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## **East Europe**

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# East Europe

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## CONTENTS

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### INTERNATIONAL AFFAIRS

Background of Czechoslovakia's Division Sketched [Prague METROPOLITNI TELEGRAF 9 Dec] .....	1
Causes of Czechoslovak Disintegration Analyzed [Frankfurt/Main FRANKFURTER ALLGEMEINE 29 Dec] .....	5
Resolution of Danube Dam Controversy Sought [Frankfurt/Main FRANKFURTER ALLGEMEINE 29 Dec] .....	6

### ALBANIA

Gligorov on Ethnic Issues, Ties With Albania [Skopje FLAKA E VELLAZERIMIT 30 Dec] .....	8
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### BULGARIA

Dissident SDS Parliamentarian on Ties With DPS [168 CHASA 8 Dec] .....	10
--	----

### CZECH REPUBLIC

Vaclav Havel on His Hopes for Future [ZEMEDELSKE NOVINY 18 Dec] .....	13
Ideologies of Havel, Klaus Compared [RESPEKT 23-29 Nov] .....	14
Overemployment Problems Examined in Editorial [EKONOM 20-26 Nov] .....	15

### HUNGARY

Details of Controversy Over Media Law Reported .....	17
Release of TV Funds [UJ MAGYARORSZAG 29 Dec] .....	17
Illegality Charged [MAGYAR HIRLAP 31 Dec] .....	18
Dismissals Debated [UJ MAGYARORSZAG 29 Dec] .....	19
Hankiss Summoned [UJ MAGYARORSZAG 29 Dec] .....	19
Original Agreement [MAGYAR HIRLAP 31 Dec] .....	20
Parliamentary Committee To Oversee Privatization [FIGYELO 17 Dec] .....	21
Head of Credit Guarantee Corporation Interviewed [FIGYELO 17 Dec] .....	21
Finance Ministry Official on Dual Rate AFA [MAGYAR NEMZET 14 Dec] .....	22
Report on Manufacturers Association Conference [FIGYELO 17 Dec] .....	25
Optimism About World Expo Seen Decreasing [BESZELO 12 Dec] .....	26

### POLAND

Effectiveness, Future of Agriculture Sector [RZECZPOSPOLITA 4 Dec] .....	28
Decline in Number of Sheep for Wool, Consumption [RZECZPOSPOLITA 4 Dec] .....	30
Fear of Growth in Drug Addiction, Trafficking [SLUZBA ZDROWIA 15 Nov] .....	30

### SLOVAKIA

Slovak Presidential Candidates Viewed [Prague LIDOVE NOVINY 18 Dec] .....	33
---	----

### YUGOSLAVIA

Gligorov Proposes Altering Macedonia's Name [NOVA MAKEDONIJA 10 Dec] .....	34
Macedonian Poll Shows Support for Country Name [NOVA MAKEDONIJA 9 Dec] .....	38
Macedonian Parties Debate Vital State Interests [VEČER 8 Dec] .....	40
Macedonian Constitutional Court Role Discussed [NOVA MAKEDONIJA 5 Dec] .....	41
Macedonian Muslim Organization Head Interviewed [NOVA MAKEDONIJA 5 Dec] .....	42
Director of Macedonian Development Fund on Economy [NOVA MAKEDONIJA 9 Dec] .....	44

## Background of Czechoslovakia's Division Sketched

93CH0229A Prague METROPOLITNI TELEGRAF  
in Czech 9 Dec 92 p 9

[Article by Josef Landergott: "Czechoslovak Contribution to European Integration Part II, the Practical Part: The Breakup of Czechoslovakia: On the First Anniversary of the Maastricht Agreements"]

[Text]

### The First Steps

Toward the end of 1989, the VPN [Public Against Violence] movement was created in Slovakia as a counterpart to the OF [Civic Forum] in Bohemia-Moravia. Basically, the entire present HZDS [Movement for a Democratic Slovakia] representation came from the VPN. The VPN's goal was to preserve a common state, but the demand for a *truly just federation* came increasingly stridently from its ranks. At that time, the goal of Slovak autonomy, direct separation from Czechoslovakia, was primarily pursued by the revived SNS [Slovak National Party], a group of Slovak intellectuals gathered around *Matice Slovenska* [Mother Slovakia] as well as, naturally, some of the Slovak postwar emigrants. On 18 February 1990, the KDH [Christian Democratic Movement] was founded in Nitra; its leader was and still is Jan Carnogursky. In Nitra, Slovak emigrants, whose past is generally closely tied to the murky past of the *Slovak State*, demanded the absolute independence of Slovakia on Czechoslovak territory for the first time. It is worth mentioning that as early as 11 February in Brno the MOH [Moravian Civic Movement] had submitted its autonomic demands for a trifederation (the genesis of future manipulations within the framework of the Czech Republic).

On 1 March, the name of the Slovak Socialist Republic was changed to the Slovak Republic, and the SNR (Slovak National Council) proposed a name for the state: the Federation of Czecho-Slovakia. On 6 March 1990, the CNR [Czech National Council] renamed its own republic also by dropping the word "socialist," but it insisted on keeping the name Czechoslovakia. At this point, countries abroad first noticed the Czecho-Slovak conflict. On 29 March 1990, the FS [National Assembly] approved the state's name change from CSSR to the Czechoslovak Federal Republic (CSFR); in Slovak it was the Czecho-Slovak Federal Republic. The debate in the FS and in public was accompanied by a debate on the state emblem and, due to the orthography involved in the spelling of the state's name, it has become known as the *Hyphen Affair*. Even President Havel intervened with unfortunate results, and he succeeded in ridding the Slovak radicals of the last vestiges of reticence. On 30 March, there was a large demonstration in Bratislava (Movement for Democratic Slovakia), and a Committee for Independent Slovakia was founded. The latter went so far as to publish written demands that the Czechs apologize to the Slovaks for past wrongs. That started the

fire blazing. One month later, on 20 April 1990, under pressure from the Slovak representatives, the name of the state was changed to the Czech and Slovak Federal Republic (CSFR). This bizarre compromise put an official end to the name "Czechoslovakia" for the second time in history. On the same day, there was a demonstration in Bratislava, where "anti-Czech" demonstrations were a daily occurrence, and a number of *hlinkovci* [Hlinka supporters], including Tiso's personal secretary, Karol Murin, made an appearance during it.

On 10 May 1990, another in the series of World Slovak congresses was held in Toronto. For the first time, a delegation from the SR [Slovak Republic] participated in it. It was made up of communists—the head of government, Cic; the chairman of the SNR, Schuster; and the speaker of the FS, Dubcek, who at that time still advocated the existence of a common state.

### Open Conflict

After the first free parliamentary elections on 8-9 June 1990, Vladimir Meciar became prime minister of Slovakia and Josef Miklosko became chairman of the SNR (both VPN); in the CR [Czech Republic], Petr Pithart [became prime minister] and Dagmar Buresova became chairwoman of the CNR (both OF). On 5 July, Vaclav Havel was reelected president of the CSFR. However, joy over the victory of the OF-VPN federal coalition was soon marred. On 11 July, the news spread that Slovak Christian party politicians and nationalists had hung a commemorative plaque to Josef Tiso, allegedly the successor of Svatopluk, in Banovce nad Bebravou. Even the KDH rather explicitly supported Tiso at that time! On 22 July, the SNH [Slovak National Democratic Movement] came into being.

On 8 August 1990, the members gathered in Trenciansky Teplice for talks between the federal and republican governments and thus initiated the disheartening "talks on jurisdiction." The governments made a *procedural* agreement that the federation would be considered to be a coordinating agency and the national republics would be the executive bodies. This caused a storm in the Czech press, and, on 14 August, nine nationalist parties published a call for Slovakia's independence. At the same time, other problems arose in the Czech lands: The authority of the OF decreased sharply, and general disappointment spread about the fact that the communists had retained real social power. An increasing number of appeals to the leaders of the OF to purge the state and economic administration appeared in the press. But Prime Minister Pithart had a different opinion (his comment that "he can hear the grass grow" is still notorious today). On the anniversary of 21 August, the spokesman for the OF, P. Kucera, announced "the struggle against communist mafias in the economic and management sectors," and President V. Havel culminated his speech on Wenceslaus Square with the words: "The revolution is not over yet." A lot of people still believe that today. During the 25-26 August celebration of the anniversary of Andrej Hlinka's birth in

Ruzomberk, which was jointly organized, among others, by Mother Slovakia, the KDH, the Teachers' Association and, above all, the SNS (headed by Moric at the time), the SNR was called on to accept a declaration about sovereignty and independence. Similar declarations, which perhaps served as models, were fashionable in the disintegrating Soviet Union at that time.

The republican government talks of Tr. Teplice continued at Piestany on 10-11 September, and all governments met in Kromeriz on 27 September, where they reached an agreement that included small privatization and relations with the federation. President Havel hosted the talks, and the Moravian autonomists submitted their demands to him. At that time, too little attention was still being given to the "Slovak issue" in the Czech lands. Usually it was dismissed with a wave of the hand. The main worry was what to do next in relation to the reforms. On 14 October, the OF assembly elected Vaclav Klaus, finance minister at that time, as its first and last speaker. Since J. Dienstbier was unsuccessful, the fate of the OF was decided.

#### Further Compromises

On 25 October 1990, the SNR accepted a compromise version of the draft of the Language Law, according to which only Slovak signs would be posted throughout the territory and officials would not have to know the language of the national minority. The moderation of the law did not satisfy the Slovak radicals, and it was not accepted at all in the Czech press (few people remembered the stormy wrangling over the Czech-German language laws).

On 28 October 1990, President V. Havel met with the prime ministers of all governments and with the spokesmen of the political parties in Slavkov in order to discuss the constitutional organization of the CSFR. Again the talks failed.

On 24 November 1990, the first free municipal elections in 54 years were held. In Slovakia, the KDH won and the VPN lost. The nationalist parties failed badly.

#### A Federation at Last—It Is Not Enough

On 12 December 1990, after vehement public debates, the FS passed the so-called Constitutional Law on Jurisdiction, which amends Law No. 143/68 Sb. [Collection of Czechoslovak Laws] on the Czechoslovak Federation. This constitutional change made the CSFR into a true federal union of two republics, and the jurisdiction of federal and republican agencies were precisely defined.

Further development demonstrated that this was not enough. Since 26 January 1991, Slovak communists have drawn benefits from the fact that they changed their name to SDL [Party of the Democratic Left] early on. In contrast to this in the CR, the OF was de facto disbanded on 23 January, and its strongest successor parties appeared on the scene: the ODS [Civic Democratic Party], which proclaimed itself to be a "rightist" party,

and the OH [Civic Movement], which intended to be a centrist party. Similar conflicts about the character of the government party also occurred in Slovakia. On 5 March 1991, the faction HZDS was proclaimed within the framework of the VPN as a platform for Prime Minister Meciar and Minister M. Knazko. At that time, there were again daily demonstrations for independence in Bratislava, and the HSD-SMS [Movement for Self-Governing Democracy—Society for Moravia and Silesia] proceeded in a similar manner in Moravia, especially in the south. On 10 March, President Havel promised the Slovaks a referendum on independence. At the time, there were widespread comments about the continuing conspiracy of the communists, the StB [State Security], and the Christian party politicians.

At a demonstration in Bratislava on 14 March 1991, which was convened by the autonomists on the 52d anniversary of the proclamation of the state of Slovakia, the demand for the proclamation of Slovakia's state sovereignty and independence was again made publicly. And an isolated incident in the history of Czechoslovakia occurred: The president of the Republic was personally attacked and insulted.

#### A Change in Slovakia

On 23 April 1991, the board of the SNR solved a longstanding government crisis through a strange compromise. The Slovak extremist course was confirmed by the VPN government majority when it removed Prime Minister Meciar, originally a profederation politician, and appointed the autonomist J. Carnogursky in his place. During the second day of demonstrations in support of Meciar in Bratislava, the police force had to be called in. The main speakers at demonstrations throughout Slovakia (with the exception of the east) were M. Knazko and R. Filkus. On 28 April, the VPN congress in Kosice decided to split the movement into two parties: the VPN and the VPN-za demokraticke Slovensko [VPN-For Democratic Slovakia]. In Poprdy on 19 October, the VPN then turned into the ODU-VPN [Civic Democratic Union-Public Against Violence] (headed by M. Porubjak), and Meciar's party took on the name HZDS [Movement for Democratic Slovakia]. Subsequently, his autonomist program won mass support throughout Slovakia, although its position was weakest in the former eastern Slovak kraj. Meciar and his staff elaborated a program, which could be called nationalist-socialist. It was said at that time that Vl. Meciar was "let loose" on the political scene by the Carnogursky brothers to do the dirty work—that is, to divide the state.

In 1991, the anniversary of the August occupation was commemorated amid warnings to be vigilant because a small group in Moscow was trying to remove M. Gorbachev. It is still uncertain whether this was done only for show. Again the position of communists in the state administration was pointed out. One year later, on 21 August and 17 November 1992, none of the statesmen noticed it anymore.

On 17 November 1991, President V. Havel submitted proposals for constitutional amendments to the FS to reinforce the president's authority and, among other things, to call a referendum. The proposals found no substantial support in the FS; on the other hand, approximately 2.5 million citizens in both parts of the federation signed a petition to V. Havel in support of it.

### Sovereignty

The second parliamentary elections were held on 5-6 June 1992. They took place in an atmosphere of fear that the communists and the parties they had infiltrated would return to power, and, in Slovakia, there was fear that the state would break up. The HZDS won one-third of the votes in Slovakia, and the communists won 14 percent; the KDH won less than 10 percent and, among other things, became subordinated to the ODU. The ODS [Civic Democratic Party] became the strongest party in the CR; it was profederal but not at any price. The communists, with 14 percent, remained the second-strongest party. The CSL [Czechoslovak People's Party], the CSSD [Czechoslovak Social Democracy], the HSD-SMS, the LSU [Liberal Social Union], the SPR-RSC [Association for the Republic-Republican Party of Czechoslovakia], and ODA [Civic Democratic Alliance] squeaked into parliament, and ODA only got into the CNR. The elections were an utter defeat for OH [Civic Movement]. The ODS/KDS [Christian Democratic Party], the KDU-CSL, and ODA formed the ruling coalition in the CR; the opposition was made up of the KSCM [Communist Party of Bohemia and Moravia], the LSU, the SPR-RSC, the CSSD, and the HSD-SMS (whose list of candidates included the DSP [Democratic Labor Party] and the MNS [Moravian National Party]). The ruling coalition in Slovakia is made up of the HZDS and the SNS, and the opposition is made up of the SDL [Party of Democratic Left], the KDH [Christian Democratic Movement], and the MKDH [Hungarian-Christian Democratic Movement]. ODA is not in the Federal Assembly, but the SDSS [Social Democratic Party in Slovakia] and Souziti [Coexistence] are there. All fears about the future of a common state came true, down to the last detail.

On 7 June, President Havel entrusted the leader of the strongest party to emerge from the elections, V. Klaus, with negotiations about the creation of a federal government. On the following day, the first coalition talks of the ODS-HZDS were held in Brno. On the same day, V. Havel announced that *he considered political and moral values to be more important than his own candidacy: The values are basic and must not become the subject of political maneuvering.* Following this somewhat controversial statement, the coalition talks of the ODS-HZDS continued on 11 June in Prague and ended on 19 June in Bratislava with an agreement on the program declaration of the federal government and on the structure of the federal agencies. The government's objective was the continuation of the course of action started after November 1989, the budgetary independence of both

republics, and two Czechoslovak states. The feared profound parliamentary crisis was warded off, and, simultaneously, emphasis was laid on the republics—not on the federation—from the very beginning. On 24 June, V. Meciar became the new prime minister of the Slovak Government, and, one day later, V. Klaus became the Czech prime minister. The coalition agreement between the ODS/KDS, the CSL, and ODA was signed on 1 July.

On 25 June 1992, the founding session of the FS CSFR took place. Michal Kovac (HZDS) was elected speaker, and, on 2 July 1992, President Havel appointed Jan Strasky (ODS) to be prime minister of the Federal Government. On the following day, the first round of elections for president of the CSFR took place: The only candidate, V. Havel, did not win, primarily because of resistance by the HZDS. V. Meciar had not forgiven V. Havel for his role in Meciar's removal from the office of prime minister the year before. However, on 14 June, Havel had already stated that he did not want to be a liquidation clerk. Six further candidates lost, too; the most noteworthy among them were the republican, M. Sladek, and J. Kotas, who cannot be categorized.

On 13 July, Prime Minister V. Klaus declared the Czech Government's program, in which, among other things, the Czech Government committed itself to proposing conditions for the smooth functioning of two sovereign states with international status.

A decision was made about Czech independence.

During its third meeting, on 17 July 1992, the SNR passed a declaration on the sovereignty of the SR. According to V. Meciar, "This was the day for which Slovaks had been waiting for 1,000 years."

### Without a President, but With the SR Constitution

In response to this long-proclaimed step, V. Havel abdicated from his office as president of the CSFR on 20 July 1992. The Federal Government (J. Strasky) and the FS assumed all presidential functions.

On 22 July 1992 in Bratislava, the ODS and the HZDS agreed on the further activities of the federal agencies, on the possibilities of constitutional development, and on the future cooperation of the independent republics.

The talks between the parties of the government coalition or, better put, the attempts on the part of the Czechs to maintain a dialogue were torpedoed in the CR from the very beginning by the communist left as well as by disoriented groups of citizens that disagree with the separation of the federation to the present day. Few people agreed with the breakup in the Czech lands, but no one found a way or a method to come to an agreement and simultaneously fulfill the desire of a large number of Slovak citizens to "make Slovakia more visible." The opposition took advantage of the whole situation and constantly submitted proposals for various kinds of united states, and the very same people who voted against a referendum one year ago last fall now wanted to

have a referendum-plebiscite on the issue of the continuation of a common state. Primarily, some of the delegates from the CSSD, the LSU, and, in the extraparlimentary sphere, the OH were the most active. Wherever one turned, there were naturally "reps" and communists.

During the sixth talks between the representatives of the ODS and the HZDS in Brno on 26 August 1992, a schedule for the termination of the federation was definitely decided. The end of the CSFR was set for 31 December 1992. On 3 September, the fifth session of the SNR passed the Constitution of the SR by a clear majority, and it went into force on 1 October 1992. Federal Prime Minister J. Strasky and Chairman of the CNR M. Uhde were present at the solemn event. At the same time, the state emblems of the SR were proclaimed. The Federal Assembly was informed by Prime Minister Strasky on 11 September about the status of the constitutional setup in regard to preparations to divide the federation. At the same time, there were impassioned debates on the details of dividing the Army, the police force, the secret services, federal assets, and so forth. Specifically, the problem arose as to what to do with the members of the FS. Finally, on both sides, a corrupt standpoint prevailed—that is, they would become the second house in the republican parliaments. At the time, there was much talk about "Czech interests," especially on the part of ODA. During all this time, the members of the FS did not develop any initiative of their own but simply waited patiently to find out what would happen to them. Endless conjectures and speeches made the rounds in parliament. V. Havel shocked the political scene when, on 22 September, after the summer break, he voiced his opinions about the form of the Czech Constitution and especially about the authority the president should have. He initiated talks with the political parties and again changed his mind: "I sometimes have the feeling that it does not have to be quite as elegant, clean, and professional as it should be." On 16 November, he officially announced his candidacy "so that, by exerting my authority and my public influence, I can help in whatever aspects I would, even were I not the president."

### The Finale

Czechoslovakia introduced itself to the world in its new form for the first time in Nuremberg at the end of September at the opening of the Rhein-Main-Danube shipping canal. Only the republican prime ministers were present, not the federal one.

On 1 October, by a narrow margin, the FS still rejected the draft of the law on the manner in which the CSFR would end. However, it passed the opposition's proposal to create a commission to prepare a law about the transformation of the CSFR into some kind of union—and even some of the HZDS delegates agreed with this.

On 6 October 1992, the representatives of the ODS and the HZDS met in the Zlata Hvezda Hotel in Jihlava for their seventh session. The date on which the CSFR

would cease to exist was confirmed to be 1 January 1993. The HZDS rejected the Czech concept of a Czechoslovak union and agreed with a system of individual mutual agreements between the two republics. The FS then succeeded in postponing the enforcement date of the Bankruptcy Law.

In Prague-Kolodeje on 10 October 1992, the first round of talks between the governments of the CR and the SR were initiated so that they could be based on prior decisions in agreements made during negotiations between the ODS and the HZDS. The duty-free exchange of goods and agricultural products and individual agreements in the area of social security were agreed upon. At the same time, the debate as to whether V. Havel should be elected directly or through parliament or some sort of referendum came to a head. The second round of talks between the governments took place on 25-26 October 1992 in Hotel Polan na Javorine in the Tatra Mountains. Sixteen interstate agreements and contracts between the CR and the SR were made there, the most important being the agreement on a customs union. On 29 October 1992, the Javorina agreements were signed by both prime ministers at the Prague-Ruzyně airport, when they were returning together from the London talks with the EC Commission. One day earlier, the last 28 October holiday had taken place with several smaller demonstrations for a common state, mainly by the communists and "reps."

On 4 November 1992, the Government of the CSFR passed a draft of the constitutional law on the division of CSFR assets between the CR and the SR and their transfer to the two republics; then, on 5 November 1992, the FS of the CSFR passed a program of governmental measures against the uncontrolled and unconstitutional termination of the CSFR and potential conflict among the citizens.

The third round of talks between the republican governments took place in Zidlochovice on 9 November 1992. The most important of numerous individual agreements were those on a common start to the tax reform and on the treaty of friendship. On 13 November 1992, the FS passed a constitutional law on the division of the federation's assets and their transfer to the republics, and, on 14 November 1992, the representatives of the parliamentary parties in the FS, the CNR, and the NR SR [National Council of the Slovak Republic] held talks in Bratislava (on the fringes of A. Dúbček's funeral) about whether both republican parliaments should debate the law on the termination of the CSFR simultaneously. This was confirmed on 16 November at a meeting of the representatives of both councils in Jihlava. The CNR and the NR SR passed a resolution on the FS CSFR law on the termination of the federation on 17 November 1992, while the condition of a referendum was rejected. On the following day, the FS narrowly rejected the draft of the constitutional law on the termination of the CSFR.

On 19 November 1992, the CNR passed a resolution according to which it, together with the government, would assume full responsibility for the continuity of state power on the territory of the CR. This reduced the NR SR's head start and definitely eliminated the FS from the game.

On 25 November 1992, on the second vote, the FS CSFR passed the law on the termination of the CSFR to become effective on 1 January 1993.

