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JPRS-EER-88-021
9 MARCH 1988



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ALBANIA

Current Political Situation Described by Defectors

Soccer Players, Interpreter Defect in Greece

21000005 Skopje FLAKA E VELLAZERIMIT
in Albanian 15 Nov 87 p 5

[Article by Zllatko Bllajer: "I Will Kill Myself if They Send Me Back!"]

[Text] The confessions of the three latest escapees from Albania. Even privileged people of the regime escape from "the people's paradise."

Athens, November

A male voice is heard on the telephone: "I am from the Pan-Hellenic Association of Northern Epirot Organizations. On 11 November, at 11:30, we are organizing a press conference with two people who have escaped from Albania. Our premises are at 8, Piraeus Street, 2nd floor, just past Omonia.

Last Wednesday, at 11:20, the little room was almost completely full — an unusual occurrence, given the local tradition of starting everything "fifteen academic minutes" late. The journalists of the local and world press were in the minority. Almost all the others present were adults. They were speaking Greek and Albanian among themselves. Near the window, a lively-looking priest was sitting.

There were photographs of priests on the walls too. On a smooth surface, a large map of Albania had been drawn, with the neighboring parts of Greece and Yugoslavia. Near Lake Ohrid, southwest to the Adriatic (over Vlore), there was a red line with the superscription "Via Egnatia." A space under that — about a third of the territory of Albania — was shown in a different color: Northern Epirus. "An unhealed wound" for a large part of the local nationalities, according to whose estimates 250,000 to 400,000 Greeks live in this area without the most basic human rights and as a minority. The press conference with the escapees from Albania had been organized in order that they should verify by their own accounts to the "Northern Epirots" of Greece the harsh attitude of the Tirana regime.

That same morning, there had been a new assault on this issue: it had been made known that three and a half months after the suspension of the formal state of war with Albania, accomplished for the official visit to the neighboring country at that time made by the Greek minister of foreign affairs, Karolos Papulias, a high government official from Athens had made occasional official visits to Tirana.

Silent News

At the table, facing the reporters and the "public," sat three young men. The organizers gave us basic information on them: Ilir Bulka, 38 years old, English and French interpreter; Lulzim Bershemi (20) and Arvid Hoxha (23), soccer players from the "Vllaznia" soccer team of Shkoder. The arrival of a fourth was awaited: 29 year-old Frederik Dionizi, a lumberman by profession.

The reporters exchanged astonished looks. First, they had been told initially of only two escapees. Second, the local press had only announced the escape of Dionizi, who, on 19 August, after struggling for 26 hours against strong currents, had managed to swim from the town of Sarande in Albania to the vicinity of the Greek island of Corfu, where a boat had taken him aboard. Actually, the UPI agency, with great delay, had reported from Athens that at the end of September someone from Albania had requested political asylum at the Athens airport, and that there had been a conflict between the Greek police and those accompanying the escapee. But not a word of this was printed in the local press. On the other hand, the two soccer players were something completely new.

The organizers immediately clarified the situation. They said that they had actually only planned a meeting with the interpreter and the lumberman, but in the meantime it had been learned that the two athletes had also escaped. Details followed.

Ilir Bulka, as an interpreter for the Albanian Olympic committee, had been with the leaders of the Shkoder team which had flown to Malta via Athens and Rome to compete in order to regain the cup of the winners of European cups. This time, Bulka had managed to escape from the group and, on 26 September, had requested political asylum in Greece.

A One-Way Road

After two victories, Vllazania placed in the second round of competitions, and on 4 November they played against the Rovaniemi team of Finland. Returning via Budapest, the soccer players from Albania arrived in Athens the Friday before last, from where they were to leave for home the next morning. During the night, Bershemi and Hoxha secretly left the hotel without being discovered, and requested political asylum at a police station. They were sent immediately to the U.N. refugee camp at Lavrio, south of Athens. Four days later, a member of the directorate of the Northern Epirus Organization, as he himself said, "kidnapped" them from the camp in order to bring them to the press conference. The interpreter had been kept by the Northern Epirots for two days at a hotel, the name and address of which was kept completely secret "to guard against every eventuality," since living conditions in Lavrio are very poor. The lumberman did not appear at all.

The four escapees are now awaiting a decision on whether they will be granted asylum. We asked the three who were present what would happen if their request was refused and if they were returned to Albania. "There is no question but that we would be killed the moment we crossed the border," the men replied. Bulka, the oldest of them, shook his head. "I have decided - I will commit suicide. I will not live to cross the border."

Hoxha Called 'Paranoid Criminal'

21000005 Skopje FLAKA E VELLAZERIMIT
in Albanian 18 Nov 87 p 3

[Article by Zllatko Bllajer: "Enver Was a Paranoid Criminal"]

[Text] What the interpreter said who escaped from the Albanian ministry. Various unfulfilled hopes after the accession of Ramiz Alia. What purpose the newspapers serve.

The escape of the 38 year-old interpreter, Ilir Bulka, has certainly caused a great tumult in regime circles in Tirana. He is not a member of any minority, he is not a worker or a peasant, his family has not been declared "reactionary" and, together with all its accused members, always followed and mistreated - that large category of the hopeless who endanger themselves by trying to escape over the border. On the contrary, Bulka is an Albanian with higher education, with "a good place" in the state apparatus; his parents were partisans, his father and brother - until his defection - worked in a ministry, his uncles held high posts with "connections" in the government.

As a "tested cadre," Bulka, from 1973 until 1978, worked at translating texts which the foreign press agencies released (he did not name this service) and then, thanks to his knowledge of English and French, he was at the ministries of foreign trade and education and culture, and finally at the Albanian Olympic Committee. In any event, during his meeting with the reporters, he gave the impression of someone who knows the situation in Albania and its leadership structure very well: he gave analyses and drew conclusions with confidence. He said that he is a convinced anti-communist. For him, communism is all that he had seen and experienced in his native country.

The Politbureau Is Trembling

"The important thing is not how I defected, but for what reason," Bulka interrupted the first question. "For forty years, the organs of power in Albania have been speaking only about the leadership and the party, about their achievements and successes, while the situation in the country is appalling. There are many who would defect for economic reasons, but that is not the case with me. I was among those in authority, but I simply could not stand the regime. Every Albanian who is now twenty years old, and perhaps even younger, dreams of escaping and makes plans to escape. But it is very difficult.

The soldiers have orders to shoot anyone who goes near the sea, not to mention the border. The border guards are personally responsible for the sectors that they guard, so that no one can escape. Here is an example: an Albanian crossed the border, but it was not discovered until three years later, when it was announced by someone in the West. They found the soldier who had had guard duty at that time in the place where the man escaped and crossed the border, and from that time on there was no trace of him."

According to Bulka, the situation in Albania today is catastrophic from both the political and economic standpoint. "Enver Hoxha bears responsibility for everything. From the moment he came to the head of the party and the state, he never respected any legal or moral norm. They say that the color red bothered him, because he had always sought blood. He was a classic paranoid, a criminal such as history has not known, because he avidly destroyed his own people. His only aim was to remain in power, to be a king, a pasha. Then he trampled on corpses. It was appalling not only for the people, but also for the members of the Politburo, who trembled in fright before him, lest they be executed together with their families."

At the beginning of his conference, Ilir Bulka seemed somewhat distraught. He spoke slowly, as though seeking the right words, and he passed from one subject to another. Later, he relaxed. His ideas flowed more quickly and in a more focused manner: he barely waited for the interpreter to translate his words from Albanian into Greek. Finally, in a very polite way, he held direct talks in English with the foreign correspondents.

The People Do Not Trust Anyone or Anything

Are things perhaps getting better with the new Albanian leadership?

Bulka said that there are no essential changes, or they are so few as not to be visible in daily life. Secret hopes that things will get better, since they cannot be worse, exist among the people and even among the members of the Central Committee. "I too hoped that after Enver Hoxha's death, the situation would change, as it changed in the USSR after Stalin and in China after Mao tse Tung. For that reason I did not defect before, although I had several chances."

Why are there no changes?

Above all, because Ramiz Alia is confronted with appalling economic problems, and because he has the party bureaucracy against him, which hinders any change. If Ramiz Alia were really prepared to change something, he would be faced with the same kind of obstacles that face Gorbachev. Without real possibilities for changing anything on the economic level, it seems that Ramiz Alia is

trying to compensate for this by taking cautious demagogic steps toward the world and by a slight loosening of restrictions on informing the public.

Ilir Bulka said that recently, in the newspapers and in radio and television broadcasts, occasional criticism of the economic situation has appeared, but everything comes down to the fact that they are trying to convince the Albanians that they are living better and better. "The people do not trust anyone or anything now. Forty years of slavery and oppression have resulted in the complete indifference of the people, who now do not believe that Ramiz Alia can make any changes either. For that reason, any attempts that he may make to do something will not find any response. In Albania, universal mistrust reigns. People turn off their televisions when the news begins. In any case, no one swallows it. People do not hold newspapers in their hands, just as they would be afraid of touching electric current. And if someone buys a newspaper, his friends ask him why he bought it. He usually answers that the newspaper is needed for two things: to wrap bread and to be used instead of toilet paper.

Alia's Problems With Party, State Apparatus
21000005 Skopje FLAKA E VELLAZERIMIT
in Albanian 20 Nov 87 p 4

[Article by Zllatko Bllajer: "The Albanian People Are in a Bind"]

[Text] The escaped interpreter speaks about the problems of the new leader in Tirana. How Enver Hoxha selected his collaborators. Children who have never seen chocolate, girls who sell their bodies for chewing gum.

Ilir Bulka's words at the Athens press conference constituted a living -and disturbing - first hand testimony regarding the situation in Albania. The value of this testimony lies in the fact that it does not come from someone who was saved from imprisonment or hunger by his escape from the country, but from a mature individual who had enjoyed the trust of the regime, so that in large measure he had even been involved in its processes.

"If, as you say, even the highest party and state cadres lived in great fear of Enver Hoxha, why do you say that they do not want changes under Ramiz Alia?

Bulka thinks that Alia certainly has great problems with those who hold power inherited from Hoxha. Although they have attained the highest posts, he says that "all the Albanian officials are actually illiterate." While Enver was alive, he adds, he used to travel all over the country seeking and selecting the most obedient people, "those who, without any opinions, were prepared to collaborate with him in massive crimes." The candidates were chosen through party schools, where they had been taught only the works of Hoxha, Stalin, Lenin and Marx - and those by rote, without any critical views. According

to the leader's orders, all the candidates completed school with brilliant success and were immediately given high posts, some even in the Politburo. "They laughed when Enver laughed, they ate when Enver ate, they wept when Enver wept. When Enver stopped smoking, all of them were obliged to give up cigarettes."

Now, this Praetorian guard of Enver Hoxha's, Bulka concludes, is afraid of any change; they are not only fearful for their positions, but also of life itself. From the experience and practice which they themselves have applied, they know that in the past, a change of function has also meant simultaneous physical liquidation. They are thus not sure that this will not be repeated.

Escapees are more dangerous than insurrection.

In the above conversation, Bulka described the situation in present-day Albania with the observation that he made in an Orwellian manner: "In a regime that listens, blindness is a law and in one where it is forbidden to think, a normal person has difficulty ascertaining whether someone who thinks can express his own thoughts."

"Is Ramiz Alia afraid of an insurrection of Albanians?"

"Absolutely not. The Albanian people no longer exist. Decades of oppression and terror have destroyed the idea of public opinion. The Albanians have forgotten who they are and what they are, the people's customs have been destroyed. Censorship, oppression and poverty have strangled the Albanian people, who are today in a bind. For that reason, they cannot revolt. Escapees trouble Ramiz Alia more, because he knows that there can be no revolution in Albania. The escapees are those who create problems, since they are the only ones who can tell the truth about Albania before international opinion."

Bulka said that he became infected with the "political virus" in his student days, while listening secretly to foreign radio broadcasts. At that time the first doubts appeared, which were strengthened when he heard Enver Hoxha say that Albania was the greatest power in the world. Since then, he had been preoccupied with the idea of escape, since, as he said, never having been married, he could escape without consequences to his wife and children.

A mustache as a sign of freedom.

The world today does not know the full truth about Albania, Bulka believes. "Perhaps it will take ten or fifteen years before it comes to light." As a former employee in the service that accompanies foreign information media, he is in an excellent position to know how knowledge of Albania differs from reality. Bulka particularly criticized the Greek press of the left, observing that its writing is not objective.

"Where is that democracy in Albania at which they marvel, when many children go to school without socks, when they seldom taste milk, butter and meat, when they have no idea of what chocolate is? What is this 'Albanian miracle' when girls and young women are ready to go with anyone for a piece of chewing gum - if they can get near him? What do they appreciate in Albania, when a peasant is scarcely given a taste of a little meat once in six months? What freedom is there in Albania, when someone is sent to prison for wearing a mustache or long hair?"

His younger compatriot, Arvid Hoxha, until two weeks ago goal-keeper for the "Vllaznia" soccer team of Shkoder, has now attempted to try that unknown taste of freedom: he has started to grow a mustache. In his new jacket there are writings in foreign languages. In the cafes where the press conferences are held, it is hot, but Arvid does not take off his jacket, as though afraid that someone may take it.

"Mikis Theodorakis came to Albania," Bulka continues, "and he said to his hosts: 'Congratulations on everything you have done without loans and help from outside.' What did Theodorakis see in Albania? He is a great musician, but he knows nothing about the policies of Albania and its internal situation. Everything built in Albania was begun with Soviet aid, and afterwards with Chinese assistance."

Mistrust of Bloc Countries Cited

21000005 Skopje FLAKA E VELLAZERIMIT
in Albanian 22 Nov 87 p 4

[Article by Zllatko Bllajer: "Why Didn't Lulzimi Make a Goal?"]

[Text] The customs inspectors in Albania confiscate souvenirs. Why does Ramiz Alia support an opening to the West? Barefoot at the international match.

In contrast to Ilir Bulka, his two compatriots, Lulzim Bershemi and Arvid Hoxha, the forward and goal-keeper of the "Vllaznia" soccer team of Shkoder, did not speak much, although what they did tell indicated a great deal about the situation in Albania today. Actually, they are almost children, twice as young as the middle-aged interpreter who worked in many Tirana ministries, and so they did not have either the possibilities or the time to know everything that obliged Bulka to escape from his native country. Nevertheless, even these two youths took advantage of the first favorable opportunity to defect: during a stopover in Athens, on a Saturday morning several weeks ago, at 4:00 AM, without being observed, they left their hotel and sought political asylum.

"At the age of seventeen, I began to ask my father (a non-commissioned officer in the Albanian army) about many things in life," the 20 year-old Lulzimi began. "He told me, 'Don't talk, son, something can happen. Even if you talk, you won't achieve anything except that you can land in jail - and us along with you.'"

Slaughter the donkey...

Lulzimi graduated from a secondary school for soccer players where young talented boys were assembled. "They said we were expected to raise the quality of soccer in the country, while after practice on a field covered with coal dust and after matches, we didn't have hot water to wash with. The school wasn't warm. We were often hungry too. We complained to the coach, he promised that he would try to do something, but it always ended up like the proverb, 'Slaughter the donkey so that the grass will grow.'"

After completing school, Lulzimi was sent to the "Vllaznia" team of Shkoder and was immediately put on the first team. He had hoped that at least the living conditions would be better, since everyone had always envied soccer players, even his parents. But the images people have of the privileged position of soccer players, said the young man, are far from the truth. "The greatest satisfaction we had was our occasional travel to the outside world, but the only 'benefit' was that after the matches, we ate better dinners and suppers. Before the matches, they promised us better vacations and uniforms, but everything was just words. If we lost a match, they insulted us." Lulzimi also said something which the people at the press conference in Athens could not believe: in their first international match, there were no sneakers for the players, so they were told to play with ordinary shoes; he refused and played barefoot.

As a reward for a 4:0 victory in the first match in Malta, in the first valid round this year for the European cup, the soccer players of the "Vllaznia" team each received \$50.00, which they could spend to buy souvenirs. But when they returned home, the Albanian customs inspectors confiscated them. "That was a difficult psychological moment for us," said Lulzimi. "In another match that we played against "Partizani" of Tirana, which was the host team, we could have won, but we simply let ourselves lose. In the second round for the European cup, we played against the "Rovaniemi" team of Finland. In the first match in Shkoder, I managed to score three goals, and in the return match, at least one. I deliberately did not take advantage of my opportunities and we lost both matches. I realized that we had nothing to strain ourselves for."

His teammate, there years older, Arvid Hoxha, said that he had nothing to add to what Ilir Bulka and Arvid [error in text: should be Lulzimi] Bershemi had said. "At this moment, I feel that I am happier than I have ever been in my life, even if the living conditions in Lavrig [error: should be Lavrio] (the refugee camp near Athens, which is often called 'Dachau') are not what they should be. At last I feel free, as though I had come out of prison."

The reporters asked the Albanian defectors what would happen to their families. They replied that there would certainly be consequences. Bulka said that the practice until now indicated that for every Albanian defector, the bitterness of the organs was transferred to their relatives and friends. During Enver Hoxha's time, all of them would lose their employment or would be sent to prison or deported. Now, the situation has changed to a certain extent: some are punished, others not. Deportations are not infrequent today, but measures are mostly not as drastic as when Enver Hoxha was alive.

Mistrust of the East

Nevertheless, the defectors did not want to answer the question about what young people think and feel in Albania. They said that such accounts of theirs could cause problems for their friends in the circles in which they had moved, because the conversations they had had would be revealed.

"Why is Albania opening to the West and not to the East?"

Ilir Bulka thinks Ramiz Alia believes that the West does not threaten him with the danger of overthrow, while nothing is certain with the East. According to Ilir Bulka, the present leader of Albania does not have much trust in the Soviet Union, since he always remembers the events in Czechoslovakia in 1968. "The second reason for opening to the West - actually, a very limited one - is of an economic nature. Albania would have something to take from the West, but not from the East." Finally, the defector added his own opinion, one, he says, which is shared by the majority of his compatriots: the Albanians [if anyone should ask them] would support an opening to the West, since everything bad in their country is automatically connected by them to the Eastern social model: they judge everything that happens in the socialist countries by their own experience. "Don't forget," he said, "that when the Chinese cultural revolution was transferred to Albania, it had catastrophic consequences for the people."

When we came outside after the two-hour conversation with these rare Albanian defectors who had the courage to speak about their country, the overcast, rainy noon of Athens was a real relief.

12249/12913

BULGARIA

Deputy Foreign Minister Discusses U.S.-Soviet Relations

22000009 Sofia RABOTNICHESKO DELO in Bulgarian 4 Jan 88 p 6

[Article by Deputy Foreign Minister Lyuben Gotsev: "Soviet-American Relations: Key for the Improvement of the International Political Climate"]

[Text] Last year can truly be described as exceptional in the development of Soviet-American relations. Remembering the first half of the eighties, there was hardly

anyone who imagined during these stressful years that U.S.-Soviet relations would improve to such a degree that the meetings between their leaders during the latter half of the eighties would become a yearly event: Geneva in 1985, Reykjavik in 1986, and Washington in 1987. And that an agreement would be reached, while still in the American capital, to prepare for a meeting in Moscow during the first half of 1988!

Of course, by using logical analysis and realistic approach, we must remember the words of M. Gorbachev that "it is still too early to speak of a radical turn" in the relations between the USSR and the United States.

The favorable reaction in the world to the accomplishments of the last, almost unanimously considered historical, meeting between Mihail Gorbachev and Ronald Reagan, is well known. The signing of the treaty to eliminate intermediate and shorter-range missiles and advancing the dialogue on other disarmament questions, some regional problems, and bilateral cooperation is the first significant victory of mind over arms since World War II. This treaty, accomplished after long and intense negotiations, is truly without a precedent, considering its depth, scope, and importance for the future of disarmament. On the other hand, it is not the end but only the beginning of the long road toward a nuclear-free world.

The people now impatiently and justly so expect a lasting improvement of the political climate in the world and the further actions of the United States and the USSR. These expectations are not unfounded considering the role, significance, and responsibilities of the two great nations for the present development of the world. It is notable that in a joint statement the two leaders emphasized specifically that they are very well "aware" of their "special responsibility" to build a safer world at the dawn of the third millennium.

In what ways should we expect the two countries to act in order to preserve the favorable atmosphere of the last summit meeting? In what areas can we assume it to have a favorable effect? To what degree will the normalization of U.S.-Soviet relations improve the international climate?

Most important of all is the productive continuation of dialogue between the USSR and the United States on the various questions from the ample spectrum of international relations. The optimism in this respect is based on the agreement, already accomplished in principle, for new meetings during the first few months of 1988 between the foreign affairs ministers of both countries. Later, from the summit meeting in Moscow we can expect a whole new set of agreements on questions of mutual and common interest to all mankind.

