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22 July 1993

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*** Havel Views Regional Arrangement, His Political Role**
93CH0724A Ostrava MORAVSKOSLEZKY DEN in
Czech 14 Jun 93 pp 1, 3

[Interview by (na, va) with Vaclav Havel, president of the Czech Republic, in his office on the evening before his first trip to northern Moravia and Silesia: "A Politician Must Endure a Lot"]

[Text] Prague—On the evening before his first trip to northern Moravia and Silesia, in his office as president of the Czech Republic [CR], Mr. Vaclav Havel granted the following exclusive interview to the editors of MORAVSKOSLEZKY DEN:

[MORAVSKOSLEZKY DEN] The Czech president's behavior now is different from what it was when he was president of Czechoslovakia in 1990. Above all, he is more moderate and seems to be less active. Why is that?

[Havel] The change you mentioned was brought about by the new constitutional framework of the CR. The constitutional agencies now have precisely defined jurisdictions, and I am glad that the president has finally stopped being a kind of leader of the nation who was expected to intervene and talk about everything constantly. The speed with which actions were taken in 1990 (I am not talking exclusively about the president) was due to the exceptional number of changes that had to be executed as quickly as possible. However, the appearance that my activity has now decreased is deceptive: I have a full schedule from morning to night and usually work through the weekends.

[MORAVSKOSLEZKY DEN] Quite a lot of people blame you specifically, Mr. President—and not the government, parliament, or, for example, Vaclav Klaus—for a number of economic, social, and personal difficulties that resulted from the transformation of the entire society. Is it difficult to be a symbol?

[Havel] That is connected with what I was talking about a moment ago. Many people imposed on the president unwarranted expectations and ideas. That is the consequence of four decades of centralized power, when a single person or a single narrowly limited agency used to make all of the decisions about everything in this country. The government, parliament, and the courts were subordinate to them. The post-November 1989 development is moving toward decentralization, toward the delineation of mutual jurisdictions. Economic development is determined by the government, and social problems should be determined on as low a level as possible, the level of local and district agencies.

[MORAVSKOSLEZKY DEN] Apparently people behave differently when dealing with the president. They tend to play a role. They wish and try to exert influence and are less natural, open, and frank. How does that affect you?

[Havel] I do not perceive it the way you describe. I meet a lot of people during my daily schedule, especially on my travels around the Republic. The people I talk with are sincere. They confide the problems of their regions or their

enterprises to me. During various meetings with citizens, the latter have posed harsh questions. They have not spared me in any way.

[MORAVSKOSLEZKY DEN] Mr. President, what is your opinion of the occasional, almost anti-Czech, statements made by Prime Minister Meciar?

[Havel] I know Mr. Meciar. I know that his statements sometimes evoke an animated response in the press—after all, they are directed at the latter—but you should also notice that the reaction on our part is becoming increasingly calm and more matter-of-fact.

[MORAVSKOSLEZKY DEN] What is your opinion on the constitutional arrangement of the CR in relation to Moravia and Silesia?

[Havel] It was during my trips to Moravia and my talks with the representatives of self-governments that I realized that the problem of the regional arrangement was more complex than I had originally believed. I had imagined two superior regional administrative units in Moravia, which could be called the historic expression of the country. However, the local self-governments in Moravia incline toward three superior units. Then there is the question of their names: There were two historic countries in Moravia. But that is an incidental issue; the jurisdictions of and mutual linkages between state administration and self-government agencies are more important. In fact, it seems that there will be more superior units than was originally expected, even with respect to Bohemia. A parliamentary commission is now seeking to find a resolution. I even admit that the recently approved model can be adjusted in the future, so it will satisfy the citizens, above all.

[MORAVSKOSLEZKY DEN] The minister of foreign affairs, Mr. Zieleniec, disagreed with some of your actions in relation to Germany, especially in relation to the Sudeten Germans. Is there tension between the two of you?

[Havel] Every time reporters ask me about tension between politicians, I have to smile. I wonder whether reporters would be happier if all politicians were the same and had absolutely identical opinions. Not only is there no tension between me and Mr. Zieleniec, but also one cannot even talk about differences in attitudes. Certainly there is a difference in emphasis and phraseology, but why look for something more at all costs? The minister and I agree in our views about a dialogue with the Germans; I do not know of any criticism of my activities in regard to Germany. And I will privately admit to you that Minister Zieleniec and I regularly go for dinner together at a very pleasant, little Prague tavern.

[MORAVSKOSLEZKY DEN] What is your opinion about meeting the property claims of the church, primarily the Roman Catholic Church?

[Havel] I will primarily mention what is irrefutable. Whatever serves the church's activities, must revert to it. Humanitarian institutions located in church buildings should continue to serve their purpose, irrespective of who owns the building, and they should do so under the same conditions. I am thinking primarily of rents. The forests

are a second issue. In that case, I believe it would not be detrimental to privatize them quickly, through restitution. The biggest problem is the land, the farms, and agricultural buildings. I am not sure that it is possible to execute such an extensive transfer of property to the church. In any case, all of that restitution should create the conditions for the separation of church and state.

[MORAVSKOSLEZKY DEN] You head a country that is severely impacted ecologically. One cannot swim in most of the rivers, the soil is contaminated, the sources of clean water are decreasing in number, and the air, the flora, and the fauna have all been damaged. Is there any way in which that can be remedied?

[Havel] That is a worldwide problem, not only ours. For instance, the decrease in the ozone layer threatens the entire planet, irrespective of borders. Humanity has no choice but to realize its worldwide responsibility for the future of our planet. And from that must issue the motivation for all of the measures that will then be implemented by governments and international organizations. It is necessary to get rid of indifference and accept one's share of mutual responsibility.

[MORAVSKOSLEZKY DEN] Some of the media, especially CESHY DENIK, sometimes cannot resist coarse and insulting diatribes against you, which are often clearly unjustified. Does that affect you, Mr. President?

[Havel] A politician must endure a lot. I laugh at some of the nonsense I occasionally read about myself in various newspapers. I trust in the intelligence of the newspaper readers, that they will see for themselves the purpose for which the article was written. In a democratic society, a person has the option of simply not reading some newspapers.

* Government Prepares for Dialogue With Sudeten Germans

93CH0725A Prague RESPEKT in Czech 13 Jun 93 p 3

[Commentary by Zbynek Petracek: "Between Dialogue and Negotiation. The Government Decides To Negotiate With the Sudeten Germans"]

[Text] It was not so long ago that Vaclav Klaus, upon returning from Bavaria, observed in front of a TV camera that negotiations with Sudeten Germans could be entrusted, for instance, to "one of the smaller parties." That remark ended in oblivion as on one of a number of occasions on which the prime minister typically misspoke. Indeed, how could one party, not to mention a "smaller" one, represent the government coalition? However, in Wednesday's MLADA FRONTA DNES, Vaclav Benda had himself quoted as saying that "the KDS [Christian Democratic Party] has prepared a program of steps that could resolve the problems of the Sudeten Germans' attitude toward the Czech Republic." Thus, it turns out that at least one political party has systematically prepared for "biting the sour apple" and that the coalition evidently has weighed many varieties of a dialogue.

Coalition on the Defensive

That makes more peculiar the timing of the deadline the "Four" [coalition parties] set for its decision to set up a working group for negotiating with Sudeten German organizations, as also the confused, to put it mildly, conduct of the ODA [Civic Democratic Alliance]. Had the coalition sorted out its disputes in advance and publicized its conclusions a week earlier, it would have gained several advantages: Sudeten German representatives would have lost their main argument, which is that no one is negotiating with them; the immediately following Sudeten German congress would "test" the reactions of the Landsmannschaft and both Bavarian and Federal politicians; and, in Nuremberg, Munich, and Bonn, one would see consistent conduct in our Cabinet.

After last Monday, an entirely different picture emerged: Instead of having the Germans respond to a conciliatory step by the Czech Government, the Czechs responded to the strong language emanating from Nuremberg; instead of the government coalition displaying its model unity, ODA is dissembling in an effort to gain "patriotic" points—that, even though a matter of important principle is involved that requires, as Josef Zieleniec keeps emphasizing, a consensus "beyond the coalition." The foreign minister also commented on the subject in Saturday's TV debate "The Week That Was." He regards it as an error that the coalition made its decision "several hours after the militant course of the Sudeten German congress." But he failed to answer the main question: Who was it who actually decided on the faulty timing if he could not be prevailed upon by even such a responsible diplomat and such a high ODS functionary as Josef Zieleniec?

Facing the Problem

The tempest within the coalition will surely abate soon, and practical questions will come up on the agenda—who, where, when, with whom, and especially about what to negotiate. That, too, was addressed on Saturday by Minister Zieleniec: "A better word than negotiation is the term 'dialogue.' I do not use the word 'negotiation' because a negotiation has its agenda and a goal. A dialogue need not lead to the resolution of a problem determined in advance." True, dialogue offers a broad scope. The working group that does not have executive powers can thus talk about anything without being able to resolve anything. There is practically only one risk: if one day the partner declares, "Enough dialogue, let's begin negotiating." After all, Franz Neubauer, also, commented on Thursday on the setting up of the working group: "It might be at least a beginning." What follows from that for our side is imperative: to work out as soon as possible a strategy for handling the matter that would prevent lapses such as the "reaction to the Sudeten German congress."

The battle will certainly be joined also by the sworn opponents of a dialogue whose job is incomparably easier. "If we negotiate, we will admit that the problem exists," thundered Professor Trnka on Saturday on the TV screen. Alas, the problem will be here even if we do not admit it, and, if we continue rejecting a dialogue, the Germans will

reproach us for being unaccommodating on every occasion and at every level from Munich to Bonn. While our opposition likes to criticize our efforts to join European integration solely through Bonn, it has yet to devise a recipe on how to get into the EC in spite of Bonn.

*** New Asylum Law Seen Similar to German Law**

93CH0725B Prague RESPEKT in Czech 13 Jun 93 p 4

[Commentary by Jiri Sidlo: "Interior Ministry Preparing New Asylum Law"]

[Text] According to Martin Fendrych, deputy minister of the interior, there are only two ways of restricting migration in Europe: an asylum law that will define precisely which refugees are to be admitted, and agreements among European countries on sending refugees back.

Interior Minister Jan Ruml last Thursday informed deputies of the parliament's committee on defense and security that his department is preparing a new asylum law. "We must adopt a fundamental decision, but, for now, we do not know exactly what we should be deciding on," says Tomas Haisman, director of the Interior Ministry's refugee section.

According to Haisman, the Czech Republic [CR] finds itself in a peculiar situation: So far, no one can figure out how the present migration wave will be affected by the change in Germany's asylum procedures. Will the flow of refugees be halted? Will we become an attractive and sought-out country for thousands of foreigners?

Under the 1990 law on refugees, in barely three years in the former Czechoslovakia and in the CR, more than a thousand foreigners, approximately every fourth applicant, obtained "refugee status" (*de facto* asylum). But Dr. Haisman claims that there are very few among them who would meet the strict criteria of a "genuine political refugee." This is because the law currently in effect permits granting "the status" also for humanitarian reasons. "One can subsume a lot under humanitarian reasons," says Haisman. "Protection of human rights is a very broad notion. Right now there is an intensive discussion of the subject in the Interior Ministry."

Moreover, according to experts, at least one-third of the "status holders" have continued on their way to one of the richer Western countries, and there is no doubt about the predominantly economic motives of their migration.

Thus, in no way we can compare ourselves to the numbers of asylum-seekers in Germany. Dr. Haisman moreover claims that "so far we have not even exhausted the possibilities of the old law." He says that officials are often unable to evaluate refugee applications in sufficiently short time, and, on top of that, there are technical problems. According to the refugee law, the foreigner should apply for asylum immediately at the CR border. But the majority of refugees come to us across Slovak territory, and sometimes it takes them a long time before they find a place inside the CR to apply for asylum (an office of the border or the alien police).

Interior Ministry officials talk generally of the "tightened requirements" of the new asylum law, but, so far, no one is able to explain precisely the concrete meaning of it. Perhaps the only sure thing is that our statute expected to go into effect in 1994 will not be greatly different from asylum laws in Austria and Germany. Eligible for asylum will then be really only those who meet a clearly formulated requirement of "political emigration." But, in contrast to the countries mentioned above, we have for now an advantage in that economic refugees do not wish to remain in our country.

T. Haisman: "Migration is like the current of a wild river that cannot be stopped by a single dam, no matter how big. It can only be regulated by several smaller dams—in this case, by readmission agreements and a coordinated policy of Central European countries vis-a-vis the so-called source countries.

But, for now, cooperation is in somewhat slow motion; the CR does not want to sign an agreement with Germany until it agrees on a common border with Slovakia. But Slovakia recently broke off negotiations on a readmission agreement with Hungary, which, however, is already a direct neighbor of two of the biggest "suppliers" of refugees: Romania and the territory of the former Yugoslavia.

So the issue is who will be the last in line, who will have the western border hermetically sealed and the road from the east open. After adoption of the asylum law in Germany, it is for the time being the CR.

Dialogue With Sudeten Germans Troubles Government

*93CH0773A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 2 Jul 93 p 14*

[Article by Berthold Kohler: "Forward, Backward—The 'Sudeten German Question' Poses a Dilemma for Prague"]

[Text] Prague, Jul—Czech Prime Minister Klaus himself said that it had been a courageous decision to announce talks between the coalition parties and the Sudeten Germans. The (leftist) opposition, on the other hand, which almost labeled the prime minister as a traitor to his country because of it, is reported to be afraid of contacts with the expellees. The critics are alleged to have few arguments in support of such a confrontation. According to another high-ranking representative of the governing Civic Democratic Party (ODS), the "expression of self-confidence on the part of Czech policy" has meanwhile lost considerably in terms of internal rigidity. Exactly one week after announcing his militant intention, the prime minister sounded retreat: Because of the offensive character of those speeches made by German politicians (four weeks earlier) at the 44th Sudeten German Congress in Nuremberg, he, Klaus, would not be giving any "green light" for talks with representatives of the expellees.

According to the Czech prime minister, it was a letter from the head of the Bavarian government, Stoiber, which reopened those wounds which the Nuremberg congress, which is perceived in the Czech lands as being "militant", had inflicted upon the Czech national sentiment. Prague

editorials, on the other hand, speculated that it was more likely the growing public irritation over the "genuflection" before the Sudeten Germans which had caused the prime minister to put on the brakes. Whereas one side expressed its satisfaction over the fact that Klaus had now obviously regained his political "instinct," others accused the government of being "inadequately immune to populism." In any event, what is a fact is that the Klaus government, which normally leaves behind only dead straight furrows in the (economic-)political field, has begun to pitch and toss severely in view of the "Sudeten German question."

And it is not only the helmsman that is showing signs of insecurity. The Civic Democratic Alliance (ODA) which backs up the ODS in the coalition struggle for the return of church properties against both of the Christian-oriented allies (the People's Party and the KDS [Christian Democratic Party]) has repeatedly changed its position when it came to the "Dialogue—Yes or No?" topic. If the initial reluctance of the ODA to send a representative to the controversial discussions was allegedly a canard perpetrated by the press, there is now no doubt (and no excuse) anymore. The ODA is opposed to talks by representatives of the government parties with the Sudeten Germans, according to ODA deputy chairman Kroupa, because this would be an admission of the seriousness of the Sudeten German demands. These demands, according to Kroupa, were in conflict with the state interests of the Czech Republic. Kroupa has even rediscovered the old fable according to which the Sudeten Germans had provided financial support to nationalists in Slovakia in order to promote the breakup of Czechoslovakia. Now, representatives of the German Government coalition are said to be attempting to use the "pro-German lobby" in Hungary and Hungarian delegates in Bratislava to induce Slovakia to repeal the expulsion decrees. If the dam breaks there first, the argument goes on, then the flood of Sudeten German claims in the Czech lands can reportedly no longer be held back.

This dancing on eggs around those informal conversations which are intended to bring about a "position clarification" between junior representatives of the coalition parties and representatives of the expellees (and nothing else is currently at stake) reveals a dilemma of Czech domestic and foreign policy. The government knows only too well that the "Sudeten German question," which has been whipped to a degree of solitary prominence by that noteworthy alliance of representatives of the expellees and the Czech left in this country, has been politicized to such an extent that any further inaction is made to appear like gross negligence. However, the Czech Government finds it impossible, as a result of the virtually unanimous opposition on the part of the population to the (Sudeten) Germans, to go along with the Sudeten German preoccupation, which ranges from the admission of injustices committed as a result of the expatriation, through "domiciliary rights" all the way to property right questions.

And yet, in the meantime, it is primarily Christian-oriented politicians and members of the dissident generation that consider it necessary to publicly condemn the

crimes and excesses committed during the expatriation of the German Czechs. KDS Chairman Benda even dared to bring up the granting of Czech citizenship to "clean" Sudeten Germans. The fact that President Havel has repeatedly characterized the entire act of expatriation as "immoral" (of course, without drawing any conclusions regarding legal consequences) continues to be perceived by the population only with disdain after four decades of claims to the contrary. But because this "apology" has now already been pronounced, the Czech duty and expression of guilt is considered as having been done. Because in the Czech lands, almost everyone is convinced that the expellees were responsible for their own expulsion. Without the Hitler war and the preceding "treachery" of the Sudeten Germans in the First Republic, the "transfer" would never have occurred, everyone says. Any discussion regarding justice and injustice must begin around the time of the Munich Accords of 1938. The Sudeten German argument that one would have to go back as far as 1918, when the German Czechs had been forced to join the young Czechoslovak state with a disregard for their rights of self-determination, is being dismissed. Rational and pragmatic considerations as to how many (or better still, how few) Sudeten Germans would like to return to their mostly devastated homeland at all and under what conditions (perhaps: the requirement to make investments) are completely lost in the morass of scare-mongering and mutual accusations of guilt.

The technocratically characterized Klaus government, which is accustomed to quickly "check off" difficulties once they have been detected, would have much preferred to bury this apparition from prewar and postwar times somewhere unobtrusively, much like the last Czechoslovak Government. But the left and its organs keep this topic constantly simmering for lack of other critical substance and keep the soul of the people shuddering. Not uninfluenced by the fixation of its own media on the proclamations originating at Sudeten German House in Munich, those in government fear that the "Sudeten question" could permanently burden the relationship with Bavaria, Germany and thus also with the European Community. The Stoiber package deal in Nuremberg, according to which the approval by Munich to run a petroleum pipeline from Ingolstadt to Bohemia is allegedly awaiting a "good-will gesture" by Prague, such as the repeal of the Benes decrees, carries considerably more weight on Czech scales than the very friendly, but noncommittal words from the Bonn Foreign Ministry, according to which relationships between the two countries will be oriented in terms of the future rather than in terms of the past. Nowhere is the residual influence of the CSU [Christian Social Union] in Bonn evaluated higher than it is in Prague.

In order not to endanger the Number One foreign policy goal, the sought-after integration of the Czech Republic in the European Community, by the accusation that there is an inability to conduct a dialogue with one's neighbor, Klaus attempted to do the splits, which are otherwise quite foreign to him: to announce conversations which actually do not mean anything, but are not intended to make anything happen anyway. What moved him to do this so

immediately following the "militant" Sudeten German Congress is something no one knows how to explain. It is also surprising that the prime minister also blinked after he had already taken the first "courageous" step. Recently, President Havel said that "some kind of a dialogue" would have to take place sooner or later. The fact that sooner is better than later is something that could be read in the meantime in the Prague newspapers. And the fact that in Bohemia a handshake with the Sudeten Germans would, for the foreseeable future, be accompanied by a chorus of boos should actually be nothing new for Klaus.

*** Shares of 53 Companies To Be Sold on Stock Market**

93CH0728B Prague HOSPODARSKE NOVINY in
Czech 2 Jun 93 p 1

[Article by (do): "Securities Worth 2.2 Billion Korunas Are Being Offered—The Fund of National Property Is Entering the Czech Capital Market"]

[Text] In the next few days, the Fund of National Property will put 930,000 shares of 53 corporations on the unquoted market of the Prague Stock Exchange and into the RM-system [expansion unknown]. The only remaining technical step is the assignment of ISIN's [international identification numbers for securities].

The stock certificates the Fund of National Property will offer stem from the shares destined in privatization projects for sale through brokers. In terms of nominal value, the overall volume of all such shares (temporarily) held by the Fund of National Property represents 5.7 billion korunas [Kc]. In terms of individual corporations, those shares destined for sale represent 2-40 percent of the basic worth. In preparing to enter the capital market, the fund took into consideration that an overly high offering could depress prices, as well as the fact that realistic market prices are not known for the present, and no one is seriously capable of estimating them. That is why, in making the offer to the RM system, the fund adhered to the upper limits of the price spread for the first periodic auction. In the offering made through the Stock Exchange, the fund itself calculated the prices. Similarly, it estimated which enterprise shares were offered to the Stock Exchange and which will go to the extra-Exchange market. As stated by Tomas Jezek, the chairman of the Executive Committee of the Fund of National Property, a certain role in that division was played by the quality of the enterprise, something the fund again estimated on its own. The RM-system will thus receive an offering of 516,000 shares of 31 corporations; the Stock Exchange will receive 414,000 shares of 22 corporations. If the shares are sold at the offering price, the Fund of National Property would receive approximately Kc2.2 billion.

The Fund of National Property perceives the present offering, in the words of Tomas Jezek, as a "trial balloon." The fund understands that prices are generally clearly overstated and is very likely reconciled to the fact that the actual sale could occur at lower prices. In the case of the

RM-system, the fund (much like other experts) anticipates that market prices will not prevail until after the third round of auctioning.

In selecting corporations whose shares could be offered on the capital market, the fund proceeded from the room it has at its disposal—in other words, that can only involve shares that were set aside for that sale as early as the privatization project involving them. The fund would like to use that method to get rid of shares it is holding temporarily and hopes it will be permitted to offer the capital market even the remainders of shares from the first wave of coupon privatization. The Fund of National Property is opposed to the return of those shares to the second round. It uses the argument that that could involve corporations whose shares would thus simultaneously appear on the actual market in return for specific moneys as well as in the coupon privatization market, where they are more or less distributed for point prices.

*** Minister Explains Railroad Restructuring**

93CH0728A Prague HOSPODARSKE NOVINY in
Czech 2 Jun 93 p 7

[Interview with Jan Strasky, minister of transportation, by Tomas Kubes; place and date not given: "The Transformation Program for the Czech Railroads"]

[Text] *The proposed transformation program for the Czech Railroads [CD] was among the materials of the Ministry of Transportation that were judged by a conference of Czech ministers. Despite the fact that the ministers deferred their decision, it is likely that that decision will become the foundation for the future organization of the CD. We asked Jan Strasky, minister of transportation, for an elucidation of that proposal.*

[Kubes] What do you consider to be the most essential matter in the proposed arrangement of the CD?

[Strasky] We want to separate the transport trip from rendering transport services. Transport trips will be contributed to by their users, or the state budget will subsidize them. At the same time, we want to downsize the management structures. We shall also create conditions to make it possible or the CD to make commercial use of useless property.

[Kubes] What are the most critical problems you anticipate?