[Box, p 9]

### The Seeds of the Breakup

The roots of the present Slovak independence are humble. The strongest Slovak autonomist party, Hlinka's HSLS [Slovak People's Party] (founded on 18 December 1918), won a very small percentage of the votes in parliamentary elections during the First Republic: In 1920 it won 3.8 percent, in 1925 6.9 percent, and in 1929 5.7 percent, and, as the Autonomist Bloc, it again won 6.9 percent in 1935. The HSLS submitted its first official proposal for legalizing Slovakia's autonomy as long ago as 25 January 1925. Its demands were made most stridently on 13 August 1933 during the celebrations of the 1,100 anniversary of the church in Nitra. The international political situation and the internal weakness of the CSR [Czechoslovak Republic] political representation made it possible to proclaim an independent Slovak State on 14 March 1939, following negotiations with Hitler in Berlin.

On 28 October 1968, the unitarian Czechoslovakia was proclaimed to be a federation of two national republics (effective as of 1 January 1969). However, the CSSR was a federal state in name only. Not until November 1989 was there an opportunity for fundamental change.

### Causes of Czechoslovak Disintegration Analyzed 93CH0261B Frankfurt/Main FRANKFURTER ALLGEMEINE in German 29 Dec 92 p 1

[Article by Berthold Kolhler: "Both Need Help"]

[Text] When the church bells ring in the new year, the European family of states will have lost another old familiar member but gained two new ones. Czechoslovakia, which arose out of the ruins of the Hapsburg Empire on 14 November 1918, is being dissolved at midnight on 31 December 1992.

Most of its neighbors view the final failure of the utilitarian Czech-Slovak alliance with regret, for every spot on the European map that still has its old color counts in the eyes of the politicians. Disappointment over the disintegration is widespread above all among those who would like to have continued to cite the multinational state as evidence that the nationality cell division in East Europe is not inevitable. Still, there is a sense of relief that such separation processes need not automatically end in catastrophe.

Czechoslovakia ultimately failed because not enough of its citizens wanted to preserve it. At the end, other values were more important to the Czechs and the Slovaks than unity. The Czech society, strengthened by self-confidence and the long traditions of a central European community, is striving toward the West. The Slovaks, who as a much younger nation are seeking their identity, want to go this way more slowly and on their own feet; that was always perceived in Prague as a political and economic burden. The basic ailment that critically weakened the ability of the federation to survive in the cold air of freedom, however, was chronic in nature. In contrast to the Czechs, most Slovaks never viewed Czechoslovakia as their state. The larger nation and initiator of the expedient federation was not able to convey to the Slovaks, the smaller nation, the feeling that they were an equal partner.

The "velvet" revolution brought the most favorable opportunity in Czechoslovak history to organize the relationship between the two nations equitably. But the opportunity was missed. The Slovak desire for sovereignty then became so great that it finally exceeded the considerable fear of the risks of independence. Today few people believe that the separation could have been stopped. One must thank the two prime ministers, Klaus and Meclar, who started a lightning action out of the political paralysis of the last two years after the elections in June. The deep, quick cut presents a better chance to prevent procrastination and inflammation.

How will the two states develop and how will foreign nations treat them? It is simple to make the forecast for the Czech Republic: It is also more favorable. The Czechs as a traditionally industrial nation have better prospects for economic prosperity and political stability. The low-wage country with the well-trained work force is now so sought after by investors that it can afford to be choosy. The government of Prime Minister Klaus can build on the international reputation that the reformer gained when he was finance minister of the federation. And the probable first president of the republic, Vaclav Havel, will guarantee that the intellectuals of the world will also continue to look to Prague with a gleam in their eyes.

Slovakia cannot count on similar advance sympathy. Foreign countries see it as the irresponsible adolescent who has destroyed another pillar of stability in East Europe. The past of the Tiso-state is staying with the Slovaks. Critics, corroborated by the inexperience and lack of style of many Slovak politicians, again see authoritarian and nationalistic forces at work in Bratislava. Slovakia is substantially weaker economically. Many people between Bratislava and Kaschau will have to tighten their belts in the coming years and this could lead to political unrest. There are 600,000 Hungarians living in Slovakia, a large ethnic minority that had become a bone of contention with Budapest even before independence.

So the one is moving forward and the other is in the dumps? Such an assessment would be false and a policy based on that would be disastrous. To be sure, the Slovaks must first prove that for them separation really was a matter of identity rather than nationalistic dreams. But for this Slovakia also needs the interest and help of the West in a difficult time. The boundary of prosperity and democracy must be pushed as far as possible to the east in West Europe's own interest. Childhood diseases that the second Slovak state must necessarily live through must not lead to ostracism.

The economic and political wunderkind further to the west will also need assistance, although of quite a different nature. The Czechs, who like to claim for themselves a thousand years of Bohemian history, are acting with self-confidence and optimism after the separation. In reality, it is their state that has disintegrated—a new trauma for the Czech society that has already been shaken repeatedly. Sooner or later the resentment against the “ingratitude” of the Slovaks, the certainty of having ultimately failed before history with the concept of the Czechoslovak state, and the shrinking of the state in which they live will call for a fundamental assessment of their history, for which the Czechs have so far shown little capability or inclination.

#### Resolution of Danube Dam Controversy Sought

93CH0261A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 29 Dec 92 p 3

[Article by Viktor Meier: “Hungary and Slovakia Are Suffering Greatly From the Old Burden of Gabčíkovo—A Project of Communist Megalomania”]

[Text] At the present time in these latitudes, the reputation of being the dumbest construction project since the Tower of Babel can probably best be claimed by the Gabčíkovo Power Plant on the Danube. In principle, both sides, Hungary and Slovakia, are completely in agreement on that at least and the rest of their neighbors agree with them. The differences of opinion have to do with how one can get out of the mixed-up situation. In April 1991, at the initiative of the Antall government, the Hungarian Parliament decided that the entire structure must be eliminated. The Slovak side rejects this. According to the Foreign Ministry in Bratislava, the project is now 90 percent finished on its part. It has invested about \$1 billion plus \$200 million for the damage that resulted from Hungary's unilateral withdrawal from the original joint project. Slovakia wants to finish the project in its now implemented “provisional” phase and only later talk about overcoming possible environmental problems. The elimination of the structure would require more money than it has cost.

#### Improvement of Navigation

Under the 1977 treaty, the original project, which is now also labeled in Bratislava as an expression of typical communist megalomania, provided that the Danube

would be dammed up at Dunakiliti below Bratislava. From this dam, on which some turbines would be installed, a channel was brought through the Slovak island territory. Eight turbines and the ship locks are foreseen in this territory at Gabčíkovo. According to the project, this plant, however, is not supposed to serve as a running plant, but in the generation of peak power. The adjustment in the water level would be accomplished through the purely Hungarian power plant planned farther down at the bend of the Danube at Nagymaros. As they are still saying in Bratislava, the project involved not only electricity but also the improvement of navigation. As late as 1988, shortly before the definitive change of power, the Hungarian Parliament approved the project, although with an uneasy feeling. At the end of October 1989, however, referring to immense environmental problems, it voted to end the construction work in Nagymaros and on the dam at Dunakiliti. Meanwhile, the Czechoslovak side had been resolutely building from the beginning in its territory and continued the work. More and more clearly, Bratislava appeared as the driving force behind Prague. It is said in Budapest that Binder, the head of the Slovak agency for hydraulic engineering, is the real “activist”; he is said to be a “Slovak nationalist” and to have political ambitions. It is said in Bratislava the Gabčíkovo Power Plant as it is now being built will cover 20 percent of the Slovak power needs; it may permit Slovakia to shut down its controversial nuclear power plants.

From the beginning, Hungary's argument for the abandonment of the project was that it creates environmental problems that could not be foreseen. Budapest is therefore justified in applying the *clausula rebus sic stantibus* [so long as conditions have not changed clause] in international law and withdrawing from the 1977 treaty without any special indemnification. In Bratislava, it is said that the whole matter can be seen not just under the viewpoint of environmental questions; one must also take into account navigation and the production of power. Therefore, according to the Slovak Foreign Ministry, a “comprehensive solution” must be sought. The Foreign Ministry in Budapest admits that the decision by the Hungarian parliament in 1991 on the elimination of the entire structure was too narrow and restricted Hungary's latitude for negotiation.

Additional complications arose after Hungary suspended construction work when Slovakia, then still under the Czechoslovak flag, unilaterally applied the so-called provisional solution, which has since been known as “Variant C.” Instead of at Dunakiliti, the Slovaks diverted part of the river further up, where the Danube flows through Slovak territory only. They took the water a few kilometers through a supplementary channel back to the original channel. This part has been in operation since November. Three of the eight turbines foreseen at Gabčíkovo have been installed and ships are already navigating the channel. The Hungarian Foreign Ministry is saying that this unilateral Slovak action is illegal. In Bratislava, they are arguing that when one



partner breaks a treaty it is certainly permissible under international law to take emergency measures to "save" the contract and to preserve the rights of the other partner.

The Hungarian opposition is accusing the Antall government of having neglected to establish direct contact with Slovakia, which was cleverly able to exploit the vagueness under constitutional law with respect to its establishment as a state. It is now too late for this, for one cannot ask Bratislava to begin its independence as a state with a "capitulation" to Hungary. To be sure, as they are saying in Budapest, Hungary would be prepared to take over part of the damage in the event of its complete renunciation of the project but by no means all of it. But as they are saying in Bratislava, this "zero option" is completely out of the question for Slovakia.

It is clear to both partners that at some time an agreement must be reached if disrupted relations are not to prevail between the two nations, which must necessarily affect other questions such as that of minorities. Two arguments have already been disposed of: first, that a realization of "Variant C" could also affect the national border and, second, that the realization of "Variant C" is not least an action against the Hungarian minority living there. The 1977 treaty states that the national border would not be affected by the project. For Slovakia, it is a matter of the protection of its investments and electric current. Solutions are now being sought in two ways. For one, they have appealed to the EC as a kind of arbitrator. Prague once did this and then Budapest, whereas Slovakia is not very interested in this. Bratislava is saying that the EC is not sufficiently involved with the technical aspects and obviously is not able to do more than merely to suggest a new "moratorium."

### On the Way to The Hague?

The other way is that of the International Court in The Hague. Preparations are now being made to do this. If this course is to be pursued sensibly, then both sides must agree on a minimum amount of cooperation. That means that together they must formulate the questions to be decided by the court. The mechanism of arbitration provided for in the 1977 treaty appears inadequate. In Budapest, they are primarily interested in resolving the questions of whether Hungary had a right to withdraw from the treaty and whether Slovakia had a right to divert the water unilaterally.

It already appears that there is a feeling on both sides—not yet admitted, of course—that ultimately a compromise on a bilateral basis will have to be found. The Hungarian opposition is saying that Hungary will probably have to agree to the completion of the power plant on the Slovak side, as it almost has been already, and with Hungarian participation. This would defuse the question of indemnification. There appear to be no difficulties for navigation and the environmental questions would probably have to be resolved through additional investments. They appear to be thinking in the same direction in Bratislava. Slovakia is already allowing more water in the old course of the Danube than was set forth in the original contract and believes that the situation with respect to ground water could be improved through the construction of underwater dams. Both sides would be damaged by the situation, they are saying in Budapest and in Bratislava; the power plant cannot provide the power for which it was originally intended and the environmental investments on the old Danube would consume huge additional sums.

**Gligorov on Ethnic Issues, Ties With Albania**

93P20078A Skopje FLAKA E VELLAZERIMIT  
in Albanian 30 Dec 92 pp 4-6, 9

[Interview with Macedonian President Kiro Gligorov by Fejzi Bojku, Rexhep Zllatku, and Daut Dauti; place and date not given: "We Can Achieve Something With Understanding"]

[Excerpts] [FLAKA E VELLAZERIMIT] What is your opinion of relations among the nationalities in Macedonia?

[Gligorov] I think that the first step is a good one, in the sense that anyone can form his own party, run freely in multiparty elections, and become a member of parliament. Indeed, we now have a coalition government. There is a political agreement and an effort to ensure that problems are solved by democratic means in institutions through dialogue. However, despite the atmosphere that has been created, because of the events in the former Yugoslavia and because it is a time when ethnic passions are stronger and encompass individuals, there is a danger that the dialogue might be interrupted suddenly, which would be the worst thing, and that we might separate into blocs, which you mentioned, like two opposing sides. But we are not opposing sides.

First, we must be convinced that we are citizens of the Republic of Macedonia, in which, because of ethnic, language, religious, and other differences we have legitimate needs, along with rights and obligations as citizens, needs which we must satisfy in order to preserve our individual identity. This should be understood as normal, not a misfortune or a reason for setting up opposing groups that are hostile to each other. Why are they fighting? This is what people do to each other when they try to achieve, by agreement, everything that is a legitimate natural political democratic aim. [passage omitted]

Our political milieu is not in order. The methods of democratic communication are often used to let anyone speak in public forums while not thinking that words sometimes have more serious results than bullets. For example, words can cause ethnic hatred, and the distance from ethnic hatred to actually shooting is not far. And what have we achieved with this? I think that people are not weighing their words. I think that if your words are offensive, you will have a harder time proving yourself. The opposite is also true! [passage omitted]

[FLAKA E VELLAZERIMIT] A while back, you said, in parliament, that words are worth more than bullets. In regard to ethnic relations, you said, if I can quote you, "either we have good interethnic relations in the Republic or I cannot do anything."

[Gligorov] Yes, this is true. Today, I am even more convinced of this. The past two years, with all the burdens that we have had in ethnic relations, have proven this. Here, conflicts and wars would have

occurred if we did not have interethnic peace, with all its weaknesses, on one side. However, we have not crossed the line. While this is currently a danger, at one time or another, there have been such critical moments when this might happen. But this has not happened. So, that should be a great lesson. Interethnic cooperation and peace guarantee internal stability. This is one issue.

The other issue is the fact that internal stability ensures democratic and interparty dialogue, regardless of whether or not we agree. You can fight with your party about what it thinks, which is your program, and what it wants you to carry out. However, in your fight you should use democratic means and dialogue and aim for an atmosphere of good understanding. Without this, problems cannot be resolved.

[FLAKA E VELLAZERIMIT] Albanians feel demoralized because they are out-voted in parliament and also because of tendencies to limit the area of equality achieved in the Macedonian Constitution.

[Gligorov] The general rule in a democracy is this: the majority decides. However, if this is carried out as a general rule in all cases, it can have negative results. Thus, the majority alone cannot decide at all times and on every issue. This is so democracy cannot be transformed into the opposite of what was intended. For example—I am not talking about ethnic relations, but other issues—the Constitution must be approved by a two-thirds majority. This means that it cannot be approved by a simple majority. Some laws, especially some controversial ones, cannot be approved by a simple majority because the will of large part of the population must be respected, and therefore a qualifying majority is required. But when there are ethnic issues, problems related to minorities and others, then there should be a qualifying majority, in addition to the usual majority. Thus, in special circumstances, something that represents a defense of minority rights should be implemented so that the out-voting of which you speak cannot occur.

This is the situation. We must examine it in practice and proceed with it. In what way? This is done in various ways in the world. One of these is to reach a consensus on certain issues of extraordinary importance. Sensitive ethnic issues should be presented and proposed to the commission for interethnic relations. Also, it is necessary to spell out its rights and obligations, what help it gives, how parliament can keep out of such difficulties, and so forth. Currently we have coalition partners in the government. They must construct a mechanism that, in the government, will ensure that issues are refined there first before they are submitted to parliament. The government, which is responsible for what will be proposed, should reveal in advance any fundamental disagreement so that it will be possible to reach a full consensus. Reconciliation can also be achieved by means of other forms of agreement, such as an agreement between parties. This method should also be used. [passage omitted]

[FLAKA E VELLAZERIMIT] We are of the impression that your meetings with the president of Albania, Mr. Sali Berisha, have been warm and with mutual understanding. Do you think that there are any chances that, someday, the borders that exist in the Balkans will be only formal and administrative borders?

In the framework of this question, would you also say something about Kosovo?

[Gligorov] In brief, I think that our long-term policy should aim at achieving multilateral cooperation and good-neighborly relations with Albania. Why? First, because we have many things in common and all the prerequisites for good cooperation are present. The greatest need is for wise and rational people, since it is known that Albanians live in Macedonia and Macedonians live in Albania. Now, it has been demonstrated what interest in the economy and in transportation will mean. Because of the borders that have been closed for decades, the past situation did not allow us to develop a contemporary road network or to construct a railroad, which would have been a great advantage for both countries. This would not have been so hard for us to do. With joint efforts, with outside help, with help from the world financial institutions, and with little trouble we will try to make Durres one of the most important ports on the Adriatic. This is in the interest of Macedonia and all the other neighbors.

I think that the changes that are occurring in Albania and in Macedonia make this fully possible. I was convinced that President Berisha is in favor of the European option just like I was. This was the first contact point that showed that, in general, our orientation was the same. I knew from the very beginning of my conversation with President Berisha that he had a European orientation.

I think that the issue of Kosovo burdens both Albania and us. I think that, up to now, the Kosovo alternative, specifically, the Democratic Alliance of Kosovo, has carried on a wise policy and has not succumbed to the danger of becoming involved in settling accounts by the use of arms, which would be more frightful than what is happening in Bosnia and Hercegovina. We would automatically be drawn into the whole activity. Realizing this, I consider that this general line has proven to be correct. It is in accordance with our general line not to become involved in such an armed conflict. I do not see that Albania supports the military option in any way.

In my opinion, conditions exist for good and fruitful cooperation. This cooperation has begun. [passage omitted] I hope that the meetings held so far between President Berisha and myself and the other contacts between the governments and between the foreign ministers result in some agreements that will be expanded. I would be happy if people could pass freely across this border [between Albania and Macedonia] and Macedonia's other borders, which are becoming more and more formal, and if goods could move from one side to another. I am optimistic about relations with Albania. [passage omitted]

**Dissident SDS Parliamentarian on Ties With DPS***93BA0381A Sofia 168 CHASA in Bulgarian 8 Dec 92  
p 4*

[Interview of SDS parliamentarian Khristo Ivanov by Mariana Svetoslavova; place and date not given: "More Cheerful Persons to Represent Rightists in Negotiations With DPS"]

[Text] *Khristo Ivanov expects the revolt of the rightist ants to give rise to a Samurai sword policy, supple as a snake and keen as a laser beam.*

[Svetoslavova] Mr. Ivanov, some persons have ascribed the writing of the "rightist ants" declaration to fear that you will be left off the ballots in the next parliamentary elections and that the loss of parliamentary immunity might mean prosecution in court for some.

[Ivanov] That does not surprise me. Whenever representatives of the people are involved, there is always the presumption of advantage. But the social and economic stagnation shows that some elections can be disastrous to the country. There is nothing encouraging even at the narrow party level. I am astonished at what social and economic arguments we as the governing element could advance in order to fill voters with enthusiasm. We have a confrontation with the trade unions, the president has been cast aside, private business is paralyzed, and we are unable to find jobs for many thousands of unemployed people. The representatives of the people feel directly the needs and aspirations of the people; there is no consensus in the country for elections.

[Svetoslavova] This last statement sounds surprising, because it is believed that politicians in power are in principle cut off from the people.

[Ivanov] There is some truth in what you say. One of the reasons why precisely the representatives of the people have now united around a more pragmatic parliamentary course is that they have closer ties to the voters and feel the difficulties of the transition more keenly. It was a mistake for the National Coordinating Council not to make full use of this resource in making decisions.

[Svetoslavova] Why did you take so long to react to the declaration? Why did you have to vote for the government of Filip Dimitrov, which obviously was doomed?

[Ivanov] You see, the political organ that makes decisions is the NKS [National Coordinating Council], and we deputies are obliged to support a course as long as there is no glaring evidence that the specific political line is not worn out. But this declaration is not something that appeared all at once. Within a particular group of deputies my colleague Professor Markov and I have thought over the step taken toward the responsibility that we as representatives of the people have borne for the hard-line course. And this course was sometimes so hard that there was an obvious risk of our being thrown out of the orbit of power.

[Svetoslavova] Nevertheless, why did it take so long for these views to come to maturity in the parliamentary group?

[Ivanov] We repeatedly called attention in the parliamentary group to the fact that the NKS should evince interest in the deputies' position. Confronting the parliamentary group with facts accomplished without enabling it to present alternatives in effect made even the presence of this group pointless. But the principle applied was that, as long as the government is operating and is in power, the assumption is made that the strategy might be the right one.

[Svetoslavova] So it was not because of spinelessness and fear that you supported the decisions of the National Coordinating Council?

[Ivanov] I would not say so. For example, I abstained in some of the balloting and voted no in some voting.

[Svetoslavova] And were you not afraid that you would be alienated from the SDS [Union of Democratic Forces] structures?

[Ivanov] I was prepared for some attacks, but I felt morally obligated to take this risk. The press published the alleged discovery that another Communist Party plot was involved, and that I am acolyte of the president. The decisive moment had obviously come for everyone to realize his enormous responsibility. And it became clear that an entire minority was behind the new pragmatic line.

[Svetoslavova] What do you think will become of the parliamentary group after the notorious declaration signed by 60 of you?

[Ivanov] Our presumption was to make an attempt to rally the SDS and to set an orientation toward a new, pragmatic, winning strategy. And precisely those who reject the new sensible policy course in actuality are advocates of division of the SDS. I am very disappointed by a comment by Filip Dimitrov about our declaration. He said that the declaration did have a positive aspect, that is, it presumed division in the SDS. We advocate use of all parliamentary resources for stabilization of the political situation, that is, formation of a working government rather than simply prevention of a BSP [Bulgarian Socialist Party] government. This is a very elementary step in a strategy aimed at political stabilization of the country.

[Svetoslavova] But why was the possibility rejected of formation of a government on a broad national basis with the BSP mandate?

[Ivanov] The BSP is not ready or willing to assume responsibility for governance of the country. Hence the call for national consensus, but in effect a government cannot be formed on such a basis. Until the cardinal question of ownership has been solved, until a private sector commensurate with the government economy has been created, it will be very difficult at the political level

to speak of a government of national consensus. The realistic option is for the BSP to support a coalition government of the SDS and DPS [Movement for Rights and Freedoms]. And I think that the pragmatists in the BSP are ready to accept this responsibility.

[Svetoslavova] But why is it that the SDS pragmatists will not support a BSP government but will support a government formed with a BSP mandate?

[Ivanov] At the moment we cannot be sure that a political consensus exists. The responsibility cannot be distributed among different political forces at the moment, since such a government would simply be unable to function.

[Svetoslavova] Is the Petur Boyadzhiev cabinet doomed to failure?

[Ivanov] I think that it is, even though Boyadzhiev can definitely count on the support of certain segments of the SDS advancing nationalist ideas.

[Svetoslavova] You are talking about formation again of a coalition government of the SDS and DPS that has already failed once.

[Ivanov] I am disturbed by the doubts even in the SDS and DPS parliamentary groups about loyalty to each other. These doubts are due largely to the way in which the most recent negotiations were conducted. We believe that they were held up by the parliamentarians themselves. And there are views on both sides to the effect that some people conducted the negotiations in a biased manner, formally abiding by the mandate entrusted to them but in reality following some predetermined line.

[Svetoslavova] Who in the SDS does not want understanding with the DPS?

[Ivanov] There are politicians in the SDS who believe that the elections are the only way out now. The motives are either personal ambition and dissatisfaction with the current status or views of some SDS formations that have no representation in parliament. There are also attempts to charge the resulting chaos to external factors as being the only ones responsible.