The question of materializing the accomplished agreements: the ratification of the treaty to eliminate intermediate and shorter-range missiles, as well as to prevent NATO plans for West Europe armament, will be of

paramount importance during the next few months. The danger here is that under the pretext of "compensation" for the intermediate and shorter-range missiles some militaristic circles in the United States and West Europe may try to instigate a new arms race by increasing their conventional, as well as their strategic and tactical nuclear arms in and around Europe which will make the agreement to initiate a true reduction of the Soviet and U.S. nuclear arsenals less effective.

This is why it is necessary to continue actively the efforts for uninterrupted progress toward a nuclear-free world on the basis of the accumulated positive experience. The main task after the Washington meeting is to accelerate the solution of problems related to decreasing by half the strategic offensive arms of the USSR and the United States under conditions of reliable guarantees for strategic stability closely related to the antiballistic missile defense system limitation treaty. This is dictated not only by the interests of the Soviet and American people, but of all the people on this planet. Fully prohibiting nuclear testing will have a favorable effect on the world environment as well. Of course, in the beginning an agreement could be reached to at least decrease the power and number of the nuclear blasts.

It has been several years now that the world has been expecting significant progress in negotiations for a treaty to eliminate chemical weapons. Unfortunately, the United States is not willing to make concessions from its non-constructive positions. What is more, they have started the production of a new generation of binary chemical weapons and thus threaten to destroy these negotiations.

The socialist countries are convinced, and it is shown in practice, that in the presence of political willpower difficulties, even those related to the reduction of conventional arms in Europe can be overcome. As it can be seen from the progress of negotiations in Vienna, new negotiations can be started as early as the spring of 1988. A prerequisite for this is to move the positions of the Warsaw Pact nations and NATO nations closer in defining asymmetries in their armed forces and weapons and their relationship to the so-called dual purpose systems.

The meeting between M. Gorbachev and R. Reagan has created favorable conditions to solve the safety and stability problems in Europe in the spirit of the Closing Act in Helsinki. Together with steps taken to decrease military opposition, there must be active efforts to increase scientific-technical, ecological, and cultural cooperation according to the so-called third basket. Hopes for a "new era" of economic cooperation between East and West as a whole are also stirred. Without doubt, the increase in mutually advantageous cooperation in the above mentioned areas will contribute to a decisive recovery of the situation in Europe and to entering a new stage of active and peaceful coexistence in our shared home.

We could expect that the latest summit negotiation between the USSR and the United States will encourage constructive efforts to solve conflict situations in different regions of the world using political means.

We should not overlook another positive result from the meeting between M. Gorbachev and R. Reagan. The true results of the new political thinking in the area of disarmament, the capable actions and brilliant presentation of the Soviet delegation in Washington, uncover a new outlook for development of socialism and help objectively make it more prestigious and attractive to the world.

The challenge of the nuclear age, the interests of both great nations and all of humanity demand innovative thinking, the skill to destroy stereotypes, overcome prejudices, and implement courageous decisions and actions from everyone. We have well founded expectations that it is within the abilities and resources of the USSR and the United States, as well as all big and small nations to build a new world without weapons.

13221/12232

CZECHOSLOVAKIA

Power Struggle in CSSR Discussed

23000055 Vienna *DIE PRESSE* in German
17 Feb 88 p 3

[Article by Burkhard Bischof: Have the Czech Premier's Wings Been Clipped?]

[Text] There are increasing indications in Prague that a struggle which may decide the future of the country, a struggle between the advocates of a substantive reform and those who want to "apply the brakes," is currently underway. In the center of the disagreement is the CSSR premier of 18 years Lubomir Strougal whose resignation is expected sometimes in March. The internal party struggle about the Prague's future course also involves a secondary issue: The problem in the church-state relations.

The latest comments in the Prague party newspaper RUDE PRAVO indicate that the representatives of the hard line in the dispute have already won the round. RUDE PRAVO last weekend launched a frontal attack at the Catholics who initiated the petition for more religious freedom in CSSR which, according to "Cath-press," has been signed by more than 200,000 believers.

The communist press was reporting that it was due to "forged signatures and other deceptive maneuvers" which made possible the large number of signatories. The Prague archbishop Cardinal Frantisek Tomasek is also being criticized because he has taken part in the action. Finally, RUDR PRAVO repeats the accusations

which the communist party has maintained for the past 40 years, namely, that those who had signed the petition are against the CSSR unity and wish to establish a "fascist-clerical state."

The harsh words of the Communist party mouthpiece lead to the conclusion that the hardliners in the CPCZ leadership unequivocally have come out on top. It is the "state philosophy" of the orthodox CPCZ Presidium members Vasil Bilak and Jan Fojtik which has during the past two decades of Czechoslovak development prevented events from going "out of control." The Catholic signature-collecting action, perhaps the largest one ever in a communist country of this type, must have rung particularly loud alarms for these individuals.

But as we noted, the state-church relations are by no means the main problem in the Prague power struggle. Nor is it certain that at this point the reform wing of the party is unequivocally advocating larger elbow room for the church, even though Strougal in his sensational interview with a West German journalist on 21 January stated that, "The policy of openness requires a certain tolerance, and dialogue means that differences of opinion may be voiced."

As far as foreign relations, primarily CSSR's relations to their western neighbors are concerned, Prague seems to have broadly accepted this new principle. The efforts to reduce the tensions with the Federal Republic of Germany as a result of the Federal Chancellor Kohl's visit to CSSR were very evident; similarly, Czechoslovakia is making step-by-step efforts to improve its relations with Austria. Now the question remains whether the Prague leadership is not getting into a trap when, in the wake of an open and conciliatory foreign policy, it "tightens the screws" internally against believers and human rights activists

Strougal may have recognized the contradictions which are also present in his reform efforts. And CSSR does need reform, as he continues to insist, "even if the changes may lead to a temporary crisis."

The reform program prepared by his office is said to have been returned several times by the CPCZ Presidium with requests for changes. In the meantime it has been "watered down" substantially, as the word has it in the Western embassy circles in Prague. Strougal himself did not give any more far-ranging speeches since last fall, although he did give the West German journalists the above-mentioned surprisingly frank interview, and he did give a speech to his more orthodox comrades in the Communist party leadership, however, the latter in the negative sense.

Strougal's removal from his function may possibly be announced at the CPCZ Central Committee plenum, expected to take place in March. It is difficult to judge whether he has lost in the Prague power struggle and was pushed out, or whether he just gave up the battle. It is

quite likely that the state of his health has played a fairly important role in his decision. It is not expected, however, that Strougal will withdraw completely. The word has it that he may replace the Federal Assembly Chairman, Alois Indra.

Role of Glasnost Defined by Central Committee
24000039 Prague ZIVOT STRANY in Czech
No 24, 1987 pp 30-34

[Presidium of the CPCZ Central Committee: "Implementation of the Leninist Principle of Open Public Information by the Press, Radio, and Television"]

[Text] The Presidium of the CPCZ Central Committee adopted a document on the implementation of the Leninist principle of open information provided to the public by the press, radio and television.

The document states that the challenges posed by our objectives—as emphasized by the Fifth session of the CPCZ Central Committee in March 1987—demand that glasnost be promoted as an intrinsic part of the CPCZ's policies, democratization of our society and its revolutionary process of restructuring, and as a principle stemming from the very nature of our political system.

Among the most important media of public information are press, radio and television which serve as the most universal platform for public analyses of all issues related to the building of socialism. They occupy an important place in the process of the revolutionary reconstruction of our society and in the development of socialist democracy.

After the 17th CPCZ Congress a significant step was taken in the process of intensification of public information. As stipulated by the 17th Congress, the foremost task of our communications media is to provide factual and prompt information about the life in our country and about world events, and to acquaint in depth with the programs of our party, state and economic organizations and public institutions. Editorial boards of our press, radio and television must become determined and persistent in promoting constructive criticism and thus, create an atmosphere of scrupulous demands on the quality of labor and of intolerance toward shortcomings. They must get involved in organizing broad exchanges of views and experience concerning issues of the restructuring process in every area of our society's life; they will participate in the organization of the restructuring program. In this respect Soviet journalism and its vigorous involvement in the revolutionary restructuring of Soviet society represent a valuable source of inspiration for our mass media.

Our communications media are gaining in intensity when interpreting our party's policy and striving to gain mass support of our public for the fulfillment of strategic policies stipulated by the 17th CPCZ Congress. They offer our public detailed information about the agenda of

the meetings of the CPCZ Central Committee, publish adopted documents and explain their significance. Communists and other citizens are responding positively to press releases from the meetings of the CPCZ and of the government issued by the press section. The public is receiving better information about fundamental issues discussed by our legislative bodies. Not only the communists but also unaffiliated citizens and members of other political parties are expressing their views on urgent tasks in the development of our society with increasing frequency. A meaningful role is played by the editorials in RUDE PRAVO and PRAVDA which every day interpret the views of our party and which strive for the fulfillment of its policies. On the whole, their proficiency and skills in argumentation and persuasion about published materials have improved.

A decisive factor for the work of our communications media is further improvement of their information service which must be based on thorough knowledge of our life, of our domestic and foreign policies, and of tasks which our socialist society is carrying out in the spirit of the acceleration strategy. On this basis editorial boards of our press, radio and television must interpret and realistically explain the essence of the restructuring program, its meaning and complexity, long-term plans and dialectic interrelations of current objectives and strategic goals of the restructuring process. Effective methods of their journalistic work will help involve national masses in the process of restructuring. By organizing discussions about our problems and exchanges of views and experience, and by holding an open dialogue with our working people about fundamental issues of the structuring process, they will expand their involvement and active participation in enforcing new approaches and all new, constructive attitudes that promote the development of our society and strengthen socialism.

Glasnost, one of the basic conditions galvanizing our people for a consistent implementation of the acceleration strategy, must be systematically and deliberately intensified. This is a paramount political task, an outgoing open process demanding application of every experience and lesson which our party has learned in its historical building of socialism in the CSSR.

These tasks substantially raise the demands on the performance of ranking executives of our press, radio and television, on their public accountability, their political and moral qualities, knowledge of issues and professional excellence. A natural principle guiding the work of every journalist must be his clear ideological stand and his thorough respect for the ethical principles of journalism. It is important above all that employees of our communications media be competent, responsible and capable of thorough understanding of current problems and of explaining them to our public.

With this in mind, great demands must be made especially on RUDE PRAVO whose word is very important for the orientation of our working people in current events, and also on our television and radio which exert considerable influence on our public.

Glasnost in public information must be consistently based on our party's policies and developed under our party's guidance and control. This also means a greater challenge to the party's work and to the enforcement of its leading role in every area of activity of our mass communications media.

At present, the development of the Leninist principle of open information calls above all for the following:

1. More in-depth public information about CPCZ programs. Considerably more work must be done with the contents of published documents; adopted decisions must be scrupulously explained, particularly in terms of their implementation in the program of party agencies and organizations, of state and economic institutions, and in other sectors. For that purpose, after meetings of the presidium or secretariat, appropriate departments of the CPCZ Central Committee, in cooperation with the department of the CPCZ Central Committee for mass communications media, will organize press conferences for journalists from our main mass communications media, explain to them in greater depth the problems under discussion, furnish them with argumentation, and acquaint them with specific schedules for the implementation of decisions. This is essential above all for the development of the information service of our communications media, and their political, organizational and control functions.

In order to upgrade glasnost about our party's policies and their implementation, representatives of the party's agencies in its headquarters, in provinces, districts, factory committees and basic party organizations must address themselves to basic issues for our social progress not only in the party press but also in other communications media, especially on television and radio.

They must systematically demonstrate and specify how the party has improved its work on every level of its structure, how new approaches, political methods of working with people, and the principle of glasnost are being enforced in the party's program, how the team spirit has been invigorated in all communist programs and activities. At the same time we must realize that the leading role of our party must be affirmed in the performance of every party agency and organization, and in the words and deeds of every communist.

Examples of the activity and initiative of communists in workplaces who are carrying out our party's policies and tackling new tasks must be analyzed and generalized. In accordance with the CPCZ statutes, acts committed by party members whose deeds have discredited the communist name and hurt the cause of socialism must be publicly castigated. Far more attention will be focused on public information about the achievements of control conducted by party agencies.

Party press must considerably upgrade its information about the intensification of internal party democracy, compliance with the spirit of the statutes, and enforcement of the right of control. The word of the officials of basic organizations, of rank party members and prominent managers—communists—must be heard more frequently.

2. A task of first importance calls for comprehensive intensification of public information about socioeconomic issues, and for the fulfillment of specific tasks set by the economic strategy of our party. It is an organizational obligation of communist media to promote efficient, active participation of our public in the restructuring of our economic mechanism; specific approaches aimed at the eradication of stereotypes and obstacles that prevent us from practical application of scientific and technological achievements must be enforced. By the same token, the restructuring of the economic mechanism must be explained in broad social contexts and in an organic unity with other areas of our public life, as part of the revolutionary program for comprehensive changes whose implementation will mean an achievement of a new quality of socialism.

Far and wide exchanges of views on these issues and of the experience of our working people must be systematically organized. The quality of our products and the fulfillment of planned tasks deserve considerably more interest. An atmosphere should be created to enhance the social prestige of individuals whose labor accomplishments in work benefit all of our society and open a space for all that is progressive and in agreement with our current and future needs.

A new economic thought which will be vigorously encouraged will emphasize in particular the social focus of our production, and fight against the so called technocratic way of thinking adopted by many managers, especially in our economy. Persons who show initiative, who are enthusiastic, energetic and capable of thinking in the new way should be acclaimed and introduced to the public.

Detailed information about the solution to our main problems in the restructuring of our society and in the program of our government and ministries must find a permanent place in our communications media and analogically, in the programs of administrative agencies in individual provinces, districts and communities. In this respect we must:

—Ensure that top representatives of the ministries, scientific institutions and other agencies make use of our communications media in accordance with the policy of our party to provide open, objective and highly competent information about the functions they perform, their fulfillment, and the problems occurring in the course of their fulfillment, and that they promptly and expertly address themselves to urgent, vital issues. In this context our governments have the obligations to request the vice

premiers and ministers of our federal government and of the governments of both republics to inform our public through our communications media about the current issues of our socioeconomic development, the tasks of individual ministries, the problems and difficulties that must be resolved, and about their achievements and accomplishments.

Furthermore, individual ministries must ensure that managers of economic production units, enterprises and factories inform our public objectively and reliably through our communications media about the tasks, problems and achievements for which they are responsible. It is imperative to put an end to the long-lasting practice where certain general directors and other economic managers withhold any information about their activity.

Conscientious preparations for such statements call for more attention above all to their contents and actual public needs. Moreover, these statements must be subjected to much stricter political and professional criteria. The coverage of the activities of our ministries and of their achievements must avoid every expression of biased and self-aggrandizing attitudes which are still evident. On principle, we must proceed from objective, realistic assessments of the situation in this particular area, and rely more on the opinion of the work teams and organizations of our party and trade union.

Information about significant measures adopted by our state leadership and about their implementation should be systematic and specific; journalists must obtain better information from the sessions of our government and in particular, relevant issues should be explained to them thoroughly and in depth; in this area our press and information bureaus must upgrade their performance; the conclusions of the People's Control Committees of the CSSR, CSR and SSR must be better utilized, and officials in charge must present their findings and analyses in the course of the implementation of decisions.

Glasnost about the socioeconomic development of our society will be intensified; the accepted practice of publishing reports of the Federal Bureau of Statistics about our national economic development (semi-annually) does not correspond with the demands of frank and open information. The Federal Bureau of Statistics and the statistical bureaus of both republics will submit proposals for more frequent, better and more comprehensive information about achieved results; editorial boards must process the data they publish with greater deliberation and over an extended period.

3. More attention will be paid to the promotion of criticism as a method of a creative, practical, revolutionary activity and an important tool in the building of a socialist society. The attitude to it is always based on the fact that its enforcement must never be self-serving and formalistic. This demands above all a high degree of

responsibility which is an essential attribute of the political culture which is germane to socialism and to the principle of glasnost. When fostering criticism, our communications media must penetrate directly to the very substance—to the source of errors and actual shortcomings—in order to draw from the criticism more practical, correct conclusions, and to find solutions to problems. Anything that contradicts the interests of our socialist society must be publicly condemned. Persistent disclosures of anti-social phenomena help us realize that the only criterion of man's position in our society is his honesty, conscientiousness and the quality of his work.

Any suppression of criticism must be emphatically opposed. Phenomena directly rooted in bureaucracy, disrespect for the people, recklessness and irresponsibility must be revealed; however, the point of departure here is always the fact that in our socialist society criticism has nothing in common with demagoguery that denigrates honest work and slanders honest people.

Special attention should be focused on a prompt, competent response to criticism. Openmindedness to criticism must be regarded as an expression of one's political and ethical attitude and of one's professional and civic accountability. Managers on every level must respond promptly and objectively to criticism against them in communications media. It is imperative for individual institutions, ministries and organizations to adopt measures that will help them fulfill this obligation. In this context, the effectiveness of pertinent stipulations of the law on periodicals must be reviewed.

4. Moreover, systematic attention will be paid in the future to glasnost about programs of an official political character and to important political and social discussions directly affecting fundamental issues of our society's life and international events. In this respect information about the programs and activities of our party leadership, of the general secretary of the CPCZ Central Committee, of the president of the CSSR, and of top state agencies and the National Front must hold an important position also in the future.

In order to intensify our information service, our journalism must be more systematically freed from the coverage of the excessive so-called formal official affairs, which has considerably expanded in our daily press (at present it amounts to 15-20 percent of our domestic news and to a great extent, is constantly and vehemently forced upon our media by central, provincial and enterprise executives). These general, formalistic statements about various meetings or discussions lack any informative or propagandistic value; they are without substance and often are full of pomposity. Our daily press, television, radio and the CTK [Czechoslovak Press Agency] must deal with these problems individually and sensitively, and assess their coverage of the so-called formal official affairs; they will adopt appropriate measures to render the contents of their work more

objectively, making it both politically and socially relevant. It is important to connect such coverage with the life and work of our people and with specific solutions to the tasks of the restructuring both on the level of provinces, districts and work teams, and throughout our society.

5. The planning of a mechanism which will promptly and efficiently inform our public about various emergencies, such as fires, disasters, serious traffic accidents, etc., must be completed in close cooperation with appropriate agencies. Here the CTK, radio and television will assume greater responsibility. For that purpose, appropriate state agencies and communications media will adopt pertinent measures in order to proceed more resolutely in removing obstacles that continue to prevent effective information about such events from reaching our public. Furthermore, this is of major importance because it reduces the opportunity for dissemination of various disinformation, especially by hostile propaganda. In case of ecological disasters whose danger the guilty parties always try to downplay, all information about them must be approached with far greater determination.

6. We need greater glasnost about the intensification of democratization in our society's life. Our communication media must proceed more efficiently in developing these issues, and involve people in problem-solving processes so as to turn them into more active participants in administrative and decisionmaking processes.

Our foremost task must be seen in the decision of the 17th CPCZ Congress which calls for prompt and objective information about significant planned measures pertaining to fundamental issues in the development of our society. The starting point must always be the fact that the better informed the public and the more the people who participate in administration—the greater and more productive their involvement in the fulfillment of the objectives of the building of a socialist society. That requires a continuous and open dialogue with individual citizens for the purpose of learning our people's views and experience, and of pinpointing problems and the ways of their solution. At the same time, public discussions organized by our press, radio and television are the means enabling our citizens to express their views on every vital measure planned in the process of restructuring and to make them understand that the new measures have been developed with their participation and in their interest, so that they may feel their co-responsibility for the process of restructuring and be its dedicated co-authors. By the same token, RUDE PRAVO and other communications media must uphold above all the principles of socialism and speak up in case of fallacious views and erroneous attitudes towards current programs.

Information about actions of our legislative bodies and national committees must be fundamentally improved and more attention must be paid in particular to the work of the plenary sessions, councils, committees and

individual deputies. More concern must be shown about the use of the expanded administrative and managing authority of national committees and their stewardship of services, the educational, cultural and health care systems, supply, local transportation, and the satisfaction of our people's legitimate interests and needs. Any bureaucratic postures and methods of administration must be disclosed. Specific knowledge of public opinion must become a more determinant factor; more efficient response to letters from the readers and to public reaction is needed. According to local conditions, publications of our provincial, district and enterprise press are of particular importance.

7. Information about the activities of our public organizations, especially the ROH [Revolutionary Trade-Union Movement] and the SSM [Socialist Youth League], must be further upgraded. Their meaningful social role and important participation in the fulfillment of the strategic policy for an accelerated development of our economy, public welfare, social services and national education must receive more and better publicity. In accordance with new demands, glasnost and critical views on the improvement of their work must be encouraged. Specific data will illustrate how the organizations of the National Front, including hobby groups, are searching for more effective methods of operation and how they cut the red tape and promote a lively contact with our citizens. Publications issued by such organizations must focus far more attention on these problems.