[Strasky] The risk lies in the correct setting of the price the user of a transport trip will pay to the maintainer of the transport facilities. What is far more critical, however, is the exchange of the right people to assignments in the new management of the CD, at both the central level and in the commercial directorates that are to come into being for some of the CD tasks.

[Kubes] Have you set any kind of criteria for selection?

[Strasky] We need people whose capabilities will reflect the new philosophy of the CD commercial activity. I am working with teams around the transport commission of the Parliamentary Economic Committee, with groups that

worked at the ministry before I arrived there. Our field trips and consultations with other coworkers should also help. In that way, we should choose well those few tens of employees for the CD management.

[Kubes] How many will there be?

[Strasky] In the first weeks of my assignment at the Ministry of Transportation, I formed the opinion that the current situation involving the CD is based on a certain tradition as well as on a political profile of that organization. Changing one individual would not solve anything. It is necessary to build a certain organizational structure. That would involve 40 to 50 people. That will be the beginning.

[Kubes] What principal goals would you like to achieve by changing the organization of the CD?

[Strasky] Primarily, halting the decline in transportation outputs. The drop in cargo loadings and the number of employees has already reached a level at which it is no longer possible to proceed across the board. If we now prove unable to turn the output curve around, we would have to reduce the structure of the railroads and close lines. That would not be an exception—we are figuring on that—but by at least one-half.

[Kubes] How do you intend to achieve the decisive turnaround?

[Strasky] By creating a competitive environment. On 19 May, the government approved the law on the CD, and it will be presented to parliament. It will make it possible, under certain conditions, even for other users to make use of the CD tracks. Foreign users will be customers for transport trips just like the operating division of the CD is. In subsequent steps, it will be necessary to change the subsidy policies. Subsidies that cover the CD losses on an ex post facto basis should not be continued. Part of the state resources should be turned around to support promising projects that will require a final injection in the first phase. I have in mind, for example, various types of combination transportation, recreation lines, or regional transport solutions in areas where the railroads can assert their ecological advantage.

[Kubes] Who is the author of that notion?

[Strasky] The CD transformation program does not have a named author and did not come into being at any institution. When I took on the job of minister of transportation, I found a whole safe full of studies that had been created by various initiative and specialized teams. Gradually, I managed to bring them together at one table. The people whom I met numbered approximately 600. They included employees of research institutions and retirees who had worked on the railroads at one time. What is essential is that, even in those groups, a compromise was found that is reflected in the material.

[Kubes] Throughout the world, there exist two fundamental concepts: The railroads are either state railroads or private railroads. You have opted for the alternative of

division and maximum privatization. A number of countries have unequivocally rejected that concept, and even some of our specialists are rejecting it. Why did you elect that variation? Is it possible to call it a compromise?

[Strasky] The compromise lies in the fact that we did not opt for a consistent organizational division. Our model is organizationally arranged in such a way as to permit us to test the relationship between two parts and allow us to monitor financial streams. Toward that end, we shall create units and economic ties. If that arrangement does not work out, it is, in the final analysis, reversible. At the same time, however, it opens up the possibilities of further progress.

In subsequent steps, it is likely that passenger transportation will remain with the state. The second larger component, commercial-operational portions of the CD, could, for the time being, become an efficient enterprise, perhaps even a privatized one.

We want to put an end to breaking out various auxiliary operations that are tied to the CD by customer-supplier contracts but that are not necessarily essential for operations.

[Kubes] Will operational units become completely economically independent in the end?

[Strasky] Operating units of the railroads have a very bright character. They include not only stations but also individual locomotive or car depots, workshops, and support facilities. It is hard for us to create a unified model for them. We are making significant restrictions with respect to the central link. That means that we must strengthen the center and, at the same time, the jurisdiction of executive units. For the time being, there are no prerequisites that would provide that independence with an economic character. In fact, even all sales continue to flow to one location.

[Kubes] To do away with the central link of management is not simple and need not proceed quite smoothly. Are the railroads prepared for that?

[Strasky] I am assuming that I shall find support among the broad circles of railroadmen. We must react to the downsizing of the CD as well as to its economic situation. After three years, the majority of employees realize that the management apparatus must be limited in terms of structure and numbers.

I would like to utilize the psychological impact to mobilize the railroads and to create a commercial environment. The railroads may employ as many people as they can support. We wish to activate those people who, following three years of decline in outputs and number of employees, have been sufficiently demoralized. On the basis of existing experiences involving railroad workers, I believe that it is possible to achieve a decisive turnaround.

[Kubes] For three years, the railroads have been marking time. Why was nothing actually done?

[Strasky] I cannot say on the basis of my experiences; I was not here. But I can remind you that a number of resolutions of the government were adopted, as were promises that had to do with the railroads. For example, separating passenger transportation from railroad operations in the accounting field dates back to 1990. At that time, the government charged the CD to work on the accounting separation.

[Kubes] Did that take place?

[Strasky] It has not happened to this day, and I am afraid that it is one of the critical questions. In the second half, it looks to us like we will be able to catch up with those complicated technical problems far enough to allow the economic model and not only the record-keeping model to begin functioning.

We can recall a whole series of resolutions dealing with the railroads. I do not wish to say that nothing was accomplished in those three years. The railroads reacted in an uncontrolled manner. They failed to decide to take the decisive organizational step that would convince employees on the railroads that management knew what to do or was at least testing what to do.

[Kubes] How do railroaders react to the transformation project?

[Strasky] I have visited approximately 20 locations. We always dealt with the management of the appropriate railroad central facility and then with the rank-and-file employees. I would say that, in the management structure, there was important doubt about whether it is possible to change the strategy of the CD in the commercial direction. In my opinion, that is based on existing railroad practices. In that sense, I am disturbed by these negotiations. The rank-and-file employees are accepting the fact that any kind of change is being proposed in a much more positive way.

[Kubes] When will the new CD management begin operating?

[Strasky] The reorganization will begin on 1 July, with the coming into being of a new general directorate. The old general directorate will be fading away over a period of two to four weeks. Approximately 14 days later, the appointment of new directors will take place. In the subsequent period, they will be restructuring and creating their individual units and will be taking over their jobs. Another step will involve a certain change in the leadership of executive units. However, thus far, no schedule has yet been approved, so we cannot speak of a precise time sequence.

[Kubes] What will happen to the existing management?

[Strasky] Everyone who will find a place at some level in the CD structure will have the opportunity of integrating there.

[Kubes] Will the railroads be capable of normal functioning during that time?

[Strasky] We must do things in a way that will not disrupt the operations of the railroads. The railroads have a certain specific function. The executive units are independent to a certain extent so that, in a short time, they will prove capable of functioning, even under conditions involving a disrupted flow of orders or information.

[Kubes] When do you feel the notion that the commercial portion of the railroads could be a money-maker might come about?

[Strasky] Today, the state pays up to 70 percent of the cost of passenger transportation and 20 percent of the cost of freight transportation. A turnaround toward a growth of outputs will occur once the railroads begin to behave commercially—as soon as they create projects that can be discussed with a bank and not only with the state budget. At that moment, individual commercial cases will undergo a revolution. I would estimate that it will be two years before it results in an overall profit—provided the expectations of output growth in the overall national economy and the forecasts regarding the development of transit shipments across our territory prove to be true.

*** Government Approves Export-Financing Support**

93CH0739C Prague HOSPODARSKE NOVINY in
Czech 4 Jun 93 p 9

[Article by Arnost Boehm, assistant general manager of Export Guarantee and Insurance Corporation: "The Financing of Export Credits—Another Step in Support of Czech Exports"]

[Text] *At its 2 June session, the government discussed and approved the principles governing state support for the financing of exports. It decided to entrust that activity to the Export Guarantee and Insurance Corporation (EGAP), which has, until now, been active in the area of insuring credit operations connected with exports against political, economic, and commercial risks threatening the validity of foreign receivables. In view of the serious nature of that decision, which represents an additional step in support of Czech exports, we list below the basic principles governing the functioning of the system of financing or refinancing for export credit operations.*

The experiences of Czech and foreign exporters in international markets confirm that, for purposes of acquiring extensive foreign orders, primarily for deliveries of capital goods, the ability of the exporter to offer financing that corresponds to the opportunities of the customer, which are generally tied to the recoverability of the given investment, is decisive.

Under conditions that exist for the Czech economy, that involves a number of prestigious export projects, the acquisition of which would importantly strengthen the credit of Czech firms in international trade and would make room for the acquisition of additional orders.

From the banking-technical as well as the organizational viewpoint, the problem of financing export credits can be broken down into two fundamental relatively independent functions:

A. The concentration of relatively inexpensive financial resources (acquired from the state or the central bank),

primarily resulting from loans made in foreign capital markets with a state guarantee and making those financial resources available through the form of refinanced credits within the required time frame to banks and exporters so that they can offer credit terms that are comparable with those offered by the competition in export transactions.

B. The granting of advantaged supplier or customer credits, based on direct ties between the exporter and his financing bank and negotiation of credit agreements with the foreign customer/debtor or with his bank.

From the standpoint of the anticipated structure of the granted refinancing credits, it is clear that the financing of exports will require the acquisition of primarily midterm and long-term resources.

Given the current status of the Czech financial market, it is also clear that the necessary financial resources will need to be acquired virtually exclusively in international capital markets. A condition for the successful access to operations in capital markets is that those loans will be made with a state guarantee that they will be paid off, as is the case in developed market economies, where state financial support is an important component in their proexport policy.

For the start-up period, it will be necessary to figure on the Czech National Bank's playing a significant role in concentrating disposable domestic resources and providing technical and organizational assistance in acquiring resources in foreign capital markets. Collaboration with international financial institutions will be suitably utilized as a source of technical assistance, as well as being a path toward access to international financial and capital markets.

As far as the redistribution of refinancing resources to finance Czech exports is concerned, two forms can be applied:

- The provision of customer credits, whereby the Czech Bank of Commerce grants a credit to the bank of the foreign customer or directly to the foreign customer, with the Czech exporter being paid for goods on delivery; the refinancing resources will be covered by bank receivables billed to the bank's debtor, with the commercial bank that has jurisdiction being obliged to pay off the refinancing credits on a priority basis, without regard to the actual payments flowing from abroad, or
- The granting of supplier credits, where a Czech commercial bank grants a credit to the Czech exporter tied in to his exporting activities, with the exporter holding the claim; the financing commercial bank will cover its credit with secured export receivables with the commercial bank being obliged to pay off the refinancing credit in the same manner as the customer credit is paid off.

From the standpoint of the market-conforming process in granting advantaged credits and with an eye toward the

need to expand the Czech financial market, it is essential that, in financing exports, the function of the commercial banks as fundamental points of contact with the exporter be preserved—that is, the commercial banks as institutions who know the exporter well, know his export program and his financial situation, and, furthermore, have the necessary infrastructure for foreign payments contacts and arranging export credits for foreign customers.

The essential condition for granting refinancing credits to a commercial bank must be the proper assurance that the claim will be paid, and only those credits that are acceptable from the standpoint of credit risk—that is, those that are insurable according to standard criteria governing the credit risk—will qualify for refinancing.

Refinancing resources should not be granted for that portion of the contract paid in cash (a minimum of 15 percent), nor should they be made available for the corresponding amount of coparticipation by the commercial bank or the exporter in the event of a possible insurance settlement. The key rule for refinancing must be full coverage of the refinancing credit by insured foreign receivables. That relationship is decisive even for judging the refinancing institutions from the viewpoint of the quality of their portfolio as banks accessing the capital market. Similar institutions abroad, irrespective of whether they are organizationally connected with the insurance industry or are independent, base the success of their loans on the fact that their portfolios of assets are covered by insured export receivables.

Creating a system of refinancing is only effective if the costs of refinancing are cheaper for commercial banks than if they were to do their own refinancing and if that were to translate into lower financing costs of exports for the exporter. Even in the acquisition of financial resources with state guarantees, the cost of those resources will be clearly higher than the interest rate at which it will be necessary to grant export credits in such a way that the financing conditions would be comparable with the offers made by the competition. It will therefore be essential to firmly stipulate the maximum margins for commercial banks over and above the cost of the refinancing credit or to directly set the rules for calculating rates at which exporters receive credits financed in that manner. Toward that end, it will be essential to cover the differences between the costs of acquiring those resources and the proceeds from the credits granted. In conjunction with the introduction of the system of refinancing, there should therefore be created a fund for subsidizing interest differences between the costly interest rates at which the refinancing institution acquires those resources and the rate at which those refinancing resources are made available to commercial banks.

* Economics Ministry on Dyba Criticism of Statistics
93CH0728C Prague HOSPODARSKE NOVINY in
Czech 3 Jun 93 p 17

[Article by Martin Kupka, of the Ministry of Economics of the Czech Republic: "The Minister Versus Statistics, II"]

[Text] On 12 May of this year, *HOSPODARSKÉ NOVINY* carried a contribution by Eng. Jiri Prib entitled "The Minister Versus Statistics," in which the author criticized the statement made by Minister Dyba at the press conference that was transmitted on television on 19 May 1993. The object of the criticism involved the minister's remarks casting doubt on the telltale capability of some statistical indicators that were determined and presented by the Czech Statistical Office. Because discussions on that topic have recently cropped up more frequently in our press, I offer my views on the subject.

I am convinced that it would be unfortunate if the occasional complaint regarding the incompleteness of statistical numbers was perceived by the public as a complaint regarding the incompetence of statisticians or even as an attack against statistics themselves. As is well known, statistics is an exact science, but the practical usability of the conclusions derived from statistics depends, on the one hand, on the quality of the input data and, on the other, on the stability of the environment from which we derive statistical data. Economic policy urgently needs statistical information but cannot rely exclusively on it.

If we have incomplete data at our disposal and if sudden sharp changes occur within the structure of the economy, not even the most highly qualified statistician can manage to compute the actual changes in the characteristics of economic life that interest us. I shall cite two examples:

If we monitor the volume of products created in a situation in which the fragmentation of large enterprises is occurring, along with the resulting specific changes in the structure within reporting units, who will guarantee that the quality of statistical data will not be impacted by that process?

Or: If there are express changes in the price structure of all goods, the population reacts spontaneously by changing the composition of its consumer basket. How does statistics intend to make certain that the index of inflation reflects the actual rise in the cost of living in such a case?

The limited possibilities of utilizing statistics in fragmentary periods was pointed out by, among others, such economic greats as Alan Greenspan, the chairman of the American Federal Reserve System, which is similar to our Czech National Bank, on the occasion of his recent visit to Prague.

A second danger that threatens relatively frequently is the misuse of statistical results in the pursuit of special-purpose political goals. The opposition not only rejoices at every indication that the economic situation is deteriorating, but also likes to take individual numbers out of context and wave them overhead like a battle flag without regard to their broader economic interconnection or without analysis. (And, in so doing, it likes to forget that a suitable partner for purposes of international comparison of economic results achieved by us is not United Germany or Austria but, more likely, Poland, Hungary, or Russia.)

If the politicians of the government coalition are critical of some statistical data, they are thus critical more of their

defective and politicized interpretation rather than doubting whether the statistician knew how to plug the numbers into the model properly.

But let us return to the article written by Mr. Prib. Let us try to admit that, in the maelstrom of the television press conference, the minister misspoke and confused the share of the private sector in the gross domestic product for the private sector share in industrial production. What else does Mr. Prib criticize the minister for? According to statistics, industrial production declined by 7.9 percent over the first two months of the year. Mr. Dyba noted that the decline in the fund of working time is the reason for that drop. Mr. Prib figured that the fund of working time declined by 5.6 percent. Thus, 2.3 percent of the decline remains without explanation. Does that mean that the minister lied when he claimed that a smaller number of workdays is one of the reasons behind the reported decline? I believe he did not.

Mr. Prib writes that the minister is in error when he claims that new owners created by coupon privatization were able to exert a positive influence on the behavior of their enterprises as early as February 1993. At that, it is well known that 72 percent of the investment points were swallowed up by investment funds, that the concentration of investment points within some of the largest funds is extremely high, and that the activities of those funds in dealing with management has been quite considerable from the beginning.

A chapter unto itself is the relationship between the consumption of electric energy and the development of production. The doubts expressed by Mr. Prib regarding the strength of the correlation between the production of goods and the consumption of electric energy can be refuted by looking at the graph presented below [not reproduced here] in which both magnitudes are plotted simultaneously (from 1990 through January 1993 by month). In view of the fact that electric energy is today a typical and virtually universal production input factor, the connection between the consumption of energy and the production of goods is certainly neither surprising nor very revealing. The advantage of measuring the consumption of electric energy as opposed to measuring the volume of production lies in the greater simplicity and, thus, in more easily avoiding various mistakes in measurements.

In January and February, as stated by Mr. Prib, consumption of electric energy increased by 3.2 percent. I believe that it is not too important whether the increase occurred as a result of the higher consumption by small consumers or large consumers. After all, a number of small private firms could be hooked up to small-scale consumption and could be creating a relatively high amount of added value. With growing demonopolization of production, it can be expected that the share of small manufacturers in the aggregate amount of production will grow, whereas the share accounted for by the giants will decline.

I am similarly surprised that Mr. Prib does not even hypothetically admit the possibility that production in certain segments of the economy (particularly those

impacted by privatization) is becoming less energy-intensive. After all, that decline in energy intensiveness could neutralize the impact of such unfavorable factors as, for example, a harsher winter this year (Mr. Prib does not speak of that at all), and the reported increase in the consumption of electric energy could truly be attributed to a growth in production for the most part.

The sense of my argumentation thus far is not to demonstrate that the economy continued the growth, in the early months of this year, that it began during the last quarter of last year. I do not wish to argue with statistics about 1 or 2 percentage points up or down. I believe that, following the rise in economic activity before the division of the federation and as a result of the introduction of the new taxation system, there actually was a certain downturn. But I do contend that that downturn is not very express, that it is not possible, on the basis of hitherto available data, to

speak of an unfavorable turnaround of a midterm trend, that there is no rational explanation why, following the recovery at the end of 1992, there should suddenly be a recurrence of the downturn of 1991.

Mr. Prib ends his contribution by saying that even the employees of the Statistical Office wish for the success of the economic policy of our government and would like to be able to comment on it, based on specific statistical data. I would like to believe that. But it would be well if they were never to forget the limited testimonial capacity of their numbers and that the health of the economy can improve even though the indicators of production are not exactly flying high. That is all the more true in a situation in which the development of aggregate production is reaching numbers that are comparable to the magnitude of any possible errors in measurement.

*** Csurka on Relations With Communist Secret Police**
93CH0794A Budapest MAGYAR FORUM in Hungarian 1 Jul 93 pp 2-4

[Article by Istvan Csurka, parliamentary representative of the Hungarian Justice Party: "Clarification"]

[Text] This is a multifaceted story. The X-ray penetrates three subjects simultaneously. It first penetrates the person of Istvan Csurka, then the two political systems, the state party system and the multiparty system. Two images of the person appear on the screen: the 23-year-old young man, the way he was during and after the revolution, and the man between 50 and 60 years of age, one of the best-known figures of the system change, the one who was first to appear on the front pages of newspapers to be described as a III/III agent. True, these front-page reports appeared with a question mark, and because of some self-destructive help I provided.

First of all, a statement of an ethical character must be made regarding these two images: *From adulthood on, a man can only be regarded as one person*, i.e., even at the age of 60 he must account for deeds he had committed when he was 23. There can be no doubt about that in the mind of a Christian [Protestant] person.

A different situation exists when it comes to political systems. While no question can be raised about the continuity of the state, political systems temporarily directing the state are able to present themselves as heralding a new era. The self-portrait of the present Hungarian Government and of the political system, including the opposition, is intended to project an image that shows both the government and the political system severed from the old system. And yet, this study, including a confession, may provide evidence to show that the image appearing on the X-ray screen does not show two systems. The Siamese twins are joined at their backs by arteries, nerves, and an identical internal structure.

Accordingly, Let Us Begin With the Person

This is easier said than done. In the final analysis, nothing forces me to do so. I could have gotten away with this without much shrewdness. I, myself, have seen people crawling away, assuming new aggressive positions; it was obvious that they did so in response to the promise of being exempted. And yet, no self-respecting person should set the cases of, and methods used by others as his own standard. I must account to myself for what I have done, and from my point of view the conduct of other persons in the same situation is of secondary concern. But there also exist human factors—the family, the circle of friends, the countless human relations that evolved during those tumultuous years—all of which have a certain image as their common foundation, an image that was drawn by time and fate. Am I going to hurt many people by simply talking about these things, or because I am forced to talk about these things? Is it worth doing this whole thing? What could I accomplish with this? I fully expect that as a

result of distorted quotes [from this essay] the worst possible image is going to evolve. And yet, I have no other choice.

Well then, let us start. And let us start the way courts do: Do I feel that I am guilty? I want to tell the history of this situation before answering this question.

In 1990, the day the government took office, *I was summoned by Jozsef Antall in parliament during luncheon recess, and right there, in the crowded corridor, I was privately told by Antall that they found my dossier among materials taken hold of by the SZDSZ [Alliance of Free Democrats] as a result of the Interior Ministry scandal called Dunagate, and that the SZDSZ was likely to publicize or leak this information with several other materials.* Therefore, he recommended that I write to Arpad Goncz, the provisional president of the Hungarian Republic who was also aware of the matter, revealing my situation.

Prior to that, also in parliament, I received information through the grapevine that Gyula Horn had made a statement in the company of five or six people to the effect that I would be better off not acting up too much, because my name was on the list. Not much later one of the liberals of the MDF [Hungarian Democratic Forum] came to see me, once again in the corridor, and once again with a report originating from the other side of the aisle, but my name was no longer the only one mentioned in that report. (They will never learn the name of that other person from me!) Nevertheless the courier who conveyed this piece of information to me made clear to me which group was dealing with the list issue.

And then, at the time when the Demszky-Hack legislative proposal was placed before the plenary session to vote on whether the proposal be placed on the agenda, it so happened that a very young and very attractive young lady suddenly appeared before me—once again in the corridor—and asked me to make a statement to be printed in *MAGYAR NARANCS*, because the legislative proposal could also affect my person. This was information she had heard. I responded by telling her that if that was the case, I would act pursuant to the law. *This law has not been presented to the National Assembly in any shape or form ever since.* The government also has a legislative proposal, and a Smallholders duo also drafted a variation, *but none of these have been placed on the agenda.*

On 4 March 1957, at 3 o'clock in the morning, a truckload of pro-Soviet Interior Ministry commandoes with submachine guns occupied the Voroshilov Street student dormitory of the Performing Arts Institute, where I resided at the time. After a superficial search of the premises they produced an arrest warrant. I was the only one to be arrested. Amid jovial conversation, they took me at gun point in a Pobjeda [Soviet make automobile] to the Budapest Police Headquarters on Deak Square, where, after several hours of interrogation, they shoved me into an underground cell already occupied by four persons. I was not sure at which of the several underground levels this row of cells was located. The cell had no window; a lamp hanging from the ceiling behind a wire grate was constantly

on, and they constantly pumped evenly flowing, warm, dry air into the cell. I spent more than a week there. I have already described my adventures in that place in a more easily readable form.

