and even among individuals, which bring the process to a halt. That is precisely why we very much hope that this entire mechanism becomes a public matter. Within a few days the commercial associations are obligated to publish the list of units they want to farm out on concession, so that each passerby in the street can see, look here, this store is going on auction, and can participate if he's interested. This will permit the establishment of real social control and people with initiative will be able to come to the top. In a way, we will be creating real commercial entrepreneurs. That will benefit everyone, beginning with the consumers.

[Nastase] Mr. Secretary of State, I can only wish you and us all good luck with this important step along the (still very tortuous) path toward privatization!