An especially relevant task is more in-depth information about our young generation and about its share in carrying out the policies of our party and of the National Front. Our young people should be guided by effective methods of journalism so that they correctly understand the past, our revolutionary traditions, and their own responsibility for the future. Their participation in our labor, life and in the revolutionary process of the restructuring of our society must be publicized. Their attitude to their homeland and its defense must be formed in agreement with the principles of socialist patriotism and internationalism.

8. A fundamental demand calls for an explanation that will put our domestic policies in a proper framework of international events. As a rule, we must proceed from the fact that the solutions of our domestic needs in the development of socialism are indivisibly bound with the struggle which we and all peaceful and progressive forces in the world are waging together in order to avert the threat of war and preserve peace. People must recognize the organic links of socialism with peace, democracy and human rights.

A priority in the work of our communications media belongs to expanded information about the life and development of socialist countries, especially of the USSR. Our joint efforts for restructuring should be realistically portrayed. There is need for more in-depth, specific information about every aspect of their life and

about the problems with which they have to deal. New, higher forms of cooperation in economy and R&D which strengthen the process of integration must be fully explained.

It is our strategic task to promote a comprehensive system of international peace and security in the world in the spirit of the principles articulated by the general secretary of the CPSU Central Committee, Mikhail Gorbachev, to enforce a new way of thought and to create an atmosphere of trust among nations. It is necessary to publicize the opportunities for peaceful collaboration and international cooperation and their progress, and to bring authentic and prompt information about the response of world public opinion to the initiatives and to specific steps taken by the USSR and the socialist countries in enforcing the political line of peaceful coexistence.

We need convincing, unbiased reaction to events taking place in advanced capitalist countries; descriptions of their internal development and activities on the international scene must avoid any schematism and illusions.

The current international situation calls for more attention to information from developing countries, particularly those with a progressive orientation.

The current structure of the entire journalistic network of Czechoslovak communications media must be comprehensively assessed, so that it fully complies with the priorities of our foreign policy and with glasnost in international relations.

When interpreting international affairs, the quality of political journalism must be upgraded. This requires a substantially greater amount of our own authentic materials whose informative and journalistic values will render the work of our communications media and even the work of counter-propaganda far more effective. Here the opportunities for cooperation with communications media of the socialist countries, especially the USSR, must be fully exploited.

9. In view of our new tasks in the development of public information about the processes of restructuring, particularly in main issues of our domestic policies and international life, the current performance of editorial boards and their cadres must be reviewed and opportunities for the upgrading of journalistic qualification must be provided. On that basis specific measures should be adopted to improve the work of editorial boards.

To raise the level of commentaries and basic analytical materials, the question of commentators in our primary communications media must be resolved and in particular, the editorial boards of RUDE PRAVO, PRAVDA, television and radio must create such conditions for the

appointment of such professionals that individuals chosen for the position of commentators be completely free to concentrate on that kind of work. The experience of main communications media in the USSR should be utilized.

The diversified effect of individual periodicals on various groups and strata of our public must be used to better advantage. Stereotypes and uniformity of their contents must be eliminated and the informative value of the materials they publish must be enhanced. Dull and hackneyed journalistic language must be eradicated. Forms of expression that increase the force and clarity of the contents of the information and agree with the character of individual communications media should be encouraged. In every sector of its organizational structure the Union of Czechoslovak Journalists must act more vigorously to expand the ideological, political and professional training of journalistic cadres and their thorough adoption of work ethics of socialist journalists.

10. The development and improvement of the quality of our public information demand a smoothly operating "feedback" system as an intrinsic factor of the administrative work of editorial boards and their daily routine. As for our new needs, letters from the readers, listeners and viewers must be processed in a more efficient way. Critical comments and recommendations concerning various shortcomings and deficiencies in the life of our society should be utilized more systematically and responsibly. With respect to the specific orientation of individual periodicals, they must be focused on public opinion which they must strongly influence. Responses to initiatives proposed by editorial boards must be organized; the results of sociological research conducted by specialized institutes, party agencies and editorial boards themselves should be utilized; it is absolutely necessary to learn the view and experience of our party officials, organizations and work teams. The activity of correspondents should be expanded and better planned.

11. Our communications media must be more consistent in their approach to necessary sources of information. Our journalists must become more scrupulous in their work with information and show more determination in breaking down unjustified restrictions on disclosures of information, especially in the socioeconomic sphere. The agenda of press conferences needs upgrading. Here the press secretaries of all ministries and public organizations should strive above all to give our public objective, expert information and to assist journalists in obtaining all necessary, objective information from areas for which their particular ministry is responsible.

The CTK news agency will be further expanded and improved in terms of contents as well as timeliness and promptness (a test run of the CTK automated information system—a databank of journalistic, economic and

documentary information—will be launched before the end of 1987). Editorial boards must work the CTK materials more systematically and also with greater discrimination.

More attention must be focused on the updating and application of new, progressive methods of information service; particularly the resources of automated data systems should be used to better advantage. The greatest emphasis should be placed on the comprehensive construction of an automated system of journalistic information (ASNI).

Appropriate agencies must be adequately concerned about these new mechanisms, if they want to reach maximum efficiency of the new technology in the information system and above all, if they want the automated information systems now under construction to be technologically compatible and interfaced.

The entire material-technical base of our mass communications media must be updated stage by stage. Its current condition is not equal to the needs and objectives of glasnost, and obstructs any expansion and efficiency of the work of our communications media.

The Presidium of the CPCZ Central Committee assigned specific tasks to party agencies, the federal government, the governments of both republics, central committees of public organizations associated with the National Front, and to editorial boards, in order to ensure the fulfillment of the document on the application of the Leninist principle of open public information by press, radio and television.

9004/12232

Central Committee Sets Line on Interpreting 1968, Current Events

24000040 Prague ZIVOT STRANY in Czech No 25, 1987 pp 3-7

[Statement by the Presidium of the CPCZ Central Committee: "Ideological and Political Interpretation of Memorable Anniversaries in 1988"]

[Excerpt] In the 1960's, after the foundations of socialism had been laid, it was imperative to come to terms with a number of new, unusually difficult tasks and, in particular, to safeguard the transition of our economy to its intensive development, to implement major changes in the structure of our production base by introducing R&D achievements, to make appropriate adjustments in the methods of the management and planning of our national economy, to continue the development of socialist democracy, and to resolve the relations between nationalities. Furthermore, in agreement with the demands of a new era in the progress of socialism, it was necessary to improve methods enforcing the leading role of the communist party in our society, and to ensure the party's fulfillment of its mission as a revolutionary

vanguard of our working people in searching for, and blazing, new trails for progress with sensitivity and concern for the interests and needs of individual classes and strata of our society, our nation and ethnic minorities. However, the leadership of the party at that time was unable to come to grips with these challenging tasks. Instead of fundamental measures based on a creative application of the Marxist-Leninist theory, it succumbed to subjectivism, voluntarism and petty pragmatism, and kept procrastinating, instead of dealing with serious difficulties that were disturbing broad strata in our public. It failed to react to problems that were piling up and to legitimate criticism directed against the party leadership. The measures it did adopt were incongruous, half-baked, and not supported by critical analyses. This discredited the party in the eyes of the masses and undermined its relations with our working people and the trust in its policies. In the latter part of the 1960's the phenomena of crisis were gaining momentum in Czechoslovak society.

The plenary session of the CPCZ Central Committee (in December 1967) and the January 1968 plenary session dealt with the serious situation. The political resolution adopted by the January plenum of the CPCZ Central Committee demanded radical changes in the methods of the party program and administration of society, and a determined struggle against crucial shortcomings. It emphasized the CSSR's firm unity with the USSR, its allegiance to the socialist community, the necessity of intensified ideological and programmatic unity of the party, consolidation of the Leninist principles in the party's work, and the party's leading role in our society.

Nevertheless, the party leadership was unable to implement the decisions of the plenum. It was politically hegemonous, disunited, and incapable of controlling and directing the surging wave of public activity motivated by efforts to overcome previous errors and shortcomings. The party leadership underestimated the danger which the activity of the right wing and the work of antisocialist forces posed to the party and to our society. It was incapable of taking a firm stand against the stepped-up attacks by the right wing; it began to slide back, and in the end, it became completely subservient to the right wing. The ideological and organizational unity of the party was damaged; its forcefulness and its leading role in our society were weakened. General administrative links broke down; a way was open for a turmoil in the market and for inflation; domestic trade was falling apart. The antisocialist forces gained space for their machinations under slogans of democratization. The right wing succeeded in paralyzing the party's operations and the functions of our socialist state; our alliance with the USSR and other socialist countries was shaken. The right wing gained prominent positions in our communications media and with their aid it succeeded in confusing a considerable part of our public. Right-wing opportunists and revisionists were promoting nationalism and anti-Sovietism. Pretending to speak

for all people, the right wing advanced to an open struggle for power. This exacerbated the political crisis and threatened the very existence of socialism in our country.

Many communists and even politically unaffiliated citizens who recognized that socialism was in grave danger were determined to come to its defense. However, in the summer of 1968, when the CSSR appeared on the brink of a counterrevolution, there was lack of a political force capable of uniting the country and of taking a decisive stand.

In August 1968, the socialist countries rendered international aid to our people, prevented the right-wing and the antisocialist forces from accomplishing their plans, and enabled forces loyal to Marxism-Leninism to restore the party step by step.

A fierce battle was waged to lead our party and society out from the crisis and to overcome the negative tendencies which had survived from the pre-August period and by which the right wing and the antisocialist forces exposed our society to the tremors of a new crisis.

It was only in April 1969 when the session of the CPCZ Central Committee started the process of consolidation in our party and society by choosing Gustav Husak to lead the party, that a new party leadership began to be organized.

The process of consolidation demanded a sensitive and discriminating approach to the people in order to win them over so that they would help combat the consequences of the period of crisis and continue the development of socialism in our country. On the basis of the Marxist-Leninist principle, the party's ideological unity and assertiveness, the function of the socialist state and of the National Front, the party's leading role in the administration of our society, and the relations of the CPCZ to the CPSU and other fraternal parties of socialist countries were restored in the course of consolidation.

The ratification of the constitutional law on the Czechoslovak socialist federation (27 October 1968) was of extraordinary importance for the further development of our society. Thus, the relations between our nations were resolved in full agreement with the Leninist principle of legislative and political systems. The unity and fraternity of the CSSR's nations and ethnic minorities are growing stronger on the foundations of the federation.

Our party's experience, gained in its fight in defense of socialism, was summed up in the "Lessons from the Period of Crisis in the Party and Society after the 13th CPCZ Congress." Proceeding from Marxist-Leninist analyses, it shed light on the causes and consequences of the crisis in the late 1960's, and confirmed the link between the internal and international reaction to the subversion, and proved the need for international cooperation in the building of socialism and in the struggle for

the preservation of its achievements. The conclusions of the "Lessons" remain valid to this day. The most important and relevant among them are those dealing with the party's duty to implement the Marxist-Leninist theory in a creative way, to respond to the demands of progress in a prompt and principled manner, to strengthen constantly the party's unity with the workers' class and with all strata of our working masses, to organize and consolidate the socialist social system, and to use to the fullest its advantage—the opportunities for scientific management and planning, democratization of the new society, and far-reaching international cooperation with the USSR and other countries of the socialist community.

The 14th CPCZ Congress outlined the program for a new stage in the building of socialism in our country—for the gradual establishment of a developed socialist society—and put forever an end to the turbulent period of crisis. The policies of the CPCZ had won the support of the broadest working masses, and the whole National Front endorsed it. In accordance with the development of international relations and with the needs of our society, its policy was further elaborated and amended by subsequent party congresses. Its implementation, which produced distinctly positive results, met right from the beginning with serious difficulties in the late 1970's, particularly due to radical changes in world economy which raised the cost of raw materials, fuel and energy, and caused other problems. The dynamism of our economic advances slowed down and in the early 1980's even stagnated. The party mobilized the working people; the central committee of the party and appropriate state agencies adopted measures to resume the necessary rate of national economic growth. In 1983 the dynamism of our national economy was successfully restored, thus providing opportunities for a balance in our domestic and foreign economy; our national living standard remained steady and then improved, and so the people's existential and social security was ensured.

The 17th CPCZ Congress in March 1986 conducted a comprehensive review of the development of our party and our people since the early 1970's. Our accomplishments made possible an increase of almost 5 percent in personal consumption of our citizens; public consumption doubled; the social security system was improved and expanded to all citizens. As compared with world trends, this is a particularly remarkable step forward and a clear answer to all those prophets who once predicted that the CSSR would never recover from the crisis in the late 1960's. As the 17th CPCZ Congress noted, we had persisted in reinforcing the power of the people; the leading role of our workers' class and its unity with cooperative farmers and the intelligentsia was reinforced; our nations and ethnic minorities progressed and became more closely united within our federal state system; national education was improved, and the ethical and political unity of our society gained in strength. The CSSR entered the second half of the 1980's as a consolidated, politically strong, economically and socially advanced state.

At the same time, the 17th CPCZ Congress candidly stressed considerable difficulties and shortcomings stemming from an extensive economic growth with its relatively meager returns on production factors, and from insufficient stimulation of the creativity and initiative of work teams and citizens. Furthermore, the congress harshly criticized the uneven fulfillment of adopted decisions and the frequent discrepancy between the stated objectives and reality. Inspired by the 17th CPSU Congress and by the new course adopted by Soviet communists in April 1985, the CPCZ Congress drafted a program for the further comprehensive development of our socialist society and thereby, it fundamentally strengthened socialist democracy and the process of acceleration of our society's socioeconomic development, thorough intensification of our national economy through the wide application of the achievements of R&D revolution, and mobilization of our domestic resources which remain untapped in the socialist system.

Implementation of the decisions announced by the 17th CPCZ Congress demands that the still existing obstacles be eradicated and every area of our society's life restructured. The process of restructuring is contingent on the mobilization of the human factor; on profound democratization of our society; on steady application of the Leninist principle in the programs of our party of all state agencies and organizations affiliated with the National Front; on the fulfillment of radical changes in the system of management of our society, and above all, in the economic mechanism; on a transition from mainly administrative to mainly economic management, and on an eradication of ingrained, obsolete practices and stereotypes in thinking rooted in an extensive economic system. By the CPCZ's initiative and under its guidance our society has already set out on the road to these important and profound changes based on the firm foundation of our socialist political and economic system. A specific method essentially stipulated by the decisions of the 5th session of the CPCZ Central Committee (March 1987) involves the greatest revolutionary changes in our society since February 1948.

The aim of our effort is to better satisfy man's material and spiritual needs; to provide more opportunities for all-around expression of our people's creativity and to encourage their initiative; to involve more working people in the management and administration of our state, and to promote the social role of our citizens as responsible stewards and managers of their country. Moreover, this will further enhance the CSSR's role in the socialist community and increase our country's contribution in the struggle waged by progressive and peace loving forces with imperialism for the survival of mankind, for the organization of a comprehensive system of international security, for the victory of the ideals of socialism, man's freedom, humanism, peace and cooperation among nations.

The 17th CPCZ Congress drafted a program for the further development of socialism in our country, which demonstrated the revolutionary continuity of the

CPCZ's policies; it follows the most progressive traditions, the eternal heritage of the Great October Socialist Revolution and of the Victorious February, and the achievements gained in fierce class struggles and battles for national liberation, which form a solid foundation of our era. We affirm our loyalty to our revolutionary heritage by our steadfast implementation of this program which agrees with the vital interests of our nations. In this effort we are learning and finding support in the revolutionary struggles of the past. They strengthen our conviction that the line which our party and our people have followed in the past and are following now is correct. The CPCZ, the revolutionary vanguard of the workers' class and of the working masses, is aware of its responsibility for the destiny of our country and of socialism, and for its further progress.

The anniversaries we shall commemorate in 1988 will undoubtedly inspire a new surge of social activity and work of the National Front and of all our people for the fulfillment of the tasks of our time.

9004/12232

ZIVOT STRANY Attacks Political Emigres

24000054 Prague ZIVOT STRANY in Czech
No 22, 1987 pp 44-45

[Article by Bohumil Molnar: "Political Emigres and Anticommunism"]

[Text] Because of its novelty and complexity the restructuring of socialist society has frequently been compared to the "new economic policy" initiated in Soviet Russia in early 1921. At that time, the introduction of the NEP produced a strong reaction from all enemies of the Soviet order, including white guard emigrants. Similarly, the current program of restructuring socialist society is evoking a strong reaction in the ranks of political emigrants from the socialist countries.

Given this similarity, it is not a bad idea to recall Lenin's analysis both of the role of the white guard emigrants in the crusade of the international reaction against Soviet Russia, and of changes in their opinions and activities.

V.I. Lenin considered it essential not only to analyze continually the activities of white guard emigrants, but also to provide information about these activities in the Soviet press. He was not concerned that the emigrants could use this as a platform to present their views. He was convinced, on the contrary, that providing such information would only serve to reinforce the class consciousness and political vigilance of the proletariat. At the Third Congress of the Communist International, he stated: "...counterrevolutionary emigrants are well informed, superbly organized, and are good strategists. It is my opinion that a systematic comparison and systematic research into their organization and how they exploit opportunities can have a strong propaganda

influence on the working class. This is not a matter of general theory, but of practical policy. These activities will show us what our enemy has learned."

After describing the position and role of emigres in the anti-Soviet crusade of the world reaction, he stated that "these emigres are not only refugees. No, they are the direct assistants of world capital, they support it and cooperate with it." Lenin then proved this unequivocally by pointing to the participation of white guard emigres in the Kronstadt counterrevolutionary uprising. Such close cooperation between political emigres from socialist countries and the centers of world anti-communism is equally clear today.

Pavel Tigrid, one of the most active anti-Czechoslovak political emigres, wrote in his book, "Political Emigres in the Nuclear Age": "Usually political emigres have only one goal (unless they become resigned or complacent): the dismantlement, fall, and destruction of the government or state power that created them." This not only states the fundamental interest of current political emigres, but also explains why Tigrid and his ilk are so interested in the closest possible cooperation with anti-communist centers. Emigres, after all, are well aware that by themselves, without an affiliation with a broader political power grouping, they are not capable of smashing socialism in their native countries. In the West, therefore, one finds political emigres in all types of political groups, from ultra-left to ultra-right wing.

This ideological and political differentiation among political emigres from socialist countries leads to significant conflicts and frictions within their ranks, due to a constant struggle to attain a senior position in the anticommunist apparatus. In the final analysis, however, these conflicts benefit the representatives of world anti-communism. After all, in all these political groups, emigres maintain and increase antisocialist activity, thereby contributing to their main goal, the operative unity of these groups in their activities against socialist countries. Close cooperation between political emigres from socialist countries and the centers of world anti-communism is therefore logical, because it expresses their common interest in mounting the most effective possible struggle against the socialist countries.

The representatives of world anticommunism are most interested in political emigres because they have an intimate knowledge of the social conditions in their native countries, know the mentality of the general public, and are therefore uniquely capable of conducting anticommunist activities in those countries. Political emigres are therefore exploited extensively within the anticommunist apparatus.

For example, a number of political emigres have been involved in the establishment and on going development of so-called sovietology. This is a bourgeois social science discipline concerned with research on the socialist countries, and mainly with the development of plans, the

implementation of which would assure the victory of the counterrevolution in the socialist countries. In the 1920s such emigres included the Russians P. Sorokin, P. Struve, S. Bulgakov, P. Miljukov, and others. Currently this group includes W. Brus and L. Kolakowski from Poland, V. Maximov and V. Bukovsky from the USSR, P. Kende from Hungary, Z. Mlynar and J. Pelikan from the CSSR, and others.

Lessons from the Crisis in the Party and Society Following the 13th CPCZ Congress analyzes the role of post-February 1948 emigres in the events in Czechoslovakia in 1968 and concludes that the activities of political emigres were significant. Lessons states that "Post February 1948 political emigres participated in these activities (of world imperialism-editorial office note). Their participation was centered around the infamous Pavel Tigrid, whose concept of the gradual loosening of the controls of the socialist state and other theories of the inevitable break-up of the leading role of the party served as the ideological ammunition for a group of right-wing revisionist and antisoviet elements. Tigrid identified totally with these groups and consciously brought them to life."

Evaluations have pointed to a similar role of Polish political emigres in the events in Poland of the early 1980s.

Political emigres from socialist countries also play an important role in propaganda operations of world anti-communism, which is either directly or indirectly run by the news reporting services of the imperialist countries. Not only have political emigres completely taken over the individual national sections of such radio sources of disinformation as Radio Free Europe, Voice of America, or Radio Liberty; they are also playing an active role in the publication of emigre anticommunist periodicals and books, and more recently the production of records, tape cassettes and videocassettes. The anticommunist centers value most highly periodicals such as LISTY and SVEDECTVI, published by Czechoslovak emigres; KULTURA, published by STRANA and MIR of Soviet emigres, etc. Emigrant publishing houses are engaged in the publication of anticommunist books in the native languages of the socialist countries.