They Interrogated Me Several Times in Those Days

On this occasion they did not apply physical pressure, and I was not beaten. Instead they applied countless ways of psychological coercion. I could hear, for example, as they were beating someone in the adjacent room, and the way that person was screaming and groaning from pain. The investigator in charge of my case did not manifest hostile conduct, but the room was frequently filled with his superiors and subordinates; they waived blackjacks and grabbed their weapons. At least one of these people often stood behind my back, and cursed and threatened me from there. On one occasion, one of them standing behind my back sputtering with hatred made this wise remark: "Career finished." I was unable to laugh about this remark in that room, but down in the cell I did.

What were the charges against me? From the first moment on it was clear that I was not captured because of my activities during the revolution, but because they regarded me as vocal trendsetter at the institute. I might have been that. Prior to the revolution I was the main speaker at a school meeting that received great publicity. I demanded the dismissal of the Stalinist, untalented, and unfit leadership (Zsuzsa Simon, Mrs. Ferenc Redo, etc.), and that the Performing Arts Institute join the already flourishing university movements. This meeting at the institute, and as part of it, my performance, were chronicled among the events that led up to the revolution. Incidentally, together with the days of the revolution, these were the brightest days of my life. I have said so in a series called "The Memories of My Career" published in UJ IRAS.

I was obviously put in prison based on a complaint filed against me. By March, the Kadar system was preoccupied not only with rounding up participants in the revolution; they also wanted to prevent a resurrection of the crushed revolution. In the days of MUK [Community of Hungarian Journalists], of "We Will Start Anew in March," they picked up people who could have rekindled the glowing embers of the revolution in their milieu. Leaders, party secretaries, and others who reoccupied their former places, picked out people and filed complaints against them; they were to be picked up by Interior Ministry commandos later. I, too, could not have had any doubt that my name was on a list, prepared by persons removed from their places during the revolution, people who were able to sob in a spectacular fashion upon Stalin's death, because he was the one who empowered them.

I was aware of being followed and investigated ever since December. At that time, already, I had to make a decision whether I should leave Hungary or stay. Several friends of mine decided to leave. I could not bring myself to do so. At that time already, at the age of 22, I was accepted as a writer. In September 1956 a rather heavy volume of my short stories was published with the title *Jumping the Fire*. I would have had to abandon my Hungarian writing career

had I left the country. The *desire to acquire knowledge hastened me* to join the revolution, too, aside from a patriotic zeal and my contempt for the system. I had to be present everywhere, I had to see, and experience everything relative to the great event of that age, so that I could write about it. I stayed in Hungary, very well aware of the fact that I had no defense if they came to pick me up.

Further, I committed the crime of completing national guard certificates, and thus I became the commander of the National Guard unit established at the institute. But this already sounds too grandiose. I took part in the organizing meeting of the National Guard at the Kilian barracks; I listened to Maleter and the others, and I received weapons for our detail. Rifles, submachine guns, hand grenades.

We did not take part in the fighting. At dawn, on 4 November, and then, during that entire day, we were first to see the overpowering Soviet force, as an endless row of T-34 tanks moved downtown on broad Stefania Avenue, or Voroshilov Street, as it was called in those days. Challenging them with our submachine guns and with one or two cassettes of ammunition would have been a hopeless venture. A few days later, the people in the dormitory decided that having these weapons on hand was a source of great danger, someone could report us and then they would riddle the building with bullets, including innocent girls who had nothing to do with all this. Therefore the weapons had to disappear. This task, too, was to be performed by me. But we had to wait for a secure moment of pause, when no tanks of any kind were rolling by. This is how the weapons were taken to the garden of the Central Officers' Club across the street. A true friend of mine helped me in this operation which was far more risky around the 8th or 10th of November, than distributing the weapons earlier.

I Admitted to All of This at the Interrogation, of Course

I admitted everything except the fact that someone helped perform this task. I always accepted blame for everything. This was not a heroic deed; I was motivated to do so by the sense of being a playwright. I would not have enhanced my cause had I blamed my associates for anything; at the same time, however, they could have confused me to the point that I would have admitted something. Incidentally, after each interrogation session I was told to present my statement in writing. They obviously wanted me to make a mistake by becoming confused. After three attempts they gave up with this practice.

They were curious about other things, too, of course. From among the then-incumbent leaders of the institute, our school master, Gyula Hay, played the greatest role in the revolution when, at dawn, 4 November, he read the statement of Hungarian writers seeking help from the peoples and the governments of the world. As of 4 March, Gyula Hay had been under arrest for several weeks, and I was aware of that, of course. As a student of his, I did not like Gyula Hay, moreover, I felt contempt for his internationalist, communist, Muscovite outlook that was the exact opposite of mine. He was a cold person; he did not like and was not even familiar with Hungarian literature. I

always told the truth when asked about Hay. When asked about my relationship with Gyula Hay, I said that "*I did not like him, because he was a communist.*" After his release from prison, when he spent a few months in Hungary before emigrating to Switzerland, he expressed his personal gratitude for this statement of mine, because it did make a little bit of difference at his interrogation sessions and before the court. We viewed each other somewhat differently by then.

Eight days later I was transported from Deak Square to the transit prison in a closed, crowded prison truck. Upon our arrival at the prison we had to stand for hours facing the wall, with hands behind our backs. They took us one by one to an office filled with drunk men wearing Soviet-style Interior Ministry uniforms and holding blackjacks and weapons. There they registered our names and confiscated our personal belongings, then brutally beat all of us. The humiliation, not the physical pain was the unbearable aspect of the beating. I had previously been a well-recognized young athlete, and achieved nationally recognized scores in the shot put and in discus. I was forced to tolerate these punks punching me with their fists and slapping me in the face, while the choir of drunkards laughed and encouraged those who were performing the beating, or themselves joined in to administer one or two punches. Their blackjacks tore into pieces the back of a silk shirt I wore, and while I washed the blood off my face, they beat the lower part of my body. And in order to beat me some more, they forced me to wash myself for a longer period of time. All this, however, took place only as an added feature of proceedings, and was repeated.

Women, too, were beaten. At night the quiet of the prison was disrupted by screaming and yelling. One person lost his mind as a result of the torture. He jumped off an upper floor. The prison guards kept running up and down the stairs dragging someone somewhere. Nevertheless, we somehow figured out the interior layout of the building and learned where the small prison ward was located. They have been executing people at that time already. We had no certain knowledge of executions, but we drew conclusions based on screams of death.

I spent about three weeks at the transit prison. As I later learned, a literary critic wrote a complimentary review of my book in NEPSZABADSAG during my stay at the transit prison. The critique was written by Gyorgy Kemeny, subsequently the playwright of the Thalia Theater. Kemeny was unaware of the fact that the young writer he was praising was enjoying the hospitality of the authorities, and apparently NEPSZABADSAG, too, was unaware of that. I also learned after my release that there was some talk in the Writers' Union about nominating me for the Attila Jozsef prize; they were not aware of my arrest either, or, perhaps, they wanted to help me this way. Later on the communists occupied and disbanded the Writers' Union and imprisoned the writers. I met Gyorgy Kemeny in the late sixties once again, when Thalia was performing my plays. I learned of his suicide shortly thereafter. He jumped from the upper floor of a building.

My Good Fortune Brought Me Together at the Transit Prison...

...With a man who has been an unreserved friend of mine to this date: *Janos Denes*, one of the leading figures of the *1956 Workers Council*. Overcrowding forced us not only into the same cell, but also to share the lower portion of the same bunk bed. Under circumstances like that, people do not begin to hate each other, and are able to establish lifelong friendships only if they are linked by some deep sense of truth regarding the meaning of life, some common outlook on life. This leader of the Workers Council was of Szekely [Transylvanian Hungarian] origin, but by now adapted fully to the environs of Kobanya, a man three or four years my elder, Janos Denes had to serve long, miserable years in prison, yet they were unable to shake his commitment to the Hungarian people and to the revolution. I am always deeply offended when, to follow a foppish custom that has become widespread these days, a rumbling murmur can be heard in parliament when Janos Denes rises to speak. Some characters promoted from the MSZMP [Hungarian Socialist Workers Party] or from KISZ [Communist Youth Organization] to become representatives do not like the way he forms his sentences, his raw expression. What do they care about the Workers Council, about solitary confinement for months, about his hunger strike in prison; what do they care about this veteran of the revolution, who now stands on the populist side?

I immediately paid a visit to his parents after my release and conveyed the message he entrusted to me.

A Committee of Prosecutors Appeared in Mid-April...

...At the prison, and placed statements before many of us. The text of these statements read as follows: "I, the undersigned request that I be placed under protective custody, because I regard myself as dangerous from the standpoint of public security on the one hand, while I, too, must be protected from the people's anger, on the other." It was a printed form. I signed it, of course, recognizing that this meant that I had been interned for six months, as well as the fact that those six months could be prolonged twice by the police authority without any further ado. This did not rule out the possibility of presenting a person in court, if they discovered that he had committed a crime.

This provided some relief in any event: It meant that so far they were unable to gather enough information to indict me. Or could it be that they did not want to gather enough information to indict me?

Upon our arrival at Kistarcsa—transportation took place as described above—we experienced a peculiar reception. They herded us into a huge concrete room amid frequent strokes of blackjacks. The room had only one door—it was made of iron—and there was nothing in the room except the bare concrete walls. We stood there for many long hours without water and without being able to relieve ourselves. For elderly people, whose internal organs had deteriorated, this amounted to a terrible torment after being closed in for a long time in the prison transport truck. Then the door opened and we were called by our

names in alphabetical order. There might have been 200 of us. Whenever someone's name was called, a few seconds, perhaps ten seconds later we heard the sound of a pistol shot. All of us looked at each other. Could this be true, or were they bluffing? When my turn came, when they got to the letter "Cs," the general view was that this could not be true, shooting everyone in the head would be absurd. Nevertheless, exiting through the iron door with the little belongings I had was not easy.

I am not going to describe life in Kistarcsa at this time. We were locked up in groups of 200 in huge rooms, where we were methodically harassed and tormented. At one point in early summer we were allowed to volunteer to work. Some took the position of not working for "these" people, while others said that work would take us outside the camp, and that it would keep us busy. I volunteered.

They Took Us to Budaorsi Road, Hadik Barracks

We found ourselves under improved conditions; we were guarded by soldiers and received the same meals as they did. Our job was to clean up the barracks in which Soviets were quartered during the revolution. In some of the dormitories dried human excrement was piled up half a meter high. Everything was destroyed. We had to disinfect the place, paint the rooms with lime, and make disappear the traces of the "communist man."

But still, it was good to be there. We were able to establish contact with our loved ones; while riding to the city to pick up materials on open truck platforms we were able to get a feel of "free" life; being totally closed off, a feeling that characterized life in internment, has come to an end.

I had to see for myself that the country was alive and that it was forgetting. Fear and the feeling of being abandoned were the dominant elements. And against all this, there was a desire to live. No trace of the spirit of "We Will Start Anew in March" could be seen. *The revolution was crushed, a new order came about, the case was closed.*

After two months on the outside, I returned to the camp with a different outlook. The resolve of a man willing to hold a weapon in his hand was gone, because the message I received from everyone on the outside was that they were no longer doing things, they could not do anything, doing things made no sense. They had to figure out some other methods. Against an overpowering force, which, on top, was also insidious, fighting in the open no longer made sense, and there was no way to do so. *One had to keep alive, and conditions for survival had to be established.*

Upon my return in August, I was subjected to a series of interrogations. I had to answer questions raised by a committee that always consisted of more than three people, sometimes five or six people. These interrogations were different from those at the police. From among the people facing me, two were always well versed in my background. They had read my writings; they were aware of my performances at the institute; they knew everything about my family and my relationships. They made me feel that *they were watching everybody on the outside, related to me one way or another.* And they were watching my

relatives not only in Hungary, but also over there, in Transylvania. My half brother, my elder brother from my father's first marriage had served as a gendarmerie officer and resided in Nagyvarad [Oradea]. He did not suffer harm after the war because he saved Jews. At this point, however, they brought up the issue, demonstrating to me that nothing escaped their attention. The last time the two of us met was in 1944, when I was only 10 years old. He was arrested in 1958, then was a prisoner at the Danube delta for many years; he fell ill and died at an early age. I still meet one or two of his classmates from the Ludovika military academy, either in Hungary, or elsewhere, somewhere in the big, wide world.

My father suffered from serious heart disease; my mother was totally destroyed; she fasted stringently, and I could see the extent to which she was suffering for me. *At the same time, my interrogators gave me a hunch that they would descend on all of my friends and relatives.* Due to my father's rightwing past, my family experienced a condition of exile and of being tolerated ever since 1945. I did not have, I could not have a period in my life, like others of my generation had, in which they still believed in "socialism" and in the people's system, since we always viewed the events from below. Ever since 1945, my family had no doubt that the system was working against the people, against the nation, and that it was despicable. But one had to live. One had to grab anything and secure everything several times.

Until then I was responsible only for myself; at that point all the responsibility fell on my shoulders.

These interrogations, which had a different character than those at the time of my arrest, wore me out more than the tough interrogations. Although in these interrogations, too, they conveyed a sense of the possible use of physical threat if they felt like it, this alone was not such a torment. What tormented me was the fact that I could not tell what they wanted from me. At one point they proved on the basis of dry legal paragraphs that I could be sentenced to the gallows for my past activities; on another occasion they tried to convince me that my presence here made no sense at all, that I was not helping anyone with my presence there, and that I would not become a national hero.

Only during the third interrogation did their real intentions become clear to me. On this occasion I faced the largest committee ever. Several people sat across from me, whom I later revisited at the watchtowers of culture and the press. We argued about literary and philosophical issues. They wanted to see the condition I was in, whether I mellowed, while I wanted to feel out their real intentions. We argued for many long hours.

I slowly realized what was behind all this, I began to vaguely understand what was going on. I was of no value to them as an inmate, among several thousand internees at Kistarcsa. My class had already graduated from the institute, and I could no longer be dangerous there. They themselves told me that my close friends, whom I had to discuss in my statements, and others, whom they were unable to link to me, had already gone to prison, awaiting

to serve heavy sentences. Jozsef Gali, Istvan Angyal. Similarly, it turned out that I was not linked to writers who had also been put to prison. I did not visit the Writers' Union during the revolution. I was on the street, because I was interested in what was happening there.

I realized that "they wanted to let me out."

They Needed a Young Writer on the Outside...

...One who understood that he had erred, one who would join the line and thus assist in blunting the mind of society. *But everything was subject to conditions, and they needed guarantees.*

The last time they took me up [for an interview], I had already decided for myself that I would sign. I did so in the end, not because I became scared of the threats, not merely because I wanted to save my parents and relatives from torment, and not at all in order to save myself from further confinement, but primarily because I decided to change methods, and because I was absolutely certain that I would never harm anyone, that they would never extract from me anything regarding anyone, just as they could not obtain any information from me until then because all I did was to save everyone, and finally, because I was firmly committed to never allowing them to make use of my pen. In contrast, the ink would dry up in my pen if I continued to senselessly languish in the camp.

Accordingly, I affixed my signature. I also had to choose a name, and I will report that later.

This presentation may seem as if I was trying to absolve myself. But this is not true! I am awfully ashamed of the whole thing, even though *I stood by the pledge I made to myself. I never reported on anyone or anything, and never put on paper a sentence that could qualify as a betrayal.* And yet, this signature has been tormenting me throughout my life. I was never able to tell this story to anyone, except to one person.

At this time I have no proof to offer other than publicly revealing all this. They may go ahead and threaten me and extort me, all this would be in vain; I could also have claimed that all this amounted to forgery, and I could have made reference to the fact that they were manipulating the information, forging documents, and presenting data on a selective basis. I would have pleased certain people much more, had I done so. *I could have stepped aside in time, I could have returned to my desk, and none of this would have taken place.* So many people from all sides suggested this to me! I, however, believed, and continue to believe today, that this would have been sneaky cowardice on my part. *Never, for a single moment did I have any doubt that all this would be revealed some day.* One cannot carry factual information like this to the grave, because that would poison posterity, too. I cannot permit myself to tell lies just to save myself. I am very well aware of the extent they manipulated data, and the terrible scope of crimes that were shielded. This does not absolve me, however. I did what I said I have done, and here I present myself to you.

They left me alone for months after my release. A new life sprouted from the first joyful embrace with my fiancée. We

got married in December, and our son was born in May 1958. My wife was a bookkeeper maintaining accounts at the Travel Services Enterprise, earning a low salary. That was our livelihood. I obtained a one-room cotenancy which a friend surrendered in my favor, in response to the wedding and the resultant constrained situation. *The apartment belonged to Istvan Angyal before.* When we moved in, all the furniture we owned consisted of a box spring and three mattresses. I carved four pieces of wood to put under the box spring and to lift it up from the floor. We were happy. Both of us would wake up and would become alarmed at night, whenever a car stopped in front of the building.

This fear did not cease even when that certain comrade entered our lives, the one who reminded me that I also had another name and that therefore he and I would have to chat. He pulled out a notebook and wrote down when and where we would meet a month later.

Meanwhile they prepared my diploma at the institute without having to take the final exam. We had a new director in the person of Magda Olthy, and she showed good will toward me.

At the Meeting I Once Again Found Myself Facing a Committee

I had difficulty distinguishing whether I was being interrogated or listened to. Their boss was a short comrade with a clearly sinister face who sputtered hatred, and who did not rule out the possibility of returning me to the internment camp unless I performed. He did not like the fact that I was unemployed. Why was I living off my wife? I was not required to unload freight cars at night in the railroad yard after all; I had a degree and I could have taken part in building socialism.

Not much later I was once again facing a committee, but this committee consisted of civilized people. People from the Publishers' Directorate, and the all-knowing comrades from NEPSZABADSAG assured me of their good intentions and made mention of my talent. *I could obtain a job, even a good job, if I agreed to perform.* One could conclude that this was the lesson to be learned. Accordingly, I should have written something that could be interpreted as a statement supportive of the system. At this price I would have received not only a fixed income, but also, *nothing would have stood in the way of becoming a decent informer,* one who would be responsible for the people around him. Against this expectation, I was writing a novel, *False Witness*, and every Wednesday and Saturday I took 20 or 40 forints to the trotting race, and every Thursday and Sunday to the gallop race. The way I put this is misleading, of course. In the meantime, horseracing had indeed become a passion of mine, and two or three years later, in 1961, when they discontinued my obligation to appear on a certain schedule, I did not even think of abandoning horseracing. True, the horse races became an inexhaustible source for literary exploration, because I learned about many, many lives between races.

Since I belonged nowhere, I did not even have a work book until 1971. At that time I entered into an agreement with

MAGYAR NEMZET. I was supposed to write a biweekly Sunday short story to be published on page five. My writings caused much trouble; at the editor in chief's conference the comrades from party headquarters frequently admonished him for my short stories. Then, after the 1985 conference at Monor, they gradually pushed my writings out of the newspaper, and in 1986, when I was banned, they also cancelled the agreement.

In 1961, or possibly a short time thereafter, they [Interior Ministry] absolved and dismissed me in due regard to the approaching amnesty. They did so, even though I have not given them a single report. I am not certain of the date, because after that they wanted to meet with me only on very rare occasions.

I could end the story here, if the story had no other side.

In every country where some system change occurred the list issue emerged in one form or another. We witnessed the most radical assault on the Stasi power in Germany, but they could not find a final, reassuring solution either. No serious reckoning occurred in Germany insofar as the chief party officials were concerned, and Honecker, too, had to be released on grounds of illness. The common denominator is more or less the same everywhere. They examined primarily the affected persons in society, and mainly the representatives of the new system, and not the other, at least equally essential question, of who had done all this, and in what situation they were at present, what positions they held. A former Stasi agent cannot be employed by the government in Germany, on the other hand, in the private sector a Stasi agent can do anything, he can even become an owner, regardless of whether he accumulated his resources to buy property as a member of the Stasi. In the Czech part of the former Czechoslovakia they almost got over this thing as a result of the lustration process. They at least reached a point where no one distributes envelopes at present, and the Czechs may soon forget about the whole thing, recognizing that they cannot digest it. The matter came to a halt in Slovakia. In Poland it seems that the struggle for the possession of documents and for the related power continues to go on. The issue has not been settled, and Walesa, too, had been implicated. The Poles could easily find themselves in a situation in which everyone is against everyone. We should not even mention Romania, because nothing has changed there. The Secu [Securitate—Romanian secret police] shipped part of the compromising documents to a forest, then set a small fire and let the scavengers go at it. They must dig into burning, smoldering pieces of paper in order to find data.

The Hungarian solution resembles this method only because it is distasteful. It should be obvious that Interior Ministry and party organs fully intertwined with, and acting under the superior authority of the party had no doubt in the summer of 1989 that a change would occur. Before that came about, however, they had to fight their own internal struggle. In the summer of 1989 it seemed that the team of Interior Minister Istvan Horvath, an advocate of the national line and an Imre Pozsgay sympathizer, would win the fight, because Szilveszter Harangozo, who attached himself directly to Gyorgy Aczel, and who,

for decades had full power, was downgraded. At least, these were the appearances. *The Dunagate scandal demonstrated that he retained enough strength to strike back in a horrible fashion. As in every party state, the two trends became attached to two present-day parties. It should be obvious that the Aczel-Harangozo approach wanted to hand over part of its data to the SZDSZ after applying appropriate cosmetics, while the Istvan Horvath approach wanted to hand its data to Pozsgay, and through him, to a certain extent, to the MDF. Accordingly, a positioning took place; they prepared the list, both sides temporarily removed the unpleasant data, and meanwhile, as has been revealed, they maintained surveillance over the opposition, and collected data about them. They probably recruited some new agents, but they also must have placed old agents in the new parties and movements.*

A multidirectional commitment replaced the earlier one-sided subordination to the KGB. Half of the staff remained in Soviet liaisons, the other half was hired by new, large institutions of a global scope, or, perhaps, agreed to serve two or three sides.

Meanwhile the trilateral roundtable negotiations continued. They were also seeking points of contact with us, the leaders of the MDF. At the time, however, no substantive agreement was reached regarding the Ministry of the Interior and its networks during the negotiations. All they discussed was the Workers Guards and the removal of the party from workplaces. This did, indeed, take place, because it became apparent that irrespective of the results produced by the free elections, no form of government could come about that would permit the continued operations of the Workers Guard. The Workers Guard would have been liquidated, even if the socialists had won the elections. In contrast, however, *neither wing of the state party power wanted to let out of its hands a far more essential tool, or, we could call it a branch of power: the internal and external intelligence system.*

The Popular Referendum of the "Four Yeses..."