[Svetoslavova] Will a unified position be achieved in the parliamentary group on formation of a coalition government with the DPS?

[Ivanov] Many deficiencies have been allowed by both sides in the relations with the DPS. Elementary political ethics have been violated. A compromising situation for a DPS leader was suddenly created at critical moments in the negotiations with the DPS at the DEMOKRATSIYA offices. Someone obviously wanted to thwart the negotiations. But I am an optimist, because the SDS and the DPS have demonstrated loyalty both to their anticommunist convictions and to each other, in that they have erected the framework for reform by means of the fundamental laws for which they voted in parliament.

[Svetoslavova] And do you assume that the SDS may propose Filip Dimitrov again during the negotiations for a coalition government?

[Ivanov] No, I do not assume this. I have become convinced that the renomination of Filip Dimitrov would doom this cabinet. I am also convinced that it was fully possible for the DPS to refrain from direct participation in the government even in this second stage in the event of another SDS candidacy.

[Svetoslavova] How did the first joint conference of SDS and DPS parliamentary groups in a long time proceed?

[Ivanov] Both sides expressed willingness for critical review of the negotiations conducted up to the present, because they are aware that mistakes have been made, that it was not the best suited people who conducted the negotiations. Those empowered by the SDS were Ivan Kurtev, Edvin Sugarev, and Yordan Vasilev. As Aleksandur Yordanov expressed it, slightly more cheerful people should participate in the negotiations.

[Svetoslavova] And will those who spoiled the negotiations with the DPS be called to account?

[Ivanov] Some of the leaders recommend that there be no talk of mistakes, because this would be fatal to the SDS. What a harmful viewpoint this is! Of course, there was the fear that if there were to be talk of mistakes, it would be necessary to find those responsible for them. But I do not think that this is the most important thing now.

[Svetoslavova] Which segments of the SDS supported your declaration?

[Ivanov] With the exception of the KEP [Conservative Ecological Party], there were people both from the Democratic Party and the Radical Democratic Party, leaders of formations. The signing is neither a watershed between parties nor a division of the SDS deputies by rank.

[Svetoslavova] And what are your relations with the B-12 group?

[Ivanov] Most of them signed the declarations. But strictly speaking we are not ideologically like-minded. It is difficult for the group to act, because these people are regarded as having coming from the communist structures. There was also a certain amount of inconsistency in the course followed by Mr. Ludzhev in the search for partners, in the methods used to implement their line. Many of the criticisms can be made of all, but I did expect them to propose a more specific and clear-cut alternative.

[Svetoslavova] And what is Mr. Stefan Savov's position on the new course?

[Ivanov] I do not think that he approves of it. He is even trying to make me adopt his criticisms and ideas. It greatly distresses me that he did not want to hear out our arguments.

[Svetoslavova] Does the pragmatic policy have many opponents?

[Ivanov] It does have opponents, but this insistence that there be no negotiations with the DPS and that there absolutely must be elections is politically irresponsible. It is unfortunate that even now statements are slipping

out which could lead to worsening of the climate in which the negotiations between the SDS and the DPS are being conducted.

[Svetoslavova] Will restructuring of the parliamentary area finally begin?

[Ivanov] It is hardly a question of forming a new center, something that they have tried to attribute to me. I have tried to be an initiator of union around a sensible policy which I have called a Samurai sword policy. This sword has a core of a soft and elastic material, but its sheathing is sharp and hard. When blows are delivered with it, this sword bends like a snake but cuts like a laser beam. And so I expect union around the Samurai sword strategy.

### Vaclav Havel on His Hopes for Future

93CH0228B Prague ZEMEDLSKE NOVINY  
in Czech 18 Dec 92 pp 1-2

[Interview with former President Vaclav Havel by Katerina Sladkova; place and date not given: "The Most Serious Candidate for President of the Czech Republic, Vaclav Havel, Says: I Wish You Hope!"]

[Text] *To be a former president of the joint state of Czechs and Slovaks and at the same time to be the only serious candidate for the office of president of an independent Czech Republic, to be a private person and at the same time to actually not be such a private person—that is a dilemma with which Vaclav Havel has been struggling for quite some time. But it is also one of the topics of the interview he granted to our newspaper.*

[Sladkova] At midnight on the last day of the year, Czechoslovakia will cease to exist, despite the fact that, for a long time, the majority of the citizens of this state did not wish that to happen. Apart from the SNS [Slovak National Party], originally no other political party wanted it to happen, either. You certainly have given this paradox a lot of thought. To what conclusion have you come?

[Havel] As you know, I struggled for a long time to have a referendum in our country. That would truly show the will of our citizens much more transparently than would the election. Nevertheless, I would not dare to state categorically that we are going against the will of the citizens in breaking up. Anyone who has studied in detail, and thought the programs of the victorious political parties through to their end, primarily the Slovak political parties, had to know immediately after the election which way developments were heading. Anyway, if we were actually breaking up against the will of the citizens, the citizens would have to somehow make that more clear, particularly the citizens of Slovakia. Nothing like that is happening.

[Sladkova] Since your abdication, you have had relatively sufficient time to look around carefully. Do you believe you know what bothers this society the most and what threatens it the most?

[Havel] Not only after my abdication but even during the time I was president I attempted to examine the moods of society and its problems. However, experience showed me that, in evaluating various findings, a person must be very careful and must take extreme care not to fall prey to simplifying generalizations.

Our society is an immensely complicated organism that has a thousand faces and a thousand contradictory interests.

[Sladkova] Certain politicians as well as citizens have gotten the impression that you are striving to excess and in an overly visible manner to become president. Some even feel that you have sacrificed a portion of your principles to that goal. Are the critics wrong?

[Havel] If you want to beat a dog, you will find a stick. Some people criticize me for striving in an overly visible manner to become president; others criticize me for doing very little. One person criticizes me for letting up on my principles, another for holding on to them too tightly and for taking little heed of political reality. My situation is in no way simple; I am trying to do the best I can and follow the commands of my own sense and conscience.

[Sladkova] Nevertheless, it is very likely that you will become the first president of an independent Czech Republic. In the event you are elected, how will Vaclav Havel, the president of the Czech Republic, differ from Vaclav Havel, the former president of the CSFR? In other words, having learned the lesson of experiences or based on the development of the political situation, what would you avoid and in what respect would you, on the other hand, remain the same?

[Havel] If I were to be elected, I would certainly act differently in many respects in the office of president. My life would no longer be, and would not have to be, as hectic; I would not have to worry about everything I have to worry about in the function of federal president. I have thought out certain priorities with relative clarity—priorities that have to do with the constitutional duties of president and with the political standing the president, in my opinion, should have.

[Sladkova] How are you tolerating the civic mentoring and possibly even the hectoring from Vaclav Klaus as to what you should and should not be doing, with whom you should and should not negotiate? Are you not afraid that this tone could prevail even if you were to be the head of state?

[Havel] I do not have the impression that Vaclav Klaus was in any way hectoring me. Here and there he has reservations regarding something, or he expresses certain doubts, but that, on balance, appears to me to be normal. I believe that the political conditions and the constitutional standing of the president and the prime minister could establish a relationship between us that would be tantamount to creative partnerlike cooperation.

[Sladkova] You are known as a humanist and a philosopher. However, in this country, there are extremely "raw" conditions, and it can be expected that, with the sharpening economic situation—the anticipated bankruptcies, the growth of unemployment, and so forth—that climate will be further exacerbated. Are humanists and philosophers capable of effectively preventing our lives from becoming a fight in the jungle for survival of the fittest?

[Havel] One of my priorities, should I be elected president, would be to contribute to a better social climate in our country, to try to point out where competition ends and combat begins, and to explain why it is in the interest of all not to cross that border and to honor certain rules of the game.

[Sladkova] During this period before Christmastime, we are normally full of good intentions. Beautiful words about love for our fellowman, tolerance, and understanding, however, are coming up against worries regarding livelihood, general nervousness, and fears of the future. For rural areas, this is doubly true. Have you some idea at hand or a direction or message for our agitated souls?

[Havel] I dare to say about myself that I am a relatively sensitive person who also has a tendency to fall prey to nervousness, fears, and doubts. I avoid those feelings very simply—by contemplation. That is to say by what philosophers call reflection. I try to examine a situation substantively; I consider productive methods of avoiding that which makes me uneasy; I strive for a certain overview. Nervousness has to do with a feeling of powerlessness, and a feeling of powerlessness gives rise to aggression. If people can find a way to intervene in a matter in a creative manner, if they can find a way to fulfill their coresponsibility for events, they lose the feeling of powerlessness and the reason for being nervous, as well as the reason for being aggressive. If I can find a way to improve something that is bad, I lose the reason for despair. That may sound banal, but it has been tested: The best therapy for agitated souls is work. This morning, for example, I was deeply depressed because of a certain personal failure (please do not ask me to identify it), and so I sat down and began to write something—and right away I felt better. I wish a merry Christmas to your readers, who are obviously mostly people living in rural areas. Christmas is, among other things, a holiday of hope. I wish them hope. And I have one recommendation to make to them: They should seek out those neighbors with whom they have the greatest conflicts and disputes and wish even them a nice holiday.

### **Ideologies of Havel, Klaus Compared**

93CH0228A Prague RESPEKT in Czech No 47,  
23-29 Nov 92 pp 2-3

[Article by Boris Lazar: "Premature Tribute Paid to Future Czech President"]

[Text] *Postcommunist intellectuals did not fail in that they did not know how to govern but in the fact that they proved unable to provide the new facts with a name. Today, we are being offered a simplified interpretation of the fact—a choice between the "granitelike" pragmatic prime minister and a charismatic candidate for president, a humanist who should give the nascent Czech state a "human dimension," transcending tiresome and shallow ordinariness.*

Criticism of dissent, which is, for the most part, formulated as criticism of the "romantic intellectuals" today, is misleading and precarious, misleading because the fundamental thesis of dissent is perceived as only a subjective solution, a way out for a narrow circle of individuals and precarious in that, by not accepting these theses, we

deny the continuity of postcommunist development. In fact, the seemingly idealistic and abstract notions of the dissidents found their pragmatic confirmation in the fall of communism, which was predicted by the dissidents and initiated by them. The seemingly pragmatic ideas of today's ODS [Civic Democratic Party] are no less visionary than were the ideas of the dissidents.

The dispute between Vaclav Havel and Vaclav Klaus does not stem from the differences between a charismatic and a pragmatic personality. It is a dispute between two visionaries, and the visionary future of today's Czech society is personified by Vaclav Klaus and not by Vaclav Havel.

Havel's fundamental reflection was the discovery of the term "emancipated ideology"—in other words, an ideology that conquered every imaginable fact, including power itself, and that was no longer capable of producing anything more than the repeatedly nonsensical images of its own self-projection. Havel's analysis was then thought through to its final consequences by Vaclav Benda in his "parallel polis," when he proposed the creation of parallel structures, of nonideological associations that would once more discover the meaning of their own existence. This way out was in no case limited to culture; it impacted on the entire dimension of the human existence and is valid to this day. The fall of communism not only did not signify the demise of the idea of a "parallel polis" in terms of topicality, but it also acquired an all-societal dimension: Postcommunist society expected that this idea would somehow be realized and, as part of their liberation, people wanted to experience facts as meaningful and aimed at a goal.

### **Democracy or Prosperity**

The "tender revolution" came to an end most quickly in the GDR, where demonstrators in their initial enthusiasm came out with banners saying: "Either the mark will come to us, or we will go after it!" By the fact that, from the very beginning, they saw themselves in a Western society, they not only gave up plying the "third road" but also decided to forgo the experiences of their own 40 years. As it turned out, that decision brought that society a crisis in identity, and that crisis became unsolvable. One of the fundamental questions of today goes like this: To what extent does democracy depend on prosperity in the present civilization, and how will society react when democracy does not result in prosperity?

Czech society went along its own path of experiments and errors and, at the very least, recorded an achievement in that the identity crisis here did not culminate in a crisis for democracy. For that we are equally grateful to Vaclav Havel and Vaclav Klaus.

Havel's contribution consists primarily in the fact that he even found positive experiences in the communist regime, while being able to impart a society-wide dimension to the experiences of dissent; in other words, he did precisely the opposite of what his critics accuse him. The



fact that his "preachings" met with greater understanding in the West than in our country could be a reason for contemplation. Western political scientists are beginning to use the term "spiritual policy" and are saying that it is supposed to become the policy of the next millennium. For the present, this is only a term being used in lobbies with imprecisely outlined contours, but there is a trend here that is the precise opposite of pragmatism that has been promoted to a principle.

Havel's shortcoming was not that he theorized too much, that he was calling for new uniforms for the castle guard, and so forth. The fundamental mistake made by the last Czechoslovak president was his many-times-proclaimed version to political parties and state structures, his effort to be president and tribune to the people at the same time. The demonstrations against the "iron curtain" along the Polish border, which Havel conducted in the spring of 1990 together with the then foreign minister (undoubtedly the number-two man in the state) against his own federal government, which was already weak, to this day rank among the most absurd scenes we have experienced in this state. Recalling this painful experience could cure us of the longing for a supraparty president: Our future president could be nonpartisan but should not be a supraparty individual.

#### Visionary and Ideologist

It was Vaclav Klaus who understood and filled the needs of Czech postcommunist society to have a specific ideal. His vision begins with the establishment of the ODS. This conservative party, established on the basis of the civic principle, has no equal in either Bohemia or all of Central Europe. Similar parties in this region had been connected with Christianity in one way or another; it was from this ideology rather than from the civic principle that the concept of the entity that is the foundation of conservatism was always derived.

As an ideologist, Klaus proved able to provide access to and promote hitherto unexperienced concepts (economic reform, coupon privatization, and others); as a financier, he proved able to bring about what no one else in the postcommunist world had managed: He created and maintained a stable currency.

Of course, Klaus is a personality that connects as well as divides society at the same time. It is characteristic that he did not prove able to integrate the right but united leftist forces against himself. What is incomprehensible is his contempt for the liberally oriented intellectuals: The mentorlike and "across-the-board" rebuking of journalists is, at the very least, just as stupid as is their across-the-board lustration. It is precisely such affectations that betray the fact that Klaus is actually a visionary rather than a pragmatist.

The highest value of liberalism is assigned to individual freedom with the liberal intellectual always looking at himself when he speaks of the "individual." Such an

attitude can sometimes be justifiably perceived as egotistical and even as characterless; nevertheless, no democratic society can get by without such individuals. A liberal protecting his own freedom is at the same time a guardian of freedom for all of society.

#### The President Is Not the Opposition

The greatest shortcoming on the Czech political scene is the fact that no leftist democratic alternative exists. It turns out that the road adopted by postcommunist societies toward democracy is dependent on the existence of noncommunist elites, on how they are prepared to guide society and to install standards other than those used by the communists. In countries where such elites do not exist and where society continues to be led by former communists, the transition to democratic conditions is a question for future generations. It would appear that this thesis is valid even for the Czech left: Until the future generation of Czech leftist politicians clearly understands that a condition for governing is a willingness to cogovern, a change of government must not mean a change of regime.

From this situation, it is clear that it is necessary to replace the democratic opposition with something. This role is partially fulfilled by liberally oriented publicists. However, it would be a mistake if the future Czech president were to lend himself to this purpose. The first citizen of the Czech state should be loyal to the Klaus vision; whether we like it or not, it is today the only meaningful vision before Czech society. But mainly, he should act in a state-creating manner. And this will call for much more sagacity and self-sacrifice than the current candidate has hitherto demonstrated.

#### Overemployment Problems Examined in Editorial 93CH0211A Prague EKONOM in Czech 20-26 Nov p 5

[Editorial by Anna Cervenkova: "There Are No People"]

[Text] Under the last regime, it was said "people pretend to work and the state pretends to pay them," and, generally, in return, it was expected that the threat of unemployment would resolve that paradox. It did not turn out that way. Unemployment did indeed continually increase during 1991 so that the forecasts for the end of 1992 spoke of up to 800,000 unemployed, although, as is often the case, here, too, the extrapolations proved wrong.

In January 1992, the number of unemployed in the CSFR reached its peak, and, since that time, it has begun to decline, both in the Czech lands and in Slovakia. Making the conditions for providing support stricter also certainly played its role here. One cannot ignore the labor offices' actions, either, as in a short time they have gained experience and become more professional. Still, the main reason for the drop was the increase in positions available, especially in the Czech lands, while the

process of letting employees go did not accelerate. The employers are again crying that there are no people available!

Are there really none? In almost all industrial branches, the release of employees lags significantly behind the decline in production. The productivity of labor decreases. At the beginning, real wages also declined, but now their growth is beginning to speed up without a corresponding lead in the growth of the productivity of labor. Even in a market economy, it is true that a growth in wages unsupported by a growth in the productivity of labor leads to inflation. Unemployment here has the role of a stimulus to increase performance, making it possible to produce the resources for both higher wages for employment and support in unemployment. The results will thus be good for everyone. But nothing of this kind is taking place here. Overemployment persists. Even enterprises over whose fate a question mark hangs are holding on to their employees "just in case."

Unemployment is a certain kind of cost in the transformation process that should bear fruit in the higher

performance of the overall economy. So far, this has not happened. Even though it seems to be paradoxical, unemployment, that feature exclusively of capitalism, here bears the tracks of the former regime and its pseudosocial orientation. The labor distribution and the level of wages in the private sector is leading the productivity and wages in the state enterprises, whose employees often take it easy in the morning to save their strength for the afternoon's "private work on the ICO [employer identification number]."

This year's decline in unemployment is not a symptom of a revival in growth, but, on the contrary, a slowing down of the economic transformation. The politicians undoubtedly welcome it, and not just because of the fact that it testifies to the stability of the economy and contributes to a reduction in social tensions, but particularly because it makes it possible for them to put off solutions to the burning problems of the economic policy. From the standpoint of further development, however, it is not a positive contribution but a serious threat; it makes it possible to linger in the current transitional situation and thus delays any progress.

## Details of Controversy Over Media Law Reported

### Release of TV Funds

93CH0280A Budapest UJ MAGYARORSZAG  
in Hungarian 29 Dec 92 p 4

[MTI report: "Parliamentary Committees Met; TV's Frozen Billion"]

[Excerpts] [Passage omitted]

### Unsuitable for Debate

With an opposition majority of 9 to 7 votes, the National Assembly's Committee on Budget, Tax, and Finances considered yesterday the resolution proposal on regulating or unfreeze Hungarian Television's frozen budget subsidy of 1 billion forints [Ft] unsuitable for a general parliamentary debate.

Representing the Ministry of Finance [PM], Zsolt Aradi argued for the resolution proposal by saying that, in examining the future of the frozen Ft1 billion, the PM arrived at the conclusion—on the basis of reports of hired independent auditors—that Hungarian Television will definitely need Ft500 million or Ft1 billion before the year's end for paying its various debts. During the year, Hungarian Television accumulated various payment obligations—including the state—amounting to about Ft690 million. For instance, it owes the state directly about Ft245 million in tax payments and Ft130 million in social security contributions. In addition, the sum that Hungarian Television should pay still this year for the continuation of various investment projects that have been started amounts to Ft250 million. It also owes Ft200 million to the Hungarian Broadcasting Company. According to the proposal, about Ft890 million would be made available to Hungarian Television for immediate payments, and the remaining Ft110 million would be deposited in an account. It is also stated in the parliamentary resolution proposal that the government would subsequently determine—on the basis of the State Accounting Office's [ASZ] postaudit, which is in process—the use of the latter amount.

Representing the opposition, Gyula Gaal (SZDSZ [Alliance of Free Democrats]) argued against the proposal by saying that it contradicts both the law on public finances and the 1992 budget law. Also representing the SZDSZ, Gabor Kuncze raised the objection that it was mostly from the press which representatives were able to obtain information on Hungarian Television's financial situation, and have been to date unable to look into the itemized reports of the PM audit. Gabor Kuncze also raised the question of a possible connection between this parliamentary resolution proposal and the disciplinary investigation that is taking place at Hungarian Television.

PM's representative resolutely stated that, from the beginning, the PM clearly separated the disciplinary investigation and the investigation connected with the

freeze of the Ft1 billion. It came to light only after the reports of the independent auditors that Hungarian Television sorely needs most of the Ft1 billion. Ferenc Torok (SZDSZ) even raised the objection that the resolution proposal violates the legislative process because a law was passed by parliament to order the freeze of the Ft1 billion, and now the government is attempting to unfreeze the amount through a resolution proposal. [passage omitted]

### FIDESZ [Alliance of Young Democrats] and SZDSZ Left in Protest

Because of a lack of quorum, the National Assembly's Committee on Constitution, Bill Preparation, and Justice was unable to finish its discussion on issues connected with the media bill. The FIDESZ representative and the Free Democrats left the conference room after Miklos Haraszti, not a committee member, was not allowed to present his views on the issue of two-thirds majority vote on the bill.

Incidentally, the National Assembly's main committee voted down all but one of the modification proposals for the bill, presented by Miklos Haraszti and Tamas Fodor (SZDSZ). They included the two proposals which would make the exercise of the prime minister's right to make recommendations or initiate dismissals as provided by the appointment law subject to the preliminary opinion of the curators of the public broadcasting service, i.e., the institution's supervisory committee. The committee did not support the Free Democrats' related proposal either that, in filling the future Hungarian Radio and Television Office's (RTH) post of chairman by open competition, the prime minister would have the right of veto in connection with the appointment.

During the debate on the modification proposals, Miklos Haraszti called attention to the fact that the Constitution Committee has also rejected proposals that were backed by a political consensus.

Incidentally, the committee also formulated some of its own modification proposals. It proposes, for instance, that, in order to maintain public order, the Defense Council, the president of the Republic, the prime minister, or the person designated by the Constitution have the authority to obligate a broadcasting company to make public announcements about issues of public interest that are related to the existing conditions and situation. The committee also recommends that, in case the RTH's Consulting Committee fails to present a candidate for the chairmanship within 60 days of the public announcement, the prime minister should appoint a chairman. Because of the reasons mentioned, the committee was able to only begin discussing the issue of a two-thirds majority requirement in connection with the Hungarian Radio and Television bill. Representatives of the opposition, citing one of the articles of the Constitution, argued for a requirement of a two-thirds majority vote for the bill as a whole.

On the other hand, the view of representatives of the government coalition, prepared in writing, is that they think that only certain parts of the bill require a two-third majority vote of parliamentary representatives who are present.

The committee discussed modification proposals for social management, next year's social security budget, and the bill on a highway fund.