Political emigres are also engaged in activities designed to have a direct impact within socialist countries themselves. These include providing information for individual anticommunist campaigns and evaluating their eventual impact, direct training programs aimed at the organization and control of antisocialist activity within socialist countries, etc.

Political emigres also play an important role within their adopted countries. They are exploited both to discredit socialist countries in the eyes of workers in the capitalist countries, to destroy the unity of the international working class communist movement, and in preselection struggles between individual bourgeois political parties. This not only affords them significant opportunities for the

publication of articles, commentaries, and books in which they describe socialist countries as undemocratic, totalitarian, and without a future. Mainly, however, those who have adopted a strictly right-wing position are exploited in the struggle with representatives of the peace movement in the West, whom A. Solzhenitsyn for one has called "agents for Moscow."

In addition to the role of political emigres in the anti-communist apparatus, V.I. Lenin studied in detail the views of individual representatives of emigre groups, with particular attention to changes in their opinions in reaction to new trends in the development of Soviet Russia. With regard to the counterrevolutionary events at Kronstadt, he wrote, "Recently you have certainly noticed in our newspapers a lot of articles and quotations from the white guard press commenting on the events at Kronstadt. Why are our newspapers paying so much attention to this? Is this proper? Yes, it is proper, because we have to know our enemy as well as possible."

In all his articles and speeches devoted to analyzing the opinions and positions of political emigres, Lenin showed that one could use their own statements to uncover relatively easily yet very convincingly their two faces and the class basis of their interests. This was possible above all because emigres spoke and wrote differently when they were attempting soberly to analyze the actual situation in Soviet Russia and their own policies, and differently when they were writing propaganda to influence their former fellow citizens. This clear dual role of political emigres has naturally been retained by current emigres. This enables us, as it enabled Lenin, to uncover their true ideological and political orientation. This is particularly important now that restructuring has forced them to alter their opinions and positions.

In the case of our own post-August, ex-communist emigres, most of them are attempting to position themselves in the role of predecessors of Gorbachev. They are attempting to show today, and indeed many of them maintained this before, that the events in Czechoslovakia in 1968 did not represent any serious destabilization of the socio-political situation or the advent of a counterrevolution, but simply a "democratization" of socialism or even, using today's terminology, its restructuring. They are making these statements, however, as propagandists, with a view mainly towards readers or listeners in Czechoslovakia.

Let us look, however, at how many of them view the events of 1968 when they are making an objective analysis of the socio-political processes of that time. For example, Ivan Bystrina, former researcher at the CSAV Institute for the State and Law in Prague, who at one point was the editor of the journal PRAVNIK, wrote in the emigre periodical SVEDECTVI, No. 47, "...almost everywhere, from the army to the Party College and anywhere else one might look at the very least elements of a "fifth column" were in position, as if waiting for

January 1968 so they could "step out of illegality" and begin a rapid evolution of their views in a direction far from the current system and, actually, far from communism." To drive home his point Bystrina then added, "The Czechoslovak revolt, as we all know, was strangled in its cradle, as the Hungarian revolt before it and, back at the beginning, the Kronstadt uprising." A former CSAV researcher, in other words, considers the 1968 events in the CSSR, the events in Hungary, and the Kronstadt revolt to be variations of the same trend! At the same time he must know that during the counterrevolutionary events in Hungary in 1956, hundreds of Hungarian communists were murdered. Along with about 2,500 citizens. Still, as Bystrina states, that was a revolt that was strangled in its cradle!

According to a former active representative of the Prague Spring, then, events of that period involved an evolution to something "far from communism." Still more authoritative is the analysis of Z. Mlynar who, as chairman of an intersectoral team, drafted in the 1960s a model for a "revitalized" political system in the CSSR. Mlynar has indicated what this political model entailed, again on the pages of SVEDECTVI, No 58. "Furthermore, when you look at the views of the reform communists, who were frequently members of my own or a closely related generation, you find constant oscillation around concepts that view an arrangement similar to that of the 1945-1948 period to be close to optimal." Mlynar, in other words, feels that the Prague Spring should have turned the clock back to pre-1948. This is another way of saying far from communism!

We could include many similar quotations here, but they would prove the same point, namely that just as in the 1920s, so today political emigres from socialist countries more or less voluntarily, yet inevitably become faithful tools of world anticommunism. Then as now, it is in the interest of socialism to expose the activities of the representatives of the political emigres, and the changes in their strategies for the struggle against socialism. But the same token, just as in the 1920s, which were so difficult for the development of the socialist revolution in Russia, so today we must not underestimate the role of political emigres, domestic antisocialist forces, and the forces of world anticommunism. Lenin's conclusion was just as good then as it is now: "... the main enemy is not Judenic, Kolcak, or Denikin, but the conditions here at home, the environment within which we live." In exactly this sense the restructuring of socialist society, initiated within the party and under the control of the party, guarantees not only the successful building, but the continued defense of socialism.

9276/12232

Young Writers Attend International Congress
24000057 Prague RUDE PRAVO in Czech
29 Jan 88 p 5

[Text] Toward the end of last year, representatives of the upcoming generation of writers got together at Smoljan in Bulgaria in order to discuss the subject "New Political

Thought and the Future of Literature." The courteous hosts were visited by young poets and writers from Czechoslovakia, Italy, Cuba, Hungary, Mongolia, the GDR, the FRG, Nicaragua, Poland, Romania, Greece, the Soviet Union, and Syria. One should mention that the members of the young writers' community already traditionally get together (for example, in 1986 they exchanged views in Dushanbe in the Soviet Union and the year before that they were in Blahova in Slovakia), even though in previous years as a rule only authors from the socialist countries participated.

I consider inviting the young writers from some Western countries and Third World states to be one of the positive features of the Smoljan meeting. A multiplicity of viewpoints of the contemporary world and the political and literary processes in it enriched the conference and expressed the thought that good literature cannot avoid politics, but quite the contrary. In this connection, the chairman of the Bulgarian Writers' Union, Lubomir Levchev, stated, "There were no apolitical persons or apologists among the participants in our discussions and in some phases of the conference the political approaches even predominated. All this was in the interest of viewing the new political thought as an universal phenomenon, a global one connecting all those present." In discussions the Bulgarian poet Ivan Metodiev expressed it as follows, "One cannot look on global problems through nationality, group or sectarian interests, or personal interests. If we cannot find a way to solve global problems, we will not solve the personal ones either."

The ambitious theme, the democratic spirit of the conference, the openness and honesty all created an atmosphere for discussion of even the most delicate problems of the next literary generation. Writers from Hungary and the GDR, for example, raised questions about self-censorship and creative fear. The Czechoslovak representatives (Josef Frajs, Frantisek Mandat, Valer Mikula, and Jan Tuzinsky) expressed themselves in terms of these problems being a concern of every creative person and a matter of his moral viewpoint.

There was also a lot of talk about the purity of the writers' spirit and morality. "For the writer, spiritual hygiene is the same as clean hands are for a surgeon" the Soviet prose writer Tatyana Nabatnikova is convinced and the Bulgarian novelist Vladimir Zarev added, "The future of literature is mainly in the morality of its creators."

The Soviet writer Alexandr Kazincev looked on the new political thought as a continuation of the great humanistic tradition of Soviet literature. Through specific examples he demonstrated that Soviet writers and their literary heroes stand totally for progress and humanity. "No idea will become a historical one if it does not permeate people's hearts and minds. Through their works writers can aid the new political thinking to enter people's hearts," said Alexandr Kazincev.

Harald Grill from the FRG also acknowledged literature permanently fixed in people's hearts. In his opinion, the new political thought can unify people and therefore it is the duty of a writer to reflect the tone of the new political thought in his works even if it is a matter of the music of hard reality. "Writers will always be in the minority, but they can influence the majority. We will give each other courage."

Innumerable times it came out that man must always be in the forefront of the writer's attention. For example, the Leningrad writer Yevgeniy Tuynov declared, "If we elevate the personality of every person to the level of humanity, we will get rid of plenty of world problems all at once." These thoughts were also supported by the Polish writer Andrzej Wojcik: "Our works as a rule are concerned with the problems of our countries. We must think more generally about humanity."

"There is nothing more complicated or difficult than for a little man to grow up into a mature person," declared the Mongolian writer Damdinsuren Urianchay. "The best literature was always about how a man becomes a man. The new political thought does not deviate from this. As we say, a person becomes a man when he gets to the other side of the mountains, when he overcomes obstacles."

These words inspired the Polish poet Jerzy Ignatiuk. He compared the advocates and supporters of the new political thought, that is, progressive writers, with mountain climbers who have as their goal a summit that has never been conquered. They learned from the mistakes of the previous expeditions, they left only what has proven itself valuable in their equipment, they advance collectively, they depend on one another, and they are willing to admit that they can run into obstacles."

Hungarian writer Lajos Parti Nod asserted, on the contrary, that the new political thought has existed as a process among young writers for a good 30 or 40 years now. "It actually is not new; it was born and lasted a relatively long time before it caught on. In fact, however, the young writers were excited by it many years ago. This is why the intelligentsia should not take the new political thought as a gift." His colleague Laszlo Tot added, "The young writer should have glasnost in his blood." Italian poet Stefano Docimo agreed with this opinion in the sense that the political thought is new in us. "I would like you to understand what it means for me, a writer, to live surrounded by the consumer thinking of society."

For the Bulgarian writer Valentin Danevsky the new political thought in literature means provoking the author's fantasies and realistic thinking as well. "Mainly, however, it should be of the proper quality, the same as we demand of other spheres of life." Nikolai Petev, secretary of the Bulgarian Writers' Union, added, "In order for us to think in a new way politically, we must

free ourselves from many things, and not just in our thinking. Let us not forget in doing so that the new political thought in literature presumes optimism along with glasnost."

It is hard to sum up all the interesting thoughts and suggestions in a short space. Let us add at least a sentence on the contribution of our delegation. The writer Josef Fraiss presented it and the others added to it in the discussions. The speech, part of which was published in the weekly KMEN, discussed the orientation, feelings, and problems of young literature in Czechoslovakia.

Even though the conference did not approve any resolutions or proclamations, the participants agreed with one of the delegate's thoughts that now it is a matter of getting the new political thought out of the office, including writers' studies. The future of literature also rests in this.

6285/06662

HUNGARY

Pozsgay Interviewed by Finnish Paper
36500047 Helsinki HUFVUDSTADSBLADET in Swedish 18 Nov 87 p 12

[Article by Bjarne Nitovuori: "Multiparty System Conceivable in Hungary"]

[Text] During a visit to Finland, one of the leading Hungarian politicians, Imre Pozsgay, leads us to understand that it is not inconceivable that other parties, besides the Communist, could exist in Hungary at some future time.

He does not say this straight out. It is a controversial question in Hungary, but it is being debated and that by itself is remarkable.

Pozsgay puts the matter this way:

"The subject of new parties cannot continue to be taboo. We cannot establish in advance that there is to be only one party. On the other hand, neither can we act on the assumption that a multi-party system is the only alternative."

According to Pozsgay, a political reform involving greater pluralism is needed. The pluralism, however, can be realized in many ways. "First we will take a couple of steps in that direction and then see how it can be implemented," says Pozsgay.

"I am a member of the Hungarian Socialist Workers' Party (the Communist Party) and of its Central Committee and that is why I would like to see my party maintain

its leadership role even in the future. That is not a continuing gift from God, however, it is something that the party must strive to keep," says Pozsgay.

The question of political reform has become more urgent in Hungary after the economical reform met with great difficulties. Imre Pozsgay says that they have now realized that the economical problems are not only due to flaws in the economy but to factors deeper within the social structure.

"These conclusions have led to certain ideological reassessments, among them questions regarding attitudes towards ownership."

The political reform now on the agenda means, among other things, that the citizens will be given greater freedom and also greater responsibility. Part of the responsibility and the risk, which so far has been shouldered by the "power"—as Pozsgay puts it—ought to be spread among the citizens.

Parliamentarianism

In the near future, three different operations in that direction will be implemented. The state and the party will be separated, the role of the parliament will be emphasized and the opportunities for the citizens to influence decisions directly will be increased.

Among other things, a new law about popular votes is being prepared, as well as a law about self-determination, a law about the decision process in the government and a new budget law. All of these new laws will be incorporated in a new constitution.

As early as the last parliamentary elections in 1985, the Hungarians had the opportunity to choose between various alternatives. This system will now be augmented so that the choice of candidates becomes even broader than before, according to Pozsgay. The aim is to allow a greater number of organizations—unions, women's organizations, churches, etc.—to participate in the nominating process.

Another important reform consists of the fact that the role of the parliament will be strengthened. Among other things, a form of parliamentarianism will be introduced. It is going to be possible for the parliament to explain that it does not have confidence in the government.

This is hardly going to happen within the foreseeable future. On the other hand, the role of the parliament in the legislation process and as supervisor of the government's activities will be strengthened very soon. The fact that the parliamentary debates will be more public than before is another important step in the same direction.

Pozsgay is often mentioned as a possible successor to the current party leader, Janos Kadar. He is said to be very popular in Hungary.

This time he is in Finland as the guest of the Coalition Party. He sees nothing strange in being the guest of a non-Socialist party.

"We know that the Coalition Party enjoys great support among the people. Consequently it is not without meaning to maintain contact with that party," he says.

12339

POLAND

Jerzy Urban's 23 Feb Press Conference
AU012101 Warsaw RZECZPOSPOLITA in Polish
24 Feb 88 pp 1, 5

[Transcript of press conference given to Polish and foreign correspondents by Government Spokesman Jerzy Urban at the INTERPRESS Center in Warsaw on 23 February]

[Text] Government Spokesman Jerzy Urban met with Polish and foreign press journalists on 23 February for his weekly press conference. It was also attended by journalists from Israel and from Jewish newspapers who are on a 1-week visit to our country. Minister Urban presented some current topics, and then answered questions. We present the transcript from this conference.

[Urban] I wish to present a major problem for judgment by Polish public opinion. First I will give the facts. We have noted that over 18 million Poles have taken foreign trips over the past 5 years. One could say that every other Pole has been abroad were it not for the fact that some traveled frequently and others not at all. Out of this total, 4,164,000 went to the socialist countries. It is becoming increasingly easier to obtain a passport, and this is causing the number of foreign trips to rise by about 20 percent per year. The government considers so many foreign trips by Poles very favorable and is aiming to make them even easier. Work is at an advanced stage on a plan to issue passports with longer validity, which one will be able to keep at home.

Between 1983 and 1987, 58,500 Poles emigrated from Poland, in other words left it for good. These include 5,000 specialists with higher education.

Some 117,000 persons who left Poland pretended that they were making temporary visits, but in fact remained abroad for good. These include 16,500 specialists with further education. Therefore, a total of 21,500 people with higher education have left Poland over the past 5 years. That is more than the number of specialists that some developing countries have. We lost about 8,000 engineers, over 2,000 doctors, and many academics, economists, and architects. But that is not the whole story.

Some 328,000 people extended their stay abroad, including 38,000 with higher education. These include 11,000 engineers, 3,500 doctors, and about 4,800 economists. We believe most of them will come back, but many will not. Altogether then, we estimate that hundreds of thousands of people of working age and thousands of specialists have left.

It costs Z4.5 million to train one doctor, and Z3.5 million to train one engineer. It is estimated that the financial losses caused by the departure of these persons alone amount up to Z37.5 billion. The losses caused by the departure of everyone who left and did not return run into hundreds of billions of zlotys. However, not even these financial losses are all the material losses that have been suffered, because we as a society have also lost the value of these people's work.

Most of those who leave Poland go to the FRG and West Berlin, followed by the United States, Italy, and France.

The main reason for emigration or remaining abroad is higher earnings than in Poland and a stronger foreign currency. Political reasons are of quite marginal significance. Neither is the reason given by the Western press about a lack of prospects for young people true. This sort of emigration is for the sole purpose of earning money. I am not providing an assessment. I am just stating the facts.

There is one other important point one has to bear in mind. Over 95 percent of the Poles who apply for foreign trips encounter no trouble with obtaining a passport. However, they do encounter trouble with obtaining visas, after which various Western countries cause trouble when these people attempt to legalize their stay abroad. In fact, Western immigration policy conceals a brain drain away from Poland. It is easy to capture experts in fields which are in demand. People leaving Poland possess higher education which they would never have received had they been born in the West instead of in socialist Poland, for their families would never have been able to afford the costly training of engineers and doctors.

The affluent West, which criticizes socialism, is actually sucking some of socialism's achievements out of Poland. Poland, a country in a difficult economic situation, is losing to very affluent countries a part of its valuable assets in the form of highly qualified persons. We are suffering these losses at the expense of countries which, to put it tactfully, exercise major restraint when it comes to establishing with Poland economic cooperation which helps our reform and economic development. The human potential which these countries gain at our expense is not included in the sphere of economic calculations and mutual obligations.

By presenting this issue publicly, we do not mean to say that a citizen is the property of the state that brought him up and trained him, which is what some people suspect us of thinking. Our passport policy shows that that is not so. We

respect an individual's right to decide for himself about his own life and about connections with his own country. In any case, the future of people who left Poland varies as far as their connections with Poland are concerned.

We intend neither to abandon our open-door passport policy, nor undertake human trade.

When there is talk of human rights, one also has to bear in mind the rights and interests of a hard-working Polish citizen, who allocates a very considerable portion of the fruits of his labor to young people's education, after which another portion leaves Poland in order to make Western countries that are richer than Poland even richer than before. And that is the other side of the coin concerning the rights of a person, who after all has the right to prevent the loss of everything he has worked for.

I wish to say that the government perceives this problem in its entirety. We expect our Western partners, who are taking advantage of the fact that the wages they pay are high and their currencies strong, and that education in Poland is easily available and free, to understand these Polish dilemmas. We also expect this understanding to begin to assume an objective shape and that it will influence mutual assessments of economic relations and commitments.

That is all I have to say on this matter right now. The issue is important and possesses national significance. The pope tackled it when he called on his fellow countrymen not to leave their country, which needs hands and brains. However, the interests of the individual do not always obey moral authority.

The Polish authorities state that leaving the country for the sole purpose of earning more money is not a citizen-like attitude. It causes harm and losses to our national wholeness. Turning one's back on the nation and on one's countrymen instead of helping to improve the standard of living, which is the possibility presented by the second stage of the reform, is a cowardly attitude.

Though they realize that there is a conflict of values at play here, the Polish authorities see no straightforward patterns determining how people should act. Therefore I ask all Poles to say what ought to be done and how one ought to act.

In Rzeszow there was a street rally involving several dozen people, with a similar number of onlookers. It was organized by an offshoot of the former "Rural Solidarity." The participants protested against the food price increases, among other things. It is unique in the history of the world that people describing themselves as representatives of the farmers have protested against that fact that the fruits of agricultural labor have become more expensive. After all, this causes procurement prices to go up.

In Krakow, a large number of students, about 1,000 according to the Western press (later, of course, this figure was inflated to several thousand), organized an unauthorized demonstration in a student residential area. On 19 February there was an authorized rally at Warsaw University which gathered about 500 participants immediately, and in the end involved 1,000 people, including onlookers. The BBC exaggerated this figure to 3,000. Both rallies called for the reemergence of the Independent Union of Students [NZS], which was dissolved because it was politically extreme. In order to encourage student participation in this rally, the organizers added unrealistic demands for higher student grants.

It is difficult not to notice that these two rallies took place on the eve of the anniversary of the March 1968 events and after the authorities had announced that authoritative publications were in preparation containing a re-assessment of those March events and of the student protest at that time.

This permits me to say that the present rallies were organized in order to protest against the authorities' intentions. The real purpose of the present rallies was to torpedo the authorities' efforts to correct some of the previous assessments made of the events that took place 20 years ago. The point was probably to make those assessments, which suggested the existence of a plot, appear true and to display a readiness to undertake confrontation in answer to the present liberalization of relations and national accord.

So it would be worthwhile for students to consider who is interested in what in this case, and to consider that the rallies 20 years ago took place during a completely different situation than the present rallies and that the rallies of each period possess an entirely different significance. It is odd that such a large group of students lets itself be manipulated.

I declare that the authorities have not changed their minds about revising past assessments of the March 1968 events, nor have they altered their attitudes toward attempts to sow unrest in colleges.

The 16 February issue of TRYBUNA OPOLSKA [TRIBUNE OF OPOLE] carries a vehement attack on government information policy written by Jacek Szwedkowicz. He considers the Sejm explanation for the recall of Janusz Pawlowski from the post of minister of labor unsatisfactory. The newspaper wrongly says that Minister Pawlowski was dismissed after 4 months in office, because central institutions were reorganized 4 months ago. In fact, Janusz Pawlowski was appointed minister of labor, wages, and social affairs in April 1987, in other words 11 months ago.