...Amounted to a success for the SZDSZ, and it also meant the strengthening of the Aczel-Harangozo wing. *They already handed over to them a certain volume of data. To accomplish this, they needed other people in addition to those from the Ministry of the Interior, who had always acted upon orders from a designated person at party headquarters. Since in those days the central figures of both sides of the opposition were people professionally involved in culture and literature, a person forgotten since then, Andras Knopp, was called upon to play a terribly important role. As Aczel's loyal servant, he wielded far greater power than his position warranted, and knew about everything. Through him, important data were given out whenever he felt a need for that, and to whomever he wanted to. He inherited his liking of the SZDSZ from his master.*

Accordingly, when the Dunagate scandal erupted, the essential data were already secured in a good place. The coverup action was supposed to serve this purpose, in addition to magnificently supporting the SZDSZ-FIDESZ

[Federation of Young Democrats] election campaigns. *The goal was to make Istvan Horvath fail.*

They succeeded not only in this regard, but also in diverting attention. Horvath had to go, and this was appropriate, because he did not halt surveillance operations even after the Republic had been proclaimed, and provided information about the opposition to the leadership of his party. Although this was publicized, the fact that certain groups previously under surveillance had already obtained data gathered by the observers remained veiled, enabling these groups to filter out or to make disappear information that pertained to themselves, and to learn information pertaining to their opponents, in order to use such information for extortion purposes. Society had to be told somehow, why the SZDSZ leaders were subsequently aware of everything. They were aware, because, by accident, in the great rush, they were the recipients of information from the *Vegvari-Roszik duo*, while the brave Black Box filmmakers managed to break into the Ministry of the Interior at night. Hollywood.

The press did not cross-examine these people, it celebrated them instead. Everyone on the left liked this thing. Even though the MSZP [Hungarian Socialist Party] leadership, Rezso Nyers, was asked one or two tough questions, notably, why they accepted reports from Interior Ministry organs about the opposition parties, the questions were left hanging in the air and shriveled up there. At the same time, the staff remained in place. More accurately, the data base remained in their hands, divided by now. At this point the two groups were able to jointly establish new connections with organizations abroad, and they jointly received support from the same organizations.

The SZDSZ Secured Its Place in the Power Structure...

...Before the elections, because as a result of the passing of information, they were able to engage themselves in extortion at a level equal to the MSZP and the MSZMP. It should be to their credit that they did not use that information. But now that my III/III case blew up, Gabor Demszky threw in a few comments somewhere in London or in the United States, saying that although he could not say anything because all this constituted a state secret, *he surely was not surprised*. Well, this is true! He could not have been surprised. He probably knew about my case for years, ever since the list was prepared, and he also had to recognize that *I certainly knew that he knew, and this might have been at least as unpleasant to him, as my mistaken action was to me*. Based on the fact that he knew, moreover, that he had an opportunity to discuss this at the international level and to negotiate with the leaders of large sister organizations, I concluded that this was no coincidence, and could not be attributed merely to the fact that he was the elected mayor of Budapest. A reverse logic might also be perceived.

Talking about state secrets is simply ridiculous. Before any person elected in the course of the free elections could have had access to these documents, *part of the material was already distributed, and naturally, another part was retained by the comrades. Surely, an ample supply was left*

over for foreign organizations, and for the KGB. What should we think of state secrets whose copies were left or simply delivered abroad? If someone does something they do not like, the "material" is returned right away. Demszky, for example, feels that state secrets may be leaked only in regard to me, because in their eyes I am an extreme rightwing Hungarian, a second-class citizen to whom secrecy rules do not apply.

Well, Imre Konya's attitude is no different than that, of course. It was alleged that he informed his secretary in parliament that my name was on the list. As the leader of the largest party's parliamentary group, and the pillar of the Committee on the House, it would have been appropriate for him to follow the legitimate path, and to *refrain from deploying the most underhanded methods* against his political opponent.

There is no state secret. Even at this moment, they know at least as much about these things at the editorial offices of NEPSZABADSAG, and have at least as much information available as *Peter Boross* knows or has. But any curious Christian citizen may also go to the editorial offices of NEPSZAVA or MAGYAR HIRLAP to obtain information. By now even PESTI HIRLAP has gained its confidence. All this may be credited primarily to the pact, which enabled the MSZMP-MSZP to keep these centers in hand, and to turn them liberal.

MAGYAR HIRLAP lost its owner when the Maxwell scandal erupted; at that time the government could have bought it or could have established a consortium to buy it. The government remained inactive, despite the fact that light was shed on Maxwell's links to the KGB. *Or could it be that things happened this way not despite, but precisely because of Maxwell's KGB connections?* The newspaper fell into the hands of another foreign owner, but its management and spirit did not change at all.

In light of all this one can only wonder about the handing over and receiving of a dossier...

...Rumored To Have Been Given to Jozsef Antall by Miklos Nemeth

One wonders, because as long as the cover page does not indicate who prepared the dossier and when it was prepared, who received it then as well as long before—for example, one or another person's name who prepared it—the material is entirely worthless. I am asserting this now, after fully revealing my background. *Yes, this material is entirely useless and unsuited for the issuance of any kind of document.* This is so because it does not contain names and dates showing when various individuals infiltrated the former opposition organizations, names and dates of the persons in charge of surveillance, names of persons responsible for removing the information abroad, and primarily, names of past and present foreign mercenaries on the KGB payroll. *Could it be that Miklos Nemeth did not know who these persons were?*

Because this, and only this dossier could have been of value to Jozsef Antall, and he then could have entrusted the III/III division's material to his interior minister, once

installed in office. The names of persons on this list are very important from the standpoint of the state power structure, but the names of those who prepared that list are even more important. They also could have revealed the names of persons under surveillance or being wiretapped, and the extent of their surveillance or wiretapping during the years or decade prior to the system change. My name would have been on top of that list. And others might not have been on that list at all. I do not regard this as a merit, but it is part of the truth. *And this may be the ultimate reason why they are prying out things I did 37 years ago.*

The trouble is that a clear and firm transfer of power was ruled out from the outset by preliminary agreements and pacts, and, in part, by the circumstances. The government was established with Jozsef Antall holding a list in his hand, aware of the extent to which Hungarian society had been contaminated, but he also must have known that the same list, or perhaps an even larger list, was in the hands of others, and he should have recognized that the institution itself, the intertwined Interior Ministry and party staff had concealed the fact that it remained in place, or, to be exact, that it got rid of one or two persons only, by using precisely this III/III threat and the related Austrian program. He also had to recognize that without the services of the comrades who remained in their places, his entire government could have been shaken and could have collapsed. Had they made an effort to count the number of representatives involved with, and the number of prison wardens on this manipulated list immediately in 1990, a need to call new elections could have easily arisen. If the combined number of the two groups on the list exceeded 10 percent of the number of National Assembly representatives, as it obviously did, the proportionate number of seats held by the various parties in parliament would also have been affected, i.e., that ratio would have fundamentally determined the structure of parliament.

Accordingly, the moment this dossier was transferred, silence and an acceptance of the given situation became a common interest. Peaceful transition. Because, as they said, the old system had surrendered its power. It did not surrender power! The way things went, it retained power.

This method to retain power was obviously not developed in Hungary, only we, Hungarians, applied it in the most complex way.

A few months ago I would have concluded my confession by saying that a dual power ruled Hungary. By now there is no dual power, because the government finds itself in a situation of dependence and is now seeking to salvage itself the same way as the preparers of the dossier did in their days. By the time this writing is published, we, the members of the Hungarian Justice group of representatives, may have an envelope in our hands. I am not interested in its contents, because not much more than what I have said here could be in it, and that alone is quite enough. The question is this: Who is going to sign the contents? The contents are going to be invalid from my point of view, if Jozsef Antall is the sole signatory on the certificate. Let Gyula Horn, Gabor Demszky, and Peter Boross also add their signatures, as well as their division chiefs in

authority, those whose ex officio function it is to reach into the vault containing the state secret. I also expect these simple employees to state their former party membership, in lieu of their religion, because inquiring about their religion would violate human rights in the changed system.

Postscript

By the time this writing is published, my case is going to be abundantly dealt with by the press. A week ago I announced in MAGYAR FORUM that this writing is going to be published. From the standpoint of my enemies on both sides it was important that my confession not be the overture. This is so, because irrespective of whether I am telling the truth, or creating fog around myself, public opinion is already influenced by their initial strokes.

The same thing happened to my study published last August. By the time it appeared they picked out certain sentences so as to discourage readers from having confidence in the entire study. The same thing is taking place now. I am unable to defend myself against such actions, because they have all the means available to look into our most confidential affairs in advance and to begin leaking information at any time they please to choose. They usually start leaking information abroad. Incriminating statements about Imre Nagy's life in were published abroad prior to 16 June. (While Kadar's bequest was auctioned!) There is no intertwining, no conspiracy, of course....

Sooner or later, this dangerous game is going to lead to a global explosion. Increasing numbers of people express their sense of helplessness in the form of violent acts, irrespective of whether they have hair on their heads, or if they shaved their heads. Hundreds of millions of us are helpless Kurds. For how long?

Legislative Inaction on Skinhead Demonstration Probed 93CH0815A Budapest BESZELO in Hungarian] 3 Jul 93 pp 12-13

[Interview with Hungarian Socialist Party Representative Gyorgy Janosi by Ferenc Koszeg; place and date not given: "The 23 October Committee: The Legality of the Scandal"]

[Text] *A majority of the National Assembly voted down a proposal to establish a parliamentary committee to investigate incidents that occurred at the 23 October 1992 celebration on Kossuth Square. An unofficial committee composed of opposition and independent candidates did not reveal any sanctionable failure to act on part of the authorities and did not name persons responsible for the events that transpired. But nine months of investigations proved that in the weeks ensuing these events, facts presented to the public by certain newspapers, mainly MAGYAR HIRLAP and BESZELO, had been correct. The committee concentrated its efforts on examining the skinheads' role in this matter, and on the related issue of whether the police might have failed to act, although the scandal had been "programmed" into the script of the ceremony. MSZP [Hungarian Socialist Party] Representative Gyorgy Janosi told us in advance of an*

official press conference scheduled for 1 July, what the committee had accomplished.

[Janosi] Representatives supportive of the government did not support the idea of establishing a committee; they made it clear at a press conference that our group of representatives had no authorization whatsoever, and that its members could enforce their rights only as individual representatives. Thus documents, internal directives, photographs, and authorizations to obtain letters we received, all of which amounted to solid evidence, proved to be too little to persuade parliament to act. We were not able to deal with the issue of personal responsibility, or with presumed intentions. A series of problems arose in the course of the 23 October events; actions neither mandated, nor prohibited by law could have been taken. The police was aware of the preparations and of expected moves by the skinheads, and presumably also knew that organizations supportive of the skinheads had been preparing to do something on 23 October. Such information came from the BRFK [Budapest Police Headquarters] Juvenile Division and the National Security Office, but the information was not conveyed to the appropriate levels. Only the Republican Guard Battalion was notified, and they failed to notify the Ministry of the Interior, the office holding primary responsibility for organizing the ceremonies, and Peter Boross himself, who personally appeared at Kossuth square, according to the police. Peter Boross also confirmed the fact that he had no advance information whatsoever regarding this matter.

[Koszeg] Is this credible?

[Janosi] The police is an independent organization, they said, it must take the necessary precautionary steps under its own authority. Another great failure to act occurred when the president of the Republic and his staff were not notified of the anticipated activity, of the preparations. Even though the kinds of things the skinheads brought along to Budapest, and the number of skinheads arriving were known at a rather early stage. Judging by the direction in which they were moving, one could clearly see that they were going to the POFOSZ [National Association of Political Prisoners] headquarters on Kolumbusz Street. At POFOSZ headquarters, they argued well before the festivities about the kind of conduct they should manifest at Kossuth Square.

[Koszeg] Were you able to find what exactly they argued about and who were involved in arguing, and the kinds of decisions they reached?

[Janosi] We asked whether a report had been prepared regarding the events on Kolumbusz Street, because eyewitnesses had seen video cameras on persons believed to be from the police or the National Security Office. We received a clear answer: No report of any kind had been prepared.

[Koszeg] Was the representative of the National Security Office willing to testify before the committee?

[Janosi] Tibor Fuzessy agreed to meet with us only in the presence of Interior Minister Peter Boross. In the end, the

responses given by the minister without portfolio had the character of reinforcing everything that Peter Boross had said. When asked why the police had failed to inform the president of the Republic of the expected danger, Peter Boross said that the police had acted in a consistent manner with European standards. The president should not have been allowed to enter the square if the threat was indeed so great that his safety could not be guaranteed. On the other hand, if, in the judgment of security organs, a problem is manageable, the president must not be made nervous unnecessarily by mentioning this to him. Thus Arpad Goncz was totally unprepared, and the events were totally unexpected by him. The police may have been correct in saying that once the president began his speech, the public address system would have suppressed the noise. But he should have been informed of what to expect precisely for this reason.

[Koszeg] Were you able to find out who organized the skinheads' trip to Budapest?

[Janosi] The outlines of this can be seen from the testimonies and documents of the various hearings. POFOSZ is a possibility: In the last minute, they gave permission to the skinheads to use their headquarters free of charge. The 1956 Revolutionary National Association [FNSZ] is another possibility. The Organization to Guard Honved [Armed Forces] Traditions was heavily involved, and so was the World Federation of Hungarians of 1956 and the 1956 Anti-Fascist, Anti-Bolshevist Association. All these organizations had connections with various skinhead organizations, or as they call them, with groups of conservative youth, links that were well known from before. Similarly, it is a well-known fact that the police awaited the skinheads arriving from the countryside at the Eastern Railroad Terminal. They confiscated various implements suitable for assaulting people; thereafter the police escorted them on their way to the POFOSZ headquarters, and from POFOSZ headquarters to Kossuth Square. The police claimed that the escort was needed because this was the only way to keep an eye on them. Other experts claim that had it not been for the police, the skinheads would not have gotten as far as 20 meters away from the Eastern Railroad Terminal, because antiskinhead groups usually gather in that area. In other words, the police kept an eye on them, so much so, that they provided protection to the skinheads.

[Koszeg] Was anyone on whom these implements were found detained by the police?

[Janosi] No.

[Koszeg] What did they say, why not? Any group arriving in Budapest, the place of a state ceremony, armed with bicycle chains and baseball bats, may be presumed to intend to disturb the peace.

[Janosi] Sandor Pinter says that the exact meaning of the term "assault weapon" is unclear. In his view the police exceeded its authority when it confiscated these implements.

[Koszeg] Did they record the names of persons asked to identify themselves, and how about those from whom they confiscated assault implements?

[Janosi] I do not know, we did not ask that question.

[Koszeg] Have video recordings been prepared?

[Janosi] They made video recordings, moreover two kinds. The police continuously recorded their march, and the Republican Guard Battalion also took separate pictures. Both kinds of documentation were readily made available to us, the police showed us three hours of video recording. Many skinheads appeared on the square well before the ceremonies began, according to eyewitnesses, they gathered at the guard rail, immediately behind the row of ministers. Here again we must ask, why they could not be disbanded or pushed backwards, or removed from the square altogether, one way or another, once it could be surmised that something was in the making. Here again we see a passive attitude, indecisiveness. The fact is that security was very tight on the square thanks to advance information, and both the uniformed police and officers dressed in civilian clothing maintained continuous contact with the command. Sandor Pinter, too, was in a position to immediately issue orders. We asked why no action had been taken immediately after the scandal erupted. They said that the shouting was done by people dispersed at various locations, in various groups. In other words, they had the choice of either doing nothing, or evacuating the entire square.

[Koszeg] The video recordings show that most people who shouted were not skinheads, but older people, members of POFOSZ and of other organizations linked to 1956. How does police react when asked whether they recognized a threat when many people started to come to Kossuth Square from an MDF [Hungarian Democratic Forum] celebration held at the Bem monument?

[Janosi] The public believes that the skinheads, those wearing Nazi signs, created the greatest sensation. We, too, were watching the skinheads, we tried to follow their movements. Only in the end did we learn that in reality, this whole thing was not a skinhead affair, but a multitude of organizations also took part in it, and that in a certain sense the skinheads were mere fixtures.

[Koszeg] Who organized the crowds to go to the Bem monument?

[Janosi] We did not examine this matter. Most certainly the 1956 organizations were mobilized.

[Koszeg] At the Bem monument Ferenc Tajti, the vice chairman of the 1956 association, spoke, in addition to Lajos Fur. On 15 March, at Szabadsag Square, Tajti threatened to use weapons. The crowd moved from Bem monument across Margit Bridge to Kossuth Square marching behind a border guard truck loaded with original 1956 insurgents dressed in authentic clothing. Members of the cabinet, and the heads of police and of the Republic Guard Battalion wearing uniforms marched up front, and plain-clothes border guards wearing identical sweatsuits distributed pamphlets to the crowd. And then all these

people started booing the president. Did not all this have a planned character, was this not, one could say, a programmed scandal made legitimate?

[Janosi] All we were able to examine was the role played by state organs. We had no authority whatsoever to examine the advance organizing activities of social organizations, or, God forbid, of another political party.

[Koszeg] Who represented the Ministry of the Interior before the committee?

[Janosi] Peter Boross.

[Koszeg] And who represented those who wrote the script for this event? Did you hear from the head of the press office at the Interior Ministry, or from some of the employees there like Eszter Szabo or Tomaj Barsi?

[Janosi] To be frank, we were pleased that Peter Boross was willing to answer questions.

[Koszeg] What are you going to do with the materials you gathered?

[Janosi] We are going to hand these over to parliament. We will give them the minutes of the hearings, the documentation; we will transfer all this officially to the president of parliament. For a while we wondered whether we should give these documents to the prosecutors' office, but after learning that the prosecutor's office had already initiated an investigation at the request of the president of parliament against four police officers who, among other things, made condemning remarks in conjunction with 23 October about the leaders of the police and the minister of the interior, we felt that there was no need for yet another initiative. There already was an ongoing investigation.

[Koszeg] Thank you for the conversation.

[Box, p 11]

Istvan Szoke, the deputy commander of the Independent Organization to Guard Honved Traditions: "The police escorted the boys to Kolumbusz Street, and secured them the same way as when they marched to Kossuth Square. In the doorman's booth at the POFOSZ headquarters a policeman in civilian clothing listened to everything that transpired at the congress, moreover, with the permission of the Veszprem group, a French journalist prepared a video recording of the entire conference.

"The old 1956 fighters started the trouble, we only joined them. The old people became upset when the word 'comrade' was used in the speech, but one could have counted on that because the protocol did not permit any of them to speak in addition to Arpad Goncz. They were informed that Arpad Goncz did not agree to that idea." (MAGYAR HIRLAP 2 Nov 92)

[Box, p 13]

Budapest police chief Janos Bodracska informed this newspaper last October that the police had been unable to prepare video recordings against the spotlights illuminating the parliament building; unlike the TV crews that were better equipped, the police was unable to prepare

video recordings due to the place where the recording group stood, and due to a lack of appropriate lighting equipment.

The police had no information about pending disturbances; they learned about the skinheads from the countryside when they alighted from the train, according to Bodracska. They immediately deployed a large number of policemen at the Eastern Railroad Terminal, of course.

They confiscated baseball bats and brass knuckles from some of them, this, however, did not provide a reason to record the personal data of anyone, because it appeared as natural that after saying a prayer in the cemetery, the baldheaded youth would want to play baseball for a while. (BESZELO 31 Oct 92.)

[Box, p 13]

POFOSZ and the 1956 Association confirmed that organizations belonging to the FNSZ—POFOSZ, the 1956 Association, the Community of Political Prisoners, the World Federation of Freedom Fighters, Szorakesz [Prepared to Talk], the Association to Rescue Transylvania, the Former Political Prisoners—and the rest of the 1956 groups joined the central festivities.

The audience at these events, thus also of the event organized at Kossuth Square, was recruited primarily by these organizations, because they did not involve other organizations in the preparatory work, and did not invite other strata of society on their posters. It is known that certain leaders of groups that joined the FNSZ were the chief organizers of the 19 September demonstration in front of the Hungarian Television building. The Interior Ministry that organized the celebration at Kossuth Square negotiated with these leaders. (MAGYAR HIRLAP 4 Nov 92)

* June Popularity Polls Rank Politicians, Parties

* Median Poll

93CH0808A Budapest HETI VILAGGAZDASAG in Hungarian 10 Jul 93 pp 80-82

[Article by Endre Hann: "Popularity of Parties and Politicians: Dehydrated Orange"]

[Text] Based on expressed voter preferences, developments over the past three months did not change political power conditions. The large decline of FIDESZ's [Federation of Young Democrats] popularity was not accompanied by a strengthening of another party or of other parties, but instead created a growing sense of uncertainty, according to a Median analysis for the second quarter of the year, ordered by HETI VILAGGAZDASAG.

The early arrival of a hot summer probably did exert a beneficial effect on the political activities of voters. After reaching a low point in 1991, the people's inclination to vote had reached its high point so far within the parliamentary cycle last fall: At that time, 58 percent of the respondents said that they would certainly vote if the national elections "were held this Sunday." This ratio has

continually decreased since, and at this time it is barely enough to produce a minimum majority needed to validate the elections. About one-fourth or one-fifth of the voters firmly state that they would certainly not vote, and about the same number of voters are wavering. The big question is whether the approaching election campaign, not expected to be a refined political debate, is going to be able to activate the undecided, alternatively, whether it is going to scare them away. For now, however, a significant number of those who declare themselves as certain about going to the ballot box, are uncertain about the party that deserves their confidence. The ratio of those who do not know for which party to vote despite a firm intent to participate in the elections, is the highest ever (29 percent).

In terms of support provided to the parties, the sole noteworthy change that exceeds the statistical error margin is the fading of FIDESZ's popularity, a process that has begun earlier, but has become significant by now. Since their record popularity rating of 38 percent last December, the young democrats have lost 17 percentage points among voters declaring themselves as certain to vote. It is remarkable that votes were not taken away from FIDESZ by another party: No party was able to substantially increase its voter base during the past six months. More likely, this phenomenon proves what previous Median analyses have already demonstrated, notably the fact that the large increase in FIDESZ's popularity was primarily due to the sympathetic feelings of voters who had become disappointed with the rest of the parties and with parliamentary politics in general. Insofar as political outlook is concerned, these voters are generally less "party conscious," and their feelings of uncertainty are manifested not by changing their choices from FIDESZ to some other party or in the reverse, but by sometimes naming FIDESZ as their chosen party, while at other times they respond that "I do not know for whom I would vote." If no party is able to provide an attractive alternative to these people, they might become disillusioned with the entire multiparty parliamentary system.

Several factors may be acting behind FIDESZ's reduced popularity. The headquarters affairs that erupted a few days before this survey was taken, and has been talked about ever since, is only one of these factors. FIDESZ's suspected flirtation with the MDF [Hungarian Democratic Forum] might have contributed to the voters' abandonment of FIDESZ; the young democrats' position regarding the social security elections was another factor, and even before that, the position taken by FIDESZ regarding increased pension payments could also have produced the same effect. The latter assumption seems to be reinforced by the spectacular change in the composition of the age groups that would vote for FIDESZ. In the spring of 1992 (HVG 28 May 1992) one could have said that FIDESZ's voter base had become somewhat "more mature," while the SZDSZ's [Alliance of Free Democrats] voter base had become more youthful, and that therefore the age difference between the followers of the two liberal parties was fading away. This held true even more so last December, when FIDESZ supporters were "older" by a hair, than the SZDSZ supporters. Since then, elderly voters turned away

from FIDESZ in larger numbers than any other age group, and while the party discontinued the 35 year upper age limit as a criterion for party membership, the average age of its voter base remains extremely low: 33 years, altogether. This phenomenon is demonstrated in an even more spectacular way by the fact that only 4 percent of voters age 50 and above and committed to vote would vote for FIDESZ, while the same ratio in March was 16 percent.