### Illegality Charged

93CH0280B Budapest MAGYAR HIRLAP  
in Hungarian 31 Dec 92 p 5

[Unattributed interview with Karoly Attila Soos, National Assembly representative of the Alliance of Free Democrats; place and date not given: "According to Karoly Soos, the Resolution Violates Hungarian Television's Autonomy"]

[Text] *The fact that the National Assembly is making a decision on the fate of Hungarian Television's frozen 1 billion forints [Ft] in the framework of a resolution proposal violates Hungarian Television's autonomy and also contradicts the laws on the budget and on public finances, says Karoly Attila Soos (SZDSZ [Alliance of Free Democrats]), chairman of the National Assembly's Budget Committee.*

*After we have gone to press, the National Assembly will probably pass the proposal which would allow Hungarian Television to use 890 million of its frozen Ft1 billion to pay its debts, with the remaining Ft110 million being deposited in an account.*

[MAGYAR HIRLAP] Why do the Free Democrats think that this violates the law?

[Soos] The government has presented a bill and a resolution proposal in connection with Hungarian Television's frozen Ft1 billion. This means that the freeze of the money would be lifted in a peculiar way in which parliament would decide on the details of its use—within the framework of the resolution proposal of the two proposals presented. This violates Hungarian Television's autonomy and contradicts the laws on the budget and on public finances. Hungarian Television manages its finances independently, under the control of parliament and ASZ [State Accounting Office], of course, but there is no justification for revoking this license.

[MAGYAR HIRLAP] Not even despite the fact that allegedly numerous irregularities were found during the audit that was conducted by independent auditors?

[Soos] I do not know what the auditors found, for their secret report was kept from the representatives, and it was only Gabor Nahlik who quoted from it in the press. Thus, it is rather strange and unserious that the National Assembly should pass a resolution on that basis. It is obviously irresponsible to vote for a resolution on the basis of the wish of (and absolute loyalty to) the government, which obviously has a background motive that is

kept from the representatives—but not from Gabor Nahlik. One should not vote "Aye" in this way, but if the coalition will indeed vote that way, then they are being irresponsible. And if they are willing to approve a government proposal on the basis of a report that is kept secret from them, then we will not leave their voters in the dark about their capability of doing such a thing.

[MAGYAR HIRLAP] Do you know anything about the independent auditing firm, and why was it not the State Accounting Office that did the audit?

[Soos] The Ministry of Finance is of the opinion that the ASZ's audits are not thorough enough or effective enough. I think that this should be determined by parliament and not by the financial portfolio. On the other hand, I do not think it is very auspicious to contract a private firm for such an audit.

[MAGYAR HIRLAP] Especially not in view of a lack of precedent for having an independent firm audit an organization that is operated with public funds...

[Soos] Indeed, there is no precedent, and this is not good practice. I do not think that government control is bad but it is another matter whether that remains feasible if Hungarian Television is given appropriate autonomy. Hungarian Television must be under the ASZ's control.

[MAGYAR HIRLAP] According to the SZDSZ, how should Hungarian Television get the frozen money without violating the law?

[Soos] Two kinds of processes are conceivable. The best thing would be to lift the freeze on the Ft1 billion with which Hungarian Television could manage independently, albeit under supervision. The other option—which we presented in our modification proposal—is to put the Ft1 billion into a deposit account to make it still payable from the 1992 budget, and have parliament thoroughly discuss Hungarian Television's management situation and decide on the money on that basis. This is not an optimal option—as Hungarian Television is unable to pay certain bills—but this is one possibility in case the government coalition does not support the previous option, that of immediately lifting the freeze.

[MAGYAR HIRLAP] Incidentally, in your opinion, is there a connection between lifting the freeze and Elemer Hankiss' dismissal? For the government claims that there is none.

[Soos] I think that this is hardly debatable. The government wants to create a better picture now among its financial partners and, obviously, for the public, therefore, it will lift the freeze, which is coordinated with the dismissal of Hankiss "The Evil."

### Dismissals Debated

93CH0280C Budapest UJ MAGYARORSZAG  
in Hungarian 29 Dec 92 p 4

[Report by T.T.: "The Prime Minister May Initiate Dismissal"]

[Text] According to the agenda of the National Assembly's plenary sessions that was planned for this week, the law on Hungarian Radio and Television is expected to be passed on Wednesday, even though opposition representative Miklos Haraszti (SZDSZ [Alliance of Free Democrats]), member of parliament's Cultural Committee, made the statement to MTI that in numerous issues fundamental differences exist between the views of the coalition and the opposition. The prime minister will be able to initiate a dismissal or appointment whenever he wishes, regardless of the opinion of the curators and the supervisory committee.

Haraszti also raises the objection that the financial management of Hungarian Radio and Television is being made into a budget item again, even though there was a fundamental consensus that the purpose of the law is to modernize, and make independent, their financial management. The Constitution Committee rejected the earlier agreement between six parties that the first chairman of the Radio and Television Office would be nominated by a consensus. Instead, it readopted the text that provides for the government's unilateral right to appoint.

We asked one of the deputy chairmen of the Cultural Committee, which met for a long time yesterday, too, what his opinion was in connection with the above. Representative Istvan Elek (MDF [Hungarian Democratic Forum]) made the following statement to the UJ MAGYARORSZAG.

"As always, Miklos Haraszti is inflating the problems. Neither the Constitution Committee nor the Cultural Committee approved those proposals of the opposition with which the latter wanted to change this law's provisions regarding appointments. Indeed, the Constitution Committee supported a proposal which unequivocally states that the wording of the provisions for appointments means that the prime minister may initiate a dismissal on his own. Until now, this was not unequivocally stated in the provisions for appointments, but this is how we interpreted it. Now it is stated in the bill under preparation that, although the supervisory committee, which will be set up after the passing of this law, may form its own view and may launch its own initiative, an initiative of the supervisory committee is not absolutely necessary for a measure taken by the prime minister.

"What was really significant is that we did not approve the initiative to change the appointment law together with the media law, nor the introduction of some kind of requirement of a two-thirds majority vote—through the

exclusion of the president of the Republic or through other means—regarding the appointment or dismissal of media presidents.

"It is a problem in the present debate that this issue is under discussion both by the Constitution Committee and our committee at the same time. Certain adjunct modification proposals have been, and are being, formulated by the Constitution Committee. They discuss them without knowing our views. The idea emerged that we should discuss these issues together or at least we should be given the opportunity to try to convince the members of the Constitution Committee of our view.

"It can be stated on the basis of the present debate that there is hope to make this into law. I feel that the opposition will also help pass this law although we can also hear statements such as that of Miklos Haraszti."

### Hankiss Summoned

93CH0280D Budapest UJ MAGYARORSZAG  
in Hungarian 29 Dec 92 p 4

[Article by I.A.: "The Investigation Will End This Year Yet; Elemer Hankiss' Hearing Failed To Take Place"]

[Text] In defiance of the cold downtown winter, a handful of determined journalists, smoking cigarettes, awaited the arrival of Elemer Hankiss shortly before 0900 hours in front of the gate of the Ministry of Justice. Every time an expensive-looking car approached, the video and still cameras were turned on—to no avail. At 0930 hours, when the correspondents of the EGY-ENLEG arrived, there was renewed hope. At 0940 hours, the press moved its base to the second-floor entrance to the ministry's paternoster. Soon after that, they learned that Elemer Hankiss would not be coming, but that his legal representative was already there. They continued to wait. Elegant gentlemen came, but mostly went, among them attorney Gyorgy Lorincz, Elemer Hankiss' legal representative, who disappeared from the press. The situation was saved by press chief Gizella Halasz's short but definitive statement.

"Elemer Hankiss has not come in person but has sent attorney Gyorgy Lorincz, his legal representative, to Minister of Justice Istvan Balsai, the appointed commissioner. The minister of justice is disappointed with Hankiss's absence, in part because several issues necessitated his personal presence, and in part because the Hungarian Television president repeatedly has said that although he does not recognize the legality of this disciplinary action, he is willing to cooperate with the government in order to clarify the facts. The minister is not planning another audience, will end the investigation on 31 December, and expects to send the documents, together with his assessment, to the disciplinary council on 4 January."

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According to the UJ MAGYARORSZAG's information, another reason why there will be no other audience is that Elemer Hankiss failed to excuse himself and merely sent his attorney. In view of the Pentacop agreements, Istvan Balsai wanted to provide an opportunity for Elemer Hankiss to personally state his view in addition to his presented written statement, and to clarify the situation that followed the suspended Hungarian Television president's statement in Washington. Attorney Gyorgy Lorincz said that, in accordance with the law that regulates the legal status of public employees, the person involved in disciplinary action must be informed of the charges against him, and the evidence thereof, in connection with his reprehensible breach of duty, and this was not included in the notification of yesterday's audience. They learned from the press that the subject of the audience was probably a speech that he delivered in Washington—at a closed event. Istvan Balsai made reference to the fact that the disciplinary action is being conducted because of breaches of duty that were described earlier, and that a continuing hearing of those would have taken place yesterday. Attorney Gyorgy Lorincz said that it was unfortunate the way yesterday's audience appeared in the press—not because of any fault of their own—as if its only topic had been to determine whether Elemer Hankiss had committed any reprehensible breach of duty in connection with his Washington speech. Incidentally, he said that Elemer Hankiss knew about yesterday's audience but that he did not know whether Hankiss received the notification, of which he must have obviously learned from the press. Elemer Hankiss' legal representative enclosed his petition dated 23 December, in which he stated that a reconciliation, as provided by the Labor Code, was unsuccessful. Istvan Balsai stated that the proceedings are not based on the Labor Code and, because of Elemer Hankiss' absence, he cannot hold the audience.

### Original Agreement

93CH0280E Budapest MAGYAR HIRLAP  
in Hungarian 31 Dec 92 p 5

[Article by Sz.Sz.: "The MDF-SZDSZ Pact, and What Followed"]

[Text] Perhaps it will not hurt to recall for the last round of parliamentary voting on the media law what was included in the 29 April 1990 agreement between the MDF [Hungarian Democratic Forum] and the SZDSZ [Alliance of Free Democrats] regarding the press affairs. Appendix II of the agreement lists the laws that require a majority vote of two-thirds, and the media law—i.e., the information law—is mentioned under Section 14. Section 9 of Appendix IV makes precise corrections in connection with the two-thirds majority vote, providing that the two-thirds rule only apply to the following subsections:

"a. Regulations in licensing commercial radio and television stations,

"b. Regulations in appointing the presidents of public radio and television,

"c. Regulations in supervising public radio and television,

"d. Regulations against monopoly."

Section 1, Appendix IV deals in detail with the media affair, and we present the entire text below:

"1. National television and radio, i.e., the MTI, shall not be prey to political struggles. Therefore, a single president, if possible, for both Hungarian Television and Radio and two vice presidents shall be appointed by the president of the Republic at the prime minister's recommendation. Before making his recommendation, the prime minister shall hear the opinion of the responsible parliamentary committee and the committee that oversees the impartiality of information. The candidates shall appear at hearings of these committees. The committee that oversees the impartiality of information shall have 18 members. Each parliamentary party shall delegate one member, and three or four members shall be elected by secret ballot by those employees of Hungarian Television and Radio whose activity is closely connected with the operation of Hungarian Radio and Television in accordance with their purpose (e.g., editors and technical personnel).

"The MTA [Hungarian Academy of Sciences], the Writers Association, the Journalists Association, and the Association of Motion Picture and TV Artists, the Constitutional Court, and the government shall each nominate a member. The committee shall not engage in operative supervision, its activity shall be public and limited to the investigation of submitted complaints, and its opinions shall be merely recommendations.

"MTI's director-general shall be appointed in the same way as the chief officers of Hungarian Radio and Television. The sphere of authority of the committee that oversees the impartiality of information shall not include the MTI.

"The chief officers of Hungarian Television and Radio and the director-general of MTI shall report to the National Assembly's Educational, Scientific, and Cultural Committee semiannually. The National Assembly's responsible committee may initiate special hearings in cases of obvious and grave violations of the law. An information law shall regulate public affairs as soon as possible. The frequency moratorium shall remain in effect until the legislation of the latter."

The only comment to the above that may be appropriate here is that the proposal to set up a committee to oversee the impartiality of information was voted down in parliament in the summer of 1990 by a coalition majority, although the agreement was signed on the part of the MDF by Jozsef Antall, Istvan Balsai, Imre Konya, Katalin Kurucz, and Laszlo Salamon.

**Parliamentary Committee To Oversee Privatization**  
*93CH0242B Budapest FIGYELO in Hungarian*  
17 Dec 92 p 9

[Article by T.K.: "Parliamentary Committee Game: Private Body To Control Privatization; A Group of MDF Representatives Wants To Deal With Privatization Affairs, by All Means"]

[Text] A group of MDF [Hungarian Democratic Forum] representatives rallying around Istvan Balas have, until recently, stuck to their plan to form a National Assembly committee to control the sale of state property. As a result of his memorable interpellation by which Balas cornered the privatization minister last week, and after a not-overly-enthusiastic reception of his original plan, he succeeded in persuading representatives to form at least an ad hoc investigative body within the faction. Balas told this newspaper that after Tamas Szabo's defeat in the plenary session he experienced not even minimum resistance to the idea of establishing an internal committee.

The weekend produced a new turn of events: The minister of commerce and industry, who has amassed significant political clout within the MDF, ignored the idea of establishing a special privatization committee; in his view, the permanent Committee on the Economy provided an appropriate framework for achieving the original goal, i.e., for the legislature to oversee privatization.

At first glance one could be led to believe that this argument truly disarmed Balas' efforts to exercise control; Ivan Szabo, minister of commerce and industry, however, thinks otherwise.

Officially established committees of the National Assembly possess extremely broad authority to gather information. In addition to authorities, offices, and institutions, citizens, too, must present information asked for by committees, and they must testify before such committees. There is precedent in parliament for groups of representatives calling to life on their own informal committees after failing in their attempts to officially establish a given committee (see the informal committee to investigate the 23 October events at Kosuth Square). But the law that specifies the legal status of National Assembly representatives grants rights of a narrower scope to individual representatives; these do not include the right to officially establish committees. The law obligates state organs only to support the activities of the legislature and to provide needed information. Citizens are not included within the scope of this requirement, even though the actions of certain private individuals and businessmen could be important from the standpoint of clarifying a given privatization case.

Istvan Balas' ad hoc investigate committee work could materialize in the form of a series of actions based on mutual information exchange among individual representatives, and on a relatively limited scale. One could

cautiously assume that without funding normally provided to parliamentary committees, the ad hoc committee would only inflate scandals involving persons, rather than analyze preparatory and decisionmaking processes, and pin down responsibility.

**Head of Credit Guarantee Corporation Interviewed**  
*93CH0243A Budapest FIGYELO in Hungarian*  
17 Dec 92 p 10

[Interview with Klara Apatini, newly appointed Credit Guarantee Corporation president, by G.S.; place and date not given: "Expectations Are Certainly Too High"]

[Text] After lengthy and complex preparations by the government, on 7 December signatures were affixed at last to the founding charter of the Credit Guarantee Corporation. Klara Apatini, the chairwoman and president of the corporation, completed her studies in the field of foreign trade at the University of Economics; she speaks three languages (English, German, and Russian), and has several decades of experience in financing. She worked for 15 years at the Ministry of Finance, a place she left as a division director to become a division director at the Pricing Office of those days. From there she moved on laterally to the Hungarian National Bank, and later to the Economic Policy Secretariat of the Council of Ministers to work with reform economists like Laszlo Antal and Gyorgy Suranyi. After dealing with macroeconomics, beginning in 1990 she was also able to gain experience in the field of microeconomics: She served as director of capital acquisition for Timesco Corporation. She received her invitation to become the head of the new Credit Guarantee Corporation while working at Timesco.

[G.S.] It took a long time to resolve personnel issues at the Credit Guarantee Corporation. Did you immediately accept the position offered to you by the Finance Ministry, one of the corporation's founders?

[Apatini] No, I was reluctant at first, but then I became increasingly attracted to the position, particularly because I felt that I could appropriately combine there my experience gained in both macroeconomics and microeconomics. The corporation's business policies require an insight into the main economic processes, and the maintenance of good relations with banks and government officials.

[G.S.] Don't you feel that expectations regarding the Credit Guarantee Corporations are exaggerated?

[Apatini] The expectations are certainly too high, if for none other than some publicized rumors, according to which every small and medium-size enterprise could henceforth obtain credit. The truth is that essentially the same enterprises that obtained credit before will continue to have a chance to obtain credit in the future. The

only difference is that applications not backed by sufficient funds need not be rejected instantly. The Credit Guarantee Corporation achieves its goal if it is able to support many worthy credit applications.

[G.S.] Until the last moment there were questions whether it would be possible to collect the 4 billion forints needed to start up the corporation....

[Apatini] Not four, but 3.5 billion forints. This amount turned out to be less than expected because 28 banks and 40 savings cooperatives did not reach deep enough into their pockets.

[G.S.] Isn't it true that 1.5 billion forints expected from the Hungarian Enterprise Development Fund [MVFA] were missing more than anything else?

[Apatini] Indeed, this is what the government determination indicated, but as of recently it became clear that we could not expect receiving that much money. (For the time being, the MVFA board voted to contribute 100 million forints for this purpose, and this amount has been included as part of the corporation's basic capital.) Other than that, the corporation is open, anyone can join at any time, and we hope that our performance during the first half of the year is going to show that the many worthy requests far exceed our possibilities, and that we are going to be able to fill up our cash register. It still remains to be seen what moneys will fill up that cash register.

#### Finance Ministry Official on Dual Rate AFA

93CH0243B Budapest *MAGYAR NEMZET* (economic supplement) in Hungarian 14 Dec 92 pp I, III

[Interview with Peter Csobanczy, Finance Ministry division director, by Fusi-Gergely; place and date not given: "Dual Rate AFA Is the Last Great Revenue Source for the Budget"]

[Text] *The National Assembly adopted legislation in late November to introduce a general sales tax [AFA] system that operates on the basis of a two (and a half) [dual] tax rate—previously the subject of great debate, but an idea that could not be questioned from the standpoint of economic necessity. Finance Minister Mihaly Kupa, the bill's sponsor, said that this kind of tax had to be introduced in order to ensure the long-term stability of the state budget. Peter Csobanczy, the head of the sales tax division at the Finance Ministry—his statement appears below—said that as a result of this change in legislation the last great reserve of the revenue side of the budget has been "exhausted," and that henceforth changes could only be made on the expenditure side. Parliament has yet to make its most important year-end economic decision; so far it has reached agreements only with respect to budget chapter totals. Next year's deficit will amount to 185.3 billion forints; this is the difference between 1,275.8029 billion forints in total expenditures and 1,090.4622 billion forints in total revenues. Since parliament has made greater progress in planning the revenue side of the budget*

*than the expenditure side, our coverage here and on page III of our supplement deals with revenues to a greater extent than with expenditures.*

[Fusi-Gergely] This year parliament passed the tax provisions earlier than last year, but the dual rate AFA requires large-scale preparations by affected businesses. What kinds of activities must these firms concentrate on?

[Csobanczy] The fact that the National Assembly adopted the new AFA system so late—on 30 November—is indeed unfortunate, and to top it off, the publication date of the law in *MAGYAR KOZLONY* is also slipping. Thus there is little time left to prepare; parliamentary approval a month earlier would have been preferable. Comparing ourselves with the way the West does things amounts to wishful thinking; nevertheless, we should state that in the West the tax system evolved in the course of several years, and at least half a year passes between the day when they proclaim a law like this and the effective date of the law.

[Fusi-Gergely] Adaptation to the AFA changes involves groups of firms that can be defined with relative ease. Which group faces the biggest challenge during the short time given for preparation?

[Csobanczy] From the standpoint of compliance I would divide the enterprises into two groups: commercial firms constitute one group, and all the others another group. Becoming familiar with and understanding the law, and extracting and incorporating these changes into computer programs, is most time-consuming aspect. Transition to the new system is made more difficult by computerized records and accounting systems many businesses maintain, and by the need to change the related software. Many substantive as well as ancillary rules have changed. The fact that businesses need not be prepared to start with the new system on 1 January should serve as a consolation; AFA accounting is due on the 20th day of each month. The situation is different insofar as commercial firms are concerned; within that group the number of tasks to be performed has increased primarily insofar as retailers are concerned, because the new tax law obviously prompts price changes. The administrative burden has increased, they must complete their inventory accounting and price changes by the end of the year.

[Fusi-Gergely] The truth is, of course, that prices will obviously not increase automatically next year by 6 percent....

[Csobanczy] Indeed, the 6-percent increase is prompted only by the AFA changes, and some additional factors also influence price levels. Indications we have seen thus far suggest that many people plan to raise prices under the pretext of the dual rate AFA, but for reasons unrelated to AFA, such as the increased cost of doing business. For example, there is talk about increased water and sewage costs, and a 20-percent increase in personal transportation tariffs is also planned. Regarding



the latter, we should mention that transportation costs previously subject to a zero-percent AFA will now be taxed at a rate of 6 percent. If we add to this the change in consumption taxes on diesel fuel—a change that could amount to a 1- to 2-percent increase in tariffs—we find that a 7- to 8-percent price increase may be justified. But many people also take advantage of this situation to cover up other problems they experience.

[Fusi-Gergely] Sandor Czirjak predicts that the inflationary effect of the dual rate AFA is not going to be significant in 1993. Based on new information you are aware of, to what extent do you regard the MNB [Hungarian National Bank] vice president's prediction as well founded?

[Csobanczy] Certain inflationary expectations could have an impact on the way prices evolve, but we have made specific calculations in this regard. Previously, based on the Finance Ministry's original proposal (in which the two AFA rates would have been 8 and 25 percent, respectively), 6 percent of next year's total inflation rate would have been caused by the dual rate AFA. But since the tax rates have changed after the ET [Interest Mediation Council] meeting, only between 4 and 4.5 percent of the predicted total of 14- to 17-percent inflation can be attributed to the new taxes. About 2 or 2.5 percent of this increase will occur in January. We should not disregard, of course, the indirect effects of the tax system on the economy: If wages and other benefits keep in line with the inflation rate we will see increased enterprise expenditures and higher producer prices.

[Fusi-Gergely] Did you calculate the effect of not having a dual rate AFA at all? Mihaly Kupa mentioned 50 billion forints.

[Csobanczy] That figure was mentioned as part of the minister's statement when he introduced the legislation with the 8- and 25-percent tax rates. The 50 billion forints applied to excess revenues that could be realized from individual consumption, and this figure was reduced to 30 billion forints.

[Fusi-Gergely] What is the essence of the change in revenue projections that result from the changed tax rates?

[Csobanczy] We expect to obtain 159 billion forints in AFA revenues this year. Based on the first two quarters' data it appeared that the revenues would not reach the planned 160-billion level, but at this point our calculations indicate that excess revenues over and above the planned 160-billion level are likely. The original 1993 plan called for 285 [as published—should be 185] billion forints, but the ET decision reduced that by 26 billion forints.

[Fusi-Gergely] What specifically does this 26-billion-forint reduction affect, and how?

[Csobanczy] It represents an 11-billion-forint shortfall in taxes based on individual consumption, and a 2.3-billion-forint AFA reduction based on tax-exempt procurement by institutions funded by the state budget. In addition, continuation of the zero rate AFA on pharmaceuticals results in an expected shortfall of 2.2 billion forints, the zero tax on household energy consumption results in a 2.5-billion-forint AFA shortfall, and, finally, the temporary continuation of the system of partial AFA refunds on housing construction, expansion, and modernization causes an 8-billion-forint reduction in AFA revenues.