J. Szwedkowicz generally displays mistrust in the way in which candidates for posts are nominated, and presents speculations in a particularly malicious way.

Being responsible for government information policy, let me calmly say that I have already explained to PRZEGŁAD TYGODNIOWY [WEEKLY REVIEW] the reasons behind the change in minister, and I suggest that TRYBUNA OPOLSKA also accepts it as a reply to its questions and accusations. I said the following:

"The premier said that the change in minister was justified because of the abilities of the new labor minister, Ireneusz Sekula. Let me add that this change should be viewed as a step toward a personnel consolidation of the second stage of the reform and as an attempt to improve the reform's implementation in this particularly important ministry, whose work possesses major influence on the spread of innovation and on the implementation of a thoroughly altered labor and social policy."

Finally, as the man who coordinates the work of ministerial spokesmen, I wish to speak out on the subject of wage increases for health service employees and on their claims that the health ministry has led them astray because of the way in which it announced these wage increases.

The health ministry told the hundreds of thousands of health employees that very considerable wage increases, an average of Z14,90 per person, were envisaged this year.

That is true. However, the information was inaccurate and poorly explained. This caused a reaction from the health service that was opposite to the one expected. Those due to receive the greatest wage increases, 66 percent compared to the national average of 36 percent, the ones who are the most dissatisfied with the wage increases. That is what faulty information can cause.

There was dismay and disappointment when the wage increases were paid out in Z2,500, or Z4,000, or Z5,000 installments. The recipients had expected to receive almost Z15,000 in one go. They had not been told that the Z14,900 was the average wage increase for all health service employees, and that this figure includes Z6,000 compensation for the price increases, overtime payments and other increases already granted last November and December, length of service increments, holiday pay, bonuses, and so on. These additional payments make up 40 percent of the wage fund. That is how these figures, which are indeed accurate, were misconstrued by the health service employees, who will receive basic pay rises of Z4,300 (not counting compensation for the price increases), plus another Z3,000 in the form of bonuses, overtime, and so on. As a result, the dissatisfaction was far greater than the joy at receiving extra money.

Not wishing to encroach upon the scope of the health ministry, which will certainly provide detailed explanations and which is still calculating distribution of the sums made available out of the state budget, I feel

obliged to publicly express regret at the fact that this information clashed with the policy of open and honest information professed and pursued by the government.

Irena Czekierska, Reuter: My first question is about the exodus of highly-qualified young people out of Poland. You said Poland has the right to defend itself against such losses. How does this conform to the liberalization of passport policy? That is one matter. Second, you said that these losses ought to be considered when balancing out Poland's payments to foreign countries. Does that mean that we will sell skilled personnel in return for credits? My second question concerns the results of the meeting of the joint commission on relations between Poland and the Vatican. Do you share the optimism of Bishop Stroba, who said after the meeting that diplomatic relations are possible before the end of the year?

Urban: I do not think I need answer your first question because I feel that when you receive a copy of my statement, you will find in it an answer to all the doubts expressed in your question. My statement needs no interpretation. I simply do not want to quote from a text that I have already read.

Do I share Archbishop Stroba's optimism about the possibility of diplomatic relations with the the Vatican before the end of the year? Right now it is difficult to talk of dates, but I do share this optimism expressed by Archbishop Stroba following the Vatican talks with representatives of the Polish Episcopate on the subject of relations. The start of Polish-Vatican talks on this subject is still ahead of us, so it is premature to talk of dates.

Jost Fisterkston, Great Britain: Mr Minister, as we are talking about diplomatic relations, I would like to ask what prospects there are for establishing diplomatic relations with Israel in the near future and what problems still stand in the way of this?

Urban: These prospects depend on progress in the Mid-east peace process. The question of possible progress in Polish-Israeli relations leading to the establishment of diplomatic relations is not connected with any Polish-Israeli issues, with any bilateral issues, but with the peace process in the Mideast and the extent to which the just aspirations of the Palestinian people are respected.

Charles Gans, Associated Press: You talked about a brain drain from Poland, and you blame the West for this. Would it not be more correct to blame the Polish authorities in view of the fact that people who have received an education receive wages that are markedly below the average; the pay received by people such as engineers and doctors is below the national average. Do you not sympathize with people working in hospitals who see that the possibility of getting better pay depends less on qualifications than on loyalties. Promotion and higher pay frequently depends more on loyalty to and membership of various organizations such as trade unions and the party than on professional qualifications.

Urban: First, I consider the way in which this question has been put an abuse of press conference conventions. Press conferences given by the government spokesman are not an occasion for delivering political speeches, and what you have said resembles a speech more than a question. Second, I reject the suggestion that pay is determined by political loyalties and membership of various organizations. That is untrue, patently untrue. What we want, and we cannot seem to achieve this, is for doctors' pay to depend more on loyalty toward their patients. Third, I did not blame the West but only drew attention to certain mechanisms operating in today's world. Finally, it is true that the wages received by members of the intelligentsia, including doctors, are too low, but this does not apply to engineers to the same extent. These discrepancies did not arise because of deliberate efforts to belittle the value of highly qualified work, but because of the functioning of incentive mechanisms affecting direct producers that are meant to ensure that there is cover for all wages in the form of goods. We are trying to reduce all discrepancies until they disappear, and some recent pay increases are in line with this. Pay increases are not awarded because of loyalty but in keeping with criteria that are the very opposite of those that you described in a manner that seemed suitable for a political rally.

Mr Lachodyski, Austria: Can you tell us how the government intends to mark the events of March 1968? Are any events being planned? And my second question— Can you tell us what General Jaruzelski conveyed to the conference of historians in Jerusalem through Prof Gierowski, because you first denied that anything was conveyed and rejected this item of news, but we then heard that there is a recording of Prof Gierowski's statement concerning the events of March 1968.

Urban: The government does not intend to mark the events of March 1968 in any way, because there is no reason to do so. Speaking on behalf of the authorities, I announced that there would be several authoritative publications changing some of the previous official assessments of the Polish authorities with respect to these events.

As for Prof Gierowski's statement in Jerusalem, I denied reports that had appeared in the Western press stating that Prof Gierowski had or that there were any cables, declarations, letters, or messages from Wojciech Jaruzelski that Prof Gierowski read out, which he is supposed to have done according to Western press reports. The recording cited in the Western press is a recording of what Prof Gierowski said, and I have no denials to make with respect to what he said. Prof Gierowski said that shortly before leaving for Israel a member of the Consultative Council, Prof Janusz Kuczynski, spoke with General Jaruzelski during an interval at one of the council sessions, and General Jaruzelski authorized him to say in Jerusalem that publications are being prepared that will contain a change in the party's position with respect to some issues concerning the events of March

1968. This is all from memory. I spoke about this in detail at the previous press conference, and I would ask you to consult the transcript. The denial concerned the existence of some kind of document, which, according to the Western press, Prof Gierowski is to have read. In a word, this is a tempest in a teacup and has no bearing on the essence of the matter.

Mr Lachodyski, Austria: Could you provide a more detailed explanation of these changes in the party's assessment of those events?

Urban: The publications that I mentioned will appear shortly, and once you have read and interpreted them, you will definitely notice changes.

Krzysztof Bobinski, THE FINANCIAL TIMES: This is rather a minor matter, but one that is pleasing. Last year, on 14 October, in reply to a question from Mrs Drozd concerning ZARZADZANIA and its departure from RZECZPOSPOLITA, you said that the RZECZPOSPOLITA publishing house received a subsidy of Z90 million from the government during 1987, and that next year, that is, this year, it would not receive a penny. It is meant to be self-sufficient. You said that, as we can see, in reducing subsidies, the government is beginning with its own backyard. Now, if we take a look at DZIENNIK USTAW issue number one and examine the budget for this year, we see under Office of the Council of Ministers that State Exempted Enterprise RZECZPOSPOLITA is to receive a subsidy of Z125,500,000. Is this typical of the government, and does it explain why this year's budget deficit is so big?

Urban: You are right Mr Bobinski. There were plans for self-sufficiency, but RZECZPOSPOLITA then received a subsidy for certain publications and activities that are essential for the government. Unfortunately, this is characteristic of many of our plans regarding economies and the withdrawal of subsidies. The pressure created by needs makes it necessary to grant a subsidy, and this ends in a budget deficit for the treasury. Your criticism is just, and I humbly accept it.

Incidentally, I would like to mention that ZARZADZANIE, about which so much concern has been expressed here, continues to appear without any changes, although I do not know who publishes it, because from the point of view of a reader—I am one myself—this is of little importance. I have not even looked to see whether it is being published by RZECZPOSPOLITA, now that it has benefited from these subsidies, or by someone else.

Kosta Stefanov, Bulgarian Radio and Television: Mr Minister, a meeting of foreign ministers representing the Balkan states will begin in Belgrade tomorrow. As this is an event of European and not just Balkan significance, I would like you to comment on it.

Urban: We will be following the meeting of Balkan foreign ministers with great interest. I think that this meeting, which is a historic first of its kind, will be an important event for all of Europe and not just the Balkans, and Poland, I would like to remind you, is part of Europe.

Tadeusz Kucharski, TIME: Mr Minister, in June of last year we heard about "Consopol," a company based in Nowy Sacz, and the difficulties that it was experiencing in connection with its operations. One person interested in the affair was Deputy Premier Sadowski, who, in reply to a question from me, said that he was interested in the matter and would look into it. Well, in view of the enormous number of matters that had to be dealt with, he did not have an opportunity to provide a reply, but that is not so important, because the course that the affair would take was to have been foreseen. The affair ended positively with the company winning two cases at the Supreme Administrative Court, although not until October of last year. So, I was surprised to read a letter from the chairman of the company in the latest issue of POLITYKA, in which he said that although the rulings of the Supreme Administrative Court are binding, no progress has been made, because the Nowy Sacz voivodship authorities and the Ministry of Domestic Trade are continuing to stop the company from operating.

In view of this, I would like to ask whether a ruling issued by the Supreme Administrative Court is binding on central and regional state authorities, and if this is so, then one can assume that it has the force of law. So, in what way, if there is a way, can these authorities be made to respect the law? Next, it would also be interesting to know who bears the costs for suits that are lost or are in progress. Are they borne by the persons who make the mistake of initiating such proceedings, or by the hard-working Pole.

And my third question, it interests me whether the government does not fear that an affair such as the "Consopol" one, which has become something of a gauge for assessing the progress that has been made in implementing the reform in many areas, may have negative repercussions in the international arena. Let us just consider the fact that the World Bank and the International Monetary Fund are observing the progress that is being made in implementing the reform and that this will to some extent determine the course that their future cooperation with Poland will take. And it may also have a negative effect on potential candidates for partnership in a Polish company. The company in question cannot at present commence several very lucrative and advantageous joint undertakings involving the Soviet Union, as well as undertakings in Indonesia.

I can understand that you may not have the material that you need to answer this question, but I would be grateful if you were to provide an answer at the next press conference or whenever it possible for you to do so.

Urban: I have no intention of replying at the next press conference, but you can obtain the necessary explanations from the local or ministerial authorities since this is a local affair, while I am a spokesman for the government. You are especially interested in the business of that company and you will receive all the explanations you want. My duty is to discuss certain general issues raised by you.

Verdicts of administrative courts are legally binding and must be implemented, but court proceedings are not as simple as journalists describe them. First, verdicts are executed. Second, the law determines who pays legal costs and under what conditions, but since I am no lawyer, I do not know. Third, the Polish authorities will not bow to blackmail such as you seem to be engaging in, namely, that if a company's activities run into trouble, the West will think twice about giving loans to Poland, because, in your view, the West continues to pay great attention to the enterprise that produces smoked articles from poultry meat in Nowy Sacz. This kind of thinking is a joke. We want to develop our economic relations with the West. We do not think that our partners take interest in such detailed matters. We will not give up our sovereignty in our economic policy to pander to our partners. That is why I regard this part of your reasoning as highly inappropriate and as one devoid of a sense of proportion between the issue you have asked me about and the conclusions you have drawn.

Bogdan Turek, UP: Could you tell us whether for the past 4 days health workers in Plock Voivodship have been collecting signatures under a petition for reformed wages? This petition is to be delivered to Minister Komender on Wednesday. Will the authorities consider the demand for reformed wages in the health service? At the beginning of this conference you spoke of liberalizing passport policy. Therefore, will Messrs Walesa, Frasiński, Lis, and Geremek receive passports for travel to Australia?

Urban: I have said that health service workers are greatly embittered, but I do not know about any specific action to collect signatures. Nor do I know about any petition. But I will know when that petition or resolution is received by the authorities. I realize that the mood in the health service is bad and I regret that the considerable wage increases we have granted—these increases were below of what health service workers asked for—have produced disappointment rather than satisfaction.

As for your second question, if Mr Walesa is granted leave, if he has a leave allowance, and if he applies for a passport, his application will be considered in the usual legal way available to everyone.

Renate Marsch, DPA: Last weekend [20-21 February—FBIS] eight Solidarity activists were detained for purely preventive reasons. What are the legal reasons for such detention? Is it legal to detain persons without charges? Another question: How is it possible to reconcile the

intellectual liberalization and openness in Poland with the fact that cars are taken away from people who help to produce books for the second circulation?

Urban: Some Solidarity activists were detained and not arrested by order-keeping forces, which are empowered to make such detentions and which wanted to caution these activists who were about to commit an offense by convening an illegal meeting. These activists had been warned in cautionary talks not to do this. This is in line with the law, because preventive activities are the task of order-keeping forces so people can be stopped from committing crimes and offenses.

The confiscation of the cars you mentioned occurs when cars become instruments of crime or offense. This has always been so in Poland. Our law states that every article or instrument used for illegal activities may be confiscated by a judicial decision, in this case by the decision of a lay court. This is the law. This has nothing to do with the process of liberalization, because this process does not at all mean that activities recognized as offenses can be legalized.

Irena Czerkieska, Reuter: What happens to the confiscated cars?

Urban: They certainly do not get lost. Confiscation in favor of the state treasury is governed by regulations, which, I think, state that confiscated cars are sold by auction. Ladies and gentlemen, please think of some other questions because I want to discuss a certain matter in the meantime:

On 29 January the BBC-2 television channel screened a program about Ryszard Kapuscinski, a prominent Polish reporter and writer. The program shows how the hero driving in Warsaw tells passengers to put down their cameras when he drives past the militia headquarters—the Mostowski Palace. This suggested to the Britons that taking pictures of Kapuscinski was forbidden by the police and that British cameramen were doing something heroic. This is childishness. Kapuscinski is neither a military installation nor a state secret. Pictures can be taken of him in any place and in any way. Making Poland a place of horror is leading British viewers up the garden path.

The British press describes Kapuscinski as a person who lost his job, following martial law and who cannot find work in the Poland of today. Our embassy in London also told us that the television program and the press stated specifically that Ryszard Kapuscinski had been dismissed from PAP.

R. Kapuscinski voluntarily left PAP in 1978 to work for the weekly KULTURA, which ceased to appear in 1981-82. As of 1982, Kapuscinski has been often offered jobs with the Polish Radio and PAP and as chairman of the editorial board of REPORTER. In 1982 I offered Kapuscinski a press job abroad, but he said he had no time

because he was writing a book. Last year the chairman of PAP asked him to go to the USSR to write a book about perestroika, but he did not accept. He has never motivated his refusals with political reasons. Polish publishing agencies continue to publish his books and theaters to perform the adaptations of these books.

R. Kapuscinski is a free man and can do as he likes. But the British mass media are dishonest in that they presented him as a person who cannot get a job in Poland and who is being victimized.

I congratulate him on his writing successes in the West, which were preceded by a brilliant journalist and writing career in Poland. It is not our fault that instead of running parallel and supporting each other, careers in Poland and in the West often exclude each other. We are not responsible for the abnormal conditions under which a writer has to acquire the status of a victimized oppositionist before he can be published, filmed, and praised in the West. It is the West that creates absurd divisions and at times uses dishonest insinuations in doing so.

A private observation: The British press wrote that R. Kapuscinski was a model for a reporter who was a hero in a Andrzej Wajda's old movie. Only Wajda could confirm this. As I remember, the hero of that movie was in trouble with the Central Committee and women and wanted to commit suicide. I know Kapuscinski from POLITYKA, where we worked together, and that is why I want to assure the British public that his life has nothing in common with the events described in that movie.

Joseph Fisterkson, Great Britain: About my question you did not answer to my satisfaction. I came here from London where the British Government and the U.S. Government represented by Mr Shultz, who is now in Moscow, are doing everything to bring about a conference to solve the Middle East conflicts. How is it that the Polish and Soviet Governments want to participate in such a conference while maintaining contacts with one side in the conflict and avoiding the other side? How is it possible to participate in solving such conflicts without knowing the position of the other side? This is against the principles of justice.

Could you tell me of any reasons why full diplomatic relations between Poland and Israel cannot be established? Please answer candidly.

Urban: There is no difference in Polish and Soviet views on Middle East affairs. Poland is in favor of an international conference attended by all sides to the conflict, including the PLO, a conference that would solve the Palestinian problem and guarantee just borders for all Middle East countries, including Israel. Diplomatic relations between Poland and Israel can be established when the Middle East peace process becomes real enough for us to assume that it will be useful for reducing the conflict in the Middle East and that the reasons that helped to break those relations are petering out or may peter out.

I am unable to give you a more precise and specific answer at this moment, because I think that my answer is precise. We continue to watch the Middle East events. At this moment the position is very unfavorable because of the Israeli authorities' repressive measures against the population in the occupied territories. At least this makes your question not quite on time.

BULGARIA

Deputy Chief of Military's Political Administration on Restructuring

22000010 Sofia ARMEYSKI KOMUNIST in Bulgarian
Dec 87 pp 20-23

[Article, published under the heading "Restructuring: Theory and Practice," by Lt Gen Ivan Bosev, first deputy chief of the Main Political Administration of the People's Army: "A Difficult But Irreversible Process"]

[Text] I would like to point out that there are various approaches to the process of restructuring which must be carried out in the party, the state and the army.

Some consider this as an unreal thing, as a fashionable phrase which like any fashion lasts a short time. "Let the superiors bustle about, we do not have to change anything, we will get along as we know how, and time will show who is right and who is not."

We could state to such comrades in whatever position they may hold that the steamroller of restructuring is very large, it has come from Moscow, it has picked up speed and anyone who conceives by demagoguery or cleverness to escape from its wheel is profoundly in error. This steamroller, and it is the alternative of our times, the objective laws and requirements of the socialist social system, will override any inertia, any brake on history from wherever this comes.

The steamroller which was ordered by Moscow and by our July Plenum (1987) has reached the heart of the masses and from here no one can turn it aside and with each passing day it will gain ever-greater energy. For this reason the only thing which, in this instance, can be recommended is that each person examine himself to see whether he is in unison with the regulations, instructions, directives and decisions of the party and the demands of the times and is doing what is demanded of him. If he cannot do this, then he must step aside in order not to prevent the party from resolving the great historical dispute between socialism and capitalism.

There is, however, another category of communists who pretend that they are reforming but in essence, as they say, "they are all dressed up in new clothes but nothing has changed." These are people who cannot be harmed either by words or by anything else, people who elbow others aside in order to adapt to the situation and to chiefs who use the given situation, facts and phenomena to achieve their own personal, selfish aims. There can be no doubt that sooner or later life will eliminate such "heroes" of the day.

The third category of communists, and they thankfully are a majority, are the true supporters of an actual restructuring, people who put above all else the interests of the party, the state and national defense, people who from morning to evening work indefatigably to carry out

the tasks assigned to them. These are the people who every day build up the battle capability and readiness of the units and subunits. They are convinced that the true criterion for carrying out the restructuring in the Bulgarian People's Army are the results of troop readiness and the results of carrying out the tasks confronting the appropriate collectives.

Another question which we would like to take up relates to the correct interpretation of certain categories of the restructuring which is being carried out in our country. This is the question of such concepts as democracy, collectivism, glasnost and one-man command.

I am far from claiming that I can deal thoroughly with the content of these categories here. Moreover, to one degree or another there are certain ideas about them. However, there are comrades who seem allergic to the words of democracy and glasnost.

For this reason I would merely like to point out that in no instance should we set in opposition or consider as alternatives, for example, one-man command and collectivism and democracy and that in the army there must be either one or the other. No one must ever underestimate the role of one-man command, particularly under present-day conditions, with simultaneous dynamic and decisive actions, when at times minutes and seconds are crucial, and when reasonable risk, bold and rapid decisions and actions are required. But it is also wrong to understand one-man command as only rights and not primarily as an obligation and ability to unite and lead the collective. Here the skillful solely-responsible leader is the one who ably uses the strength of the collective, the staff, the military council and the leadership of the party organization and mobilizes and organizes everyone through them to carry out the set tasks. Thus, one is combined with the other. Our documents, the party decisions, directives, manuals and instructions have formulated this well.