Growing disillusionment is also a probable explanation for the declining popularity of virtually all best-known politicians. In this regard, however, one finds a certain cyclical character: In both 1991 and 1992 the popularity rating of these politicians had reached low points during the summer season, as if voters had become particularly bored with their public personalities by the end of the parliamentary session. The popularity index of the 20 best-known politicians has dropped by 6.2 percent between spring and summer 1992, and this year the drop amounts to 4.2 percent. Compared to that, Lajos Fur's 1 percent increase in popularity appears as an "outstanding" achievement. As a result of this increase the defense minister improved his ranking by three positions on the scale, he surpassed Laszlo Surjan and thus became the most favored member of the cabinet.

No other change occurred in the ranking, except that Arpad Goncz (with his broader name recognition) surpassed Janos Palotas by a few tenths of one percent, and thus, for the first time since March 1992 in Median surveys, the president of the Republic once again heads the list. Viktor Orban remains in third place on the imaginary podium, despite the fact that fewer people than before say that they would like to see him performing "an important political role" in the future.

Changes in the Intent To Vote and in Party Choices (in percent)

	Dec 1992	Mar 1993	Jun 1993
"Determination" To Vote			
Would certainly vote	56	53	51
Might vote	15	15	16
Might not vote	7	8	7
Would certainly not vote	20	23	23
Does not know	2	1	3
Party Choices of Persons Certain To Vote			
FIDESZ	38	30	21
MSZP ¹	14	16	13
SZDSZ	11	9	8
MDF	7	11	7
FKgP ²	7	9	6
KDNP ³	4	3	5
Republic Party	2	2	2

Other parties	3	3	4
Does not know	8	11	29
Will not tell	6	6	5

¹Hungarian Socialist Party

²Independent Smallholders Party

³Christian Democratic Peoples' Party

The popularity of politicians in June 1993 in percentages, and the percentage change in the given politicians' popularity rating since March 1993 was examined. Public opinion researchers assessed the politicians' popularity by asking the following question: "Would you like (a given politician) to occupy an important political role in the next few years?" The changes in the popularity rating of Jozsef Antall, Istvan Csurka, Lajos Fur, Geza Jeszenszky, Imre Konya, Mihaly Kupa and Jozsef Torgyan are not significant, i.e., they are within the margin of statistical error. (See boxed item below regarding survey methodology.)

Name	Popularity Rating	Change
Arpad Goncz	70	- 4
Janos Palotas	70	- 9
Viktor Orban	66	- 7
Gyula Horn	65	- 6
Zoltan Kiraly	61	- 6
Gabor Demszky	57	- 5
Ivan Peto	55	- 6
Lajos Fur	46	+ 1
Laszlo Surjan	45	- 4
Imre Pozsgay	44	- 5
Matyas Szuros	41	- 7
Gyorgy Szabad	38	- 4
Tamas Katona	36	- 5
Mihaly Kupa	33	- 3
Geza Jeszenszky	29	- 2
Jozsef Antall	27	- 2
Peter Akos Bod	26	- 5
Imre Konya	23	- 3
Jozsef Torgyan	22	- 2
Istvan Csurka	17	- 1

[Box, p 81]

Others Surveyed

As part of the June survey, Median researchers sought opinions about 34 politicians who made frequent appearances, nevertheless the graphic that shows the popularity ranking includes only the 20 best-known personalities. Politicians with a somewhat lower name recognition rating include the following: Based on their popularity ranking of 62 and 67 percentage points respectively, Tamas Deutsch and Gabor Fodor, the two FIDESZ leaders, would appear at the beginning of the chart, moreover, based on his name

recognition, Fodor could have been included among the 20 most popular politicians, ahead of Viktor Orban. In March, SZDSZ parliamentary group leader Gabor Kuncze's name, was recognized only by 30 percent of the persons asked, but by June, 38 percent of the respondents were able to identify him. His popularity, however, has not changed, it remained at 26 percent.

The most significant change shown by the present survey relates to the name of MSZOSZ [National Federation of Hungarian Trade Unions] Chairman Sandor Nagy, who won the social insurance elections. His name recognition rose from 63 percent to 76 percent, and 52 percent of those who recognized his name would find him suitable to perform an important political role, as compared to 49 percent in March.

[Box, p 81]

Survey Methodology

The public opinion survey of the popularity of parties and politicians was performed by Median Public Opinion and Market Research Institute during the first two weeks of June 1993; its researchers personally questioned 1,200 randomly selected adult citizens. Unavoidable, small distortions that result from the so-called random sampling process were corrected through mathematical processes; this means that in the course of analysis a relatively larger weight was assigned to responses received from members of social groups represented in lower numbers within the random sample population than in real life, as shown by Central Statistical Office data. As a result of this correction, the social composition of the group of persons questioned accurately represents the composition of the Hungarian population of voting age, according to type of settlement, gender, age, and educational level. Thus, regarding questions answered by all members of the sample population, the margin of error in the data gathered does not exceed plus or minus 3 percent, and if only half the number of members in the survey population responded, the margin of error does not exceed 5 percent. (For example, if only half the number of persons questioned recognized a politician, a change in the popularity rating of such politicians can still be evaluated, and a change in popularity rating becomes significant only if the change exceed 5 percentage points.)

* Szonda Ipsos Poll

93CH0808A Budapest NEPSZABADSAG in Hungarian
28 Jun 93 pp 4-5

[Unattributed article: "Miklos Nemeth on the Popularity Ranking List"]

[Text] Szonda Ipsos's most recent public opinion survey of the popularity of Hungarian politicians was performed in

May 1993. In the course of that survey, surveyors questioned 978 persons representative Hungary's population age 17 and older. The popularity of KDNP Chairman, and Minister of Health and Public Welfare Laszlo Surjan has increased by five percentage points since the previous survey, and thus his place on our May list means that he is the most-liked government politician. Is this favorable change in opinion due to his positioning as party chairman or as a minister? More detailed data indicate that the political orientation of the respondents, rather than their situation in society played a greater role in this regard. Therefore, we may assume that Surjan's recent statements in his capacity as a party leader played a role.

The change to a more favorable view of the KDNP chairman occurred primarily among FKgP supporters, and secondarily among MSZP and SZDSZ supporters. The judgments of people who comprise the KDNP voter base has not changed, but a change can be noted among those, who voted for the KDNP in 1990, but later withdrew their confidence in that party. All this suggests that the public appreciates the KDNP's efforts to become independent, and Surjan's manifestations which create an impression that the KDNP is endeavoring to rid itself from the subordinate role it plays in the present coalition.

This was the first time that we examined the public's view of former head of government Miklos Nemeth since he removed himself from Hungarian politics. Placing him on our list was justified by the fact that the chances of his return to Hungarian politics appear to be increasing with the approaching parliamentary elections. Our present data prove that his absence did not harm his popularity, because his 72 percent popularity ranking could be regarded as identical to the a ranking of between 71 and 75 percentage points recorded during the first half of 1991.

Miklos Nemeth is equally liked by males and females, city resident and villagers, and by people with various educational levels and occupations. At the same time, people in their teens and twenties appreciate him much less than middle aged persons, and especially the elderly. Considering present party orientation, MSZP supporters like him most (85 percent), but he scores high (between 70 and 75 percent) among voters of all parties seated in parliament and other parties, except for the supporters of the MDF. Supporters of the leading ruling party manifested a more restrained liking of Nemeth (64 points).

The recently elected parliamentary group leaders of the liberal parties were not included in our previous surveys. Both Laszlo Kover and Gabor Kuncze are known by relatively few people (33 percent and 28 percent respectively), not enough to assess their performance as politicians. Their popularity rating in the center of the spectrum (51 and 50 points respectively) also confirms their low level name recognition.

HUNGARY

JPRS-EER-93-071-S
22 July 1993

Name	Popularity Rating	Change
Arpad Goncz	75	0
Miklos Nemeth	72	*
Gabor Fodor	69	+ 2
Viktor Orban	69	+ 1
Janos Palotas	68	- 1
Tamas Deutsch	66	0
Gyula Horn	63	+ 1
Zoltan Kiraly	62	0
Ivan Peto	61	- 1
Gabor Demszky	57	0
Laszlo Surjan	54	+ 5
Peter Zwack	54	- 3
Laszlo Kover	52	*
Gabor Kuncze	51	*

Name	Popularity Rating	Change
Lajos Fur	50	- 1
Bela Kadar	49	- 1
Imre Pozsgay	49	0
Ivan Szabo	49	- 1
Tamas Katona	47	0
Peter Boross	42	- 3
Geza Jeszenszky	40	+ 1
Jozsef Antall	36	- 2
Imre Konya	35	- 1
Istvan Csurka	31	+ 1
Jozsef Torgyan	27	- 3
Gyula Thurmer	24	- 2

Changes in popularity as compared to April survey; changes between plus or minus 4 percent are statistically insignificant. Asterisks designate politicians not included in previous surveys.

*** Interior Ministry's Role in Changing Times Examined**
93EP0293A Warsaw POLITYKA in Polish No 25, 19
Jun 93 p 3

[Interview with Andrzej Milczanowski, minister of internal affairs, by Aleksander Checko; place and date not given: "I Am Not a Marionette"]

[Text] [Checko] Today, considering all of the consequences, would you not evaluate the decisions related to the 4 June intervention by police a political mistake?

[Milczanowski] The decisions cannot be a political mistake because they were not political, but, as I would describe them, situational decisions. We did not decide from the top what means should be used against the demonstrators. The development of events at the site made that decision.

[Checko] But, even if you declare yourself to be apolitical, you are the chief of the ministry and therefore occupy a political position, so you must expect political consequences of your operations. We have the impression that there was a lack of imagination here.

[Milczanowski] The reactions of the police are strictly conditioned by the development of the situation at the site. I deny that the decisions made were political. That would have the whole thing backwards. Once again, I would like to emphasize my apolitical status absolutely.

[Checko] But there are political consequences already.

[Milczanowski] What kind?

[Checko] At the very least, an increase in support for groups that now term themselves harassed and accusations that the government uses the police to deal with opposition.

[Milczanowski] I do not think we can speak of an increase in support. Sensible people will be convinced by the objective argument that illegal activities must be checked. That is the normal duty of the organs of safety and order.

[Checko] Why then did placards defaming so many people hang calmly in place for two days?

[Milczanowski] As far as I know, they hung there for one day. Because they slandered and defamed the highest state organs, I, after discussion with the chief of the Office of State Protection (UOP) and the chief commandant of the police, immediately issued an order that they be removed or covered over and that further posting be prevented. The basis for our action was that a misdemeanor had been committed. The UOP chief informed the prosecutor's office of that. We acted in accordance with the law. It is too bad that journalists writing about all of the events do not know or pretend not to know the law and pass judgment too easily about something being illegal or a law being broken.

[Checko] Earlier, GAZETA POLSKA published a so-called letter from Macierewicz. Even today one can buy it openly in kiosks.

[Milczanowski] Immediately after it appeared, a copy of GAZETA POLSKA was sent to the prosecutor's office by UOP with a cover letter.

[Checko] And what happened?

[Milczanowski] The prosecutor's office is an independent organ and superior in litigation to the police and UOP. The prosecutor is the master of the process. We did what we had to do.

[Checko] But an impression of inequality of the reaction remains; the placards were torn down, the paper remains. Another example: The *lepperowcy* [the followers of Andrzej Lepper, the founder of the farmers' Self-Defense trade union] came in front of the Sejm and drove back the police. There was no intervention such as occurred at Palace Square.

[Milczanowski] I would agree in part. The aggressive posture of the *lepperowcy* was not met with an adequate reaction in the first instance, specifically as a result of the small number of police. But later the police were resolute and decidedly dispersed the demonstrators.

[Checko] The Sejm was occupied a little late. Deputy Minister Zimowski even begged Marshal Chrzanowski. There were also Self-Defense blockades and shotguns at press conferences. And what happened?

[Milczanowski] Many actions and Self-Defense blockades were eliminated by the police. So it is not true that we do not react or react selectively. UOP made the suggestion that proceedings begin with the goal of making the actions of that association comply with the binding legal system, renouncing illegal activities and, if not, even delegatization. I know that the prosecutor's office went to court; legal proceedings are pending. Several criminal proceedings against individuals of the Self-Defense board are in process.

[Checko] Several years ago, you were identified with the crowd that was beaten by the police "gestapo." Today, that is what your people are accused of. How do you feel about that?

[Milczanowski] I can give you a short answer: This is a different state, and such comparisons are anachronistic because they are forcibly transferred from a different epoch. But that would be somewhat too general. I will therefore again give a specific example from the 4 June demonstration. Can it be said that those people were somewhat hindered? That they did not have the possibility of representing more or less controversial political causes? My God! How could anyone think that at that time? No. But even the greatest liberty must have a limit. Everything must be within the limits of sound reason and the rule of law. And we are not at all strict. On the contrary, we always extend great flexibility with respect to various actions that could be described as outright criminal or bordering on the illegal. That flexibility, evidence specifically of remembering the past, is sometimes taken as weakness on the part of the authorities, and the activities escalate.

Still another aspect of the 4 June demonstration. Did you notice that the organizers, disregarding the content of the permits issued, violated the rights of many people, ordinary pedestrians and car drivers who were deprived of the peaceful use of Palace Square and free movement in the Krakowskie Przedmiescie and Nowy Swiat? Most of the people are not interested in politics or demonstrations, but they do want to have peace and feel safe. Our responsibility is to ensure them of that.

[Checko] Wanting to break with the past, we have weakened the country, its organs and apparatus of constraint; that is obvious. That is an inevitable cost of the past period. Is it not time to proclaim normality?

[Milczanowski] "Normality" has already been proclaimed many times in this country.... Flexibility, which was expressed specifically in that much was allowed—perhaps a bit too much—not only resulted from consideration of the past as a whole, but also is a whole, and we must speak of it clearly, but it was also expressed because of the weakness of the services, their lack of stability, and—much might be said here—their lack of will to act. But all flexibility must have definite limits; we already had experience with demonstrations of groups like those that demonstrated recently. And I must explain what the content and the behavior was then. It is not true, as is suggested today, that parliament has been dissolved and the Ministry of Internal Affairs (MSW) is already showing its hand. That is not true. Somewhere there is a limit beyond which we have to deal with anarchy and lawlessness, whose consequences threaten not only the state but also the public. You must admit, we cannot be flexible in political matters and, at the same time, rigorously protect rights in criminal matters. The reactions of police organs cannot be selective.

[Checko] The problem is that the most recent incidents set the tone for the election campaign that is beginning. They will weigh heavily on that campaign.

[Milczanowski] If someone organizes a demonstration, he must act according to the law. Meanwhile, the decision of administration organs was disregarded, and a demonstration was staged at Palace Square. They explained that they had informed the participants in advance. I ask, by what right did they do that? What right did they have to inform people if they had no permit? Will anyone at will designate a gathering site before the appropriate authorities make a decision? How was the information distributed? On slanderous placards! Anyone who organizes a demonstration is responsible for its being conducted in accordance with the law. In a situation where the organizers disregarded the laying out of a route and the place where it would begin and allowed many disgraceful incidents not only against the police but even against passers-by, can it be said that they fulfilled the role of organizers, that they ensured the conditions of safety?

[Checko] Perhaps that matter would be taken less emotionally were it not a fact that clouds over your ministry had been gathering for a long time. Accusations that the MSW is using illegal means to fight the opposition were a subject

of interest for the Sejm when instruction 0015 was issued, assertions of deputies that they are under surveillance by UOP, so-called unexplained incidents, and so forth. That bad climate is a fact, and you must take it into consideration.

[Milczanowski] As to instruction 0015, I repeat: The Office of Analysis and Information is not an operational unit. It does not have the right to assign the means of operational techniques. It operates on the basis of information generally available—for example, in the press. At the same time, the most various institutions and police services use experts or consultants. That is the way it is the world over, in the most democratic countries. Our garment-rending is based either on ignorance or on cynicism. That is also the basis for the idea that instrumental attempts are being made to apply tactics leading to paralyzing the services so that UOP would not be able to carry out the most essential activities. Please believe me, UOP activity has no characteristics of political repression.

[Checko] You repeat "we are not doing anything" as though you were ashamed of that activity. In all countries, the authorities know what the opposition is doing.

[Milczanowski] We do not hide the fact that "open espionage" is gathering generally available information on political life because we must observe the situation from the angle of threats to democracy. The rub is that some use that as an accusation; they say that UOP should not engage in that. I am of the opposite opinion, although I understand that that is a delicate problem.

[Checko] So, up to which point is it in order and from which point is it not?

[Milczanowski] We must regard those issues in a sensible way, and I am a pessimist when I see how various media and political parties and their activists regard them. We continue to be in a transitional phase, and one of its traits is a battle for power at any cost, even by nondemocratic means. Every argument, not necessarily a real argument, is good if it works to the advantage of those who battle for power. That is very dangerous.

[Checko] Then the ideas that the Army and the Ministry of Internal Affairs, for example, should be strong but also under the vigilant eye of parliamentary committees, with a permanent and responsible staff, are at present premature?

[Milczanowski] I have nothing against the existence of such control so long as it does not become an instrument for exploiting that information for political battle. In democratic Western countries, models for procedure, a mechanism for personnel control, and a great sense of mutual responsibility for the country have developed over the decades. An example of "leaks" from the committee investigating the implementation of the inspection resolution indicates that we have much to learn.

[Checko] Documents published later on the right and on the left also flow from the MSW. Whom do you hire, Minister Milczanowski?

[Milczanowski] Documents came out at various times beginning in the middle of 1989. I would advise you to read carefully all of the memoirs from the recent period. I read them as a matter of duty because of my position. And, after the reading, conclusions form themselves. As to the publication of instruction 0015, I admit that a leak occurred, and that does not speak well of the officials at that level in the ministry. Investigations are continuing in that matter. Nevertheless, we cannot saddle UOP with responsibility for taking and Xeroxing dozens of documents during 1989-90. Let us look at the matter honestly.

[Checko] What do you think? Is there still a lot of election ammunition of the GAZETA POLSKA-type in store?

[Milczanowski] I know about my own, but I cannot talk about it. But let us not exaggerate apprehensively.

[Checko] There is a regulation in the Sejm electoral law about making assertions...

[Milczanowski] You do not have to finish. I can answer that: There was no change in regulations for me, and, in general, I do not intend to adapt myself to those assertions. No one will give me such an order!

[Checko] There is also a regulation on procedure in cases of libel and slander. There are clearly defined terms: 24 hours for the court to review the correction, 48 hours for the appellate court. We know that some libel will involve the accusation of spying. How are the courts to resolve those cases when Minister Milczanowski is sitting on the files?

[Milczanowski] Am I supposed to break the law? I can see a certain design here, although it is not my responsibility to publish it officially: If someone accuses another of something, he has the responsibility to present proof. He cannot pass it off to the minister of internal affairs if only in consideration of the minister's being constrained by regulations on state and service secrets and laws on UOP and the police. Then, I am convinced, if the minister refuses and refuses definitely, the court has the right to assume that the plaintiff has not proved the truth of his assertion. The burden of proof rests on the accuser.

[Checko] With the assertions you are making, in the course of a few weeks there will be queues of the accused wanting to clear themselves of accusations.

[Milczanowski] They have been forming for quite a long time. But I am consistent.

[Checko] Then, in your own interests, would you not want to support rapid enactment of an inspection law?

[Milczanowski] I do not see any good solution to that problem, but, in spite of what some journalists and certain groups of politicians believe, I do not think that the

problem of inspection is a public problem. And I do not see any reason to bow in the face of pressure from narrow circles. People are generally not interested in that matter. They are interested in job stability, the rate of pay, prices, social security, protection from crime. I believe that most Poles are indifferent to the problem of inspection. Meanwhile, the politicians are making a hydra of it. Unfortunately, the journalists are, too.

[Checko] In general, is there a possibility that a ministry such as the one you direct, remaining undivided, could avoid becoming a state within the state and, because of that, would not be the object of continuous attacks? Why is it that, in all these years, when so much has been said, including by yourself, about the need to separate UOP and the Vistula Units, nothing has changed? Do you have the feeling that you rule over that empire?

[Milczanowski] It is not an empire but a large ministry, and I am significantly hampered in directing it. For example, the existence of espionage in a department supervised by the MSW is a complete misunderstanding. We are perhaps the last country in which that type of anachronism exists. As far as the Vistula Units are concerned, I was and am ready to give them up. Here, not even changes in the law are needed. They could be turned over to the Army today. The hitch is that the Army does not want them. So what can I do?

[Checko] But where are those plans for laws to remove UOP from the MSW?

[Milczanowski] We have conflicting political interests of various groups and various centers of authority. I have no influence over that. I place some hope in the new parliament. I believe that structural changes in the MSW must be approached at the beginning of the term of the new parliament—as it were, on the march—but I do not know what the political composition of the Sejm will be, what the political will to solve that matter will be. We are dealing with many unknowns.

[Checko] You are accused of excessive submission to the Belweder. Recently, these accusations were revived.

[Milczanowski] When the president was considering various candidates for the position of MSW director in June of last year, one of the persons expressing an opinion about me said: "Milczanowski is an independent man. He can be loyal, but he will not be a marionette." And I am not a marionette. But there is also another matter, and I do not hesitate to say this directly: I have regard for President Walesa—and this is my inner conviction—as the main factor stabilizing the situation in the country. And that is the only interaction I have with the Belweder.

[Checko] Thank you.

Confusion About Iliescu's Stand on Corruption*93BA1154B Bucharest EVENIMENTUL ZILEI in Romanian 1 Jun 93 p 1*

[Article by Ion Cristoiu: "The Cotroceni Battle"]

[Text] In the uproar caused by the scramble in Parliament, an act of particular political importance passed almost unobserved. It is a question of the statement made Friday, 28 May 1993, at the weekly press conference held by the president's spokesman Traian Chebeleu. According to this document, President Ion Iliescu's position on the phenomenon of corruption must be considered exclusively the one expressed in the statement at the meeting with newsmen on Monday, May 24, 1993. From what we know, the presidential statement, formulated and disseminated in writing at Cotroceni [presidential palace], flagrantly contradicted Ion Iliescu's assertions made at the meeting with prefects. During this meeting, held Saturday, 22 May, a day before the meeting with the press, Ion Iliescu had put the campaign against corruption into a scenario laid down in order to overturn the Vacaroiu government. In the president's view the campaign followed other points directed against the current executive: The motion of censorship and a general strike.

Proceeding from the difference between Saturday's assertions and Monday's statement, many reporters, including myself, asked what the president's true position was: the one from the meeting with the prefects or the one from the press conference?

As a reporter who has written a lot about Ion Iliescu, so much that I could write a doctoral thesis on the president's personality, I maintained in an editorial published at that time that the president's true position must be considered to be the one from the statement. The assertions from the meeting with the prefects represented one of Iliescu's famous outbursts, one of those blunders resulting from the president's agitated personality. In the case of a person having this function in a state of law, his position on a basic matter of the moment should not be identified with a risky assertion made in a moment when he was speaking before he thinking. This position must be sought in an official document of the presidential institution, a document that a large number of counselors worked on. And this undoubtedly is because the institution of the president is not reduced to the person of the president. Necessarily it also contains the president's advisors, those whose mission it is to provide a well-based analysis of the matter, of placing at the president's disposal not only all the data in connection with it, but also the solutions demanded by the facts. This document is the statement formulated in writing and disseminated at the press conference on Monday, 24 May 1993. Traian Chebeleu's statement confirms this truth for us. Stating that the president's true position is the one from the press conference, the spokesman sought to move the center of gravity from Saturday's hazardous assertions to Monday's official document.