[Fusi-Gergely] How dangerous is this shortfall going to be six or nine months from now? Do you perceive of any increased stringency on the revenue side of the budget?

[Csobanczy] It's too early to discuss this today. One can be sure of one thing: In principle, from the standpoint of taxation techniques, changes in AFA and in consumption taxes are conceivable, because these taxes are reported and accounted for on a monthly basis. There are precedents for this kind of change in Germany. In contrast, one cannot make significant changes in personal income taxes and in corporate taxes.

But we should add to this that a huge deficit would have to be incurred before being forced to take such steps in the course of the year, and the reduction of the tax rate from 8 percent to 6 percent does not amount to much money in case of a drastic increase in the budget deficit. Increased stringency does not produce a substantive change under any tax system.

[Fusi-Gergely] On the other hand, the difference between this year's and next year's planned AFA revenues is remarkable....

[Csobanczy] In order to understand this, one has to be aware of the fact that under the present AFA system 45 percent of individual consumption is not subject to sales taxes due to the broad scope of the zero rate AFA.

[Fusi-Gergely] In retrospect, how did the revenue figures change since the introduction of AFA five years ago?

[Csobanczy] A relative decline in revenues can be seen; revenue increases did not keep in step with increasing inflation, and this should be attributed primarily to the zero tax rate. This situation can be demonstrated well by figures: In 1988, 38.7 percent of all sales was not subject to AFA, 52.9 percent was subject to a 25 percent AFA, 4.4 percent to a 15 percent AFA, and 4 percent was AFA exempt. The same percentages figures for 1991 are as follows: 44.2, 46.3, 5.0, and 4.5. In 1988 AFA produced 140 billion forints in revenues, 145.3 billion forints in 1990, and 141.1 billion forints in 1991. The expected average burden resulting from the introduction of the dual rate AFA is 11 percent.

[Fusi-Gergely] All signs indicate that it would have been better to start out with a dual rate AFA in 1988....

[Csobanczy] No doubt about it. We have seriously considered making this change in the fall of 1991, but at that time it appeared that the condition of the budget did not present an urgent need to do so.

[Fusi-Gergely] On the other hand, no proposal to reduce the 25-percent tax rate was made ever since 1988, even though it was obvious to everyone that this tax rate was extremely high even as compared to tax rates in Western countries....

[Csobanczy] Ever since that time we were ground between the two mill stones of the social acceptance of the high rate and budget considerations. Indeed, this rate system cannot be maintained in the long term. A 10-percent and a 20-percent rate would be ideal.

[Fusi-Gergely] In the end, how were the various products and services rearranged under the various tax rates?

[Csobanczy] Most important is the fact that as a result of the late November session of the ET, the zero rate has remained in effect regardless of its small scope of applicability: It applies to pharmaceuticals and to household energy consumption only. The rearrangements were made with uniformity in mind. The basic idea was to transfer items subject to a zero rate AFA into the 6-percent category, and this involves mostly food products. At the same time, taxes will be lower on 5 percent of all food products. Further, a 6-percent AFA will apply to transportation, shipping, commercial lodging, and hospitality industry activities. We should note here that the 15-percent tax rate applicable to taxis has been symbolic thus far, because most of them registered themselves as individually tax exempt. Community and cultural services also fall in this category: books, newspapers, and periodicals. Fuels were transferred to the 25-percent AFA category, but we must note here that with respect to gasoline the AFA is not based on the price of gasoline, but on the consumption tax paid after gasoline, and this does not apply to diesel fuel. This does not represent a considerable burden to entrepreneurs because they can reclaim the tax paid.

[Fusi-Gergely] In the context of the the tax system we should also mention changes that occur as a result of the obligation to provide receipts. Rumors have it that changes may be expected in the much criticized system of tax refunds given on the purchase of cash registers capable of issuing receipts....

[Csobanczy] With the exception of two things, receipts will have to be issued for everything beginning on 1 July 1993. The exceptions are newspapers, periodicals, and gambling services. The tax authority is still authorized to grant exemptions based on individual considerations. The obligation to provide receipts applies to taxi drivers, individual food stores, and small tradesmen. Cash registers can still be purchased at a discount; the form of the discount is probably going to change, and so is the manner in which a tax refund is made. The primary problem in this regard occurred when buyers wanted to take advantage of this benefit when placing their orders,

but subsequently failed to buy the cash registers. We would like to eliminate this possibility, so rules are now being prepared and must be completed by 1 January. The sellers are likely to receive the benefit, and the types of cash registers after which AFA reimbursements can be made will be limited.

#### Changes in Various Categories of Goods and Services Purchased

Designation	Tax Change (%)
Food products <sup>1</sup>	+ 3.6
Alcoholic beverages, tobacco products	—
Clothing	—
Vehicles	—
Fuels <sup>2</sup>	+ 2.0
Medical therapeutic items	+ 1.4
Other industrial goods	+ 1.1
Heating materials	+ 6.0
Electricity	—
Piped gas	+ 6.0
Remote heating	+ 6.0
Drinking water, sewage	+ 6.0
Housing provisions	+ 2.5
Transportation, communications	+ 4.7
Other purchased consumption	+ 3.0
Total purchased consumption <sup>2</sup>	+ 2.3

<sup>1</sup> Including coffee, tea, soft drinks.

<sup>2</sup> In due regard to the transition to a 25-percent AFA on gasoline, to be debited to consumption taxes.

#### Distribution of the Value of Goods and Services Purchased According to the Direction in Which Taxes Change (%)

Designation	AFA			Total
	Increase	Unchanged	Decrease	
Food products	80	15	5	100
Alcoholic beverages, tobacco products	—	100	—	100
Clothing	—	100	—	100
Vehicles	—	100	—	100
Fuels	8 <sup>1</sup>	92 <sup>1</sup>	—	100
Medical therapeutic items	20	80	—	100
Other industrial goods	12	88	—	100
Heating materials	100	—	—	100
Electricity	—	100	—	100
Piped gas	100	—	—	100

**Distribution of the Value of Goods and Services Purchased According to the Direction in Which Taxes Change (%) (Continued)**

Designation	AFA			Total
	Increase	Unchanged	Decrease	
Remote heating	100	—	—	100
Drinking water, sewage	100	—	—	100
Housing provisions	100	—	—	100
Transportation, communications	86	—	14	100
Other purchased consumption	70	21	9	100
Total purchased consumption	47	50	3	100

<sup>1</sup>In due regard to the transition to a 25-percent AFA on gasoline, to be debited to consumption taxes.

**[Box, p I]**

The chief purpose of the new AFA system is to limit the scope of activities exempt from sales taxes. One of the most controversial aspects of the new system is the (partially) discontinued AFA refund related to housing construction, expansion and renewal, and the introduction of public utilities. The new rules adversely affect all private persons, regardless of whether they organize and perform their own construction work, or commission others to perform such work, not to mention building industry enterprises. This is one reason why we felt that it was important to address this issue separately.

As compared to the proposal submitted by the government, significant changes were incorporated after the 20-21 November ET meeting regarding the AFA treatment of housing. Based on these changes, housing sales consummated between private persons are not affected by the new measure, i.e., if someone finances the construction of his home on his own, and sells his home thereafter, the sale is not subject to AFA.

On the other hand, AFA must be paid by persons who pursue housing construction and sale as a trade, and only if the sale of housing units involves new housing. The law states that a 25-percent AFA is added to the price of housing when sold prior to completing construction or when first sold after completion of construction; additional sales on the secondary housing market are exempt from AFA. As a result of a compromise, a provision remained in the law that temporarily permits buyers to reclaim 60 percent of the 25-percent rate AFA in the former case; this provision remains in force until 1994, and applies to housing construction, expansion, and renewal and to the introduction of public utilities. (Relative to the modernization of housing units, however, the opportunity to reclaim AFA ceases in 1993.) Such claims may be filed by natural persons, cooperative housing collectives, and building construction collectives which petition the tax authorities "as new" petitioners

next year. Nevertheless, some upper limits have also been included: A maximum of 400,000 forints in AFA may be reclaimed based on new housing construction, 200,000 forints in conjunction with the enlargement of housing units, and 50,000 forints from AFA taxes paid on the introduction of public utilities.

Ongoing construction deserves special mention. AFA charged at the rate of 25 percent may be reclaimed until 1994. This provision applies to builders who have already received a tax refund from the tax authorities this year, or who will be submitting claims this year, and only the evaluation of the claim occurs next year.

Considering the opportunity to reclaim part of the AFA taxes paid, the amount of social welfare benefits to be claimed after the number of children is not going to increase, because only 6 billion forints in budgeted funds are being used to finance social welfare benefits, as compared to 13 billion forints, as recommended by the government. Thus the amount of social welfare benefits to be claimed after one child remains 50,000 forints, 200,000 forints after two children, and 600,000 forints after three children.

**Report on Manufacturers Association Conference**

93CH0242A Budapest FIGYELO in Hungarian  
17 Dec 92 p 7

[Article by Janos Budai: "MGYOSZ Plans: Ownership Incentives and Change in Leadership"]

[Text] Upon its reestablishment in 1990, the National Association of Hungarian Manufacturers [MGYOSZ] had 15 members in charge of assets amounting to about 7 billion forints [Ft]. Today, this interest group has more than 100 members, the assets of its members are worth more than Ft100 billion, and their annual sales volume exceeds Ft300 billion, we learned at the MGYOSZ crisis management conference. The fact that 25 percent of the enterprises are still subject to bankruptcy and liquidation proceedings is once again going to be the greatest concern in the economy next year, according to Finance Minister Mihaly Kupa at the meeting. He regretted that management changes implemented by the state were increasingly based on party loyalty, rather than competence being the chief selection criterion.

Gabor Szeles' remarks conveyed the same sense. The MGYOSZ president said that, by now, an overwhelming majority of the best managers has moved to the private sector. For this reason, it would be an illusion to expect the Ministry of Industry with its continuously diminishing professional staff, the AVU [State Property Agency], or the AVRt [State Property Management Corporation] to professionally and efficiently manage the state property entrusted to them. Moreover, state enterprises may only be sold for a pittance as long as their market values remain below their book value, or if these firms produce losses. Therefore, MGYOSZ believes that these firms should first be upgraded by highly capable private-sector managers, and privatized only thereafter.

On the other hand, private-sector managers could be lured to the state sector only by providing them an opportunity to acquire ownership in the firms they manage. The Association's "Portfolio Corporation" concept was developed for this purpose; based on this program managers selected by and "on loan" from MGYOSZ could clean up and privatize about Ft50-60 billion worth of state property (mainly in the machine and chemical industries).

Unfamiliar with the details of the Portfolio Corporation concept, AVU chief Lajos Csepi refrained from addressing its merits. Csepi said that a few or even a large number of firms should be sold at prices below the firms' book values if necessary, in order to accomplish privatization as soon as possible. Budapest Bank Chairman and President Lajos Bokros said that banks would support the concept of the Portfolio Corporation only if guarantees exist for holding to account the managers imported from the private sector for their performance in the state sector.

### Optimism About World Expo Seen Decreasing

93CH0226A Budapest BESZELO in Hungarian  
12 Dec 92 pp 5-6

[Article by Gabor P. Havas: "Must Everything Be Started Anew? Chances for the World Expo"]

[Text] *Parliament put debate of the bill regarding the World Expo Fund on its agenda, and this has elicited renewed debate on the World Expo. The government handled the proposal as a simple legal and financial procedure, claiming that the provision of the state budget law—that state financial funds can only be controlled by law—must be adhered to. However, the opposition took the opportunity to present its view on the situation of preparations for the World Expo.*

The fact that the government does not think that the proposal is particularly important was also indicated by the fact that they tried to squeeze the debate into a late-evening spot on the agenda that unexpectedly became vacant. According to the provisions of the law, the key figures of next year's budget (the main sums of expenditures and revenues in the individual chapters) should have been approved by parliament by 30 November. But this was not done—precisely because of the proposals of the government parties which were presented at the last minute. Consequently, it was rather immaterial whether the vote would take place in the late evening of the 1st or in the morning of the 2d. However, the government considered it a question of prestige to have the vote taken still on the 1st. For this reason, the Budget Committee had to convene immediately to check the figures before the vote. This created a vacant spot in the agenda, and this is how the debate on the proposal regarding the World Expo Fund began a few minutes after 2200 hours. The latter did not take place without a hitch. For instance, SZDSZ [Alliance of Free Democrats] chief spokesman Gabor Kuncze, who is also a member of

the Budget Committee, went back and forth between the committee conference room and the floor because, in principle, he was needed in both places. The first time he began to speak, he had to stop in the middle of his second sentence in order to rush to the committee meeting. Fortunately, he was able to deliver his entire speech the second time, at 2330 hours.

### The Elation Is Gone

Incidentally, the debate unequivocally revealed that last year's optimistic prognoses and the devotional manifestations fed by patriotic feelings were not corroborated by time. As Karoly Javor (MDF [Hungarian Democratic Forum]) put it, many people were made to believe last year that, because a World Expo is generally a good thing, because a World Expo generally encourages enterprise, the Hungarian World Expo would undoubtedly be successful, the Hungarian World Expo would also provide momentum for the economy. Parliament decided on the World Expo without knowing what it was deciding on. The elation is gone by now and it is high time to finally face realities.

Gabor Kuncze already thought that it was an alarming sign when freshly appointed Etelka Barsi-Pataky took over as head of the program office and remarked that "We must start from scratch." For many people still remembered the earlier newsreels in which Etele Barath was shown with huge piles of documents behind him, giving the appearance that preparations had been going on for a long time and thus the new government commissioner could rely on dozens of detailed plans and carefully prepared projects. It would be sad if it turned out that the piles of documents had been borrowed from archives for the purpose of creating that picture.

But it would be even sadder if the attractive ideas, which played a key role in last year's decision, failed to materialize and the preparations could not be put on the track which was described by Expo supporters as so desirable, so encouraging, so possible, claiming that if we embarked on it, not only would no excessive financial sacrifice be needed on the part of the population, but we could also count on a real flood of beneficial effects.

### What Did We Undertake?

Many people said that the key to the solution is an expo built on enterprise. The statute on the World Expo does indeed provide that 17 billion forints at 1990 prices must be provided from the national budget in annual installments until 1996 and that the World Expo cannot receive any further contributions from the central budget. It was also said during last year's debate—for a greater emphasis, i.e., for a demonstration of the plan's viability—that \$8 billion worth of preliminary bids by entrepreneurs had already accumulated and, consequently, there was no question that we could count on a significant willingness to invest. However, in the year that has passed since then, there was absolutely no sign of the existence of this mass interest. So much so that

Gabor Kuncze noted that last year's claims, in all probability—to put it mildly—did not tally with the facts.

It seems that the enthusiasm of the organizations that represent entrepreneurs has also dwindled considerably. Representatives of the Economic Chamber, the IPOSZ [National Association of Trade Guilds], the VOSZ [National Federation of Entrepreneurs], and numerous other organizations unanimously complain about being unable to obtain necessary information and about still not knowing where and how they can become involved in the World Expo. It does not help the vitalization of the economy either that, in comparison with the preliminary concepts, the Expo has gotten significantly smaller and that the decisions that would help the engagement of Hungarian entrepreneurs and ventures have not been made to date.

When, during the 1991 debates, the viability of a world expo based on ventures was questioned, the answer given was that the issue must be viewed not statically but dynamically. What is attractive to entrepreneurs is not the Expo in and of itself but the possibilities of its utilization afterwards. However, it has become clear by now that most of the Expo's grounds and buildings will be owned by the university. But Gabor Kuncze noted that it suffices to merely glance at the provisions of next year's budget to realize that one cannot hope for any real profit from such later use. In simple terms, these investments would necessitate further budget expenses.

Probably the government is also beginning to realize this because, with a shrewd twist, what is now mentioned in the bill is not the later use of the expo investments but rather the prior use of the university buildings.

#### **Can It Cost an Additional Few Billion?**

Of course, under such circumstances, the 17-billion-forint limit of budget contribution is also untenable. "Instead of having the Expo provide us several hundred billion forints' worth of profits manifest in entrepreneur and local government assets, we have now embarked on a path that demands more and more money from the budget, from us, and from the country." According to the financing model recently prepared by the Bechtel firm, the World Expo Fund already shows additional income items, in addition to the 17 billion specified in the statute that will affect the budget. For instance, they want to use for Expo purposes 4 billion forints of the incomes from privatization. The plans include the issuance of the so-called innovative higher education bonds in the amount of 13.5 billion forints. This will serve the implementation of investment projects that subsequently will be used by the university. As of 1993, interest payments will put further burdens on the budget. Not to mention the fact that the capital payments that must begin in 1996 will cause headaches for the next administration.

But the fact that the extent of budget contributions will exceed the amount specified in the statute is not the only problem. The money is not being used in accordance

with the original plans—or the attractive promises. The starting point was that since most of the investment costs would be paid by investments by entrepreneurs on the grounds, i.e., "within the fences" of the World Expo, most of the budget contributions could be spent on supplementary infrastructural investments that would have long-term benefits for the city of Budapest and that would make it easier to accommodate the foreign visitors arriving there. However, the list of expenses in the present bill includes only "within-the-fence" items.

If we add to this that it was just recently that parliament decreased the portion of income tax revenues allocated for local governments by 20 percent and that next year's budget provides for a much smaller amount than was originally planned for Budapest's infrastructural investment projects that would be closely connected with the World Expo (e.g., Lagymanyos Bridge), then it becomes clear that Budapest will be unable to live up to the expectations which it must fulfill in this area because of the World Expo. But, as Gabor Kuncze noted, foreign visitors will spend considerably more time in the city than at the Expo, and their experiences there will be the primary basis of their opinion about Hungary.

#### **Only the Chief Government Commissioner Is Certain**

The more, and the more serious, questions that emerge in connection with the preparations for the World Expo, the more power will be concentrated in the hands of Etelka Barsi-Pataky, the chief government commissioner. She is head of the program office and chairman of the World Expo Council, and the present proposal gives her unlimited authority in the allocation of money given to the Fund and, in addition, it also gives her the authority to announce closed biddings—indeed, to offer contracts without bidding. All this is in sharp contradiction to the valid provisions of the state budget law, so that, in order to ensure such an unprecedentedly extensive authority, the bill on the Fund should also include a proposal to modify the state budget law.

As justification, it is stated that "It must also be considered in regulating the operation of the Fund that the World Expo is a temporary, one-time, and special event that makes it necessary to set up special regulations beyond the general regulations regarding the use of budget resources."

However, it seems that the way in which the chief government commissioner uses her unlimited power is far from satisfactory. "A year has already passed, but the actual construction work for the World Expo has not even started," said Laszlo Pal during the parliamentary debate.

It is not accidental that an MSZP [Hungarian Socialist Party] representative, who last year was still committed in his support of the World Expo, stated that "In view of one year's experiences, in view of the work done, in view of our information, and in view of the bill on the Fund that was presented, we can no longer support the World Expo."

**Effectiveness, Future of Agriculture Sector**

93EP0118A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 4 Dec 92 p II

[Article by Andrzej Kwiecinski and Antoni Leopold: "Shortsighted Demands: Concerning Farm Subsidies"]

[Text] *Disputes on the efficiency of Polish farming, on its growth prospects and the degree of market protection, are continuing. Farmers trade unions have announced a national campaign of protest against food imports. It seems that the study by Andrzej Kwiecinski and Antoni Leopold, as excerpted below, sheds an important light on this matter. It was prepared for a conference convened by the Main Statistical Administration and the Polish Academy of Sciences, scheduled to open on 5 December. (The heading, subheadings, and selection of excerpts are by the editors.)*

The maintenance in Poland of a relatively high average food consumption level in the years 1990-91, despite the attendant decline in real personal incomes, especially in 1990, points to limited prospects for an increase in the demand for farm products in the 1990's.

Income-dependent flexibility of food demand (in quantitative terms) at present is limited. Its further decline is to be expected, although it is higher when measured in terms of the ratio of changes in food expenditures (in terms of value) to changes in incomes. This confirms the economic truism that rising incomes prompt households to spend more on processed goods whose prices include a higher proportion of added value, meaning ready-to-eat, well-packaged, tastier, and so forth goods.

But that is only slightly reflected in any increase in the demand for unprocessed farm products. This means that even an end to the recession and reaching a growth rate of as much as 5-6 percent annually in real incomes, given a very optimistic version, will cause the demand for farm products (in quantitative terms) to increase by not more than 1.3-1.5 percent annually.

**Lower Output**

In the initial period of liberalization of food prices, the principal adjustments occurred chiefly on the demand side, while, owing to the inertia inherent in farming, the supply of farm products in the years 1990-91 remained practically the same. That accounted for substantial, if temporary, surpluses in foreign trade in farm products during those times (\$1.4 billion in 1990 and approximately \$400 million in 1991).

The decline in farm output occurring in 1992 is the cumulative effect of the drought and of the delayed consequences of the extensification of farm production.

The consequences of the drought of 1992 will markedly affect the situation of farming and food industry in the next two years. Following the more than 20-percent decline in harvests, including grain harvests, meat and milk output in 1993 will diminish. It will reattain its

previous level only following the 1993 harvest and probably be reflected on the market not earlier than in the first half of 1994. By the same token, the prices of livestock products will probably undergo a relative increase.

**When Food Prices Rise**

Food prices will rise ahead of the general inflation rate, especially if high tariffs on farm and food products are retained. This is going to adversely affect most family budgets, which are already so burdened by the high share of outlays on food. In connection with the marked rise in fixed expenditures on, among other things, housing (higher rents, higher utility fees) in the past two years, a repetition of the situation of 1989-90, when households reacted to the food price increases by increasing by as much as 20 percent the share of their expenditures on food, is hardly likely. As a result, food consumption may decrease to a greater extent than in 1990. Generally, this will not threaten lowering the satisfaction of nutritional needs because the average food consumption level still remains rather high, but a larger segment of the population may become impoverished.

It should be emphasized that the decline in farm output in 1992 has been in percentile terms lower than the increase in procurement prices, and, as a consequence, a slight increase in the real incomes of farmers is to be expected, following a two-year period of decline in these incomes. Studies of family budgets indicate that the indicator of the ratio of incomes allocated for consumption per person in peasant households to incomes in worker households has dropped from 115.9 percent in 1989 to 102.5 percent in 1990 and 89.6 percent in 1991. It is likely that, in 1992, this indicator will rise several points.

**Features of a Market Economy**

An improvement in farm incomes will, however, vary greatly from one region to another, owing to the nonuniform spread of the 1992 drought and its consequences.

At the same time, it should be stressed that the ratio of incomes of farm population to nonfarm incomes, at present low if compared with its level in Poland in the 1970's and 1980's, is fairly typical of countries with market economies and cannot be expected to display any marked improvement, especially when labor productivity in farming is only one-fifth to one-third (the assessments vary) as high as in the nonfarm sector. As for the low absolute level of farm incomes—that is, on the other hand, due to the low level of Poland's economic development—it can increase as the efficiency of the entire economy, including farming, becomes streamlined and Poland's national income grows.