Here, there can be one other question, that of glasnost and the authority of a commander (chief). I would link this with his personal example. The personal example of a communist, particularly in a responsible position, is that beacon which guides his subordinates and develops his authority. They, the subordinates, judge their senior chiefs not from their shoulderboards or positions, but primarily from their erudition, the personal example and morality in carrying out the party's orders, the regulations, instructions and law. It is not the justified criticism for a shortcoming manifested by the communist or a superior but rather the commitment of the violation and the bad example set for subordinates which cast a shadow on his authority. The so-called false protection of the "honor of the uniform" will scarcely confirm the dignity of a communist who himself has run afoul of communist and military morality. This is why excessive sensitivity to the slightest manifestations of criticism is scarcely a valid defense for one-man leadership.

Here it is wise to mention Lenin's idea that the authority of a communist is undermined not by the person who points out the harmful extremes and designates the ways to eliminate them but rather by the person who resists this elimination.

Our command and party activities must move precisely in this direction in order to carry out the complex tasks of the essentially great revolutionary process which is occurring in our party, in our nation, as well as in the Bulgarian People's Army [BNA].

An important question related to the restructuring of party political work under the conditions of the new political realities is the understanding of the essence of our socialist military doctrine and the tasks stemming from this for the BNA and for the communists working in it.

Our military doctrine as adopted at the Berlin Conference in May of this year has a defensive nature and is aimed at preventing war, both nuclear and conventional. It is founded upon a realistic consideration of the balance of forces in the world and on the fact that at present the contradiction between capitalism and socialism must not be resolved by war which would be lethal for mankind.

However, the aggressive forces of imperialism have not abandoned their global ambitions to achieve military supremacy over the Soviet Union and the Warsaw Pact member states and they do not conceal their intentions to turn history back and eliminate socialism as a world system. In this context they are carrying out a system of measures to improve the combat might of their armed forces.

This is why our nations look realistically at things and in turn, as is pointed out in our doctrine, are maintaining their armed forces on a level making it possible for them to rebuff any outside attack, not to be taken by surprise and to launch a crushing blow against the aggressor. In this sense the party and state bodies have outlined with maximum clarity the ways and tasks for realizing these demands which anticipate a complete theoretical and practical training of the personnel, staffs and troops.

Unfortunately, recently there have been facts and phenomena which indicate that from all of this some have drawn distorted conclusions such as these, for instance:

Since in a war there will be no victor, why generally are we preparing the armed forces?

Since we are in favor of the defensive, why must we maintain armed forces and why must we serve so industriously and is there not a little time to rest?

As this is the case, has not the institution of the army and service in it become obsolete?

Unfortunately, such pacifistic ideas have penetrated not only the civilian populace but also even certain servicemen. The opinion is voiced that the young men, in serving for 2 years in the army, waste a large part of their knowledge and that with the present-day scientific and technical revolution, the system of serving in the BNA is not to-the-point and effective and so forth.

I will not delve deeply to repudiate these, I would say, flippant and irresponsible statements and judgments but would say something more important.

Our task is to provide a correct, Marxist-Leninist interpretation of our military doctrine and explain that high military readiness itself, in all its aspects, is one of the factors which has forced the imperialists to certain concessions and that the existing historical victory and military parity are not something stagnant and set once and for all and that this presupposes a high feeling of duty, realistic patriotism for the defense of the socialist victories. Even now, after achieving an agreement on reducing the medium- and short-range missiles, the questions of ensuring the defense of our nation are equally acute.

If we permit pacifism in the BNA and in the nation to be apparent in thoughts and particularly in actions, we cannot expect activity and a sense of responsibility in performing the combat training tasks. Pacifism serves imperialism which is attempting to implant this as an ideological bourgeois worm amongst us. For this reason it is our task to fight against any such manifestations and raise high the revolutionary vigilance of the personnel.

CZECHOSLOVAKIA

Legal Basis of International Industrial Cooperation Viewed

24000038d Prague MODERNI RIZENI in Czech
Oct 87 pp 32-38

[Article by JUDr Stanislava Cerna, CSc, law faculty of the Charles University in Prague: "Organizational Prerequisites for the Development of Direct Relations"]

[Text] The establishment and, primarily, the functioning of direct relationships between individual production and scientific research organizations of the CEMA countries has become not only an actual possibility, but one of the basic economic necessities from the standpoint of the future development of the socialist society.

CSSR Government Decree No 106 from last year [1986] defined direct relationships as "all forms of cooperation of such organizations based on direct and contractually agreed-upon mutual division of labor in the fields of research, development, production, and in certain cases marketing, as well..."

It is thus a matter of those forms of economic and legal linkage of national manufacturers which, given certain material and systemic prerequisites, bring about important positive bilateral economic effects.

Comments on the History of Direct Relationships

The more significant perspectives in the development of direct relationships between agencies, but also socialist organizations of the CEMA member states, appeared in the socialist countries around the late 1950's and early 1960's. The 29th plenary session of the CEMA Executive Committee in Moscow in 1967 approved "effective measures to improve the cooperation in the field of specialization and production cooperation, especially the process of preparation, legal adjustments, and the implementation of specialization and cooperation in production." For the first time it was established at the highest levels that contracts on specialization and cooperation can, under certain conditions, be signed not only by the member states of the Council themselves, but their economic organizations as well. The second half of the 1960's also became the period of the first, even if isolated, attempts at establishing contractual relationships of this type.

For the first time there was a general resolution of the question of direct relationships, and a basis for their development was created in 1971 with the approval of the "Comprehensive Program for Further Intensification and Improvement of Cooperation and Development of Socialist Economic Integration of the CEMA Member Countries."

The congresses of the socialist countries' leading parties reacted to these important international documents by universally emphasizing the necessity of changes in the approach to developing the international socialist division of labor and the development of direct relationships was determined to be one of the most hopeful means to its implementation.

It was the closing declaration approved at the economic conference of the Council in Moscow in 1984, however, that had a particular effect on the creation of systemic and material prerequisites for the development of direct relationships between socialist organizations of the CEMA member states. In its economic and political significance, it became a stimulus for legislative, political, and economic cooperative activities by state and political agencies and the socialist organizations of the individual member countries.

The Legal Adjustments for Direct Relationships

Economic practice sometimes gives as one of the reasons for the slow development of direct relationships, the excessively complex legal system which embodies a tedious process for establishing them. Measures approved lately at the level of the federal government and the appropriate central agencies have as their goal the strengthening of independence of the *khosrazhet* [cost accounting system] sphere and expansion of their authority as active participants in foreign economic relationships. On line with this, is the attempt at simplifying the formal procedures for carrying out these operations while ensuring the essential level of involvement by the central agencies.

The basis for the Czechoslovak legal adjustments for establishing direct relationships of socialist organizations with foreign partners are the Law No 42/1980 of the [Legal Gazette] *Sbirka* on economic contacts with foreign countries; CSSR Government Directive No 157/1980 of the Gazette on granting permission to sign, change, or cancel contracts on production specialization or production cooperation with foreign countries as updated by CSSR Government Directive No 21/1987 on granting permission for foreign trade activities and on foreign trade activities by foreign individuals; FMZO (Federal Ministry of Foreign Trade) Directive No 60/1980 of the Gazette on granting permission for foreign trade activities by foreign individuals; and FMTIR (Federal Ministry of Technology and Investment Development) Directive No 86/1980 of the Gazette on signing and executing contracts on R&D cooperation with foreign countries.

The CSSR Government Directive No 106/1986 builds on this general arrangement and contains a framework of rules for establishing direct relationships of CSSR socialist organizations with the organizations of the CEMA

member states. (This directive, however, is not a generally binding legal document.) The appropriate central agencies have then issued further implementation principles based on it.

The "Rules" [Law No 106/1986] do not underestimate the role of the central agencies because they focus on the socialist organizations and their organizational units as the entities for direct relationships. They pursue a more effective distribution of authority between the center and the *khosrazhchet* sphere. The main, and irreplaceable role of the central agencies consists of defining the main directions of development of the international economic cooperation, coordination of a common process, and creating systemic conditions for their implementation. This will also increase the economic responsibility of those cooperating in the process and the resultant effect of the new relations is also growing.

It is necessary to orient the development of direct relationships toward the priorities of economic and R&D cooperation. The tasks stemming from the Czechoslovak part in the "Comprehensive Program of R&D Progress by the CEMA Member States to the Year 2000" are, therefore, also designated as one of the most important areas for establishing direct relationships. From the type of the Comprehensive Program it follows that the classic form of foreign trade in finished products cannot be an adequate tool for executing the program. It is also logical that the direct relationships orientation is toward satisfying the obligations resulting for the CSSR from bilateral and multilateral agreements and the corresponding records.

The activities of the socialist organizations are not exclusively limited to implementing the tasks resulting from the above documents. They also provide the opportunity for linking these forms of economic cooperation on one's own initiative, that is whenever their effectiveness is demonstrated by a technical and economic analysis.

A change in the economic relationships between socialist organizations also presumes increased levels of their knowledge. The implementation of this intention is in the duty of the appropriate central agencies to include their organizations in discussions on the coordination of national economic plans and to process and negotiate agreements on multilateral and bilateral cooperation. The organization also acquires authorization from its own initiative, without the prior approval of a superior agency, to discuss technical and economic questions concerning the anticipated direct relationships. They have a duty, however, to inform the higher officials about these discussions.

The legal fact on which the direct relationships are based is, depending on the type of cooperation, envisioned either as a contract for production specialization and cooperation or R&D cooperation with foreign countries.

Contract on Production Specialization and Cooperation

The law on economic contacts abroad, No 42/1980 of the Gazette, states that Czechoslovak legal persons can make a contract on production specialization or cooperation with foreign entities only on the basis and within the bounds granted by the appropriate central agency or with the provision that the contract will go into effect only after such concurrence is given.

The approval process itself is quite complicated since the central agency which manages the organization must request approval from a number of central agencies (the FMZO, SK VTIR (State Commission for R&D and Investment Planning), FMF (Federal Ministry of Finance), SBCS (Czechoslovak State Bank), and FCU (Federal Price Office)). In some branches of the national economy this list is even longer. In the interest of simplifying and speeding up the procedure, CSSR Government Directive No 157/1980 established exceptions for granting of permits. These are cases where the contractual relationship is established to carry out a contract by which the CSSR is already obligated and contracts for which the implementation does not involve an annual volume of import and export in excess of Kcs 10 million.

The need for more room for a faster development of the more progressive forms of economic cooperation by the socialist countries provided impetus for further legislative measures. CSSR Government Directive No 21/1987 broadened the exceptions to the granting of permission so that they are no longer required for contracts signed with organizations of the CEMA member states.

Currently the VHJs (economic production units) general managers can sign contracts on production specialization and cooperation with foreign groups on the basis of the simplified procedures and without limitation as to the amounts.

The concurrence of the VHJs (concern) general manager for an organizational unit of VHJ (a concern enterprise or concern special purpose organization) is required in order that they may sign a contract. In other cases (for example, for organizations which are directly managed centrally, the condition of approval by the superior central agency remains.

It is obvious that the VHJ has the simplest procedure for establishing direct relationships of this type. Even though the conditions for forming the relationship have been substantially simplified for the domestic partners and the number of approvals has declined, in certain cases the origination of a contract is conditional on the concurrence of the OZO (foreign trade organization) general manager responsible for the commodity. This is the case when the organization which is establishing the direct relationship does not have authorization to carry out foreign trade activities.

The Contract on R&D Cooperation

As far as the conclusion of contracts on R&D cooperation with foreign groups is concerned, there have also been certain changes in the conditions of the contractual process concerning support for the development of direct relationships. Socialist organizations sign contracts on the basis of authorization processes similar to those on production specialization and cooperation with foreign groups. Concurrence is given by the central agency responsible for the specific area. Nonetheless, even here, the number of exceptions has been somewhat expanded to simplify procedures as much as possible.

It continues to be true that permission does not have to be requested if the contracted R&D cooperation is taking place on the basis of an international agreement. (Such as reference rules and the "Comprehensive Program for R&D Progress by the CEMA Member States to the Year 2000") The simplified procedure also applies for contracts serving to support the tasks arising from professional, enterprise, or institute R&D. Approval process by the central agencies is moreover not necessary when the organization is contractually supporting the development of new products and technologies within the framework of the Comprehensive Program.

But it is true even for this type of contract, that the organization can carry out hard currency payments and collections connected with the implementation of direct relationships only under the condition that it had been granted permission for the foreign trade activity.

The Right To Enter Foreign Markets

Foreign trade enterprises and other Czechoslovak legal and foreign entities are authorized to conduct foreign trade activities on the basis of and within the limits of the approval. But new forms of economic cooperation by the socialist countries forced a more flexible approach to this problem.

Effecting a direct relationship does not always have to be expressed in foreign trade. This will particularly be the case if the economic cooperation has the form of consultation or temporary fact finding teams. On the other hand, the direct relationship can be and very often is linked with the import and export of components, assemblies, and sets produced on the basis of a cooperative contract; with the supply of spare parts to provide trade support services; with the import and export of specialized production; and with other types of foreign trade operations.

In such cases the Czechoslovak participant has various possibilities. Traditionally, import and export is carried out through the OZO handling the appropriate goods on the basis of supplier-customer relationships.

In addition, the Czechoslovak partner can sign a contract with the OZO for the appropriate commodity to carry out the trade agreement (in accordance with paragraph 354 of the Economic Code No 109/1964 of the Gazette in the sense of the Decree under No 45/1983 of the Gazette). The nature of such a binding relationship, when it is established, is the obligation of the OZO to conduct foreign trade operations for the partner and the obligation of the customer to pay for these activities.

The third form, which has become current just recently, is a direct import and export by the Czechoslovak organization already participating in a direct relationship. A prerequisite is, of course, authorization to conduct foreign trade activities granted by the FMZO in response to a request which the organization submitted through its superior agency.

In certain cases which are laid out in FMZO Decree No 60/1980, permission is not required. This concerns, for example, the import and export of documents, a reasonable number of models and samples, publicity and advertising materials, etc.

Thus, while in principle all Czechoslovak socialist organizations and organizational units with legal status have the right to establish direct contractual relationships, the opportunity to enter into foreign markets independently and to conduct trade activities is individualized and depends on FMZO permission. The latter then examines the justification on the basis of the submitted documents for each individual case.

A prerequisite for socialist organizations to successfully conduct foreign trade activities is the well balanced licensing agreement for both "national" parties to the direct relationship. This means that the foreign partner should have the same opportunity to conduct foreign trade operations as the Czechoslovak partner. The principle of symmetry should limit the occurrence of such situations where a socialist organization stands on one side and a state agency on the other. (For example, in the Mongolian People's Republic and the People's Republic of Vietnam socialist organizations do not yet have the authority to enter into direct relationships and to carry out foreign trade operations.)

The expansion in the number of entities authorized to conduct foreign trade activities directly will not result in a cancellation of the state monopoly on foreign trade. It is simply a new organizational legal form of adjusting to the requirements of a new level of economic cooperation by the socialist countries. Expansion in the number of entities is taking place under conditions and within limits determined by the state and for the realization of goals formulated by it.

Obstacles to Direct Relationships

The legal arrangement can create only the formal framework for establishing direct relationships. Taking advantage of these opportunities requires a social climate

which stimulates the economic subjects to the desired behavior. The creation of such an environment, however, is not a matter of partial measures, but presumes an overall change in the management system and in the functioning of the socialist economy as well as a change in the functioning of socialist economic integration.

A domestic problem, which still remains, is the direct linkage of the effects of direct relationships to the plan indicators and their projection into the financial management of the enterprises. A brake on the establishment of direct relationships are the surviving differences in the methods of national wholesale price formation and the fact that domestic wholesale, contractual, and world prices are still relatively separate systems without any mutual linkage.

Another obstacle is the continuation of behavior which is peculiar to each social system. Traditional forms of cooperation with familiar procedures are easier to accept than new methods whose results are not always foreseeable.

The socialist organizations also run into a shortage of experts with a knowledge of foreign trade and its problems. A solution being offered is the transfer of a number of the specialists from the appropriate agencies and organizations of foreign trade into the production units or R&D organizations and to organize supplemental training.

While it is thus possible to state that the organizational legal forms of establishing direct relationships have in principle been created, one cannot say the same about specific prerequisites, that is, the economic factors. Despite a certain movement forward, the establishment of direct relationships is not advancing at a rate reflecting its economic and political importance.

Emphasizing the importance of direct relationships, on the other hand, should not lead to routine startups. They should be formed only where this solution appears to be the most suitable one on the basis of assessment of the anticipated national economic effects. The production or R&D organizations should have the opportunity to consider various alternative forms of fulfilling their planned tasks—establishing direct relationships, the usual foreign trade operations, purchase of licenses, etc. The introduction of new technology, the performance of research tasks, savings in materials and energy, etc. should be provided by the form of foreign economic cooperation which is the most suitable in regard to the established goal or their combination.

/9738

Implementation of R&D Strategy in CEMA Countries Viewed

24000068b *Prague POLITICKA EKONOMIE in Czech*
Nov 88 p 1187

[Summary] The implementation of the demanding objectives set by the recent congresses of the worker's and communist parties is conditioned first of all by the

mobilization of the entire complex of internal sources of growth; releasing the creativity, and stimulating the innovative spirit.

The decisive sources for overcoming the present backwardness of the socialist states in certain fields of implementation of R&D progress can be found only in a decisive turn based on the development of socialism and actual development of the socialist economic integration.

The CEMA member states do not refrain from the exploitation of the global achievements in science and technology. The results of the global economic cooperation, however, are far from optimal for obtaining advantage from its potential for economic development of the socialist states.

The command of contemporary technology not only influences the contents and structure of the global economic relations, but also effects considerably, through the progress in armament technology, the development of the world-wide political situation. With respect to the character of present day scientific and technological revolution and contemporary power structure of the world economy, the west attempts at technological leaps can be seen as a challenge to the socialist countries in general and Soviet Union in particular.

The objective of cooperation among the socialist states is to ensure an increased rate of scientific and technological self-sufficiency and thus security. This article presents some recommendations for a common strategy of the socialist countries. The authors, however, reject the demand voiced from time to time that the CEMA countries should be completely independent technologically and economically. This contradicts the objective process of internationalization of R&D advances and of increasing the global interdependence.

When developing the scientific and technological relations within CEMA and with the third world countries, it is necessary to overcome their unrestrained evolution and enforce higher standards of planning and efficiency. The orientation of cooperation among socialist and developed capitalist states in the field of technology must take into consideration various national, economic, and political interests of the capitalist countries, the contradictions between the monopolies, the differences of national mechanisms of the international transfer of technology and multilateral systems of control of exports of technology to the socialist countries, which various capitalist countries approach from different viewpoint.

These phenomena must be reflected in a closer cooperation among the national authorities of CEMA countries which are in charge of R&D and external economic relations, but also in the activities of the CEMA officials.

Loss of Quality in Export Goods Decried

24000032b Prague HOSPODARSKE NOVINY in Czech
4 Dec 87 pp 1, 5

[Article by Ladislav Rab, Ligna Foreign Trade Organization: "Exports Demystified: Why Our Wood-Processing Industry Lags"]

[Text] Whenever talk turns to the poor product mix in our exports, the pressing issue is raised about the exporting of products requiring low levels of processing. These include some products of the timber processing industry, especially finished timber and logs. Are producers up to meeting the categorical demand for the elimination of such items from our lists of exports and shifting to the export of goods with increased value added? A detailed analysis leads this author to the opinion that we can compensate for our previous underestimation of the need for modernizing production facilities and of the demands of foreign markets only through committed and energetic efforts by both enterprises and higher levels of management.

Between 1978 and 1984, new production facilities were completed for cellulose and particle board. While these plants help us meet the need to make more complete use of wood products, they do not respond to the call of the 17th CPCZ Congress for increases in export capability and competitiveness by changing the structure of our exports.

For the first products sector this means gradually replacing current exports of logs and finished lumber with high quality furniture, wooden sheet goods, and high quality wooden buildings. We can not yet claim any successes in this area even though we have the manufacturing tradition, a work force with the necessary qualifications, and in many instances, modernized facilities with the needed modern equipment available.

What Are the Main Reasons for This Situation?

For some time now the market for forest products has been characterized by significant price differentiation of products of specific producers and exporters. These prices reflected the higher quality and usefulness of the goods in question, which are the first prerequisites of profitable sales.

The products of our forest products industry include plywood, laminated wood products, pressboard, and particle board [DTD]. These products have traditionally been shipped to Western European countries. In these markets one cannot make up with price what one lacks in technical sophistication and product quality. The rules on these markets favor those suppliers whose product quality and service is better than that of the competition. In what has for some time now been a buyers market, it must be noted that we have been having a difficult time simply maintaining our current standards for wood sheet goods against competition of critical markets.