So, I could say that Traian Chebeleu's statement is what you would call a solution of guidance for reporters and

politicians of Romania today. It draws our attention to the fact that the true position of the institution of the president not only on the matter of corruption but also other matters, past and future, must not be sought in Ion Iliescu's absolutely accidental outbursts, suitably explainable, but in the official documents drawn up by the president's advisory team and accepted by the president through his signature and public statements. The starting point for this solution of guidance is a fact specific to Cotroceni Palace.

Unquestionably, following the September 1992 elections the presidential team saw substantial changes. The result of some hidden battles that history will most certainly reveal, the liberal grouping within this team scored an important victory over the conservative grouping. This is because, as you can guess, the president's team also reflects the clear schism at the level of power, the schism between the liberal and conservative sides. The cause of nearly all Ion Iliescu's moments of political realism in the postelection period lies in the influence of the liberal grouping on the presidential team on him.

Unfortunately, as also was seen in the matter of corruption, left alone without his advisors, Ion Iliescu makes blunders brilliantly, tossing out weeks' worth of work of his team. In order to set right what Ion Iliescu's nature has ruined, this team must then conduct a furious battle. Traian Chebeleu's statement at the 28 May press conference is part of this battle. How effective was it? It remains to be seen what Ion Iliescu says and does in the coming period at the moment when he will again see himself alone, without his team, free to say whatever comes into his head.

*** Revolutionary Leader Clarifies Political Views***93BA1149A Bucharest LIBERTATEA in Romanian 5-6 Jun 93 p 2*

[Interview with Marian Munteanu, leader of the Movement for Romania, by Roxana Costache; place and date not given: "The New Generation Will Show Its Mettle Only in the Years To Come"]

[Text] [Costache] I am among those who during the 1990's questioned the innocence of your civic movement, or to put it more bluntly, "I had doubts" about the apolitical position that was being claimed.... I considered you infected by the same unfortunate virus, the thirst for power. For what reasons...you did not react when Eminescu's portrait on the walls of the School of Architecture had become a pedestal for the name of Marian Munteanu—did you find it to be a fitting standing? Or otherwise... You did not seem disturbed by the fact that after the miner's demonstrations your behavior and suffering were compared with Christ's martyrdom because I found no response from you in the same publications...

It this absence of reaction compatible with the profile of a genuine reformer?

[Munteanu] Without questioning the purity of your journalistic method, and without considering you infected by

some virus or other, I must confess that I do not understand what actually disturbs you, my "behavior and suffering" or the comparison to which you referred.

But I can assure you that I do not know that such a comparison was made, but if it did exist and you still feel the need for a clarifying "response in the same publications," please request it from those who made and not from me. I consider myself merely as a humble Christian, with human sins and failings, like those of all mortals.

To make it completely clear, I will tell you, and you can verify it, that I did "react" by asking my colleagues at the School of Architecture to erase my name from the school's wall. It would appear that I was not sufficiently convincing, and maybe you'll succeed where I did not....

As to your last words, "this absence of reaction" and so on, I will point out that this already represents an intentional process, which I reject.

[Costache] Would you repeat the University Square "formula"? Do you still consider it an effective expression for imposing democracy?

[Munteanu] I remember the LIBERTATEA articles during the University Square period.... You can rest assured that the University Square phenomenon is irreproducible. It was a unique event, decisive for Romanian society. Then, as well as now, I found it appropriate to show that the anticommunist attitude is a position of common sense. In the meantime, many of the "hooligans'" positions have been confirmed. For the future, I think that we have to find other forms of manifestation, compatible with the present situation.

[Costache] I fully agree that it will not be possible to eliminate the misfortunes that have befallen our people—economic disaster, spiritual decay, lies, delinquency—through utopian notions, but through deeds, and through clear, effective, well organized political action.

What political experiences from the past does the Movement for Romania [MPR] intend to adopt and use?

[Munteanu] We do not intend to "adopt" any political experience from the past, and we have no intention to appropriate the political actions of others.

MPR is a political organization almost exclusively composed of young people, and its leadership belongs totally to them. We will "use" that which is common to all forms of Romanian national manifestations, that is, the notion of Nation and Christian faith.

As an immediate practical action, we propose the formation of our own political elite to validate the new generation.

[Costache] Do you expect to follow the example of past notables? If you have an idol, who is it?

[Munteanu] We are Christians, and we therefore have no "idols," just God!

Of course, we do have models, some of which are such luminaries as Mihai Eminescu, B. P. Hasdeu, N. Iorga, and M. Eliade.

I do not know to what extent we will have the strength to even follow their example. We'll have to see; the new generation will show its mettle only in the years to come.

[Costache] Practical experience, even that of the powerful organizations with significant actions in modern Romania, among which the Legionnaires Movement, has shown that departures from a declared doctrine are not excluded. What measures (precautions) are being taken by the MPR, an organization that has declared itself determined to resort to severe methods in order to impose order in society?

[Munteanu] First of all, I will draw your attention to a confusion from which even Oliviu Gherman appears not to have been spared: that is, your attribution of statements which are not ours, such as "impose order" through "civic guards," an aberration which comes from Sorescu.

From our standpoint, it is the duty of the state to impose "order" through its own means—institutions of law—which are empowered to implement the Law. We do live, isn't it true, in a state of law, with a Constitution, and with institutions whose functions are well established.

Returning to the matter of "measures," "precautions," and so on, which you believe our party should specially take differently from other parties, I would expect a serious debate from political analysts rather than the expression of your own fantasy, idiosyncrasy, or prejudices.

Those who believe that MPR could diverge from its doctrine line, are generally amateurs who have not read one line of our program, statutes, and internal regulations, which we have actually published in our newspaper MIS-CAREA [The Movement]. I recommend that collection.

Your explicit reference to the Legionnaires Movement compels me to remind you that the "deviation" of its political wing occurred under a regime of antidemocratic royal dictatorship, which demonstrated its ruthlessness with the unprecedented action of abolishing the entire legionnaire leadership, beginning with Corneliu Z. Codrescu, founder of the Legionnaires Movement, and methodically continuing through the whole leadership elite of an organization of hundreds of thousand members.

Very clearly, there is no question of any kind of comparison with those times; we now live in a civilized state, in a democracy built on the sacrifice of the young.

The young people of this generation have never practiced political vendetta, not even on the torturers of the Romanian nation, who are living—thank you very much—with fat pensions and privileges. As a matter of fact, as you can very well remember, the young have been the target of violence and have never retaliated.

Whether you like it or not, we will succeed through the power of faith and not other vice.

[Costache] In the fight against the leftist formulas and methods entrenched in "our socialist society," other non-values (declared as dissident) have sometimes been imposed. In order to reestablish the balance (to actually prevent this imposture), would you have recourse to "methods of conviction" or would you borrow Sartre's "technique" from the third act of the play "The Devil and the Good Lord"?

[Munteanu] The forefront emergence of nonvalues is a situational phenomenon. The true classification of values will be confirmed with the passage of time. The values that we offer are already confirmed, they are the perennial values of Romanian spirituality. Equilibrium will be restored as a historical law, and as far as our "technique" is concerned, we believe that the only "method of conviction" is personal example.

[Costache] How does the national democratic doctrine, opposed to the international trends aimed at the dissolution of nations, match the theory of spiritualizing the national borders, which is recommended with increasing insistence by the European Council?

[Munteanu] The international trends to which you refer are the inclinations of groups of people, not of demigods. We know that God will call to judgement the nations and not the diffuse conglomerate to which you refer. The national democratic doctrine asserts this principle of national precedence over dissolving globalism. We are not the only right wing political group in the world or in Europe; I could mention other, much more powerful ones, in actual governments, as in the case of France. The final choices have not yet been made, but I expect that the idea of a Europe and of a word of nations, of countries, is at least as powerfully represented in the world as the idea of transnationalism.

And returning to the initial statement, I will remind you that nothing in the world is above God and His will. In the meantime, we will see how the internationalist utopia will end up in the trash can of history.

[Costache] In your opinion, is the positive discretion requested by some national minorities in our country a privilege or a legitimate right that must be granted?

[Munteanu] I admit that I find it difficult to decode the meaning of the expression "positive discretion." I suspect that you refer to the very old notion of "local autonomy." If that is so, the answer is very simple: no privileges can exist with respect to the law. Romania is a unified and indivisible national state, a fact which according to the Constitution, all of the Country's citizens have a duty to respect. The guarantee and preservation of cultural-linguistic identity for minorities takes place through the law of the Romanian state and within a framework created through respect for the law from all of the Country's citizens. Loyalty to the Romanian state thus implies a natural normal condition of the minorities with respect to the majority.

[Costache] If you had been told that I represent "an institution" and that a direct dialogue would therefore

become unfeasible...what would you have thought? Doesn't it sound somewhat like a pseudodemocratic politics?

[Munteanu] The institution that you represent is in no way superior to the institution which I lead and represent. We mutually agreed on a dialogue, which would have been impossible had we been pseudodemocrats. But I did consider that you represented a press institution, specific to any free society, and not a prosecuting agency that would have allowed you to ask questions under other than freely granted conditions. I note that the end as well as the beginning of this interview fits along the lines of a trial of intentions. From the standpoint of style, I do appreciate your classicism.

In the hope that this has proved useful, I wish you continued good health and may God be with you!

P.S. The agreed form of "dialogue"—presentation of questions and answers in writing—implied some risks, including that of not being able to "reply" to Munteanu that most of my questions were inspired by points 2, 3, and 5 of the "Communication" published in MISCAREA No 5, (10) May 1993 under his signature.

Tudor Views Government-Opposition Coalition

93BA1158A Bucharest ROMANIA MARE in Romanian 18 Jun 93 p 1

[Unattributed article: "The President of the Romania Mare Party Met With Representatives of the U.S. Congress"]

[Text] At the request of the American side, Mr. Corneliu Vadim Tudor met Friday, 11 June 1993, with three representatives of the U.S. Congress who were visiting our country. The delegation was made up of Sergiu Verona, a political scientist of Romanian origin; Julie Kim; and Lloyd Ator. The American guests wanted to know one thing: What will be the position of the Romania Mare Party [PRM] in the eventuality that a government is formed in which the opposition takes part? Here, in brief, is Mr. Corneliu Vadim Tudor's reply:

"I very much appreciate the interest shown by American officialdom in political life in Romania. Personally, I declare myself in favor of an intensification of Romanian-American relations, and right at the First Congress of the PRM [Romania Mare aparty] I spoke very highly of the positive role the United States of America can play in the relaunching of the countries of Eastern Europe.

"But I must tell you, in all friendship, that you have a mistaken image of Romania. You have been lending a ear to all the lies that some dishonest press correspondents, or Hungarian irredentists, or Romanian adventurists have been dishing out. For 45 years, the Romanian people waited for the Americans to come, and now they have come. However, not only are they not helping us, but they are also keeping us from helping ourselves. For 45 years you spent many billions of dollars on the Cold War. But now the Iron Curtain has fallen, you do not want to help

the eastern part of Europe. And that is a great shame, because the danger of Russian imperialism is still very great.

"Who are you relying on in this struggle? You have put your bet on an opposition which is driven by a spirit of revenge and which enjoys no support from the Romanian people. You have given the opposition millions of dollars which, instead of being used for the building of democracy, have ended up in the pockets of swindlers. You have tried to impose one of your men, whose name I saw in some secret American reports, as the president of Romania, Mr. Emil Constantinescu, but the population will never want him, and you will lose any credibility.

"Now you are asking me directly about the opposition's participation in the government, which means that you were behind them the whole time. And I cannot help making a connection with the recent statements of Mr. Corneliu Coposu, who declared that the PNTCD [National Peasant, Christian, and Democratic Party] wants four ministries. What change has been suggested in the tactics of the opposition? In October 1992 Mr. Ion Iliescu proposed to this same opposition that they participate in a multicolored government, but the opposition refused. Why? Because it wanted not just several ministries, but all of the power. Today all of you, both you and the opposition, have come to realize that something like that is not possible.

"The pulse of our political life shows that the opposition is in a dramatic collapse. This is why they no longer want early elections, which they used to keep threatening us with, since they would lose even the seats which they now have in Parliament. And that is why they want to be admitted into the government, because things have started rolling in Romania, and people realize the futility and anachronistic character of some of the opposition forces.

"As far as I am concerned, I have nothing against involving the opposition in the government, especially if it is supported openly by the Americans. I do not dispute that there are some people of merit in the opposition who are more convincing than some of the ministers we have right now. I have no prejudices. However, I would like to draw your attention, in all friendship, to the fact that here, in

Romania, you are treading on very thin ice. If the population does not want it, you will not make a success of anything. But in order for the population to want it, they have to be persuaded. And in order for them to be persuaded, you have first to persuade us, the people's real leaders of opinion.

"So, if you are interested in my opinion, I will consent, with certain conditions: 1) the population must want them, too; 2) once they have reached the government platform, the opposition ministers must not start a hunt against leftists in the irresponsible manner which a certain Doru Braia had employed in 1990 to threaten us that he would shoot a million communists; 3) the Americans are expected to come to Romania with a real Marshall Plan of real aid, not with small businesspeople who think that they can buy hotels, factories, lakes, mountains, etc., here for a mere \$10,000; 4) if you want to assume real responsibilities, then, barring an alliance between us, we want the integrity of our borders assured, especially in the west; 5) help us, or at least do not stand in our way, in our natural endeavor to achieve union with the Romanian lands of Bessarabia and Bucovina.

"These are not entreaties, nor are they conditions, but rather they are painful necessities of the Romanian people. Whoever tells you otherwise is lying. You must recognize, too, that the West needs Romania maybe even more than Romania needs the West, in view of the eternal peril of Russian imperialism. I am telling you all these things as a man with a Western cultural background who values the glorious American nation to the highest degree.

"I have also declared myself in favor of the installation of NATO bases in Romania, because if that is not done we will be pushed back into the sphere of attraction of the former Soviet empire, and we do not want something like that. Turkey is far away; Romania occupies the ideal strategic position. Here we are no longer talking about the left or the right, or about political doctrines. What we are talking about is a country's survival. And I am glad that a great political scientist who loves the Romanians such as my old friend Sergiu Verona escorted you through Romania and explained to you what the political Byzantinism of this area of the world means. Without us you will not succeed in accomplishing anything out of what you have proposed."

* Trade, Investment, Employment Structure Detailed

[Text]

93CH0726C Bratislava HOSPODARSKE NOVINY in
Slovak 3, 4 Jun p 4

Report on Slovakia

[Excerpt from daily series "Slovak Report" in HOSPO-
DARSKE NOVINY]

Second Installment

Current Account of the Balance of Payment With the Czech Lands
Estimate for 1992

Branch	Imports in Millions of Kcs	Share in %	Exports in Millions of Kcs	Share in %	Balance in Millions of Kcs	RCA
Agriculture, forestry, and hunting	1,060	1.1	820	1.0	- 240	- 0.03
Fishing	20	0.0	2	0.0	- 18	0.66
Extracting energy raw materials	3,010	3.1	290	0.4	- 2,720	0.66
Nonenergy mining	540	0.5	530	0.7	- 10	0.08
Industrial processing of foodstuffs	10,200	10.4	3,220	4.0	- 6,980	- 0.38
Textiles and the clothing industry	5,450	5.5	2,850	3.5	- 2,600	- 0.20
Production of hides and leather	1,250	1.3	700	0.9	- 550	- 0.17
Production of wooden goods	1,190	1.2	980	1.2	- 210	0.00
Paper and printing industry	2,240	2.3	2,920	3.6	680	0.21
Coking and refined processing of crude oil	1,500	1.5	7,470	9.3	5,970	0.70
Production of chemical products	6,770	6.9	11,780	14.6	5,010	0.34
Production of rubber and chemical products	2,040	2.1	3,860	4.8	1,820	0.37
Production and processing of stone	2,510	2.6	1,910	2.4	- 600	- 0.03
Production of metals	15,710	16.0	12,630	15.6	- 3,080	- 0.01
Production of machinery and instruments	10,840	11.0	8,490	10.5	- 2,350	- 0.02
Production of electrical and optical instruments	5,290	5.4	7,320	9.1	2,030	0.24
Production of means of transportation	8,800	9.0	6,150	7.6	- 2,650	- 0.07

Current Account of the Balance of Payment With the Czech Lands
Estimate for 1992
(Continued)

Branch	Imports in Millions of Kcs	Share in %	Exports in Millions of Kcs	Share in %	Balance in Millions of Kcs	RCA
Production not included elsewhere	2,150	2.2	1,760	2.2	- 390	0.00
Production and distribution of electricity, gas, and water	3,610	3.7	110	0.1	- 3,500	- 0.77
Construction	720	0.7	560	0.7	- 160	- 0.02
Trade, repair of vehicles and consumer goods	11,690	11.9	4,290	5.3	- 7,400	- 0.33
Accommodations and housing	30	0.0	40	0.0	10	0.22
Transportation, storage, and communications	400	0.4	810	1.0	410	0.40
Real estate, rentals, and services	1,090	1.1	910	1.1	- 180	0.01
Other	110	0.1	320	0.4	210	0.53
Total	98,220	100.0	80,722	100.0	- 17,498	

RCA = $(X_i - aM_i)/(X_i + aM_i)$ revealed comparative advantage; $a = X/M$, where X is exports, M is imports, and i designates the individual branch.

Source: SSU [Slovak Statistical Office] (preliminary data)

The most important treaty between the SR [Slovak Republic] and the CR [Czech Republic] is the treaty on the customs union. The special importance of the treaty on the customs union stems from both the importance of the bilateral trade and the maintenance of trade conditions within the framework of the associative agreement of the CSFR in relation to the EC. Trade between the SR and the CR has extraordinary significance for the economic development of both republics. The drop in volume of trade exchanges after 1990 is a consequence of the decline in trade with the other postsocialist countries. The new trade obstacles (the length of delays at the new borders, as well as the customs bureaucracy) have hit the small businesses in transportation and supply of the border areas the hardest. One can consider the estimate of the decline in volume of mutual trade in 1993 as an optimistic one, even though several months ago it was considered to be a pessimistic one.

The trade and payment balance of mutual trade between the SR and the CR for 1992 (see Table 6) is not entirely comparable with the data for 1993; in 1992, it was a matter of deliveries within the state, while, in 1993, it was foreign trade. The greatest share of deliveries from the CR is made up of metal products (16.0 percent), machinery and tools (11.0 percent), foodstuffs (10.0 percent), and means of transportation (9.1 percent). The share of "intraindustry trade" is high for both semifinished goods—for example, in metallurgy—and for consumer goods—textiles, leather products, and electronics and optics—with 12.2 percent of

the imports and 13.5 percent of the exports of the SR. Slovakia has a strong position mainly in chemicals and in processing crude petroleum.

The volume of trade for the first three quarters of 1992 dropped in comparison with the same period in 1991 by 22 percent on the export side and 25.1 percent on the import side for the SR. The drop in trade turnover continued on into the first two months of 1993. Deliveries from the CR to the SR dropped more significantly because Slovakia achieved a surplus in its trade balance with the CR beginning in February 1993. Despite that, precise data on that are not available.

Economic Structure

The raw materials base of Slovakia was not adequate for the development of Slovak industry. In Slovakia, there can be found sources of brown coal in Hanlova (central Slovakia), lignite in Novaky (central Slovakia), and magnetite in Roznava (eastern Slovakia), as well as smaller supplies of iron ore (Rudnany), copper in Slovinky (eastern Slovakia), and petroleum in Gbely (western Slovakia). The energy supply is to a large part dependent on hydroelectric power plants (especially on the Vah River) and on nuclear power plants (Jaslovske Bohunice and Levice in western Slovakia).

For the most part, Slovak industry was built up only after World War II. That resulted in an emphasis placed on the chemical industry and engineering, as well as dependence

of the Slovak industry on the sales and raw materials markets of Eastern Europe. The postwar investments in central Slovakia concentrated on the metal-working industry and engineering based on the arms industry (Martin and Dubnica nad Vahom), as well as on nonferrous metallurgy (the aluminium plants in Ziar nad Hronom) and consumer electronics (Tesla Nizna). In eastern Slovakia at that time, it was the chemical industry (chemical plants in Humenny and Strazsek) and ironworks (VSZ [Eastern Slovakia Ironworks] Kosice) that were mainly built up. Industry in western Slovakia likewise concentrated on chemicals (Senica and Sala) and engineering (Nove Zamky). Bratislava is characterized by a broader industrial structure.

Even though industry is the most important sector in all of the regions, there is an above-average concentration on agriculture in certain regions, especially in the southern part of the country (see Table 8). On the average, there were 5.53 percent employed in state and cooperative agriculture (in 1991), and that was 9.22 percent (1990 figure) of those employed in the productive sector. The share of industry in employment in the productive sector (the state and cooperative sector) in the regions amounted to at least 30.23 percent in 1991, while the minimum figure in 1990 was 28.99 percent (in the Rimavska Sobota okres). An above-average high share of agriculture is found in the okreses of Dunajska Streda (19.62 percent in 1991 and 17.47 percent in 1990), Rimavska Sobota (17.28 percent in 1991 and 40.94 percent in 1990), Trebisov (15.57 percent in 1991 and 16.97 percent in 1990), Kosice-countryside (13.85 percent in 1991 and 15.46 percent in 1990), Bratislava-countryside (12.14 percent in 1991 and 14.68 percent in 1990), Komarno (10.35 percent in 1991 and 12.06 percent in 1990), and Galanta (10.20 percent in 1991 and 11.06 percent in 1990). Because agricultural production fell more sharply than industrial production, the regions most affected with unemployment are those that are heavily dependent on agriculture.

The Branch Structure

Until 1992, the SR used a breakdown of the economy into branches of the so-called productive and nonproductive spheres. Industry was further divided up into 19 branches and 81 subgroups. Since 1992, the breakdown according to NACE (Nomenclature generale des activites economiques dan les Communautés europeennes) has been in effect, so that the data on industry are for now not comparable with the other market economies.

About one-third (31.9 percent) of employed persons are working in industry (including mining) and 10.8 percent in agriculture. Measured as a share of production in the total industrial production (see Table 10), the most important industrial branches in 1992 were metal processing (15.2 percent) and the foodstuffs industry (14.5 percent). The share of engineering, the chemical industry, and petroleum processing, as well as the production of electricity, water, and gas, each exceeded 5 percent of the overall production. From a standpoint of a share in industrial exports, metal processing (26.6 percent) significantly led the other branches. It was followed by engineering (16.5 percent)

and chemistry (11 percent). The foodstuffs industry (5 percent) and the textile industry (8 percent) each had shares over 5 percent. The processing of foodstuffs is oriented toward the domestic market.