Paradoxically enough, the structural backwardness of Polish farming is, as seen from the standpoint of the nonfarm sector, an asset in a period of recession and soaring unemployment.

The Polish countryside, with its large number of small farms (2.1 million measuring more than 1 hectare in area; 3.5 million if all farms are considered), which, as a rule, employ labor-intensive production techniques, is endowed with a relatively sizable housing stock and can assure its inhabitants of an at least adequate level of nutrition.

#### **Easier To Survive**

Other factors that make it easier for private farms to assure the "survival" of family members who lose non-farm sources of income, are:

- The low scale of the debts of private farmers.
- The low tax burden on farming.
- The declining rate of rural-population growth.

It should be emphasized that the thus conceived "absorptive capacities" of Polish agriculture vary greatly depending on the region.

In theory, the low efficiency of farming (in quantitative terms) need be no obstacle to competitiveness (on the international market) if cost (in terms of units of value) can be reduced.

#### **Other Advantages**

Considering that the prices of farm machinery and fertilizers will, if the limited possibilities for subsidizing some of them are disregarded, tend in the direction of world prices, the conclusion seems to be that chances for keeping Polish farming competitive on the international market exist solely due to:

- Low wages for farm labor.
- Farm outlays focusing on labor-intensive techniques.
- The labor-intensive structure of farm production.

All of the above conditions hinge on the acceptance by farmers of a low remuneration per unit of farm labor, corresponding to the low level of labor productivity in this sector of the economy. As a consequence, procurement prices cannot be high, and, in principle, they should be lower than f.o.b. [free on board] prices (so-called f.o.b. -) with regard to the prices of exported farm products, and only a bit higher than c.i.f. [cost, insurance, and freight] (so-called c.i.f. +) prices of imported farm products.

#### **How Branches of Agriculture Become Unprofitable**

The goal of an interventionist policy of the government, pursued chiefly through the mediation of the Farm Market Agency, should be to maintain prices on the domestic market within an admissible range of fluctuations with respect to the world price trends. Yet the rising scale of domestic farm protection, due to the pressures of peasant constituencies for government guarantees of minimum procurement prices higher than

market prices (sic!) and than world prices, as well as of protective tariffs (higher duties since August 1991, amounting to 20-40 percent of the prices of imported farm products, along with license requirements, tighter inspections of imported livestock and farm products, proposals for the introduction of equalization fees and import quotas, and so forth), is causing a growth in procurements and the gradual disappearance of opportunities for profitable unsubsidized exports.

This applies to a growing number of farm products and foodstuffs. Until recently, the sole example of its kind was sugar, but now this trend is beginning to spread to dairy products, especially butter, and grain. It is difficult to expect, however, that grain will become a Polish export. As a result, there is arising the danger of pressures in favor of subsidizing exports of farm products and foodstuffs, and, if the limited budget possibilities make such subsidies impossible, there will again arise the problem of surpluses of farm products and foodstuffs that are difficult to sell and inevitably pull down their procurement prices.

#### **Protectionism Disorganizes the Market**

It should be added that intensifying farm protectionism in a period of decline in agricultural output and consequent logical rise in retail food prices causes the range of price fluctuations to expand, which conflicts with the need for a government policy that would stabilize the market for farm products and foodstuffs. The added increase in food prices due to a protectionist farm policy is a major factor in spurring inflation.

It is Poland's strategic goal to become a member of the European Community. Assuming the future model of the Common Farm Policy of the EC as the point of reference for the gradual designing of a farm policy system in Poland, it has to be stated that Poland is incapable of funding on its own the system of farm subsidies that currently operates within the EC. This is due to both the low national income and the high proportion of the country's farm population.

Poland's gross domestic product [GDP] in 1990, as reckoned in terms of currency rates of exchange, amounted to \$1,700 per capita—that is, it was only one-tenth of the per capita GDP of the countries belonging to the EC. On the other hand, when reckoned in terms of the purchasing power of hard currencies, it was \$4,300 per capita—that is, one-fourth of the per capita GDP of the countries belonging to the EC. As a result, budgetary receipts in Poland are also low. This complicates burdening taxpayers with the cost of state interventionism.

At the same time, the high share of food expenditures in the family budget (40-60 percent, depending on the population groups included in the studies of family budgets, as compared to 20 percent within the EC, plus expenditures on tobacco and alcohol, at that), also complicates shifting on to consumers the burden of the cost of that interventionism.



On the other hand, the substantial proportion of farm employment (27 percent compared with 7 percent for the EC) causes the benefits of state intervention, whose cost is borne by taxpayers and consumers, to be distributed among a large number of farmers and, thus, to be smaller than expected. It should be emphasized at the same time that such expectations are encouraged during many electoral campaigns by political parties vying to win the support of the rural electorate. The collision between promises and the absence of possibilities for making them true adds to the bitterness felt by the rural population.

### **Decline in Number of Sheep for Wool, Consumption**

93EP0118B Warsaw *RZECZPOSPOLITA (ECONOMY AND MARKET supplement)* in Polish 4 Dec 92 p II

[Article by Edmund Szota: "Are We Threatened by a 'Sheep War'?"]

[Text] In the past few years, the sheep population in Poland has been markedly declining. From nearly 5 million head in 1985 and some 4.4 million in 1990, it plummeted to 3.2 million head last year and 1.8 million this year (or even less, some people say). This decline is due to the unprofitability of sheep raising. Nowadays, better wool can be bought in Australia and New Zealand, the demand for sheepskins has dropped owing to several warm winters in a row, and it did not prove possible to interest the Polish public in mutton as food. The surviving sheep population can be maintained solely owing to the exports of lambs to the EC countries alone, with exports of sheep to other countries being only marginally profitable.

However, lamb exports to the EC are covered by a quota that last year amounted to 6,000 metric tons and this year to 6,600 tons. Under the agreement for Poland's association with the countries of the Community, this quota will be increased by 10 percent each year (reckoning from the starting quantity of 6,000 tons). It would seem that, in a situation in which nearly every Polish sheep raiser has a chance to sell lambs on the EC market, the issue of apportioning export-quota allocations should stir no emotions, yet this year they have been running very high.

Previously, these allocations were handled by the Ministry of Agriculture, to which the Ministry of Foreign Economic Cooperation had transferred the related powers. But about a fortnight ago, a joint meeting of the Sejm's Agriculture and Food Industry Committee and the Senate Agriculture Committee accepted the proposal of Deputy Jacek Soska to transfer these powers to the associations of sheep raisers. On 3 December, the Council of the Polish Association of Sheep Raisers adopted a resolution expressing its gratification with the resolution of the Sejm and Senate agriculture committees because this affords the sole opportunity of overcoming the crisis in Polish sheep raising. The Council

placed the governing board of the association under the obligation of taking immediate steps to implement this resolution, and, should government agencies fail to implement the recommendations of the Sejm and Senate committees, the governing board may announce a protest strike at any time or place. There would then be a "sheep war," so to speak.

The heads of the Ministry of Agriculture and Food Industry are opposed to the transfer of allocation powers to the association of sheep raisers. The Exporters' Club at that ministry as well as Farmers Solidarity are also opposed to Deputy Soska's proposal, accusing it of conflict with the Antimonopoly Law and of causing "a bureaucratic gridlock on trading operations." In their turn, the sheep raisers accuse Minister Janowski of having previously favored handing over to them the allocation powers before he had become the minister.

It is said that, whatever else may not be known about the reasons for this bickering, one sure thing is that it concerns money. The considerable profitability of lamb exports to the EC is demonstrated by the following figures: For every kilogram of a live lamb weighing 13 to 16 kg, Italians at present pay 4,600 lira, or more than 50,000 zlotys [Z]. Of this amount, Z40,000 goes to the sheep raiser. Or...he fails to receive it. The raisers contend that, under the current system of quota allocations, they cannot be certain of having their lambs sold during the most advantageous price periods (in consideration of weight and time of sale). When a lamb exceeds its normal weight, its price is reduced, and, in extreme cases, the resulting sheep are shipped to other (for example, Arab) markets, where they are sold at prices only one-tenth as high. The handling of quota allocations by the association of sheep raisers itself is supposed to potentially eliminate any such instances. Besides, the Ministry of Agriculture and Food Industry dispatched no representative to attend the meeting of the association's council and presented no competing proposal for quota allocations.

### **Fear of Growth in Drug Addiction, Trafficking**

93EP0120A Warsaw *SLUZBA ZDROWIA* in Polish No 46, 15 Nov 92 p 7

[Article by Malgorzata Kukowska: "Drug Addiction: Only the Beginning?"]

[Text] The sphere of influence of drug addiction is not shrinking but, on the contrary, growing larger, and experts, including international ones, envisage that in the very near future Poland will become the site of other, negative events relating to drugs and drug trafficking.

Reading the provincial press in recent months readily reveals that nowadays drug addicts are practically present everywhere, from several in small towns to several dozen or even several hundred in large urban conglomerations. Second, reports of groups of young "sniffers" of various kinds of intoxicating chemical substances are multiplying.



The age at which people first become drug addicts is horrifying. Example: A slender, little girl with the face of a cherub. She does not look her age, which is 11. She has been "sniffing" for three years now. Bronchial asthma, gaps in memory, chronic stomach pains, changes in the liver—such is the price she is paying for escaping into her dreams. When she sniffs, she flies away into the fairy world of the Smurfs.

The patients of Dr. Ewa Andrzejewska of the Society for the Prevention of Drug Abuse (TZN) are not mentioned in any statistics; not even the reports of the Ministry of Health and Social Welfare mention the "sniffers." But suffice it to walk on certain streets in order to meet semiconscious 13- and 14-year-olds. Children as young as seven can be encountered at the TZN center, and, in the opinion of the specialists working there, the age of the drug addicts is for the first time constantly getting lower. From conversations with these children, the therapists have learned that, in one school or another, 25 percent of the pupils are sniffers, or, in one courtyard or another, there are 15 sniffers, but specific data on the extent of this phenomenon are as yet lacking.

Problems of drug addiction were the subject of a recent training seminar convened by the Drug Dependency Committee of the Polish Psychiatric Society, and chiefly by its chairman, Dr. Marek Staniaszek. The seminar was held in Lodz. The principal topic of discussion was the preparations for the passage of a new law to combat drug addiction, but several other matters were also raised.

Among other things, Inspector Zbigniew Demidowicz of the Police Headquarters spoke on the criminal aspects of drug addiction. Polish heroin, or "kompot," continues to be produced. In 1991, 600 cases of addiction to that substance were detected, and this year there will probably be more. Their high prices cause the classic Western narcotics to hardly be available on our market. Recently, there appeared organized criminal gangs consisting of Germans, Scandinavians, and Poles, which are trying to smuggle abroad amphetamines produced in Poland.

INTERPOL's predictions are depressing to us. They indicate that ours will become a central country of transit for drugs from Asia and Latin America to West Europe. This has been made easier by the opening of our borders, the weakness of our customs and police services, Poland's convenient location, the proximity of the countries of the former USSR, and the war in Yugoslavia. As a result of that war, the so-called Balkan route had to be changed and will probably lead across Poland. Moreover, Polish law provides for liberal punishment for drug trafficking.

In the past two years, two large drug shipments from Latin America were seized. They may have been the first attempts to open a route. UN experts who toured the 11 countries making up the CIS at present found them to have unlimited possibilities for growing poppies and producing drugs, which are going to be exploited out of

the desire of self-enrichment. (Trade in passenger cars, arms, and drugs is the fastest way of making a profit.)

The forecasts of Western experts contain one other element that bodes ill to us. They claim that at present there is an overproduction of cocaine in the world and that Western markets are glutted. Therefore, traffickers will be inclined to even cut their prices in order to invade the East European markets. In practice, this means an increase in the number of drug addicts.

The number of drug-related crimes has doubled in the years 1990-91. Last year, 15,000 people were in trouble with the law owing to narcotics. The police are not keeping a record of the names of drug addicts.

Somewhat more positive information was provided in the report by Maria Borowska of the Ministry of Agriculture and Food Industry. Above all, in her opinion, the growing of the "Przemko" low-morphine poppy (0.06 percent morphine content) has practically eliminated the growing of morphine poppies. However, in the opinion of others at the seminar, there still exist clandestine fields on which drug addicts can reap the raw material they need.

Work on improving the low-morphine variety is continuing. The ministry wants to maintain the requirements for permits to grow and sell the poppy, although many local governments, dietines, and producers are demanding the abolition of these requirements. The ministry also wants to introduce a prohibition against imports of poppy seeds from the neighboring countries, that being the normal source of poppy seeds in this country. No high-morphine poppies will be grown in this country for pharmaceutical purposes.

Drug addiction is, of course, related to the problem of AIDS. Figures provided by the Epidemiology Laboratory of the State Hygiene Laboratory indicate that, toward the end of September, there were 2,392 people infected with the HIV virus in this country; of these, 118 were identified as having AIDS, and 60 died of the disease. One-half of the infected persons are drug addicts, as are 70 percent of those ill with AIDS. The percentage of infected women is rising rapidly, and, at the same time, the age of persons carrying the HIV virus is getting lower. Sixty percent are in the 20-29 age group, and 11 percent are not yet 20.

These data on the ill and the infected are incomplete, pertaining only to recorded cases. It is estimated that, at present, there are some 15,000 HIV-infected persons in this country. The number of children born with HIV antibodies is steadily rising. But an optimistic fact is that, of the 10 children observed to have these antibodies, six lost them within the subsequent 15 months.

The Law on the Prevention of Drug Abuse has now been in force for nearly eight months. It is a good law, and experts stress, above all, the fact that it takes into consideration problems of preventive care, but many of its paragraphs no longer fit the altered reality.

Prof. Tadeusz Chrusciel, the chairman of the Supreme Chamber of Physicians, mentioned several reasons this law needs to be urgently amended. The Fund for the Prevention of Drug Addiction has been liquidated, the Committee for the Prevention of Drug Addiction has in practice suspended its activities, and the minister of health has established a new extralegal office—the Office of the Commissioner for Combatting Drug Addiction. The regulations governing poppy cultivation need to be amended now that the Przemko low-morphine poppy has been developed. Likewise, the law does not reflect the problem of HIV carriers.

In the meantime, new possibilities have arisen for cooperation with INTERPOL and other international organizations battling drug trafficking. In 1988, we accepted the UN convention on combating drug abuse, which qualifies somewhat differently, in terms of penal responsibility, the possession itself of narcotics. A conflict exists between that convention and our Polish law.

We also must be legislatively prepared for the anticipated surge in the smuggling of drugs and their transportation across our country.

Last, the old laws are no longer adequate to the new institutional solutions.

Two working drafts of antidrug legislation have already been prepared, one by the Sejm deputies and the other by the ministry. Both display two common features: They propose the introduction of penalties for drug possession and extremely severe penalties for any drug-related crimes.

Professor Chrusciel defined these drafts as incomplete and far from best-prepared. In his opinion, which was shared by many discussants, it would be much more advisable at present to amend the old law, which resolves the most urgent problems, and thereupon give experts time to thoroughly prepare a new law draft. Certain amendments are needed even now, whereas the process of drafting a complete new law takes a long time. The best proof is that the work on preparing the drafts has now taken nearly a year, without their yet being presented to the Sejm.

The knottiest issue is whether possession of drugs itself should be penalized. So far, this has not been the case in Poland. The UN convention allows penalties for drug possession if drugs are not only used but also manufactured, distributed, and offered to others. The introduction of penalties for drug possession in Poland will place physicians and therapists in a difficult situation because they will be required to notify the police about any drug addict who comes to them for treatment and, at the same time, has at least one dose of a drug in his possession. On the other hand, the present situation is such that small drug pushers can operate with complete impunity. If caught with even several portions of a narcotic, they argue that it is for their personal needs.

In the opinion of the seminar participants, issues such as poppy cultivation and fees for treatment and sojourn in adjustment centers need to be more tightly regulated. The possibility of replacing imprisonment with treatment and resocialization should be preserved. The new law drafts attach too little importance to prevention, and, as for the idea that taking steps to prevent the spread of drug addiction will require a permit from the Ministry of National Education, that was condemned as quite nonsensical.

A separate problem, apart from the discussion of legislation, is the issue of the funds allocated to the health ministry for the prevention and control of drug abuse. A proposal for having these funds allocated not centrally but through the mediation of the Ministry of Finance among the voivodships has been made. But nearly all of the employees of field drug-treatment centers fear that, if such funds were placed at the disposal of the voivodes, they would allot them for totally different purposes.

Both the MONAR [Young Peoples Movement To Combat Drug Addiction] centers and those operated by the health service are encountering tremendous material difficulties. In some voivodships, funds have been granted, to be sure, but they still have not been received by the addressees. The centers continue to operate more owing to the resourcefulness of their managers than to subsidies from the government.

[Box, p 7]

"Detoxy (detoxification) or breaking the habit, is usually a smoke screen serving to evade the consequences of a burglary or other felony. Besides, this habit is too strong and difficult to terminate. Few have succeeded in overcoming it. Three instances are known: all are escapees from Zagan."

—GAZETA LUBUSKA

[Box, p 7]

"If there are no veins left, the drug is injected in feet, temples, hands, the vagina, or genital organs...wherever the skin can be pierced. The moment for the 'golden shot' comes when a person no longer wants to live. An addict decides in favor of detoxification, as a rule, when he wants to reduce the dose or instinctively shies back from death or the penalty of imprisonment."

—NOWINY

[Box, p 7]

"Poland is, next to the Netherlands, the biggest producer of amphetamine in Europe, with the Polish product beating the competitors in quality and price. Nearly the entire Polish output reaches the FRG and Scandinavia through illegal channels."

—PRAWO I ZYCIE

### Slovak Presidential Candidates Viewed

93CH0228C Prague LIDOVE NOVINY in Czech  
18 Dec 92 p 3

[Article by jas and zsa: "Who Will Sit at Bratislava Castle? The Movement for a Democratic Slovakia Is Choosing Between Two Candidates Named Kovac—The Slovak National Party Has a Candidate, the Party of the Democratic Left Does Not for Now"]

[Text] Roman Kovac, 52, deputy prime minister of the Slovak Government; Michal Kovac, 62, who these days is still chairman of the Federal Assembly; and Jozef Prokes, 42, deputy chairman of the Slovak parliament and chairman of the SNS [Slovak National Party]. These are the people spoken of as candidates for the office of Slovak president. It is at the meeting of the National Council of the Slovak Republic currently under way that the date and the manner of electing the head of state supposedly will be decided.

Both Kovacs are being mentioned as HZDS [Movement for a Democratic Slovakia] candidates. The political committee of that party will decide on Monday which of them will, in the final analysis, wear the colors of the movement in aspiring to the most honorable office. On Monday, on the "Current Events" program, Michal Kovac announced that the leadership of the HZDS had offered him the job. The press agency of the Slovak Republic came out two days later with information obtained from "circles close to the movement," indicating the the choice would be Roman Kovac.

According to LIDOVE NOVINY sources, the leadership of the victorious party will make an obviously pragmatic decision in favor of Roman Kovac. HZDS officials stress that he is adequately educated, communicative, and patient. A minus for him is considered to be his action in the role of chairman of the trade union associations, which significantly financially supported the HZDS during the election; the party's gratitude also includes the nomination of Roman Kovac to be deputy prime minister. However, he is superfluous in the current

government and lacks economic training (he is originally a gynecologist). On the other hand, he is popular with the public, particularly the female portion of the public. His campaign can perhaps even be aided by the fact that he is a religious believer.

In an unconcealed effort to obtain the support of the church, he negotiated with the high-ranking cleric Michal Kovac last week. Michal Kovac's prospects are not considered to be as good as those of his namesake in view of his many years of membership in the CPCZ [Czechoslovak Communist Party], from which he departed involuntarily in 1970, and the assistance he rendered to Castro's "economic miracle" in the 1960's. Journalists wonder about his overly obvious loyalty to Prime Minister Meciar and some argue that there is a visual similarity with Jozef Tiso, who up to now was the only Slovak president. However, according to J. Carnogursky, he "would be acceptable under certain conditions" for the KDH [Christian Democratic Movement].

As of 10 October, the list of applicants for the function of head of state included the name of the candidate of the Slovak National Party, Jozef Prokes, a man with training in natural sciences and with partially Czech roots. However, the 7-percent voter base of the SNS, whose goal—the coming into being of an independent Slovakia—has already been fulfilled, tends to limit his chances, according to lobbyist-type considerations.

Thus far, the Party of the Democratic Left [SDL] has not come up with "its man." Judging by statements made by some of that party's representatives, it will probably not be satisfied with the position of minister of defense, for which it is now striving. The chances of the SDL candidate are not increased, as was confirmed by even the Slovak minister of foreign affairs, Milan Knazko, by any personal or professional qualities but, rather, by the apprehension lest the HZDS concentrate an overly great portion of power in its hands (prime minister, chairman of the parliament) and by the popularity of the SDL, which, in contrast to the Meciar party, is maintaining itself at a stable high level.

**Gligorov Proposes Altering Macedonia's Name**

93BA0389A Skopje NOVA MAKEDONIJA  
in Macedonian 10 Dec 92 p 2

[Unattributed article: "Statement by Kiro Gligorov—  
We Will Not Abandon the Name Macedonia"]

[Text] *No one has the right, neither the president of the Republic nor Parliament, to reject the name Macedonia. To take an additional step toward compromise and as an expression of goodwill, we can declare our willingness to add to the name for external use. The decision to take this step would be made independently of the meeting in Edinburg.*

Two extremely important events for completing the circle of international recognition of the Republic of Macedonia will take place this month, the meeting of the heads of state and government of the European Community on 11 and 12 December in Edinburg and initiation of the procedure for membership of the Republic of Macedonia in the United Nations during the second half of December.

These are events in connection with which the Republic of Macedonia has been and is engaging in concentrated, intensive international activity. The platform and principles of this activity over the entire period have consistently been based on the positions in the documents approved by the Assembly of the Republic of Macedonia, and in particular the declaration adopted by the Assembly in connection with the Lisbon Declaration of the European Community.

**The Principles of Macedonian International Activity**

All Macedonian activity over this period has been based on the following principles.

1. The Republic of Macedonia is a sovereign and independent state that has secured its independence by peaceful and legitimate means and seeks international recognition in accordance with international standards and procedures.
2. The Republic of Macedonia meets all the requirements for international recognition contained in the United Nations Charter, the Helsinki Declaration, and the Charter of Paris, as well as the requirements set by the European Community for recognition of the republics in the former SFRY. As is well known, this determination was also made by the European Community Arbitration Commission on 15 January 1992.
3. In conflict with international legal principles and practices in international relations, recognition of the Republic of Macedonia has been blocked within the European Community. The chief and only reason for this are the opposition of the Republic of Greece and its demand that, in order for it to be recognized, the Republic of Macedonia change its name and that this name not contain the word Macedonia. The privileged position of Greece in the European Community and the

principle of consensus in decisionmaking by the European Community were decisive in inclusion of this demand when the Lisbon Declaration was adopted.