As employees of the foreign trade sector we are rightly expected to improve systematically our sales techniques, to optimize sales by territory based on the structure of goods and sales efficiency, seeking out the best customers, optimal shipping arrangements, payment terms, and the continual improvement of service. However, trade may be successfully conducted only when goods of the required quality, product mix and style can be delivered on time. In this regard, many of our producers of sheet goods have, to use the common term, significant underutilized capacity.

Quality Products Disappearing From Production

Until 1976 we exported a full line of cabinet grade plywood in beech, pine, and very small quantities of mahogany. We had exported these items for many years and they enjoyed an excellent reputation on foreign markets. The beech plywood brought prices 5-6 percent above those of the competition because of consistent quality and well developed service (the packing and loading was done in the export assembly warehouse of the Ligna foreign trade organization [OZO]).

Beginning production of less sophisticated water resistant plywoods brought a sharp decline in exports. Firms that have been forced to increase labor productivity by "increasing unit production" continue to attempt to produce the greatest number of cubic meters of product at the lowest cost. This forces them to produce low quality goods that have few applications on either the domestic or foreign markets. Production plans and price formation take a back seat to this trend, especially when monopoly producers assert their interests. The same is true of raw materials procurement. In effect, we can state that beech logs are disappearing from plywood plants. Instead we are exporting these logs either as a raw material, as ties, timbers, or planks.

One reason for the sharp decline in the amount of cabinet grade plywood for production and export, and its replacement with exports of water resistant plywoods for construction and packaging uses is, on the one hand, reduced unit prices for plywood exports and increased transportation costs for export goods on the other.

For the average freight charge of Kcs 16,000, a D class heavy truck can carry 28-30 cubic meters of goods. In the case of cabinet quality plywood, the price of which is twice that of water resistant plywood, it would take us half as many runs by trucks that are in short supply to generate the same all charges paid revenues. If we had been shipping cabinet grade plywood instead of water resistant plywood in 1986 under this scenario we would have saved freight charges of Kcs 6.529 million.

Significant savings would also have been realized in plywood production, which is highly equipment and energy intensive. Here the production of cabinet grade plywood would have allowed us to generate the same revenues while producing 11,395 fewer cubic meters of plywood.

A third reason for declining production of cabinet quality plywood is reduced innovation and production improvements generally. The economic pressure currently placed on producers to reduce production costs while increasing output has necessarily led to specialization, the concentration of production of specific plants, a reduced product line, declines in the sophistication of production techniques, quality, and the level of service. The result is an increase in exports of goods with very little value added, and a gradual reduction in our foreign competitiveness, with all its economic consequences.

The fourth reason for declining production of higher quality plywoods is increasing demand for imported plywoods for domestic users. Removing higher quality goods from our product lines upsets not only foreign customers, but also large customers from our own furniture industry, musical instrument producers, freight car, textile and aircraft industry plants. We are compensating for products no longer manufactured at home for these industries by increasing imports of substitutes. The price comparisons of imported and exported plywoods in 1986 and the first half of 1987 show that we have been importing relatively higher quality goods.

A review of these factors show a significant difference in price for the technical, water resistant plywoods that are our major exports. This product is of poor quality, has little value added, and this is why the prices we receive for it are well below the prices of the competitive products that we import from nonsocialist countries.

How Quality and Efficiency Are Lost

The same unhealthy evolution has occurred in the production of veneer boards. Many customers value the mechanical and physical properties and multiple uses of this type of sheet goods. In fact, these boards have the most value added of any of the laminated wood products. Because of these outstanding properties (which result from precise adherence to production techniques and construction standard) veneer board is used mainly for the precision construction of musical instruments (pianos, instrument cases, harpsichords) and for high quality furniture.

Earlier domestic beech, imported mahogany, swiss stone pine and abach (not further identified) were processed into veneer plywoods. Especially the imported exotic woods were designated for the production of veneer slices for the veneer boards. Their structure, quality, and size (100-120 centimeters) made them ideal for this. These properties allow us to make full use of each log, use our machinery efficiently, and to achieve high labor productivity. The result is a high percentage of category A and B final products at relatively low processing costs (veneer matching, plugging, gluing, sanding, classifying, etc.) Products bearing the trademarks of TATRA-Hodonin, DYAS-Uhersky Ostroh, ALFA-Solnice, and PREKA-Zarnovice and Banovce have in the past had a good reputation in foreign markets.

After the construction of the new plywood plant in Pezink and the modernization of the equipment in Zarnovice our producers began to operate under new conditions. Imports of the necessary exotic woods were restricted, and deliveries were reduced on the necessary beech logs because these were in short supply. The result has been meeting the increased production targets with substitute raw materials, making the end products of poorer quality. The product line is also smaller, and the production cost are higher (if one does not take into account the prices of imported raw materials). This necessarily leads to classification of our veneer boards in lower price categories, a lowering of export profitability, and the gradual loss of both our reputation and our markets. Our goods are not competitive. Our veneer board is not of high enough quality for the demands of musical instruments or high end furniture making. It is also too expensive for lower end furniture making, where it is frequently replaced by substantially less expensive chipboard.

Unaffected by World Developments

Pressed fiberboard (DDL) has been a traditional export item for us. It goes under the trade names of SOLOLIT (made by the Susice Solo national enterprise) and SMREKOLIT (made by the Bystřica Smrečna national enterprise and the Turany Dreviny plant).

When we began to produce this material in 1950-1953 the immediate impact was to improve the materials available to our furniture industry and expand the line of sheet wood materials available for export. In a national economic sense this production allowed the use of healthy, barked industrial forest product waste.

Competition and a sharp increase in the production and use of fiberboard abroad has forced producers to increase production sophistication (and thereby the quality of their fiberboard), to make constant innovations in both products and processes. Manufacturers have been gradually able to offer customers materials with different surfaces (binding agents, paint, melamine resin, various types of foil and metal surfaces). These have increased sales potential to the furniture industry, for wooden structures, and to the construction trades generally. Architects, designers, and engineers can now offer sophisticated products based on "wet" and "dry" processing for modern housing and public interiors, hotel facilities, department stores, sports facilities, etc.

Unfortunately, these worldwide developments have had no impact on the traditional production of fiberboard as we have practiced it since the 1950s. Because this material was constantly in short supply at home and sales in foreign markets were strong up to 1981 our producers had no incentive to innovate. The sale of what is produced is still firmly set in a breakdown by the State Planning Commission, and manufacturers are forced to accept declines in the technical properties of the boards

caused by the obsolescence of the production equipment. Planned increases in production are being met by neglecting technical procedures and product quality.

Our raw fiberboard, painted board and melamine board are all of poorer quality than foreign competitive products. For this reason exports to nonsocialist countries are almost exclusively of the raw fiberboard. We receive very low prices for this product, which is used mainly for packaging purposes. These include the so-called "small formats" for which there is no useful application in the CSSR.

Unpressed fiberboard, known to our public as HOBRA, is experiencing the same problems related to production and export. The producer, the Smrecina national enterprise in banska Bystrica, has been producing these boards for 35 years. As the machinery has worn out the product has lost its quality. Now it cannot be worked, and it is far below the quality of competing products from the Scandinavian countries. There are two highly negative consequences of this type of "exporting at any price". On the one hand, the reputation of our industry is severely damaged on foreign markets. On the other hand, these experiences create at home a prejudice against foreign sales and involvement in the international division of labor even for products that are competitive.

An Investment That Met Expectations

The situation in the production and export of particle board (DTD) is completely different. The construction of new production facilities with modern equipment between 1981 and 1984 met our objective of making more use of waste materials in the forest products industries. The startup of production in Hodonin, Volary, Jihlava, Lukavce, and in the Zvolen Bucina plant after modernization, enabled us to replace imports of particle board from the FRG and Austria that had been going on for many years (at an annual volume of 70-90,000 cubic meters) with our own high quality product in 1981. This was the first time that the quality and technical properties of our particle board was competitive on world markets. This has been shown by export figures. In 1981 we exported on an experimental basis 3,300 cubic meters. In 1982 we increased exports to 22,900 cubic meters. In 1983 the figure jumped to 106,800 cubic meters, and last year to 128,700 cubic meters.

Concentrating production in the center of the forest products industry enables us to take fuller advantage of industrial waste and of opportunities for production specialization in specific plants based on layout and work force.

Now, with the whole world becoming more concerned with environmental quality, customers are placing a high value on innovative Czechoslovak particle board with its low emissions of free formaldehyde. This particle board

has been classified in category E1 by the Otto Graaf Institute in Stuttgart, an independent testing firm. This means that it has been fully tested and found to contain no health hazards.

The current output of particle board from plants designated for export production is fully competitive with products from the FRG in all important technical areas. This favorable comparison is flattering. Nevertheless, given the rapid evolution of this product in foreign countries we can do no less than remain fully competitive and pay maximum attention to servicing our customers, mainly by shipping on time and shipping complete and accurate orders.

The unfavorable situation in the production and export of laminated wood products and fiberboard is a perfect example of the problems and economic failures that result from underestimating the need to maintain modern production facilities and to engage in foreign trade on a competitive basis. It is an unforgivable mistake in both production and exporting to move away from constant and dynamic innovation and growth in favor of an attitude of self-satisfaction, demagoguery, and the simple reporting of results, even if they are only for a short term.

Correcting mistakes in these areas is always difficult. It is impossible without precise information and a commitment from the entire work collective, because the awareness and initiative of all employees is critical to achieving the requisite production quality and sales figures.

9276/9738

Implementation of New Pricing Rules Experiences Viewed

*24000032d Prague FINANCE A UVER in Czech
Sep 87 pp 628-632*

[Article by eng Frantisek Smrcka, Czech price office: "Findings and Experiences in Implementation of New Price Regulations"]

[Text] As mandated by the implementation schedule of Main Directions in the Future Evolution of the Set of Measures for Improving the National Economic Planned Management System for the Eighth 5-Year Plan, new price regulations were issued as of 1 Jan 1986, accompanied by fundamental pricing decisions. This created the legislative foundation for meeting the objectives established in the Main Price Policy Objectives for the Eighth 5-Year Plan.

The price regulations were intended to resolve problems in four areas:

1. They were to make price formation for new products more objective, mainly by applying criteria related to the international division of labor, tying prices more closely to product use values, and fine tuning the methodology for calculating prices.
2. They were to help prices contribute to the acceleration of R&D, the efficient practical application of R&D results, quality improvements and incentives for product innovations. Prices were to provide incentives for the production only of those products that can be sold profitably abroad, and disincentives for the production of products that do not meet this criterion.
3. They were to support a common interest on the part of final producers and their suppliers in final production efficiency, strengthen the position of customers and users in the price formation process, and to simplify the administrative aspects of state price management.
4. They were to improve the flexibility and smoothness with which prices react to changing economic conditions and national needs, improve the reaction of pricing to different sales environments, and enforce stiffer penalties for low quality and inefficiency in all phases of the capital replacement process.

Because these objectives related to the overall system of state price management they had to be addressed throughout the entire set of pricing regulations (including the CSSR Government Ordinance of State Price Management, the pricing declaration, and in all bulletins and decisions of the price offices).

Among its provisions, the price declaration established for the Eighth 5-Year Plan new price formation methodologies, the goal of which is to achieve a closer link between the price of a new product and the costs incurred in producing and exporting it. The methodology makes use of relative foreign prices. The technique existed in the previous price declaration, but was used only to test price levels. The new declaration makes this technique a requirement for the formation of wholesale prices for products that have been developed by planned R&D projects, that are designated for export, and which have planned production volume in excess of Kcs 5 million over the next three years.

The main reason for using foreign relative prices is to assure that changes in critical technico-economic parameters and use values of new products will be reflected in domestic wholesale prices to the same extent that they are expressed on foreign markets.

We are currently not making sufficient use of either this principle or of price limits. The reasons for this limited application or outright refusal to use the technique lie both on the side of production entities and on the side of foreign trade organizations [OZO]. Production organizations are not adequately trained to work with foreign relative prices. In other cases, with the exception of

specialized divisions engaging in foreign trade, it represents a completely new issue, one with which they have no experience and for the most part for which they are not equipped at all. Some production organizations that do have available foreign relative price information choose not to work with it because of the economic constraints it would impose.

OZO are also guilty to a large degree of not working with foreign relative prices. These organizations in many instances are also not equipped to work with this information. One of the reasons is clearly that foreign relative prices also reflect on the quality of the commercial work performed by foreign trade organizations.

It appears to be essential, therefore, to adopt more effective measures to assure that OZO provide at an operational level the data necessary for price formation and the setting pricing limits, and that the OZO develop and implement gradually more effective forms for the gathering and use of information on foreign prices, including the creation of databases on foreign prices.

The new price regulations also address the need for fundamental change in the current price formation technique for products produced exclusively for export. Currently documented wholesale prices serve as the basis of pricing for these products. In an attempt to achieve a closer link between the wholesale price and the foreign prices that we actually receive, and to take account of the differing conditions of different contracts, the wholesale price for new products will be derived from the all charges paid price at the Czechoslovak border, or an estimate of this price.

The main purpose of this technique is to exert additional pressure on production organizations to improve export efficiency and to prevent further declines. This means refining this technique so that improved export efficiency, without regard for whether it was achieved through lower production costs or improved trade policy, will show up in wholesale price levels. By the same token, we must restrict cases in which wholesale prices are increased even though prices received on foreign markets may not have changed. This should minimize conflicts in the evolution of domestic and foreign prices.

Some organizations object because this technique places all the responsibility and risk for foreign trade performance on the producer, while guaranteeing that OZO will automatically meet their export efficiency targets regardless of the quality of their commercial work. This must be dealt with through more effective means of cooperation with OZO, and closer economic and organizational links between producers and OZO. This follows the principle that it is better to resolve potential conflicts between producers and OZO related to export efficiency ahead of time than to maintain the previous practice where producers tried to obtain the highest possible wholesale prices while OZO tried to defend "realistic" export margin indicators.

Studies at several VHJ have also shown that administrative requirements have increased as a result of implementing this price formation technique, and that certain methodological changes required by the price regulations in the field of accounting, finance, and statistics have yet to be fully made. To create more favorable conditions for the broader application of foreign prices to domestic price formation, partial modifications in price formation methodology were made in 1986. These changes moderated the differences between prices formed on the basis of export prices and those formed on the basis of earlier documentary prices. This brought wholesale price derivation more closely in line with actual production conditions and export environments for specific products.

In terms of price formation management deriving the wholesale price from the all charges paid price at the Czechoslovak border is a step towards linking domestic prices to increases in achieved export prices. This will allow organizations to calculate the total value of products made strictly for export on a monthly or quarterly basis. Currently firms set prices for individual products.

An analysis of prices in the industries managed by the ministry of industry of the CSR showed that wholesale prices were being derived from foreign relative prices only in the Lachema VHJ, and there for only three products with total production volume of Kcs 700,000. Industries under the ministry of health were using this technique to form prices for 14 products. The obligation to calculate wholesale price based on the all charges paid price for export-only products applies to some 2,500 products of the CSR Ministry of Industry, with production volume of Kcs 860 million. This sector calculated that profits increased by Kcs 35 million using this method over the previous technique for calculating prices of goods made exclusively for export.

In industries under the CSR ministry of health, the derivation of wholesale prices from foreign relative prices was applied to 7 products with total production volume of Kcs 10.8 million. Profits increased by Kcs 4.7 million over those from the technique in use previously.

Future plans call for broader application of both of the above techniques to a wider range of products. Experiments have already been conducted under the regulations governing the comprehensive experiment in increasing independence and accountability of organizations for effective development.

Another new price formation technique is the derivation of wholesale prices from retail prices. A trade organization may propose that this technique be used if an original wholesale pricing proposal developed by comparative calculations, individual calculations or within the context of the so-called other production activities method (these include branches of a main activity that are insignificant in volume terms, products produced as auxiliary output, products belonging to another sector than that of the main product line, and where prices are

determined by suppliers, a general directorate, or a central agency) would lead to an excessively high retail price that would make it difficult to sell the new product, and the application of a negative price differential is unjustified. Price offices may also make a decision to use this technique.

This technique was designed to strengthen the role of users in the price formation process when less sophisticated price formation techniques are in use. These include individual calculations and comparative calculations, both of which have the potential for unjustified price increases. A routine study of price formation techniques in several sectors indicated that this technique is rarely used. In some branches this occurs because more sophisticated techniques are already in use, such as standard prices and parametric techniques. For instance, the annual pricing analysis of the CSR ministry of industry states that this technique was applied to four products of the Sklo-Union VHJ with production valued at Kcs 300,000, and that the derived prices reduced organization profits by Kcs 10,000. At the same time the Sklo-Union VHJ evaluated this technique positively because it simplified price management and allowed price to react flexibly to market conditions.

This is a new perspective on wholesale price formation. Trade organizations as yet have little experience in its application. We are assuming that under the improved price management system, OZO will begin to make increased use of this technique. In general terms, this price formation technique could be used in situations where the necessary conditions exist to determine retail price levels. This will involve developing a technique for setting retail prices independent of wholesale prices.

Strengthening the factors involved in national economic intensification and increasing the efficiency of capital replacement has also necessitated an increase in the rigor with which price incentives are applied. The economic contribution of producer price incentives has not always been commensurate with the actual revenue impact from domestic sales. Accordingly, the price regulations made some adjustments in this area as well. These changes involved tightening the conditions on which price incentives are granted, strengthening the position of users in product evaluations, and the introduction of preferential pricing.

The following new principles were introduced:

1. The regulations establish a link between the level of preferential pricing applied to the wholesale prices of goods of category I quality and technically sophisticated goods and the profitability of these goods when exported. This has applied to products of the textile, clothing, and leather working industries since 1 Jan 1987. (In line with law no. 54/1987, Laws of the CSSR, sb., which amended law no. 30/1968, sb. concerning state testing laboratories, on 15 Jul 1987 the Federal Price Office, Czech and Slovak Price Offices issued directive No

042/87, which makes it possible to grant preferential pricing only to products that have been permitted to display the state quality emblem (goods of category 1 quality are not offered preferential pricing).

2. Penalty pricing will be applied to products that are not profitable as exports. This will be determined by the lower limits on profitability set by the state plan for exports. Products whose export profitability is significantly below the mean profitability levels for similar products within an organization or organizations will be penalized.

3. Incentives offered to subcontractors will be related to the preferences granted to the final product.

4. Preferential pricing at the wholesale price level must always be relatively less than preferences granted at the retail level. Goods classified as being of exceptional quality must always have relatively lesser preferences granted at the wholesale price level than at the retail level.

5. Preferential pricing has been abolished for products in quality category 1, for technically sophisticated products produced by the textile and clothing industries, for infants, preschool and elementary school children, and for footwear in size groups 00-03. Preferential pricing was abolished previously for fashionable goods and luxury goods.

6. The limit on price preferences on products for older elementary and adolescent youths, for boys and girls footwear in quality category 1, for technically sophisticated, fashionable and luxury goods has been reduced from 25 percent to 15 percent.

7. The limit on price preferences for goods supplied for consumption during production has been reduced from 25 percent to 15 percent.

In addition to the above adjustments to price incentives, a directive has been issued that eliminates as of 1 Jan 1986 price incentives on products for export. This measure was adopted because many of the products identified as eligible for preferential pricing at the wholesale price level failed to bring increased prices on foreign markets. Therefore, the increase in the domestic price resulted in lower export profitability as measured by the export margin indicator. This was yet another instance where products considered by our testing laboratories or evaluation commissions to be of top quality and eligible for pricing preferences have failed to be competitive in the demanding environments on foreign markets.

Tightening the conditions for granting price incentives reduced the value of goods produced by CSR industry and eligible for preferential pricing to 56 percent of previous levels, from Kcs 14.3 billion to Kcs 8.0 billion. For the CSR ministry of industry alone the reduction was to 52.5 percent of former levels, from Kcs 13.4 billion to Kcs 7.0 billion. In specific categories, the

greatest declines in price incentives were for quality category 1 products (a decline to 43 percent of former levels), and fashionable and luxury products, where the decline was to 64 percent of former levels. The value of technically sophisticated goods eligible for price preferences declined by about 33 percent. Their share of the total remains low. The value of products of exceptional quality eligible for preferential pricing increased by 14 percent. Even so, as a percentage of the total value of goods eligible for price preferences exceptional quality goods still account for only 9.3 percent.

The volume of pricing preferences granted declined by Kcs 1 billion (54 percent of the level of the previous year), with almost all of the decline experienced by organizations of the CSR ministry of industry. The average level of price preference declined from 17.5 percent to 16.8 percent. All product categories experienced declines, with the greatest declines coming in the areas of fashionable goods (from 20.2 to 17.6 percent), and exceptional quality goods (from 27.3 to 25.0 percent).