Industrial production declined in enterprises with more than 14 employees by about 20 percent. Despite that, there were signs of a certain economic revival in the second half of the year, as well as in the fourth quarter. In the fourth quarter, the real industrial production grew by 6.8 percent.

Structure of Employment
(in thousands of employees)

	1989	1990	1991	1992
Industry	830	813	692	636
Agriculture	304	294	236	
Construction	258	251	218	166
Domestic trade	229	229	178	216
Education	176	173	159	
Culture	36	35	20	
Health care	135	135	129	
Finance	7	9	12	
Insurance	2	3	3	
Total employees	2,492	2,459	2,151	2,100

Source: "SSU: The SR in Figures for 1992," p 10. Data for 1992 are preliminary.

The Structure of Enterprises

Beginning in 1990, the industry of the SR could not restructure adequately due to a lack of capital and an uncompleted process of privatization. We can figure on more significant changes in the structure only after the completion of the large-scale privatization, when the structure will be affected by the decisions of the new owners. As opposed to 1987, when the number of enterprises in the SR reached 1,345 entities, their number grew in 1991 to 3,660. The newly created enterprises and those split off from the large enterprise cooperatives belong mainly to the group of small and medium-sized businesses. The number of enterprises with less than 100 employees grew from 129 (9.6 percent) in 1987 to 1,524 (41.6 percent).

The share of the private sector in the national income amounted in 1992 to about 21 percent (as opposed to 15 percent in 1991). The private sector was most strongly represented in the production of the individual branches in the domestic trade branch (59.3 percent), in the services sector (45.1 percent), in road transportation (36.6 percent), and in construction (32 percent). The share of the private sector in industry amounted to 9.5 percent and to 21.3 percent in agriculture. The number of private companies increased mainly by the founding of limited liability companies and corporations.

The Structure of Enterprises According to Size

Employees	Number of Enterprises						Number of Employees					
	1987 Absolute	In %	1990 Absolute	In %	1991 Absolute	In %	1987 Absolute	In %	1990 Absolute	In %	1991 Absolute	In %
Total	1,345	100.0	1,574	100.0	3,660	100.0	1,693,385	100.0	1,538,969	100.0	1,576,258	100.0
Less than 100	129	9.6	219	13.9	1,524	41.6	6,789	0.4	10,673	0.7	65,814	4.2
101- 200	136	10.1	177	11.2	679	18.6	20,068	1.2	26,186	1.7	97,891	6.2
201- 500	352	26.2	455	28.8	805	22.0	121,630	7.2	155,635	10.1	252,012	16.0
501- 1,000	316	23.5	360	22.9	310	8.5	225,235	13.3	253,723	16.5	211,764	13.4
1,001- 2,500	258	19.2	234	14.9	219	6.0	409,682	24.2	362,959	23.6	333,666	21.2
2,501- 5,000	88	6.5	79	5.0	91	2.5	306,013	18.1	272,762	17.7	314,363	19.9
5,001- 10,000	53	3.9	36	2.3	23	0.6	362,603	21.4	241,703	15.7	150,562	9.6
10,001- 20,000	11	0.8	12	0.8	7	0.2	153,061	9.0	152,509	9.9	89,670	5.7
20,001- 30,000	1	0.1	1	0.1	1	0.0	24,030	1.4	26,023	1.7	24,143	1.5
30,001- 50,000			1	0.1	1	0.0			36,796	2.4	36,373	2.3
Over 50,000	1	0.1					64,274	3.8				

Source: Statistical Office of the SR

The Structure of Employment by Branch and Region
in the State and Cooperative Sector

Okres	Number of Employees in Nonproduction Branches						Number of Employees in Production Branches								
	Poten- tial Labor Force	Unem- ployed	Em- ployed	Total	Edu- cation	Cul- ture	Health Care	Other	Total	Industry	Con- struc- tion	Agri- culture	Trade	Trans- porta- tion	Other
SLO- VAKIA	2,558,907	301,951	1,659,817	491,650	182,292	17,937	115,052	176,369	1,168,167	611,930	133,880	62,301	110,584	119,752	129,720
BRAT- ISLAVA CAP- ITAL CITY	300,185	19,512	218,778	96,598	28,075	8,844	14,679	45,000	122,180	45,277	19,643	1,096	14,867	18,578	22,719
Bratis- lava- coun- tryside	51,608	7,896	29,987	10,587	3,911	115	2,216	4,345	19,400	8,887	2,315	2,355	2,185	1,310	2,348
Duna- jska Streda	46,046	8,012	25,718	8,759	3,242	86	2,102	3,329	16,959	5,127	3,499	3,327	2,175	812	2,019
Gal- anta	56,703	8,959	33,765	9,572	3,664	48	2,827	3,033	24,193	13,282	2,991	2,468	2,096	1,586	1,770
Komarno	49,069	5,005	26,713	7,740	3,192	189	1,759	2,600	18,973	8,759	2,381	1,964	2,457	1,824	1,588
Levice	64,289	9,129	37,130	9,524	3,693	56	2,414	3,361	27,606	15,722	3,476	1,817	2,657	1,931	2,003
Nitra	95,935	16,309	57,734	18,300	8,227	307	4,138	5,628	39,434	19,240	6,839	3,433	3,462	2,810	3,650
Nove Zamky	68,613	8,165	41,152	10,564	3,982	68	2,960	3,534	30,588	15,787	2,466	2,082	2,861	5,156	2,236
Senica	64,829	7,196	38,864	9,970	4,305	90	2,465	3,110	28,894	18,298	1,875	2,770	2,456	1,651	1,844
Topol- cany	72,504	8,918	44,505	9,079	2,573	143	2,824	3,539	35,426	23,732	1,642	1,886	3,608	2,081	2,477
Trencin	81,935	8,849	56,274	16,144	4,913	179	3,986	7,066	40,130	24,487	3,559	2,087	3,737	3,156	3,104
Tmava	118,118	14,056	74,755	21,019	7,489	353	5,495	7,682	53,736	31,757	5,166	2,190	3,964	6,670	3,989
WEST ERN SLO- VAKIA	769,649	102,494	466,597	131,258	49,191	5,343	47,227	335,339	185,078	36,209	26,379	31,658	28,987	27,026	

**The Structure of Employment by Branch and Region
in the State and Cooperative Sector (Continued)**

Okres	Number of Employees in Nonproduction Branches						Number of Employees in Production Branches								
	Poten- tial Labor Force	Unem- ployed	Em- ployed	Total	Edu- cation	Cul- ture	Health Care	Other	Total	Industry	Con- struc- tion	Agri- culture	Trade	Trans- porta- tion	Other
Banska Bystrica	97,759	11,340	65,596	20,181	6,822	995	5,528	6,836	45,415	24,154	5,329	738	4,349	3,367	7,478
Cadca	43,574	8,802	27,193	7,529	3,459	209	1,923	1,938	19,664	13,095	1,285	740	1,630	1,475	1,439
Dolny Kubin	53,958	9,011	29,529	8,095	3,786	95	2,025	2,189	21,434	14,106	1,776	476	1,364	1,524	2,188
Lip- tovsky Mikulas	64,409	5,668	43,546	11,044	4,589	240	2,889	3,326	32,502	18,874	3,435	1,858	3,350	3,064	
Lucenec	46,379	6,493	29,463	7,390	3,184	100	1,573	2,533	22,073	11,341	2,241	1,687	2,687	2,176	1,941
Martin	58,900	4,712	41,872	11,293	3,967	661	3,541	3,124	30,579	15,725	1,977	1,705	2,172	5,799	3,201
Pov- azska Bystrica	84,196	9,430	52,788	11,252	4,585	174	2,843	3,650	41,536	31,939	2,943	77	2,438	1,931	2,208
Priev- idza	66,028	7,197	47,425	9,884	4,040	225	2,628	2,991	37,541	25,185	4,005	2,164	2,196	2,072	1,919
Rim- avska Sobota	44,422	6,530	26,795	8,134	3,339	64	2,053	2,678	18,661	7,971	1,517	3,225	1,988	1,633	2,327
Velky Krtis	22,111	2,587	10,036	3,461	1,289	52	701	1,419	6,575	2,404	1,228	458	982	457	1,046
Zvolen	64,467	5,802	42,324	11,403	4,612	266	2,822	3,703	30,921	13,156	3,571	677	2,933	6,055	4,529
Ziar nad Hronom	46,040	4,604	32,026	8,215	3,301	229	1,953	2,732	23,811	15,427	2,114	887	1,543	1,427	2,413
Zilina	95,273	10,480	63,915	15,303	6,398	603	3,135	5,167	48,612	24,699	7,112	954	4,272	5,521	6,054
CEN- TRAL SLO- VAKIA	787,516	92,656	512,508	133,184	53,371	3,913	33,614	42,286	379,324	218,076	38,533	15,646	31,904	35,358	39,807
Bardejov	33,799	6,388	19,426	6,003	2,362	82	1,644	1,915	13,423	7,734	1,543	167	1,250	755	1,974
Hum- enne	51,828	4,509	35,659	8,200	3,458	86	2,296	2,360	27,459	15,005	3,000	1,374	2,418	1,822	3,840
Kosice- city	145,096	10,592	107,018	33,585	12,251	1,689	8,611	11,034	73,433	37,766	11,151	727	6,243	10,455	7,091
Kosice- coun- try- side	27,897	4,603	16,358	4,709	2,463	31	745	1,470	11,649	4,295	1,349	1,613	1,201	1,219	1,972
Micha- lovce	52,362	7,383	31,791	8,492	3,353	106	2,362	2,671	23,299	11,504	3,741	1,844	2,527	1,219	2,464
Poprad	72,650	10,389	50,362	15,256	4,658	129	4,832	5,637	35,106	16,284	4,076	1,820	4,472	3,152	5,302
Presov	90,983	10,827	59,459	17,172	7,146	810	3,477	5,739	42,287	21,108	4,833	3,675	4,970	3,768	3,933
Roznava	41,887	5,906	28,429	6,668	2,633	142	1,914	1,979	21,761	12,002	2,066	1,130	1,661	1,682	3,220
Spisska Nova Ves	62,181	8,581	42,057	10,392	4,698	177	2,737	2,780	31,665	16,801	2,547	1,726	2,148	4,064	4,379
Stara Lubovna	18,794	2,556	9,179	3,472	1,514	54	832	1,072	5,707	2,408	929	122	920	545	783
Svidnik	21,854	2,688	12,782	4,225	1,644	103	980	1,498	8,557	4,436	717	591	667	483	1,663
Treb- isov	50,854	8,340	33,697	7,923	3,464	82	2,047	2,330	25,774	8,348	2,143	4,014	2,907	6,618	1,744
Vranov nad Toplou	29,019	4,527	15,717	4,513	2,011	55	1,076	1,371	11,204	5,808	1,400	377	771	1,047	1,801
EAST- ERN SLO- VAKIA	699,204	87,289	461,934	130,610	51,655	3,546	33,553	41,856	331,324	163,499	39,495	19,180	32,155	36,829	4,0166

Source: SSU: Comparison between okreses in the SR for 1991

The Development and Structure of Industry by Branch

	Price	Production of Goods in Current Prices		Index in Constant Prices			Exports		Index		
	4q'91 = 100 1992	Share of 1991	Share of 1992	4q/3q	2hy/1hy	y'92/y'91	Share of 1991	Share of 1992	4q/3q	2hy/1hy	y'92/y'91
Extraction of mineral raw materials	99.7	3.35	3.46	133.8	89.0	88.3	0.44	0.40	98.4	155.7	112.6
Extraction of energy raw materials	100.0	2.30	2.40	156.4	78.7	89.1	0.03	0.14	232.6	74.4	22.9
Extraction of nonenergy raw materials	97.8	1.05	1.06	100.9	117.7	86.7	0.41	0.26	94.6	165.2	159.5
Processing industry	106.9	87.83	86.75	104.2	103.6	84.4	98.83	99.10	101.9	101.4	101.5
Production of foodstuffs and confections	126.8	15.72	14.79	107.4	118.8	80.4	5.84	5.07	61.9	129.2	117.3
Textile and clothing production	112.7	4.40	4.62	107.9	95.2	89.8	8.22	7.96	106.8	113.5	105.1
Production of hides and leather products	99.5	2.17	2.06	104.6	97.6	81.5	2.96	3.68	113.2	98.2	81.7
Production of wood products	109.0	1.97	1.87	102.3	89.2	81.1	2.66	2.30	98.1	84.8	117.5
Paper and printing production	114.1	4.05	4.44	100.1	101.1	93.7	5.10	4.73	98.8	88.2	109.9
Coking and petroleum processing	88.9	7.94	7.93	89.1	99.6	85.3	4.15	4.03	79.9	105.5	104.7
Production of chemical products	100.7	7.40	8.64	74.5	81.8	99.8	9.66	10.92	73.4	85.9	90.1
Production of rubber products	108.9	2.84	3.21	114.7	96.9	96.4	3.81	3.40	111.7	102.1	114
Production of stone and ceramics	104.5	3.61	3.95	91.7	118.2	93.5	5.76	3.69	85.5	122.4	158.9
Production of metals and metal products	97.9	13.79	15.19	90.4	116.0	94.2	29.19	26.59	93.5	103.3	111.7
Production of machinery and instruments	104.9	11.42	8.72	132.1	91.9	65.2	9.38	16.49	177.2	66	57.9
Production of electronics and optical instruments	101.2	5.01	4.53	128.9	105.6	77.3	3.27	3.67	105.9	150.8	90.6
Production of means of transportation	137.2	5.38	4.44	97.1	102.7	70.5	6.14	3.75	178.2	139.1	166.6
Production not included elsewhere	101.8	2.13	2.34	153.7	112.9	94.2	2.69	2.81	93.9	88.6	97.4
Production and distribution of electricity, gas, and water	100.9	8.82	9.79	124.5	102.8	94.9	0.73	0.51	—	52.6	145.8
Total for industry	106.2	100.00	100.00	106.8	103.0	85.5	100.00	100.00	103.1	101.3	101.8

q = quarter
hy = half-year
y = year

Source: Statistical Office of the SR, its own calculations

Third Installment

The Structure and Development of Foreign Trade

For 1992, the SR's foreign trade was predominantly with OECD countries. The OECD countries were involved in 54.2 percent of the total amount and 51.1 percent of the overall imports. The share of other countries in 1992 amounted to 34.2 percent of the overall exports and 44.2 percent of the overall imports. The trend toward a decline in the volume of foreign trade with those countries during the period of transition to a market economy continued in 1992 as well. The overall volume of exports to those countries dropped by 26.8 percent and the overall imports from those countries by 24.4 percent. An even more striking decline was registered in relation to the SNS [CIS-Confederation of Independent States]. Exports to CIS countries dropped by 32.5 percent and imports from CIS by 23.3 percent. The most important trading partners of Slovakia are Germany (24.4 percent of exports and 20.9 percent of imports), the CIS countries (16.5 percent of exports and 35.9 percent of imports), Austria (7.5 percent of exports and 10.1 percent of imports), Hungary (7.1 percent of exports and 2.7 percent of imports), Italy (4.2 percent of exports and 3.1 percent of imports), and France (3.8 percent of exports and 2.3 percent of imports).

Almost half of the exports (42.6 percent) represent semi-finished goods and finished products (SITC [Standard International Trade Classification] 6), another 17.3 percent of exports are machinery and means of transportation (SITC 7), and 14.4 percent are other finished products (SITC 8). This composition of exports is almost the same for each of the export areas, except that the SR exports a greater volume of machinery to CIS. On the import side, it is predominantly machinery and means of transportation (SITC 7), with 31.9 percent of the overall volume of imports, and fuels (SITC 3) with 29.5 percent. Fuels are imported mainly from CIS (77.7 percent of the imports are from CIS).

The development of foreign trade in 1992 can be evaluated as positive overall. Exports grew by 1.9 percent, and imports dropped by 5.3 percent. The trade balance indeed showed a deficit amounting to Kcs2.1 billion, but that deficit is substantially lower (as a consequence of the growth in exports and the decline in imports) in comparison with 1991 (Kcs9.6 billion). In bilateral trade relations, Slovakia achieved a positive trade balance with Hungary (Kcs4.3 billion), Germany (Kcs3.1 billion), the former Yugoslavia (Kcs2.2 billion), France (Kcs1.4 billion), Syria (Kcs1.7 billion), and India (Kcs1.1 billion). The SR had a negative bottom line in the balance of trade with the CIS countries (Kcs19.9 billion) and Austria (Kcs2.8 billion).

Slovakia's Foreign Trade in 1992 According to
Commodities and the Regional Structure

	Total	0	1	2	3	4	5	6	7	8	9
EXPORTS	98,594	7,192	503	5,447	803	99	11,270	42,021	17,084	14,163	12
Former CEMA	33,679	3,913	441	1,612	427	46	4,148	12,360	6,982	3,738	12
CIS	16,301	1,889	193	81	28	14	1,627	4,523	5,015	2,931	0
Market economies	64,915	3,279	62	3,835	376	53	7,122	29,661	10,102	10,425	0
OECD	53,444	2,769	60	3,770	366	53	6,730	24,094	7,399	8,203	0
EC	41,055	2,221	46	2,761	120	52	4,870	18,840	5,540	6,605	0
EFTA [European Free Trade Association]	10,326	410	11	1,001	246	1	1,600	4,594	1,389	1,074	0
Developing countries	11,471	510	2	65	10	0	392	5,567	2,703	2,222	0
IMPORTS	100,697	4,600	781	6,803	29,711	50	9,846	8,737	32,111	8,056	2
Former CEMA	44,500	971	255	4,205	29,113	12	3,022	2,972	2,787	1,163	0
CIS	36,168	98	72	3,190	28,114	0	1,543	1,710	1,175	266	0
Market economies	56,195	3,629	526	2,598	598	38	6,824	5,765	29,323	6,892	2
OECD	51,503	2,247	438	1,770	593	36	6,780	5,563	28,253	5,821	2
EC	34,414	1,754	223	1,101	465	24	4,448	3,679	19,565	3,154	1
EFTA	13,861	434	191	308	120	12	1,992	1,770	6,904	2,129	1
Developing countries	4,692	1,382	88	828	5	2	44	202	1,070	1,071	0

Source: Bulletin of the Statistical Office of the SR 12/1993, pp 14-15

Categories of Foreign Trade According to the SITC:
 SITC 0—foodstuffs and live animals
 SITC 1—Drinks and tobacco
 SITC 2—Raw materials other than fuels
 SITC 3—Mineral fuels, lubricants, and related materials
 SITC 4—Animal and vegetable oils, fats, and waxes
 SITC 5—Chemical and related products
 SITC 6—Market products
 SITC 7—Machinery and transportation equipment
 SITC 8—Various industrial products
 SITC 9—Commodities not included elsewhere

The export of semifinished goods and finished products grew more rapidly than average (by 19.8 percent), which was caused by the development of exports to the OECD countries (38.3 percent). The export of goods in groups SITC 7 and SITC 8 to OECD countries grew similarly (by 33.3 percent and 38.8 percent, respectively), which did not totally cover the losses (a decline of 50.2 percent and 37.8 percent, respectively) in markets in the other countries in transitions, however.

**Development of Foreign Investments
in Slovakia in 1992
(in thousands of Kcs)**

Quarter	1st	2d	3d	4th
Total	3,526,303	5,186,397	6,095,463	6,607,072
Processing industry	1,993,888	2,599,808	3,140,294	3,303,707
Trade and repair activities	656,651	1,702,932	1,810,865	1,931,967
Finance and insurance	315,682	315,682	315,782	521,062
Research, development, and real property	187,159	194,446	479,493	489,950
Construction	210,864	211,270	204,709	205,381
Extraction of mineral raw materials	60,814	60,814	61,424	61,524
Transportation, storage, and communications	28,614	28,634	36,388	38,836
Accommodations and housing	5,323	5,503	5,739	11,326
Agriculture	12,547	12,547	4,929	6,879
Health care and social services	1,125	1,125	1,125	1,125
Education	736	736	836	836
Production and distribution of electricity, gas, and water	1,100	1,100	180	180
Other services	51,800	51,800	33,699	34,299

Source: Trend 8/1993, 24 February 1993, p 5

Foreign Capital and Joint Ventures

According to an estimate¹ of the Ministry of the Economy of the SR, the SR would need the influx of foreign capital amounting to Sk8.3 billion annually to improve the structure of its industry. Currently, the SR is receiving nowhere near that amount. As of 31 December 1992, the foreign capital invested in the SR had a basic total value of Kcs6,607.1 million (approximately \$231.1 million) invested in 2,825 enterprises. Of this, in 101 enterprises, there was representation of two foreign investors, and, in four cases, there was representation of three foreign investors.

In those enterprises, the amount of domestic capital was Kcs3,931.1 million (37.3 percent). The development of foreign investments in 1992 is shown in the table. The data available show a significant slowdown in the influx of capital invested in the SR in 1992. Some branches (agriculture, construction, and the supply of electricity, water, and gas) even recorded a decline in foreign investment in the third quarter.

Despite that, the number of enterprises with participation of foreign capital amounting to Kcs100,000 (about 40,000 Austrian schillings) grew. In view of that development, one can expect that, in the case where economic growth is restored, the volume of foreign investments will again increase sharply.

Structure of Foreign Capital by Size

Basic Input of Foreign Capital (in thousands of Kcs)	Number	Share in %	Overall Amount (in thousands of Kcs)	Share in %
Up to 100	1,993	70.55	124,687	1.89
101-500	555	19.65	134,798	2.04
501-100	109	3.86	87,889	1.33
1,001-10,000	119	4.21	379,125	5.74
10,001-100,000	32	1.13	1,006,861	15.24
100,001-500,000	15	0.53	3,035,012	45.94
Over 500,000	2	0.07	1,838,700	27.83

Source: Bulletin of the Statistical Office of the SR 12/1993, p A2

Foreign investors can acquire more than 50 percent of the capital in enterprises and can found new entrepreneurial activities. The average share of Slovak participation in joint ventures is only 42.8 percent. In December 1992, there were 787 exclusively foreign firms or foreign branch companies with an overall value of Kcs1.6 billion in Slovakia.

In a great number of the joint ventures (90 percent), the participation of foreign investors represented an amount of capital less than Kcs500,000 (about 200,000 Austrian schillings). The participation of such investors represents only about 4 percent of the overall foreign capital in the SR. Among the most important joint ventures (ordered according to the amount of joint participation) are: K Mart SR, Inc. (United States), Volkswagen, Ltd. (FRG), Henkel-Palma, Ltd. (Austria), Moelnlycke, Ltd. (Sweden), Samsung-Calex, Ltd. (South Korea), the People's Bank, Ltd. (Austria), Hoechst-Biotika, Ltd. (FRG), the First Builders Savings Bank, Ltd. (FRG and Austria), Naftaprojekt-CP, Ltd. (Canada), Probugas, Inc. (The Netherlands), Saris Brewery, Inc. (United States), Slovasfalt, Ltd. (Austria), and MG Slovnaft, Inc. (FRG). The two largest investors provide more than one-quarter of the total volume of foreign investments in the SR. Another 15 foreign investors together form another 45 percent of the foreign capital.