4. The Republic of Macedonia cannot accept a change of name whereby the name would not contain the word Macedonia. First, this demand violates the Constitution of the Republic of Macedonia and the will of its citizens as expressed in the referendum of 8 September 1991. Second, such a demand is a precedent in international relations; it directly imperils the right of peoples to self-determination, freedom of choice of one's own name and nationality, and the dignity of citizens. Third, such a demand can cause serious and severe consequences not only for the independence of Macedonia as a country and for the identity of the Macedonian people but also for the peace and stability of the southern Balkans. This would be a potential threat to realization of the well-known claims of its neighbors toward Macedonia as a country and toward the Macedonian people, claims that not only are a fact of history but also are of topical significance in the present-day situation in the Balkans.

5. Preference may not be given to the irrational demand for the change in name, and accordingly for the existence of the government of one country at the expense of the existence of an entire people and state.

6. The Republic of Macedonia has resolved to pursue and is pursuing a peaceloving policy. It has not taken part in the war in the area of the former Yugoslavia and over this entire period has assisted in the international peace process, within the framework both of the European Community and of the United Nations Organization.

7. The Republic of Macedonia has resolved to seek lasting peace and cooperation and coexistence on an equal footing in the Balkans. It advocates invariability of borders without a treaty; political dialogue and resort to peaceful means in resolving disputes; universal economic, political, and cultural cooperation; and free traffic of people, goods, and ideas. A requirement for peace in the ethnically diverse Balkans is respect for the rights of the nationalities and realization of these rights in accordance with international documents and standards.

**The Consequences of European Community Resolutions**

1. Postponement of international recognition of the Republic of Macedonia by the European Community will create a wider blockage of international recognition. Because of the mandate given by the CSCE to the European Community to resolve the problem of the former SFRY, in effect the majority of countries around the world are deciding, bilaterally and within the framework of international institutions, to follow the European Community, adopting the position that it has a mandate for this purpose and that it is working on the "European question." As a result, membership of the

Republic of Macedonia in CSCE has been stopped three times, even though it meets all the requirements for membership in CSCE.

2. The postponement of international recognition has thus far made it impossible for the Republic of Macedonia to join international financial institutions and organizations.

3. The postponement of international recognition has created conditions tending to complicate the economic situation in the Republic of Macedonia, as a result of the indirect and direct damage suffered by the Republic from the war in the area of the former SFRY, the United Nations sanctions against the Federal Republic of Yugoslavia and the blockade, the oil embargo, and the other economic pressures applied to Macedonia by its neighbor Greece. The conditions for normal life and work are becoming extremely complicated, as a result of which social and political tensions are increasing. This could be a threat to democracy and peace in the Republic.

4. All this is taking place under conditions of heightened insecurity in the Balkan region. The violent war in Bosnia and Hercegovina continues. The unsolved problem of Kosovo and the unknown outcome of the situation in the Federal Republic of Yugoslavia create a serious threat of escalation of the war in the southern Balkans. The Republic of Greece is continuing its economic pressures and blockades, is rejecting the compromise for finding a solution for recognition of the Republic of Macedonia, and is conducting an invisible anti-Macedonian campaign throughout the world.

The recent months of heightened tensions in the region, and especially the threat of escalation of the war into Kosovo, have affected individual political moves and initiatives in the Balkans, between individual countries or as joint initiatives. The majority of these moves also affect the fact of nonrecognition of the Republic of Macedonia, such as the initiative of Greece for guarantee of the borders of the Republic of Macedonia by its neighbors. This was a purely political maneuver intended to demonstrate that there is no threat to Macedonia and that there is no need to hurry in the matter of recognition, and even that the requirements are not being met, while in the meantime economic collapse and social tensions will force us to accept the terms or we will be the object of intervention for the sake of peace in the Balkans.

5. A direct consequence of the Lisbon Resolution is the fact that the European Community will find itself in the position of not being able to implement it.

#### **Steps Taken in Implementation of the Position of the Republic of Macedonia**

1. Activity has been concentrated chiefly on implementation of the position that the Lisbon Declaration is unacceptable to the Republic of Macedonia and that the European Community must find a solution acceptable to

the Republic of Macedonia. As a result, the European Community is appointing a special mission headed by Ambassador O'Neal to find a solution to the problem.

Intensive and continuing contacts have been established with the European Community, especially with Great Britain as holding the Presidency, as well as numerous contacts and meetings with adjacent countries and with other European countries and regions.

2. Securing the presence of competent international organizations in the process of protecting security in the region, under the conditions of blocked international recognition. To this end activity has been oriented in particular toward engagement of the CSCE and the United Nations, as a result of which the CSCE sent an observer mission to the Republic of Macedonia, and the United Nations general secretary adopted a resolution and dispatched a mission to assess whether peacekeeping forces are needed in the Republic of Macedonia to monitor the border with Serbia and Albania. There has also been full-fledged cooperation with the Geneva Peace Conference.

3. Securing the activities preceding acceptance as a member of the United Nations. An application has been submitted for membership of the Republic of Macedonia in the United Nations Organization. From the viewpoint of procedure, debate is expected to begin at a Security Council meeting in the second half of this month. Numerous contacts have been established in connection with membership in the United Nations, several times with the general secretary of the United Nations, and with the member countries of the Security Council. Two European Community member countries, Great Britain and France, are members of the Security Council. The right of veto may be exercised in the decisionmaking process of the Security Council.

Membership of the Republic of Macedonia in the United Nations Organization is a clear question of legal procedure. The political reality, however, is the willingness of individual European Community members to vote yes or abstain, or again veto by a member entitled to exercise veto power in the Security Council.

4. Intensive activities and contacts with the IMF, World Bank, and European Bank for Reconstruction and Development on the preliminary terms for membership.

5. Numerous and intensive activities that have been linked to overcoming the damage and consequences of:

—the UN sanctions against the Federal Republic of Yugoslavia, for which purpose compensation for damages has been formally requested from the United Nations Organization;

—the oil embargo and blockades by neighboring Greece, about which the European Community, the European Commission, and the wider international public have been constantly informed.

6. Securing economic, technical, and humanitarian aid primarily from the European Community and the United States.

#### **The Current Content and Elements of Solution of the Problem of Recognition in the European Community**

First, it is an essential and relevant fact that the European Community has been directed by the CSCE to decide on international recognition of the republics of the former SFRY. It would be best for this to take place with the consent of the European Community, for the sake of our future relations with it, which are of extremely great importance to Macedonia as a European country, or at least with the consent of a majority of European Community members.

Second, a constraint on a positive decision by the European Community is the principle of consensus in decisionmaking in the EC. However, as Mr. Douglas Hurd stated yesterday, from the formal viewpoint, if there is no consensus, each member may proceed at its own discretion.

Third, at the Edinburg meeting the EC will debate on the basis of Ambassador O'Neal's report and the proposal by Great Britain as presiding country regarding the finding of a way out of the dilemma that will be acceptable to all sides.

The several months of activity of the EC Presidency and the recent talks with British Prime Minister John Major have led to the following positions relative to Macedonia.

A certain number of EC members at the Edinburg meeting are inclined and disposed to decide for international recognition of the Republic of Macedonia. On the whole the economic consequences of nonrecognition of Macedonia are known and disturbing. There is considerable concern that continued postponement of recognition is a factor in instability in the region and a threat to the internal stability of Macedonia.

And, lastly, the fact that the Republic of Macedonia meets the terms laid down by the EC for recognition has created a political problem in the European Community because of the Greek demand for change in the name. The principle of consensus and solidarity operates within the EC. Consequently, the thinking of the EC is that it is necessary to fashion a compromise between the position of the Republic of Macedonia and the Republic of Greece in order to settle the question.

The Republic of Greece takes the position that it has an inviolable historical right to the name Macedonia. Consequently, a compromise would mean to Greece exclusively that the Republic of Macedonia would accept a formula involving a dual name, one for internal and one for external use. The name for external use cannot contain the word Macedonia. Use of the word Macedonia according to Greece implies expression of territorial claims and a threat to its national security.

The positions of the Republic of Macedonia relative to the urgent need for recognition have met with overall understanding. The activities of the Republic of Macedonia up to the present in an effort to find a compromise approach (for the name, amendments to the Constitution, initiatives for signing bilateral agreements on borders and on friendship and cooperation, and so forth) have been appreciated as an expression of goodwill and respect for the European principles of conduct. The reasons why the Republic of Macedonia cannot abandon the name are understood; namely, protection of Macedonia's national identity and thwarting the ambitions of its neighbors. However, the Greek position is a reality, and in the interest of the Republic of Macedonia the EC must make a decision with the consent of Greece. Any different decision would in their opinion create additional long-term problems.

If a compromise is reached and the EC recognizes the Republic of Macedonia, a rapid and broad project will immediately begin for international recognition, membership in the United Nations Organization, membership in international financial organizations and institutions, and substantial economic aid for the Republic of Macedonia.

If a decision is not made and recognition is again deferred in Edinburg, then activities in the United Nations Organization would entail greater difficulties. In this case the scope of economic aid would also be restricted.

In view of all the circumstances, the best thing for the Republic of Macedonia to do before the Edinburg meeting, again in its opinion, is to state its receptiveness to a certain modification, that is, addition of a name for external use. In the light of the fact that the Republic of Macedonia totally rejects the possibility of change in its name, as a goodwill gesture it can declare its receptiveness only to addition of the name for external use to the current name. Such receptiveness would promote the activities of the countries friendly to the Republic of Macedonia in their efforts for international recognition and would exert strong pressure on the decisionmaking process at Edinburg and within the framework of the United Nations Organization. The Republic of Macedonia does not demand that this decision be made now, but only after the Edinburg meeting, as a function of the outcome of this meeting. That outcome would be represented by the proposals submitted by Great Britain, and so by the European Community.

#### **What Has Been Accomplished Thus Far?**

First, these talks definitively demonstrate that the Lisbon Declaration, in which the demand is made that the word Macedonia be omitted from the name of the country, is unfeasible and has been abandoned. Our arguments were accepted.

Second, the name Republic of Macedonia remains in any solution. The Constitution will not be amended. If the European Community fails to give its recognition, that is

to say, recognition by the 12 EC members, then, and only for external use, the name Republic of Macedonia would be followed by the addition of Skopje in parenthesis. This is a concession that could be made, in this particular case, to resolve both the question of prompt and direct recognition of our country and that of long-term good-neighbor relations and cooperation with the Republic of Greece.

Third, this would once again demonstrate our goodwill, and if this is absent in our neighbor to the south, both the European Community and the entire international community would see for themselves who in this matter is preventing resolution of the situation in the Balkans and peaceful coexistence of the Balkan peoples.

Consequently, we have defended the name of the Republic of Macedonia and our national identity and will consistently defend them in the future, in the conviction that such is our duty to this and the coming generations.

It follows from all that has been said that no formal decision whatsoever need be made today. In the meantime we will do everything in our power before Edinburg to convince all the members that now is the time for Macedonia to be recognized by the entire European Community.

The Edinburg meeting will pronounce its final word by means of its resolution as to whether all the conditions for a formal decision have been fulfilled.

The procedure for acceptance of the Republic of Macedonia as a member of the UN will be instituted immediately after the meeting in Edinburg.

[Box, p 2]

#### What Steps Do We Take?

- We will not give up the name Macedonia. No one has the right, neither the president of the Republic nor the government nor Parliament, to abandon the name Macedonia. There exists neither a constitutional basis nor a political or moral right for this demand. The consequences of such a decision would be a threat to the identity of the Macedonian people, the stability of the country, and the existence of Macedonia in real encirclement.
- The arguments of the Republic of Greece to the effect that the name Macedonia implies territorial claims are utterly without foundation. The Republic of Macedonia is a sovereign and independent state with constitutionally established borders. We are prepared to sign bilateral agreements with Greece on the inviolability of borders and on friendship and cooperation.

Specifically in connection with the implications of the name, the word Republic identifies and locates the Republic of Macedonia as a subject under international law, but does not identify it as a geographic region. In order to take an additional step toward compromise and

as an expression of goodwill, we could state our receptiveness to addition to the name for external use of a term that locates the territory of the country even more precisely, although this is not necessary, in the form of the name of the capital city in parenthesis. A decision to do this would be made as a function of the meeting in Edinburg. This would require no amendment of the Constitution of the Republic.

- Activities are to continue for the purpose of acceptance of the Republic of Macedonia as a member of the UN and to establish new contacts, as a function of the meeting in Edinburg.

[Box, p 2]

#### Objective Facts

- The EC decision is relevant to the problem of international recognition as a whole.
- There is no absolute certainty that EC-member countries of the Security Council will not block the decision in the UN.
- Prolonged postponement of recognition will place Macedonia in an impossible economic situation, entailing consequences that are a real threat to social peace, democracy, and international relations.
- Prolonged postponement will make the position of Macedonia in the region uncertain.

[Box, p 2]

#### Conclusions of the Government of the Republic of Macedonia

##### A Goodwill Step

The government of the Republic of Macedonia held a meeting yesterday at which there was a discussion, at the request of certain deputies in Parliament, of the problems faced by the Republic in the process of its wider international recognition and in connection with the forthcoming EC summit in Edinburg and with UN membership.

The conclusions state among other things that the positions of the Republic of Macedonia are set forth correctly in the report by Ambassador Robin O'Neal on his go-between mission in Skopje and Athens. In that Greece continues to insist on the Lisbon Declaration and can block EC approval of recognition of the Republic of Macedonia, the government expressed its readiness to make a decision that would promote activities facilitating more direct support of the Republic of Macedonia by individual EC members.

While stating its receptiveness to addition to the name of the Republic of Macedonia for external use, in parenthesis, of the name of the capital city Skopje, the government points out in its conclusions that the Republic of Macedonia has taken yet another goodwill step to

forestall blockage of its recognition in the EC. The expression of its receptiveness is not equivalent to the making of a decision, which would be arrived at supplementarily as a function of the decision made in Edinburg.

The government of the Republic of Macedonia believes that by means of this initiative the Republic of Macedonia will strengthen its international position, will reaffirm its peace-loving policy, and will create the possibility of solving the problem of wider international recognition of Macedonia in a manner acceptable to all sides.

### Macedonian Poll Shows Support for Country Name

93BA0375A Skopje NOVA MAKEDONIJA  
in Macedonian 9 Dec 92 pp 1, 4

[Report by Julijana Kocovska: "The Name Must Not Be Changed"]

[Excerpts] According to a telephone survey of 1,147 adult citizens, chosen at random, 75.76 percent of the respondents were in favor of not changing the name of the Republic of Macedonia. Those favoring the change (18.22 percent) asked that the word Macedonia be included in the name of the state.

Would you accept a change in the name of the Republic of Macedonia?

	Percent
No	75.76
Yes	18.22
No opinion	6.02

The citizens of the Republic of Macedonia would not accept any change in the name of their state. This conclusion is based on a telephone survey conducted last week by the Public Opinion Survey Agency of the "Nova Makedonija" NIP [newspaper publishing company], which asked the views of 1,147 randomly selected adults in the Republic.

A total of 75.76 percent of those surveyed answered the direct question of whether they would accept a change in the name of the Republic of Macedonia by saying that it should not be changed. Based on the results of the telephone survey, 18.22 percent of the respondents said that they would accept a change in the name. However, the study of the survey indicates that they prefer the word Macedonia to be kept as part of the name of the state. No specific answer to the question related to the name change was given by 6.02 percent of the surveyed citizens.

Based on the results of the survey, 64.08 percent of the respondents rejected suggested choices of name changes. The same percentage of polled citizens answered "I do not accept any change." A total of 13.78 percent accepted as an option the name "Vardar Macedonia,"

whereas 8.98 percent were in favor of "Northern Macedonia." A total of 0.78 percent of the respondents favored the option "Republic of Macedonia-Skopje."

A total of 75.76 percent of the respondents polled in a telephone survey by the Public Opinion Survey Agency said that they would not accept a change in the name of the Republic of Macedonia. Lisbon Declaration rejected. A total of 24.85 percent of the respondents favored any eventual change strictly based on the Republic's Constitution.

Which option would you choose?

	Percent
No change	64.08
Vardar Macedonia	13.78
Northern Macedonia	8.98
Former Yugoslav Republic of Macedonia	6.36
Other	6.80

Prior to recognition, with a change in the following:

	Percent
No change	62.86
Of the Constitution	24.85
Of the flag	5.93
Of the name	4.27
Of the anthem	2.09

### Breakdown of Respondents

By gender:	Percent
Male	48.82
Female	50.83
By age:	
18-29	24.85
30-49	47.78
50 and older	27.20
By educational level:	
Primary	15.95
Secondary	55.88
Higher	28.07
By ethnic origin:	
Macedonian	68.70
Albanian	19.09
Turkish	4.01
Serbian	3.57
Muslim	1.31
Gypsy	0.78
Wallachian	0.26
Other	2.27



[passage omitted]

The survey by the "Nova Makedonija" Agency, conducted one week ago, indicated that the surveyed citizens of the Republic of Macedonia confirmed and agreed with the current official state policy of the Republic to the effect that the Greek demand that the international recognition of the Republic of Macedonia be based on changing the name of the state is absurd.

The tremendous majority, 75.76 percent, of the respondents, having expressed their rejection of the change of name of the Republic of Macedonia, actually indicated that the right of one country to dictate to another how to call itself or to allow as a precondition that a change in the name of a country become a precedent in international practice was unacceptable.

#### Identical Answers

According to the results of the survey, 77.14 percent of the men and 74.27 percent of the women respondents favored the name Republic of Macedonia; according to the age breakdown of the surveyed citizens of the Republic of Macedonia, the rejection of the change in name was shared by all generations. The highest share of individuals opposing any change in the name of the Republic of Macedonia among those surveyed was that of people over 50, immediately followed by individuals in their forties (75.55 percent), with 64.56 for the young generation. According to the survey, the rejection of a change in the name of the state was shared by all respondents regardless of educational breakdown. In all cases, whether citizens who had completed primary, secondary, or higher education, the answer was the same: Between 70 and 80 percent of the respondents said that they did not agree with changing the name of their state.

#### Rejected Options

What were the views of the respondents who opposed any change in the name of the Republic of Macedonia, based on their ethnic breakdown? Of the surveyed Macedonians, 90.1 percent were against changing the name of the state. This clearly indicates that the issue of Macedonia's name is part of the national identity of the Macedonian people and is a particularly sensitive question that affects the national integrity of the Macedonian state. Changes in the name of the Republic of Macedonia were unacceptable to the majority of Turkish respondents (63.04 percent), Gypsies (55.56 percent), Serbs (82.93 percent), and virtually all surveyed Wallachians. Twenty-five percent of Albanians asked by the agency firmly opposed any change in the name of the Republic of Macedonia.

The analysis of the survey indicates that 18.22 percent of respondents would accept any change in the name of the Republic of Macedonia providing that the word Macedonia is retained as part of the name. Based on the ethnic structure, as many as 53.42 percent of Albanian respondents said that they agree with such a change in the

name. Nonetheless, the study indicated a certain contradiction in the views of the Albanian population: Asked to make a specific choice in changing the name of the Republic of Macedonia, the highest percentage of the surveyed Albanians, 31.51 percent, favored the name Republic of Macedonia, compared to 27.85 percent of Albanians who favored the name "Northern Macedonia," or 22.83 percent who favored the name "Vardar Macedonia."

The survey team of the Public Opinion Survey Agency of the "Nova Makedonija" NIP asked the respondents their reaction to specific options involving various names for the state, above all those about which there has been unofficial talk in the past month, or else that have been reported by foreign news agencies expressing the views of European Community diplomatic circles. The conclusion based on the survey is that the highest number of surveyed citizens who rejected the various options accounted for 64.08 percent of all respondents, who said "I accept no change." The results of the current public opinion, according to the telephone survey, indicate that this answer was given mainly by the majority of surveyed men, and by the majority of women (63 percent). The answer was also typical of all generations, regardless of young, old, or middle-aged. Changes in the thoughts were not influenced by the educational structure of the respondents, which means that the consensus relative to supporting the name of the Republic of Macedonia is as characteristic of intellectuals as it is of those with secondary or primary education.

#### Constitutional Changes

Respondents favoring a change in the name of the Republic of Macedonia made it clear that they were in favor of retaining the word Macedonia as part of the name of the state. Most of them favored the name "Vardar Macedonia" (13.78 percent) or else "Northern Macedonia" (8.98 percent). This relatively small percentage of the respondents indicates that even citizens who were in favor of changing the name clearly rejected the Greek demand supported in the Lisbon Declaration of the "Twelve" that called for recognizing Macedonia but with a name that would not include the word Macedonia. Based on the results of the telephone survey, only a minimal percentage of citizens were in favor of "Former Yugoslav Republic of Macedonia," or 6.36 percent; 0.78 percent were in favor of "Republic of Macedonia-Skopje." The survey showed that 0.61 percent of the respondents were in favor of "Slovene Macedonia." It is interesting to note that those who accepted the name "Vardar Macedonia" or "Northern Macedonia" are mainly members of the youngest generation or, based on their educational breakdown, mainly people with higher education.

A confirmation of the view expressed by the Badinter Commission to the effect that the Republic of Macedonia is observing the conditions for international recognition is found in the telephone survey data according to which 62.86 percent of the respondents stated that

nothing should be changed before the Republic of Macedonia is recognized by the European Community. If changes are needed, the surveyed citizens were in favor of any eventual changes to be made exclusively in the Constitution of the Republic of Macedonia. Such was the answer given by 24.85 percent of those surveyed. Also characteristic is the data according to which it was mainly the surveyed Albanians who were in favor of changes in the Constitution, with a significantly high answer of 79 percent.

The telephone survey by the Public Opinion Survey Agency indicated that only 6 percent of the surveyed citizens were in favor of changing the flag for the sake of the international recognition of Macedonia. According to the respondents, the name of the Republic of Macedonia and its anthem are issues pertaining to national and state identity that must be left alone.

#### [Box, p 4]

The Public Opinion Survey Agency conducted a telephone survey of 1,147 adult citizens of the Republic of Macedonia, or 0.08 percent of the electoral body, between 28 November and 1 January 1993. The purpose of the survey was to determine the views, thoughts, and feelings of the public related to any eventual change in the name of the Republic and its international recognition. The respondents were selected on the basis of a single-stage, proportional, and computerized random choice of names selected from the telephone directory of the Republic of Macedonia.

Although we are aware of some methodological weaknesses of telephone surveys as well as of their unquestionable advantages, we believe that the results we obtained in that survey should be considered, above all, from the viewpoint of the structure of the respondents who participated in the survey, consistent with the structure of the electoral body in the Republic. Favoring such a methodological public opinion survey method throughout the world (telephone interviews) is the fact that out of nine more significant surveys carried out last July by the U.S. Gallup Institute were telephone surveys averaging 911 respondents per survey (*The Gallup Poll Monthly*, 322/1992).