The Structure of Foreign Investments by Region

	Foreign Capital		Share of Foreign Capital in %		
	Enterprises as of 31 Dec 92	In Thousands of Kcs as of 31 Dec 92	31 Dec 92	31 Sep 92	31 Mar 92
TOTAL IN SLOVAKIA	2,825	6,607,072	100.0	100.0	100.0
BRATISLAVA, CAPITAL CITY	1,627	4,395,042	66.5	64.4	77.4
Bratislava-countryside	73	23,494	0.4	0.4	0.4
Dunajska Streda	74	11,669	0.2	0.1	0.2
Galanta	43	14,042	0.2	0.2	0.4
Komarno	66	11,206	0.2	0.2	0.2
Levice	29	3193	0.0	0.1	0.1
Nitra	56	509,052	7.7	8.3	10.7
Nove Zamky	34	6,576	0.1	0.1	0.1
Senica	40	116,898	1.8	1.9	2.2
Topolcany	18	1,994	0.0	0.0	0.0
Trencin	60	10,321	0.2	0.2	0.2
Tmava	72	14,224	0.2	0.2	0.2
WESTERN SLOVAKIA	565	722,669	11	11.7	14.7
Banska Bystrica	64	27,741	0.4	0.6	0.4
Cadca	11	42,081	0.6	0.7	0.8
Dolny Kubin	19	46,596	0.7	0.7	1.2
Liptovsky Mikulas	18	15,665	0.2	0.3	0.4
Lucenec	13	1,965	0.0	0.0	0.0
Martin	20	219,858	3.3	3.6	0.0
Povazska Bystrica	47	13,964	0.2	0.2	0.1
Prievidza	25	4,267	0.1	0.1	0.0
Rimavska Sobota	10	852	0.0	0.0	0.0
Velky Krtis	4	830	0.0	0.0	0.0
Zvolen	26	27,670	0.4	0.4	0.0
Ziar nad Hronom	9	62,628	0.9	1.0	1.8
Zilina	52	54,340	0.8	0.7	1.0
CENTRAL SLOVAKIA	318	518,457	7.6	8.3	5.7
Bardejov	6	1,081	0.0	0.0	0.0
Humenne	3	154	0.0	0.0	0.0
Kosice-city	152	45,754	0.7	0.6	0.4
Kosice-countryside	11	1,399	0.0	0.0	0.0
Michalovce	12	16,002	0.2	0.3	0.4
Poprad	27	375,486	5.7	6.1	0.0
Presov	47	169,070	2.6	2.7	0.3
Roznava	14	334,932	5.1	5.5	0.0
Spisska Nova Ves	16	24,512	0.4	0.4	0.6
Stara Lubovna	4	327	0.0	0.0	0.0
Svidnik	3	353	0.0	0.0	0.0
Trebisov	17	1,638	0.0	0.0	0.0
Vranov nad Topľbú	3	196	0.0	0.0	0.0
EASTERN SLOVAKIA	315	970,904	14.7	15.6	1.7

Source: SSU: Transformation of Organizational and Ownership Relationships in the SR 1992

The foreign investors in the SR come from a total of 54 countries. The strongest representation in Slovakia is currently that of the Austrian investors, with a total volume of investment amounting to Kcs1.8 billion (27.3 percent of the overall foreign capital) put into 908 firms. They are followed by investors from the FRG, with Kcs1.6 billion (24.9 percent) in 489 firms, and those from the United States, with Kcs1.3 billion in 110 firms. Foreign capital is concentrated (66.5 percent) in Bratislava. The least foreign investment is in eastern Slovakia. Despite that, during 1992, there was a more significant input of foreign capital recorded outside Bratislava as well.

The incentives for foreign investors include mainly the low level of wages, with a concurrent geographic proximity to the potential market of Western Europe. A certain advantage can be partially attributed (unfortunately) to the more tolerant ecological regulations, especially for the chemical industry. The SR Government has approved tax breaks for foreign investors, with the goal of attracting foreign capital. Each firm with more than a 30-percent share of capital has a right to tax advantages. Taxes on the profits are waived to the full amount for the first year and reduced from 45 percent to 30 percent for the next two years. Banking institutions can count on such breaks for 10 years.

The Labor Market

Until 1990, unemployment did not officially exist in Czechoslovakia. Despite that fact, even at that time we could observe the so-called overemployment, which could be considered a form of "hidden unemployment." During the economic reforms, unemployment grew very rapidly in Slovakia,² so that, on 31 December 1991, it had already reached 11.8 percent and was 10.4 percent on 31 December 1992. From the beginning, there have been significant regional differences in the unemployment rate. The lowest unemployment is in Bratislava, with 6.5 percent in December 1991 and 3.8 percent in December 1992. The highest rates of unemployment on the regional (or okres) scale fluctuate around 20 percent; in December 1991, it was 20.2 percent in the Trebisov okres, and, in December 1992, it was 19.3 percent in Cadca.

The share of men in the recorded numbers of unemployed grew in 1992 from 47.8 percent to 49.9 percent. The share of unskilled workers dropped from 65.5 percent to 53.8 percent. The number of people with reduced working hours grew to 25,525 as of December 1992.

In 1992, the average monthly wage amounted to Kcs4,495 in industry and Kcs4,664 in construction. In comparison with 1991, in industry that meant a nominal growth in wages of 16.4 percent and a real growth in wages of 6.7 percent. The wage level ranged broadly by region; in 1991, the average wages in Kosice were Kcs4,190, in Bratislava Kcs4,167, and, for example, Kcs3,356 in the Svidnik okres in eastern Slovakia. Together with the differing levels of unemployment, the regional difference in wages contributed to significant migration between okreses. The overall migration between okreses in 1991 amounted to 37,339 persons. Another 8,558 left the territory of Slovakia in 1991, and 9,077 moved into the SR. The net migration per

1,000 inhabitants of the okreses was positively dependent on the wage difference from the Slovak average (cor = 0.564) and correlated negatively with the regional unemployment (cor = 0.429).

Footnotes

1. TREND 8/1993m, p 1.

2. The following values relate only to unemployed persons registered at the labor office. In 1992, the documentation at the labor offices showed 344,175 unemployed persons, of which only 177,300 found new work. The overall level of unemployment in December 1991 was estimated at 13 to 14 percent (see Statistical Bulletin 12/1992, p 26)

(to be continued)

* Agricultural Policy Impeded by Lack of Funds

93CH0726B Bratislava HOSPODARSKE NOVINY in Slovak 2 Jun 93 pp 1-2

[Article by Michal Stefanek: "The State Budget Lacks Taxes"]

[Text] A report on the fulfillment of the state budget, a proposal for a concept for agricultural policy, and a proposal for signing guarantee agreements for foreign credit agreements for the development of telecommunications on the territory of the SR [Slovak Republic] were among the main points of yesterday's discussions of the SR's Government. During the government's discussions, the minister of finance, Julius Toth, passed on information to journalists at a press conference about the "report on the fulfillment of the SR's state budget for the first quarter of this year and the proposal for a law of the NR [National Council] of the SR, which changes and supplements Law No. 14/1993 of the Collection of Laws [Zb.] on the state budget of the SR for 1993 and for changing the laws in the area of social security and some other laws." In the first quarter, the state budget was in the red by 11 billion korunas [Sk], but, at the same time, the amount of uncollected taxes reached Sk14.2 billion.... In April, there was a thorough audit of tax payments. Next month, measures will go into effect that are supposed to prevent such gross nonpayment of taxes, including fines and criminal actions against those not paying. It is expected that, in two to three months, there will be a turnaround in the payment of taxes.

Julius Toth also spoke of the situation in the National Insurance. The National Council of the SR recommended to the government that it bring some parts of the law on National Insurance into agreement with the current state budget. The government is proposing certain adjustments concerning mainly the "simulate" working of the insurance by means of the state budget to 31 December of this year, rather than to 1 July. If the National Insurance is in fact supposed to begin working on the basis of the insurance funds, it would practically have to stop paying out all benefits. The tax entities, in fact, owe the insurance Sk6 billion.

The minister of agriculture, Peter Baco, told the journalists about the discussions on the proposal for a concept of

agricultural policy. Yesterday, the government approved the proposal for a concept of an agrarian and nutritional policy but returned the concept and principles of water-management policy for reworking.

The philosophy of the proposal for the concept of an agrarian and nutritional policy is based on a kind of social contract in which the consumer will be assured of having food, and agriculture will, in return, not have to be afraid that what it produces will not be sold. The basic question of yesterday's discussions was whether the state should exert influence on the production of foodstuffs or leave the fate of agriculture to free developments. The government voted for the first alternative.

In response to a question by HN [HOSPODARSKE NOVINY] on specific decisions in applying the new concept of an agrarian and nutritional policy, Minister P. Baco answered that those decisions must be made without increasing the costs to the state budget. It is, in fact, necessary rather to figure on a reduction in resources of approximately 3-4 percent annually.

The government yesterday approved the proposal for signed guarantee agreements for foreign credit agreements for the development of telecommunications on our territory. The state enterprise Post and Telecommunications Administration Bratislava has put forward the specific goals of the approved concept as Telecommunications Project I, in which it proposes in detail the modernization of the telecommunications network in Slovakia for 1992 to 1995, with general guidelines for 1996 to 2000. As the minister of transportation, communications, and public works, Roman Hofbauer, said at the press conference, by 1996 we will receive a loan of \$266 million from leading global and European monetary institutions for the development of telecommunications. That is one-half of the expected investment resources for that period. The other half will make up our financial resources. Overall, up to Sk50 billion would be required to modernize telecommunications, which is one-third of the SR's current state budget.

The government likewise discussed proposals for several laws. It approved the proposal for a law on the NR of the SR on several indemnifications in the transfer of state property to other people. That law will make it possible to privatize property with restitutions, as well. The person who will privatize such property takes upon himself the material burden of restitutions. The proposal for a law of the NR of the SR on educational facilities was returned for further work.

The government approved a proposal for signing an agreement between the Government of the Republic of Slovenia and the Government of the SR on doing away with the requirement for visas. It likewise approved the proposal for completing negotiations on a treaty on friendly relations and cooperation between our Republic and Romania. It also approved the proposal for a protocol between the SR Government and the Government of the Russian Federation on trade and economic relations in 1993.

At yesterday's session, the government agreed to the proposal for appointing Dr. JUDr. Vojtech Tkac, C Sc [Candidate of Science], as state secretary of the Ministry of Labor, Social Affairs, and the Family.

* CSFR Railroad Property Split Discussed

93CH0726A Bratislava HOSPODARSKE NOVINY in Slovak 2 Jun 93 pp 1-2

[Article by Maria Kurhajcova: "Theory Is Not Always Practice"]

[Text] At the recent separation congress of the Union of Railway Workers, the chairman of the Czech portion stated that not only the unions but also the property of the former Czecho-Slovak railroads had been divided up so that both parties are satisfied. Essentially he was right. For the railroads, the general law on the division of property between the CR [Czech Republic] and the SR [Slovak Republic] in a ratio of 2 to 1 applied. At first glance, everything seemed to be in order. Theory and practice are usually different, however, and especially when it is a matter of "the bottom line."

Right at the start, the partners agreed to the correct principles of procedure and to the operational solutions to the problems that come up, so that they do not grow to uncontrollable dimensions. When it came down to actually dividing up the pie, however, the correct attitude in many cases just slipped away.

"In dividing up the passenger cars, Slovakia came out ahead. It turns out that, for years now, we have been shorted by 456 cars," said Eng. Stefan Nemes, the plenipotentiary of the deputy minister of transportation and communications of the SR. The inventory at least has improved with their return, even if the technical level has not, and the transport capacity has increased. The Slovak railways and the Czech railroads signed a special agreement right after the breakup of the federation on the gradual transfer of an additional 484 cars that we let them hold on lease until the schedules were changed. Here the Czechs did not behave in a very gentlemanly manner, however. They made fulfillment of their obligation conditional on an overall property settlement between Slovakia and the Czech lands. Only after some quite sharp protests by us did they begin to carry out the agreement.

The freight transport has been divided up, but so far it is still not equalized. That causes problems especially because of the fact that there are a lot of cars out of the country, and they have not yet returned; some are in the repair shops, and approximately 490 of them are "missing." Both partners are jointly participating in looking for them. In the words of Eng. Nemes, we have insisted on that so that there is not a partial distribution, as was the case with the oil pipeline.

As far as the cars coming back from outside the country are concerned, Slovakia is kind of the dispatcher for them. All of the information on their entry through the border-crossing points to the territory of the entire federation is concentrated in the computer center in Bratislava. It determines the home station based on the serial number, so any attempts at "improving one's position" are excluded.

A completed transfer of the passenger cars and locomotives should be finished by 30 June, and the freight cars will be done by the end of this year. So far, the timetable has been carried out according to plan because the two sides are aware that each day of delay means a loss of profits, especially in freight transportation.

Federal

Minority Rights To Be Regulated by New Law

LD2007162693 Belgrade TANJUG in English 1541
GMT 20 Jul 93

[Text] Novi Sad, July 20 (TANJUG)—The rights of ethnic minorities in the Federal Republic of Yugoslavia will be regulated by a new law, in keeping with all international norms, Federal Minister of Human and Minority Rights Margit Savovic said in Novi Sad on Tuesday.

The law, which is to be adopted in September, will regulate the relations with Serbs and Montenegrins living in the neighbouring countries, Savovic told a press conference on the national minorities position and rights in Serbia's northern province of Vojvodina.

Yugoslavia is open to dialogue with foreign delegations and missions, but insists on being treated as an equal partner and a sovereign state, Savovic said and added that this referred also to the CSCE mission in Vojvodina.

The federal government has not extended the stay of the CSCE mission which was monitoring the observance of human rights in Vojvodina, in Serbia's southern province of Kosovo-Metohija and in the Raska region (also known as Sandzak), making it contingent on Yugoslavia's return to the CSCE from which it was suspended last year.

Minority issues must not be used for the breaking of Yugoslavia and the dismembering of Serbia (the larger of Yugoslavia's two republics). No country in the world does ensure as high a degree of autonomy as is demanded from Yugoslavia, Savovic said.

The international community, which keeps setting new conditions for Yugoslavia, has seriously violated its own norms more than once, Savovic said.

Yugoslav Minister for Culture and Education Slavko Gordic told the press conference that syllabi of the Republic of Serbia are applied in the education in the languages of national minorities in Vojvodina, where ethnic Hungarians make up 16 percent of the population. Gordic said the situation could not be compared with that in Kosovo-Metohija, where ethnic Albanians have been boycotting education and demanding that the syllabi of neighbouring Albania be applied.

Gordic said that according to the Constitutions of Yugoslavia and Serbia, each of the 26 national minorities living in Vojvodina is allowed to use its language and script and to nurture its national traditions and customs.

Kosovo

Former Security Chief Arrested on Corruption Charges

AU2007173593 Pristina KOSOVA DAILY REPORT No 142 in English 16 Jul 93

[Unattributed report: "Former Serb Security Chief Arrested on Bribery Charges"]

[Text] The local Serb Prishtina-based daily JEDINSTVO reports today (Friday) that former Serb Security Chief in

Prishtina, Djurica Krstic, was arrested on Wednesday [14 July] in Nis on founded suspicion that during his time in office he had unlawfully issued passports to Albanians in return for money. Reportedly he took bribes amounting to dozens of thousands of DEM.

JEDINSTVO says that he served for over a year in office and was responsible for the frontiers, foreigners and issuing passports. Two more Serb officials from Belgrade will be arrested on the same charges, the newspaper says.

Serbs Ban Publication of Albanian Journal

AU2007152293 Tirana Radio Tirana Network in Albanian 1330 GMT 20 Jul 93

[Text] The journal FJALA of Prishtina, which has been published for a quarter century, did not appear yesterday [19 July] due to the Serbian violence on the Albanian information in Kosova.

The editorial office of this journal reports that beginning 13 July, the Serbian violent leadership has banned the workers of the RILINDJA enterprise, whose framework includes FJALA too, from entering its premises in the press palace, thus making impossible the publication of the newspaper.

It should be pointed out that after the suspension of RILINDJA newspaper three years ago, the journal FJALA assumed the functions of an information daily.

Serbia

Socialist Party Spokesman Seeks End to Sanctions

LD2007171693 Belgrade TANJUG in English 1624
GMT 20 Jul 93

["Pool" item]

[Text] Belgrade, July 20 (TANJUG)—Spokesman for the ruling Socialist Party of Serbia Ivica Dacic said in Belgrade on Tuesday that the crisis in Bosnia-Herzegovina would be peacefully solved very soon and that there was no further reason for the draconic sanctions against Yugoslavia.

Dacic told a press conference that a peaceful and fair solution for Bosnia-Herzegovina included the organization of the republic as a confederation of the Serb republic, the Croatian Herceg-Bosna and a Moslem republic. He said there were indications that Moslems, who had been opposing this solution, would now accept it.

Dacic said there was no further reason for the U.N. sanctions against the Federal Republic of Yugoslavia, imposed because the Serb republic in Bosnia-Herzegovina had rejected the Vance-Owen plan, since major international factors had abandoned the plan.

After the signing of a peace treaty, Russia will be the first to initiate the easing and lifting of the sanctions against Yugoslavia, Dacic said mentioning what Russian Deputy Foreign Minister Vitaliy Churkin said during his visit to Belgrade.

The sanctions were imposed on May 30, 1992.

Oil Industry Shows 2.8-Percent Production Increase*LD2107111193 Belgrade TANJUG Domestic Service in Serbo-Croatian 1017 GMT 21 Jul 93*

[Excerpt] Novi Sad, 21 July (TANJUG)—In the first half of this year the Serbian oil industry (SOI) produced approximately 577,000 metric tons of oil from oil fields in Vojvodina, an increase of 2.8 percent from the same period last year.

If to this figure we add oil production from Angola—approximately 90,000 tons—assistant director of SOI production plant Rajko Zagorac said, then we can say that SOI's six-month production is 667,700 tons of oil.

SOI obtained 513 million cubic meters of gas from gas fields, or 22 percent more than in the same period last year. The exploitation of gas was particularly successful in June, when the production went beyond the plan—it amounted to 64 million cubic meters of gas. [passage omitted]

Vojvodina**Ethnic Hungarian Leader Attacked in Subotica***93BA1209A Budapest MAGYAR SZO in Hungarian 30 Jun 93 p 8*

[Article by Ildiko Arpas: "Imported" Perpetrator? The Consequence of Vucinic's and Seselj's Visit—Press Conference Regarding the Incident at Bajmok"]

[Text] Stanka Kujundzic, the vice chairman of the Szabadka [Subotica] local legislature and a member of its executive committee, as well as a leader of the Szabadka district VMDK [Democratic Union of Hungarians in Vojvodina], called a press conference yesterday at noon regarding the incident that occurred in Bajmok. As we reported yesterday, representatives of the Szabadka local government had also been invited to the blessing of the cross organized at Bajmok by the Serbian Pravoslav religious community as part of the Vid-Day series of celebrations, and to the laying of the foundation stone of the Saint George Pravoslav church. The ceremony was also attended by Stanka Kujundzic and Gabor Kudlik, the Szabadka executive committee's religious affairs representative, as well as by Bosko Krstic, the cultural affairs representative. Toward the end of the more than three-hour-long religious ceremony, Stanka Kujundzic and Gabor Kudlik, standing a distance away from the podium, moved closer to the podium when they noticed pushing and shoving, and heard comments from a place close to where they stood, once close to the podium, they were joined by provincial executive committee Vice Chairman Dr. Stojan Berber and his associates. At that point an unidentified man in civilian clothing stepped up to Gabor Kudlik, pointed at a Chetnik sign on his arm, and for no reason at all, struck Kudlik to the ground. In retreating, the assailant justified his act by saying that Kudlik had cursed his mother, an assertion immediately denied by an eyewitness standing next to them, according to Stanka Kujundzic. Thereafter, Kudlik and the municipal vice

chairman proceeded to a celebration in Gyorgyen [Serbian name unknown], but Kudlik was forced to leave the festivities because he was not well.

At yesterday's press conference Stanka Kujundzic expressed regrets about the incident that occurred during a Pravoslav religious ceremony also attended by Irinej Bulovic, the Pravoslav bishop of the Bacska [Backa] region, and reminded those present that representatives of the municipality had already been publicly threatened several times without any reason (including a threat to hang Mayor Jozsef Kasza last November). They have notified the organs of the Interior Ministry of these threats, but so far without results, according to Kujundzic.

Gabor Kudlik who suffered bodily injury (his lip split open when struck, and his mouth became filled with blood), stressed that the attack, the consequence of Friday's press conference by Vojvoid Sinisa Vucinic in Szabadka, and of Saturday's anti-Hungarian incitement speech by Seselj also in Szabadka, had not been perpetrated by a local person, but by someone "imported" for that purpose. Kudlik also asserted that the attack had not been aimed at his person, but against the VMDK, as part of endeavors to intimidate Hungarians, and to thus force them to move, as well as to destroy an organization that gained power in the most recent elections not only in terms of several representatives winning seats in the legislatures of the federal, republican, and provincial governments, but also in seven Northern Bacska municipalities.

Gabor Kudlik also reported on his discussions with SZSZP [Serbian Socialist Party] Szabadka organization Secretary Dusko Stipanovic yesterday, in the course of which he learned that Stipanovic, also present at the celebration, had been aware of the fact that Kudlik's group "would be assaulted" upon arrival, "but did not want to say anything so as not to scare them, assigning instead a person to guard them." Meanwhile, when some shooting took place behind the church, the "guard" left, and the assault on Gabor Kudlik took place in the absence of the guard.

Radovan Knezevic, a division director of the Interior Ministry secretariat in Szabadka announced at the press conference that an investigation had already been launched to identify the assailant, whose last name they already knew and against whom they would file a complaint, and that the Interior Ministry secretariat would do everything possible to protect the citizenry. But Knezevic did not comment on the remarks made by Stanka Kujundzic and Gabor Kudlik, according to which the workers of the Interior Ministry secretariat failed to provide for security at the celebration: Neither policemen, nor police cars could be seen in the vicinity of the celebrations.

VMDK district organization Chairman Dr. Csaba Sepsey expressed regrets for the "qualitative change" that occurred in attitudes manifested toward the VMDK: threats turned into physical assault. He assigned primary responsibility to the leaders of the SZSZP for the deterioration, who, in his view, make statements to increase

tensions in the city. Dr. Sepsey complained that the Hungarian- and Serb-language desks of the Szabadka Radio, as well as the editorial offices of MAGYAR SZO, have not been notified of the incident until Monday afternoon, and that only the latter reported the incident.

[Box, p 8]

**Statement by the Committee Organizing the
Construction of the Pravoslav Church in Bajmok**

The committee organizing the construction of the Pravoslav church at Bajmok forwarded a statement to our

editorial offices regarding the incident that took place on Monday. The committee expressed regrets to Gabor Kudlik for the "very unpleasant situation he experienced," and to the public for the things that happened, and said that it was convinced that the assault was perpetrated by a citizen of Bajmok. The communique also states that the organizers were pleasantly surprised by the large number of Catholics appearing at the ceremonies, and that they were particularly pleased with the presence of Stanka Kujundzic and Gabor Kudlik, as expressed by their representative Dusko Stipanovic, when he invited the two to a festive dinner following the religious ceremony.