Also noteworthy is the fact that in this survey the percentage of those abstaining (refusing to participate in the survey for whatever reason) was exceptionally small. This indicates the high degree of interest shown by the citizens in the topic of this survey.

#### Macedonian Parties Debate Vital State Interests

93BA0374A Skopje VECER in Macedonian 8 Dec 92  
p 7

[Report by B. Geroski: "Broken Telephone"]

[Text] *After the series of talks with the "father of the nation," the political parties declared themselves in favor of peace and recognition, which they accept even without*

*making the trip. The necessary interparty dialogue, parliamentary life, and the functioning of the executive branch must be set on three different levels, and the interchange among them must be ensured through the actions of the president of the Republic.*

Consensus on the vital state interests of Macedonia: This is the most frequently used syntagma that could be heard of late on the Republic's political scene. Last Friday, immediately after his return from London, at the airport, while the engines of the aircraft were still hot, Republic President Kiro Gligorov said that we must work even more actively for international recognition and for peace, and that this should be the priority task not only of the state authorities but of all leading politicians. Regrettably, the more we work on reaching a consensus about these two essential objectives the greater become the differences.

Whenever a person persistently tries to resolve a problem, confident that his steps are the right ones, yet no results are achieved, inevitably the question arises: Could it be that the issue has been improperly formulated? It was precisely after the series of discussions with the "father of the nation" that one should have expected of the political parties to declare themselves clearly in favor of peace and international recognition of the Republic. They did this even without the president's trip. The problem is that substantial differences remain in the views of what promotes peace and recognition and what does not.

#### Discord and Confusion

The case of the meeting between Gligorov and the leadership of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] reminds us of the classical children's game of "broken telephone." Immediately after the meeting, the VMRO-DPMNE leadership accused (among others) Gligorov of encouraging a military psychosis (several days later that concept was taken up also by their guest Paroski) while the parliament hastened to express its views on the "blue helmets." In order to confuse matters even further, in the interview he gave to the Paris LIDERATION Kiro Gligorov said that if Macedonia is recognized in Edinburgh there would be no need to assign United Nations observers, "based on the rather controversial view that our recognition would facilitate the resolution of the Kosovo problem and would eliminate the risk of shifting the crisis to Macedonia." After such comments and statements, all that remains is the truth that everyone is in favor of peace but also that when matters reach the level of taking specific political steps, such as summoning the "blue helmets," there arises not only discord but also confusion in terms of the implementation of the idea.

Here is another example. For quite some time there has been talk of some kind of all-Macedonian protest to be voiced on the eve of the Edinburgh meeting. Judging by the latest information provided by Dostoinstvo, that

association continues stubbornly to demand of the president to appeal to all Macedonians to engage in such an action. For the time being, Gligorov remains silent, probably sensibly realizing that for reasons similar to those revealed after the Lisbon meeting, Macedonia can only emulate its southern neighbor in a pale and unsuccessful manner that would hardly impress the Europeans. Unfortunately, there is not even a semblance of agreement on this issue either.

#### Accumulation of Negative Energy

Third example: According to the interview we mentioned, Macedonia is prepared to compromise on the subject of its recognition. At the same time, the compromise that we demand reads as follows: Let the world recognize us as the Republic of Macedonia and let Greece call us anything it wishes. As we know, the various political factors in the Republic firmly refused to accept a compromise with the name. In that sense, Gligorov's suggestion is logical. But what if an unpredictable compromise is accepted in Edinburgh? Although the Republic's leadership believes that Europe will not dare to become our godfather, nonetheless lately so many expectations have become related that eventually the problem will be shifted to the UN Security Council that it is simply unacceptable not to have any reserve option on which to fall back should we receive a "cold shower" in Edinburgh. Why is it that this is not being discussed and that no efforts are made to reach a joint decision, assuming that, based on the success or failure of that summit, the political parties have no intention to formulate platforms with which to oppose their political opponents?

Fourth example: For the sake of "vital state interests," in the past few months of waiting for international recognition there have been frequent appeals to avoid triggering political crises in the Republic. We are currently witnessing a government crisis that is moderately encouraged by the liberal reformists (the end of which could be expected to follow Edinburgh), as well as, at the same time, a "withdrawal from the program" of Macedonian parliamentarians. The real question is whether in the interest of peace and tranquility in the face of such crucial events, was it truly necessary for parliament to be suspended for a while (a suspension that could be lifted at any time) and whether the accumulation of negative energy would not be fatal in the post-Edinburgh phase of our internal political battles.

Whatever the case, all such problems clearly indicate that the inauguration of a process of interparty dialogue concerning the most essential issues of domestic and foreign policy and even the institutionalizing of this dialogue is becoming the most important requirement of the present. It is important for such a dialogue—and Gligorov recently indicated that it will take place—not to have the ambition to replace the normal petty activities of political and state institutions. It is precisely a dialogue among parties, a parliamentary life, and the functioning of the executive branch that should operate

at three different levels of political life. What will link them reciprocally and what will ensure the necessary connection among these three levels should, actually, be the initiative of the first man in the Republic. The impression is that as time passes the readiness of political parties for such (and not the making of an electoral promise) coordination is decreasing unless a miracle happens in Edinburgh.

#### Macedonian Constitutional Court Role Discussed

93BA0373A Skopje NOVA MAKEDONIJA  
in Macedonian 5 Dec 92 p 13

[Article by Lilica Kitanovska: "When the Defender Has No Authority..."]

[Text] *The rulings of the Constitutional Court are frequently not implemented because of obstructions raised by the ordinary courts. Who is defending whom, and from what?*

In all systems the courts are synonymous with a power equal to the other two branches, the government and parliament. The Constitutional Court of the Republic of Macedonia, however, is not the holder of power, but merely an agency of the Republic concerned with the protection of constitutionality and legality. However, neither this nor the fact that it does not pass sentences but only judgments and rulings does not diminish its importance, for in all civilized and democratic countries the Constitutional Court has its precisely defined position in the social order. It is even more significant that no ordinary court would clash with the Constitutional Court, for their duties are of an entirely different nature. In a much worse variant, however, the "ordinary" courts, in general, ignore the judgments of the Constitutional Court.

#### Way of Behavior

Incredible but true, it is precisely this that is happening in our country. Profiting from the laical logic that rulings issued by an authority which cannot, at the same time, impose penalties for their violation, and cannot be implemented, most of the work done by that court is used merely for the purpose of mental relaxation and verbal clashes among differing views. The best proof of this fact is that the fierce clashes eventually turn into stereotyped resolutions which are understood only by those who are personally involved, while being virtually ignored by all others, in the belief that no major consequences would ensue as a result of such rulings.

Actually, we have precise knowledge about what the Constitutional Court can deal with and what it can resolve, and that any such resolution is nothing but a trend affecting a future event or act. However, in frequent cases the Constitutional Court would annul rather than invalidate a legal act. At that point matters become more complicated. As was well-stated by Professor Gjorgi Marjanovic, the regular courts turn the rulings of the Constitutional Court into a joke by clinging to

formalities. Specifically, when it becomes a question of abrogation, which means acting after something has happened and as to what happened before that, it is simply too late. The situation changes entirely when it is a question of invalidation. Naturally, this is only from the formal legal viewpoint, for such an action should be considered as though a legal act was not passed at all, or has never been part of the legal order. However, the fact that it had indeed at one point triggered some kind of action, which means consequences for those whom it affected, means the necessity of correcting the error and repairing the damages that occurred as a result of that action.

In practical terms, the best example of this is the ruling on the "Macedonian electric power utility" concerning its alleged intention of raising the cost of electric power, which in fact meant that yet another tax would be levied upon the citizens. There was a time when the state collected such funds as an additional source of revenue, which, legally speaking, was nothing other than an illegal accumulation of riches. Encouraged by the resolution of the Constitutional Court, the citizens appealed to the regular courts for a refund. In five Republic cities which appealed, the courts refused to consider the case because the ruling was "only" abrogated. At this point we are bound to raise another question that is much closer to the specific problem. How is it possible for rulings of the Constitutional Court to become merely formalized when it is known that these are not the ordinary rulings to which we have become accustomed but sound the alarm about something which is certainly not in order and which must be corrected, the more so since if such an interpretation of the court's rulings is continued we could easily reach a situation of total lawlessness: It will be found more profitable by anyone to pass an illegal or anticonstitutional ruling if this suits his personal interest, since the length of time during which this ruling will remain valid will become a "clear profit."

#### Another Logical Basis

Let us mention in this context yet something else which makes our situation exceptionally distinct. The Constitutional Court may take a long time debating a problematical situation and, in the final account, pass a judgment that would clearly indicate its wish not to worsen relations. Such was the case, for instance, with the political declaration of the NDP [National Democratic Party], which openly called for redrawing the borders and promoting religious and national hatred. After several months of consideration, the ruling was to wait until the new statute of the NDP would be drafted, with which the NDP would delete the inclusion of such statements.

These drastic examples indicate one thing only: In practical terms, the Constitutional Court has still not been assigned its proper place, which, according to the rules of any state, it should have. With this in mind, honest judges may not consider themselves very lucky but would act according to a very healthy logic: "Let us not

make things more complex compared to the complications we already have." However, the line of least resistance frequently leads to absurdities. If the "defender" (in this case of constitutionality and legality) does not have the necessary authority to block any criminal action, and nor is sufficiently strong subsequently to correct the matter, from whom should the state expect respect for any written rules? Naturally, the biggest problem is that of the conscience of the citizens. However, until that has changed, one must make more efficient use of the other instruments that the state has at its disposal, one of which mandatorily includes the Constitutional Court. However, it appears that this is a concept that cannot be developed to its completion, for this "state" of ours has been the subject that has accounted for most of the work of the Constitutional Court.

#### Macedonian Muslim Organization Head Interviewed

93BA0372A Skopje NOVA MAKEDONIJA  
in Macedonian 5 Dec 92 p 13

[Interview with Dzevat Djulioski, acting chairman of the KNM of Muslim Macedonians, by Panta Dzambazovski; place and date not given: "We Must Be Taken Into Account"]

[Text] *No "Ylirida" is possible, for the Muslim Macedonians are defenders of the Macedonian-Albanian border and they control a significant portion of the territory of western Macedonia, Djulioski says. In his view, the activities of the PDP [Party for Democratic Prosperity], NDP [National Democratic Party], PDA [Party for Democratic Action], and the DST [Association of the Democratic Union of Turks] are all focused on the denationalization of Islamized Macedonians and pursue a joint policy of the unification of Islam in Macedonia for political purposes.*

Dzevat Djulioski, acting president of the Republic Council of the Cultural and Scientific Organizations [KNM] of Muslim Macedonians, is one of the founders of that organization and, for many years, a member of its leadership. He holds his present position following the resignation of Ljatif Pajkovski (the elections are to be held in February 1993). In this conversation he discusses the activities of the organization, the problems of awareness of national identity by some Macedonians of Islamic faith, influenced by the PDP and NDP Albanian parties and, of late, the Democratic Action Party and the Democratic Alliance of Turks, mostly concentrated in the area of education. He also considers the idea of the so-called "Ylirida," about which he says that it is impossible precisely because of the Muslim Macedonians who inhabit strategic territories within the thus-conceived Albanian Autonomous Area.

[Djulioski] This past year was the most difficult ever since our organization was created. Something happened that had a fatal impact on the national identity of Macedonian Muslims. Following the destructive effect

of the branching out of the PDP and the NDP, there appeared their master, the Democratic Alliance of Turks, which most openly demands the conversion of Muslim Macedonians into Turks. If we add to this the presence of the Bosnian Democratic Action Party, one can easily see that the desire is to denationalize that segment of the Macedonian people on the basis of religion and politics. Both are pursuing a deep-seated policy: the unification of Islam in Macedonia for political purposes, inspired by fundamentalist demands.

[Dzambazovski] There are those who believe that it is a question of major political objectives to be implemented in Macedonia with outside help.

[Djulioski] Yes. It is not a question of the religion of Islam but of a political Islam in the Balkans. Look at what is happening with the language taught at school. They are publicly asking for a change in the native language, and children are being separated from their mothers.

Well-paid nationalists and extremists of Albanian and Turkish origins are trying to tell us who we are and what we are, that we have "forgotten our own" language, and that someone has tried to take it away from us and forced us to accept Macedonian. Actually, after the Albanians realized that they will not turn us into Albanians, they energized the Turks, once again for the purpose of turning us into anything but Macedonians. It is a question of broader plans assisted, I claim, from the outside, probably Albania, so that the western part of Macedonia becomes Islamic and, subsequently, the target of other political ambitions.

[Dzambazovski] Political pressure is being applied in education when the state allows this situation to exist.

[Djulioski] We, however, think that we have an overly frightened minister who, unfortunately, describes us as so-called Macedonian Muslims and treats us like an ethnic group, which in my view means national capitulation in the eyes of the public.

[Dzambazovski] However, we have the parliament's Commission for Interethnic Relations...

[Djulioski] Yes, but it does not include a single Macedonian Muslim. There will also be an investigative commission consisting of experts and linguists, but they will forget to include our participation in it.

[Dzambazovski] Let us return to the problem of education. What should be done in this case in order not to hurt the national feelings of citizens?

[Djulioski] Let us not forget that it is a question of children. That is why the state must do something. Some parents who have lost the sense of their national identity say, excitedly, that "my child will learn Turkish or Albanian because that is what I want, and if such is not the case I will tear that child apart." Just look at this kind of impudence and "parental concern." Confused and desolate children are being dragged to mosques and

houses and instructed in a language they do not understand. All of this is backed by sinister Albanian and Turkish forces. They know that it is "now or never." However, the slogan of our organization as well is "now or never," and we are pursuing the struggle. We are asking for the support of all political entities and parties and the entire public. In these crucial times the Islamized Macedonians must be helped. We shall demand of the state authorities more energetically to block some negative actions aimed at harming the Macedonian people. We must also change our organization and critically analyze the work we have done so far and admit to our errors. In any case, we must develop a new organizational structure but retain our basic platform, which is to work for the cultural and national renaissance of Macedonian Muslims.

[Dzambazovski] Are you thinking of becoming a political party, something that was considered at your rally and was also expressed publicly?

[Djulioski] We are definitely not developing into a political party. However, a political organization, a party based on Macedonian Muslims, would meet with our support, for this cannot harm us. What is most important now is to ask the state to support us with personnel, at least to increase it in areas where we live and where we are in the majority. We shall also ask the parliament to discuss our problem and the material drafted by our association. Naturally, it is possible to intensify cooperation with Macedonian Muslims and their societies and organizations in Golo Brdo-Albania, in Serbia, Bulgaria, Greece, and Turkey, and in the diaspora.

[Dzambazovski] You are not satisfied with your participation in the sociopolitical life of the republic. Ljatif Pajkovski, who resigned as chairman of the KNM of Macedonian Muslims, supported greater participation and the establishment of a party.

[Djulioski] One of the reasons for his resignation was the fact that there was no Macedonian Muslim in the Commission on Interethnic Relations. I equally disapprove of this, but not because we are not represented by Ljatif or Dzevat. We must choose someone who will competently defend our interests. Ljatif Pajkovski had long demanded that we develop into a party which he wanted to promote in the Reka area. However, his resignation is a moral act on his part. We have nothing against his founding a political party.

[Dzambazovski] It is frequently being publicly said that your organization has practiced for quite some time quite aggressive political actions against Albanians and Albanian parties, using a great deal of epithets, which caused more harm than good, and as a result of which some individuals made their careers. Also mentioned in that context is Dr. Nijazi Limanoski, who is one of your chairmen and a founder of your organization.

[Djulioski] Limanoski is the founder, and this will not be forgotten. I do not share the view that his presence and his work were counterproductive, for we are developing

our organization like ants that gather most zealously one blade of grass after another for the winter. We have chosen safe and tried methods, for we do not wish for this organization to vanish tomorrow.

[Dzambazovski] There is a division...

[Djulioski] Our activists may have different views but not concerning the issue of who we are and what we are. On that issue there are no problems. Perhaps there may have been individuals with an excessive desire for power, and for the KNM of the Macedonian Muslims to be dragged into political life. We have done what we could and, we admit, we have made mistakes. I can also say, however, that despite some confusion the Muslim Macedonians know who they are and which is their country. If the Turks needed centuries before they were able to do something for us, it is a certain fact that our organization will not achieve full success neither tomorrow nor perhaps in the next five to 10 years. We shall be lucky if we complete our awareness process in less than a century.

[Dzambazovski] You have called for the separation of Muslim Macedonians from the Mesihat of the Islamic Religious Community.

[Djulioski] Yes, because the latter serves the Albanians and not religion. To the extent to which they continue to abuse the Mesihat for political purposes, our population will ask for the establishment of a separate institution within the framework of Macedonia, concerned with its religious feelings and entirely loyal to the state.

[Dzambazovski] The Albanian parties are asking the international community for a special status to be granted to them in the Republic of Macedonia and for the so-called "Ylirida" Autonomous Area to account for a significant portion of western Macedonia. What would such an autonomous area mean to Macedonian Muslims?

[Djulioski] Let us be clear on this point. The Macedonian Muslims know what their national affiliation is. Let us look at where they live. They protect our borders with Albania. They live, starting with Ohrid, along the length of the border, with few exceptions, and all the way to Gora. In the Republic they live essentially in the area from Debar to Struga, from Debar to Kicevo, and from Debar to Gostivar, in that entire area. Perhaps 120,000 may not be a high number, but we control these territories, we are the hosts, and one cannot reckon without the host, is that not so? Therefore, "Ylirida," which, according to some hot heads, would extend even as far as Prilep and Bitola, is not possible. It is merely an illusion. I already mentioned how many there are of us, and let me say that in Albania there are another 140,000 Macedonian Muslims, most of whom live in Golo Brdo.

### Director of Macedonian Development Fund on Economy

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in Macedonian 9 Dec 92 p 3

[Interview with Dr. Miroljub Sukarov by B. Crvenkovski; place and date not given: "Macedonia Needs a Stock Exchange"]

[Text] *A market economy presumes a comprehensive, total market that cannot be organized without having a market for capital or a stock exchange through which capital will circulate, Dr. Sukarov believes.*

A market economy which we would like to restore and toward which all the reform steps that we have undertaken are aimed also presume the opening of new institutions. One of them is a market for capital and securities, popularly known as a stock exchange. We discussed this topic with Dr. Miroljub Sukarov, director of the Republic Development Fund. Sukarov also spoke about the possibility of establishing a market for capital in Macedonia during last week's scientific gathering held by the MANU [Macedonian Academy of Arts and Sciences], at which the "Strategy of Adaptation of the Macedonian Economy" was discussed.

[Crvenkovski] Mr. Sukarov, what makes the establishment of a market for capital in Macedonia necessary?

[Sukarov] Essentially it is the fact that we have decided to develop a market economy and, if we are following that path, we must have a comprehensive market. Such a total market cannot be established without having a capital market, for a market for capital is the connecting fabric. There is no possibility for the manpower to be activated without activating the power of the entrepreneurs, activated by capital, as its most important feature. If such is the case, the question is how to activate capital and how to make it accessible. In a market economy the investor is always protected because protecting the investor means protecting of the worker. Therefore, we must develop a market for capital. Incidentally, this is also because a capital market has a particular feature: the multiplication of capital. No one would invest any money unless he can obtain something in return. Hence the following idea: "I shall invest wherever I can earn faster and more." That is why the entrepreneurs are competing in developing profitable projects that will attract a greater number of investors and, therefore, owners of capital. It is precisely such entrepreneurs who must find a suitable place where they can compete. There are those with capital and those with knowledge, and the capital market is a place where these two aspects are brought together.

[Crvenkovski] What varieties of exchanges are there throughout the world?

[Sukarov] One is that of a capital market that, actually, is nothing but a market for long-term securities, such as shares of stock, bonds, and certificates of deposit. Then

we have the market for cash and short-term securities, such as checks, letters of exchange, and letters of credit. The third is a foreign currency exchange and the fourth is the precious metals exchange. We, as the Republic Development Fund, must before opening a stock exchange determine the ways and procedures for the sale of long-term securities. We have decided to go directly to the establishment of a stock exchange, something that is greatly needed by Macedonia.

[Crvenkovski] What type of exchange would this one be?

[Sukarov] There already exist in Macedonia a few types of, shall we say, illegal nonconstitutional exchanges, such as the foreign currency exchange at the flea market; there also is a private cash exchange that performs credit functions but is not controlled by the National Bank. Our work now is for all of this to become institutionalized. That is why we have drawn up a plan for a Macedonian stock exchange that would be something similar to the Frankfurt stock exchange or to that of Slovenia. This means that we shall combine the foreign exchange, cash, and precious metal exchanges with an efficient stock exchange. At the start, until experience in the exchange of securities is gained, the duties of exchange and the functioning will be performed by the foreign currency market, which will work something like the currency exchange.

[Crvenkovski] In practical terms, what will be achieved with the establishment of an institutionalized exchange?

[Sukarov] The need for a stock exchange in Macedonia is obvious. The most important thing is, above all, to earn the trust of foreign partners. Once they have seen that Macedonia has a foreign currency exchange, they will immediately realize that capital transactions are possible, so that denar values could be converted into any other foreign currency.

[Crvenkovski] Some experts have already expressed the view that the Macedonian market is too small to have a capital and securities exchange that would operate without any upheavals. What is your view?

[Sukarov] The people expressing such views probably thought that no classical stock market is possible in Macedonia, for a classical stock market relies on a stable

economy. Such is not the case in our country even during the period that we are anticipating, which will be economically unstable, with its ups and downs. That is why we have adopted as our model the over-the-counter type of exchange, where the main participants are precisely the enterprises that must prove themselves economically. At that market, trade is conducted among authorized dealers-brokers who directly represent one or several customers. Therefore, the very existence of a security is a sufficiently adequate prerequisite for becoming an item of trading, regardless of whether or not the company is prepared to accept the quoted value of its securities. Naturally, the appearance of such securities on the capital market does not mean that they will be automatically quoted but only the possibility that such papers could be purchased or sold at the price that the customer is willing to pay or asks the seller to sell. That is precisely why the thus organized relations that do not include any mandatory quotes do not make any upheavals possible.

[Crvenkovski] What is the main prerequisite for opening an organized exchange in Macedonia?

[Sukarov] We have trained personnel and some 15 brokers who are ready. The plan has been formulated, we have adequate premises, and we could open the exchange as of tomorrow. However, we do not as yet have the necessary laws to do so. The most important in that sense is the law on privatization and its submission to parliament, so that we may be able to undertake trading in shares. Furthermore, other economic laws must be passed, for without a properly issued set of regulations the functioning of any kind of exchange becomes senseless.

[Crvenkovski] Can you project the extent to which the Macedonian stock exchange would initially operate?

[Sukarov] Based on the most optimistic projections, the Macedonian stock exchange would handle about 7,000 transactions annually. Compared to the big exchanges throughout the world, this is very little. For example, the New York Stock Exchange has about 30,000 transactions daily. However, it will be senseless for us to start comparing ourselves to such exchanges. What matters is to start, and, in all likelihood, activities will gradually increase.



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