As in previous years pricing penalties were applied in only a minimum of instances. In comparison with 1985, total price penalties declined by Kcs 5.3 million to a total of 101.5 million. Pricing penalties are concentrated in goods of category 3 quality (96 percent of the total). Total price penalties imposed declined by Kcs 3.6 million to a level of Kcs 15.4 million, while the average percentage penalty declined from 15.1 to 14.0 percent.

In addition to the above changes in price regulations and their implementation, including the related problems, there were other adjustments that have not generated any significant comment. In my view this is either because they have caused no significant problems, or because they were either minor changes or represented a simplification of an earlier provision. Most of these changes were in price management (negotiation, approval, and jurisdiction over price formation).

Section 7, Paragraph 5 is a new declaration incorporated into the price regulations, which allows general directorates and organizations with authority to set prices to establish the wholesale price of a new product at a level lower than calculated by any price formation methodology. This authority has been invoked in some instances, for example in health care, printing supplies, and hobby supplies.

The above remarks imply that progress in the implementation of the new price regulations, and particularly new price formation techniques, has been slow. Implementing the directive of achieving a closer link between domestic and foreign prices founders on attempts by firms to avoid implementing new price formation techniques. This is a consequence of the long period of time

when domestic prices bore no relationship to foreign prices, as well as economic incentives for enterprises to maximize their adjusted value added figures.

In addition, implementing new price formation techniques depends on improvements in cooperative arrangements between production organizations and OZO, especially in the obtaining of necessary data concerning relative prices abroad. The implementation of the new price regulations will continue to be a complex and conflict prone process, especially for those organizations most affected by its more demanding criteria. Changes in the ways prices are established and other provisions and resolutions contained in the price regulations represent realistic additional constraints on the current situation. We can no longer afford the luxury of operating with less demanding criteria or utilizing methodologies that allow us to set prices that are too high, incentives that are too generous, etc.

The introduction of stricter criteria and the elimination of a number of opportunities for the so-called hidden price increases for new products are essential preconditions for organizations to be able to meet objectives for cost reductions and increased profitability only with true efficiency enhancing measures, and the effective practical implementation of R&D results. Employee comments that the new price formation measure are in conflict with the planned objectives of the Eighth 5-Year Plan are out of line.

For example it should not be considered a negative impact of the new price regulation when the established price for a product is not profitable or results in a loss for the producer because of inappropriate technical or economic design or poor management by the manufacturer of the production process.

The current phase of the restructuring of the economic mechanism and other spheres of national life requires a realistic and critical evaluation of existing forms of the central management of price formation and their efficiency, and that when measures that have proved effective are left in place that goals be established for improving price formation techniques that are firmly grounded in the objectivizing function of prices.

A comprehensive restructuring of wholesale and procurement prices will be conducted as an essential and top priority precondition for the objectivization of valuation mechanisms. This restructuring is viewed as a significant step in assuring that the average level of net profit included in a price as a percentage of production assets is based on average long range planned rates of capital accumulation. Similarly, the restructuring is intended to assure that the percentage rate of transfer payments from wages reflects realistic social costs of labor force replacement, and supports the replacement of people with machines. Also to be restructured are the goals for

planned cost reductions, for supporting and making more realistic the exchange rates of the koruna, and for bringing wholesale, procurement, and foreign prices more closely in line.

The stage following this comprehensive restructuring of wholesale and procurement prices will include an expansion in the role of prices as a binding standard for measuring the efficiency of public expenditures. This will be accomplished by making prices an active mechanism of the plan.

Price objectivization requires improvements in the price system and in the system of planned price development, price formation, and price incentives. This mainly involves increasing the standard setting role of price, increasing pricing flexibility, improving the management of price evolution, and increasing the integration across price groups.

Price objectivization must be implemented mainly by improving techniques of price planning, price formation, the regulations governing price incentives, through the wider use of prices negotiated between suppliers and users, and of course by giving prices an active role in plan formation and implementation. This will require further modifications in price regulations in all areas, because the only way to further objectivize our domestic price system is to make greater use of foreign prices, more rapid progress in linking domestic and foreign prices, and to expand and improve techniques that will reliably assure that prices are tied to the evolution of socially necessary costs. This will assure that social costs are correctly related to produce utility at all levels of production and across all product lines.

9276/9738

Trade, Enterprise, Slusovice Said Building Supermarkets

*24000032c Prague ZEMEDELSKE NOVINY in Czech
2 Dec 87 p 1*

[Editorial: "Entrepreneurship and Retail Trade"]

[Text] Until quite recently we had been afraid to write about entrepreneurship and retail sales in newspapers. It was as if the words were forbidden fruit, something beyond the bounds of law and propriety in our society. Today we are trying to return these concepts to our vocabulary in their correct and undistorted form. This is true not only of the words, but of the worthy activities that they represent.

Congresses of consumer goods cooperatives in Prague and Bratislava this past weekend confirmed that these organizations will be able to meet their future objectives only by improving their retail sales programs and fostering entrepreneurship. What is at stake here is nothing

less than supplying our people, especially in rural areas, with consumer goods and food, and the development of high quality public eating establishments.

One must add that in recent years consumer goods cooperatives have taken extraordinary steps to remove the negative connotations attached to the terms entrepreneurship and retail trade. Thanks to these efforts our rural areas receive on the average adequate supplies of consumer goods. Moreover, it is the consumer goods cooperatives that tend to come up with the new ideas for selling goods, for procuring them from nontraditional suppliers, including sister organizations abroad. In cooperation with national committees, consumer goods cooperatives have also developed a retail trade network in their main areas of expertise that is the envy of experts from even highly developed countries. Nevertheless, this will not be enough to meet the needs of tomorrow.

Now that we are urgently talking about profitability, self-finance, and cost accounting, we can no longer be content with retail trade turnover as the sole indicator for measuring the level of service in the consumer goods sector. Indeed, this figure can hide poor management, closed sales outlets and restaurants, and sales people who work as mere order takers. Instead, customer satisfaction must become the critical measure. Is it possible, however, to reconcile the need for greater profitability with the need better to serve our customers?

The initial reaction is that under the operating conditions of a consumer goods cooperative this would not be possible. Not even a miracle can make sales outlets in small villages profitable, to say nothing of the mobile stores. In countries where profit is the main criterion for gauging success in providing services, this has been recognized. In Sweden, for instance, the number of sales outlets is being reduced and the stores on wheels eliminated. But is this the right solution for us?

The chairman of the Jednota cooperative in Mnichova Hradiste, J. Dittrich, stated on Saturday at the congress of Czech consumer goods cooperatives, that his organization would not be reducing sales outlets, but rather make the existing ones more innovative and more service oriented. Dittrich views the answer to maintaining and improving the quality of the retail trade network in rural areas to lie in setting up Jednota stores in the cities, by building highly profitable department stores. Next year Jednota wants to build, in cooperation with the Slusovice JZD, a large department store in an apartment complex in Mlada Boleslav. Not far from Mlada Boleslav, near the E 65 highway, these two partners also plan to build our first "supermarket", i.e. a large shopping center designed mainly for customers with motorized vehicles.

J. Tlapak, deputy premier of the Czech government, stated at the Prague congress of Czech consumer goods cooperatives that there are no obstacles to this expansion of their activities to the cities. This would only, in his

view, increase healthy competition within the retail trade systems, to say nothing of the fact that it would also improve the economic conditions for the development of the consumer goods cooperatives themselves. This is not the only option, however. The congress also discussed increased catalog sales, especially of durable goods for households. There was also discussion of expanding the number of sales outlets for building products, and of initiating the production of new types of semi-finished goods and foodstuffs.

Improving the quality of market relationships is also highly important to any improvement in the services offered by consumer goods cooperatives. J. Tlapak noted in this vein that cooperative based retail trade needs to develop direct contacts with manufacturers. This includes not only farmers and operators of private plots, but also manufacturers of consumer goods, production cooperatives, and the associated production operations on JD, the local management enterprises.

Developing these objective conditions for improving the economic performance and customer service of consumer goods cooperatives will not be possible without changes in work attitudes, without entrepreneurship and more sophisticated retail trade practices by all managers of stores or restaurants. There currently exist many opportunities for improving these organizations. What, for instance, is on the menu at most cooperative restaurants in rural areas. Beer and soda. Why are their refrigerators empty. Why don't they serve at least simple food, warm sausages, etc.? Because tapping kegs is enough to keep them going now. The new economic mechanisms should at least motivate them somewhat to offer a broader range of services.

9276/9738

POLAND

Wage, Inflation Increases Affect Sociopolitical Conditions

26000144 Warsaw *POLITYKA* in Polish
No 3, 16 Jan 88 p 3

[Article by Wieslaw Krencik, Department of Economic Sciences, University of Warsaw: "Increasingly Cheap Labor"]

[Text] For years, we have been hearing and reading in all reviews of the socio-economic situation in our country that wages in Poland have been growing too fast. On every such occasion, an attempt is made to determine the reasons for it, the perilous consequences of it and ways to ensure that it does not happen again, whereupon nothing changes, despite tireless attempts. Could it be that it just cannot change?

The report on the implementation of reform in 1986 also repeated the statement on the excessively fast growth of wages, which supposedly was mainly the result of compensation-oriented attitudes by workforces, widespread use of remissions of debt and reductions in surcharges, "bailouts" of unprofitable enterprises, as well as the introduction of enterprise pay scales and increases in wages even at enterprises facing bankruptcy.

Having expressed this view of employee attitudes, the authors of the report give them a negative evaluation, regardless of whether the assumptions for the [salary fund] plans which were exceeded were correct or incorrect. Meanwhile, it is not the first time that we failed to fulfill the plan in this sphere, e.g. a reduction in the growth rate of nominal wages to 9.5 percent was planned for 1985, whereas actual growth came up to exactly twice that number. The value of such planning may, therefore, be very dubious...

Taking into account the contradiction in the views on the growth of wages held by the planning authorities and the drastically different assessment by employees living off these wages, and considering that neither view has been substantiated thus far, I would like to present the results of my analysis, which would make it possible to determine who is right.

I have extensively documented these results and all the statements below with statistical materials contained in, among others, 27 tables. There is no space for documentation so detailed in a general-interest article. The reader will have to take my word for some statements or do pertinent calculations himself on the basis of statistics published in statistical yearbooks.

First off, what does "exceedingly fast growth of wages" mean?

I believe that it occurs when wages grow faster than the national income or when their growth causes an increase in the cost of production.

In the first case, the growth of wages reduces the segment of national income earmarked for accumulation, or, in other words, increases the segment of product "for yourself," at the expense of a reduction in the segment called product for society.

In the second case, when growing wages boost the cost of production, it forces increases in the prices of goods produced. Otherwise, enterprises would automatically suffer losses. In their turn, increasing prices create pressure for an increase in wages and fuel the inflationary spiral and higher inflation.

Slower for Prices and Faster for National Income

Are, then, wages in Poland growing faster than the national income?

Surprise! Over the last 16 years, growth of wages was almost 40 percent lower than that of national income produced in constant prices, and almost 50 percent lower than that of national income distributed! ...Therefore, overall there is no basis for saying that the growth of wages has been too rapid. Instead, we may say that it was too slow compared to the growth of national income.

Likewise, a comparison between national income in current prices and nominal wages over the last 7 years reveals a similar trend: nominal wages grew slower than national income (produced and distributed); the difference amounts to 12 percent with regard to national income produced and 9 percent to national income distributed.

Nor does an analysis of the primary distribution of national income bear out the conviction that wages over the last [several] years have been growing too fast. As is known, primary distribution means distribution into two basic segments, product for yourself, i.e. wages, and product for society, i.e. gross profit of enterprises.

It turns out that the share of wages in the primary distribution of national income in recent years not only failed to increase, but dropped markedly in favor of the share of enterprise profits. In 1986, the share of wages was less than one-half of that in 1981; also, it was lower than in 1975 and 1978, i.e. the years before the onset of the crisis. (A growing share of wages in income was registered only in 1978 through 1981. This, however, was the result of not only excessively rapid growth of wages, but also of the well-known precipitous decline of national income).

The 1982 adjustment of prices and wages caused a tremendous change in the primary distribution of income. The share of wages dropped from 64 to 36 percent, whereas that of enterprise profits grew from 35 to 64 percent! As a result, enterprise profits increased by as much as 359 percent, whereas wages—by 41 percent...

Finally, national income (in current prices) grew to 624 percent in the decade 1976-1985, of which remuneration to only 493 percent, and enterprise profits to as much as 718 percent. Thus, the growth of wages was much slower than that of national income, to say nothing of the growth of gross profit of enterprises.

In summation, we can state that all statistics on the primary distribution of national income show unequivocally that wages grew slower than national income and enterprise profits not only in recent years, but also over the last decade, despite the very fast growth of nominal wages. This runs counter to the commonly made statement that wages in Poland grow too fast compared to the growth of national income, causing disequilibrium, restricting development opportunities of the economy, fuelling inflationary processes and so on. Let us repeat it once again: if wages increase at a slower rate, and considerably slower at that, than national income and

enterprise profits, and if the share of wages in profits does not grow but rather declines, then it means that we should look elsewhere for the reasons behind the aforementioned fatal ailments.

Over the same time span, the course of the above processes in the non-socialized sector was drastically different. In that sector, we do not see such a pronounced collapse during the period of crisis, or changes in the distribution of produced national income as marked as in the socialized sector, or, finally, such considerable consequences of the 1982 reform of prices and wages.

Using the same breakdown of net product as previously, i.e. primary income of employees (wages) and profits of non-socialized units, I introduced an additional rubric documenting the profit of owners.

It turns out that the share of wages in the years 1975-1981 decreased from 15 to 10 percent, and subsequently grew in 1982 to only 14 percent, which means that the reform of prices and wages caused an increase in the share of remuneration by about 4 points (in the socialized sector, a decline by 28 points, from 64 to 36 percent). In 1982 through 1985, the share of employee salaries continued to grow moderately (from 14 to 16 percent), whereas in the socialized sector it declined.

The share of profits of non-socialized units increased in the 1975-1981 period by 5 points, to 89 percent; thereafter, it declined to 84 percent. Changes in prices and wages in 1982 caused a decline rather than an increase of this share.

The data on the share of owner profits in the net product reveal yet another trend. Between 1975 and 1981, this share grew considerably; later, a consistent decline occurred, from 82 to 65 percent of net product.

This decline is very appreciable and not of the same order of magnitude as the decline in the share of enterprise profits; also, it took place against the background of a growing share of employee remuneration.

In searching for the reasons behind drastically different changes in the primary distribution of national income compared to the socialized sector, we should stress the influence of changes in prices and wages. The differing influence of the latter on changes in the distribution is best shown by a comparison between the rate of growth in individual rubrics of income in the socialized and non-socialized sectors in 1982, when prices grew by more than 100 percent on the average.

The Root of Evil

The changes in prices caused a severalfold greater growth rate of output in the socialized sector compared to that of the non-socialized sector, whereas the growth rate of wages

was considerably lower. This was primarily the result of differences in the growth rate of prices for goods produced mainly by the socialized and non-socialized sectors.

Let me repeat: the statement that wages grew too fast (compared to the growth rates of national income and enterprise profits) is not correct. In its turn, statistical information makes it possible to assert that we are witnessing an excessively high growth rate of the so-called non-wage non-material costs, which include taxes on wages, social security premiums and other surcharges on wages, contributions to enterprise funds, contributions to special funds, bank services, business travel, taxes and other non-material services.

These outlays place a burden on the profit of enterprises and bring about accumulation being well below the profits previously described; essentially, the enterprises are poor... Non-material costs paid from enterprise profits are growing faster than wages, net product, or profits themselves. In 1976 through 1985, these costs grew to 812 percent, whereas wages—to 493 percent, primary enterprise profits—to 718 percent, and net product in the socialized sector—to 624 percent!

The share of non-material costs is growing steadily, and at a frightening rate, in both the socialized and non-socialized sectors, that is to say, not only at a time of growing shares of wages and profits, but also at a time of their decline. Here is the alarming statistic: in the socialized sector, the share of non-material costs in 1975 was 40 points lower than the share of wages, in 1982—only 25 points lower, whereas in 1986 the share of non-material costs exceeded that of wages. Likewise, in the non-socialized sector the share of non-material costs grew at an astonishing rate, almost 2-fold over the last 10 years, while the share of owner profits declined...

The above statements demonstrate the scale of this process throughout the economy. In socialized industry, the share of non-material costs has been growing even faster. Between 1975 and 1986, the share of non-material costs grew from 18.5 percent to 32.6 percent, whereas the share of wages in the net product was identical in both years (29 percent).

All statistical data prove conclusively that the excessively high growth rate of non-material costs is a peculiar feature of our economy and its development difficulties rather than an excessively high growth rate of wages. It is the latter, and not the former, that brings about a dangerously low rate of accumulation by enterprises, devouring an increasing segment of their profits.

As the statistics suggest, the period in question clearly consists of two sub-periods, embracing years 1975-1981 and 1982-1985. In the first sub-period, a drastic decline was registered in enterprise profits as a share of net product—from 60 to 35 percent, while the share of non-material costs grew tremendously—from 24 to 41

percent. As a result of these two processes, the share of accumulation declined from 35 to almost 6 percent of net product. In the second sub-period, the share of enterprise profits grew from 64 to 68.4 percent. However, at the same time, the share of non-material costs grew even faster, resulting in decline in the share of accumulation from 36.9 to 35.8 percent of net product.

To visualize the situation better, let us say that had the share of non-material costs last year remained the same as in 1982, the share of accumulation would have amounted to as much as 41.3 percent. Had this share declined over that period proportionately to the decline in the share of wages—which would have been logical—the share of accumulation would have climbed to the level of 46.2 percent.

Why Are the Prices Growing?

The statement that the growth rate of wages results in a rapid increase in the costs of production, bringing about the need to raise prices of the goods produced and boosting inflation, is the second popular argument substantiating the conviction that wages are growing too fast. This is almost common knowledge by now: wages go up (nominal wages, at least), so things become more expensive, than prices start up, so people demand more money, and so the inflationary cycle goes on and on. So what are we to do? Clearly, put a brake on those unruly wages!

All of the above sounds logical; the problem is that it is not true. An analysis of the growth rate of production costs in industry in 1981 through 1985 by no means confirms the thesis outlined above and widely disseminated. After all, over that period of time, total costs in industry grew by 357 percent, whereas the cost of wages—only by 320 percent. ...Slower growth of wages compared to other costs brought about a decline of the share of wages in total costs of industry from 12.2 to 10.9 percent.

The growth of wages was outstripped, and considerably so, especially by the costs of materials and fuels (348 percent), commercial energy (540 percent) and other so-called material costs (410 percent), which include transportation, repairs and maintenance, processing by outside contractors etc. Other non-material costs also grew faster than wages.

The above data confirm that rapid growth of nominal wages was by no means the main factor in the increase of production costs in industry; therefore, it is not the culprit in the rapid growth of prices.

The above data describe the entire industry. At this point, we will proceed to individual industries (I am restricting my analysis to the years 1983-1985, because a different methodology of statistical reporting was previously used).

Reviewing changes in the share of wages in total costs, we may observe that, despite the rapid growth of wages, their share in the costs [of production] declined in 21 of 23 branches of industry, and increased in only 2. Labor is becoming increasingly cheap...

The decline in the share was greatest in the coal, tanning, textile, construction materials, precision engineering and glass industries. It was the lowest in the fodder, wood processing and transportation engineering industries. Only in the fuel industry and power generation did the share of wages in costs go up.

These data make it possible to ascertain that the share of wages in total costs declined in an overwhelming majority of industries, and that the magnitude of that decline was considerable in many instances. It is also interesting that this share declined the most in the coal industry, where the level and the growth rate of wages were the highest. This shows the truly outstanding, rapid growth in other rubrics of costs caused by growing prices for raw and other materials and services, or by increased consumption of raw and other materials and, frequently, their waste, or, finally, surcharges on wages—and certainly by a combination of the above.

We can see similar regularities in most industries. Non-wage non-material costs also grew very rapidly. Which ones grew the fastest?

Between 1980 and 1986, contributions to special funds grew by a factor of 9, and surcharges on wages, taxes, business travel—by a factor of more than 6. Against such a background, the growth of wages (380 percent) appears to be very low. (Only in 1981 did wages grow faster than other non-material costs.)

Since 1982, almost all other segments of these costs have been growing faster than wages, some of them several times faster. Moreover, in recent years individual segments of non-material costs continue to trend upward.

In 1986 alone, these costs soared by 25 percent, whereas costs of wages—only by 20 percent.

In 1981 through 1985, a very far-reaching shift in the structure of non-material costs took place due to highly differentiated growth rates of individual cost segments. This is clearly shown by a 9-point decline in the share of wages, a 5.5-point decline in contributions to the enterprise fund and 5-point decline in bank services, and by an almost 9-point increase in social security contributions and tax on wages, an almost 5-point increase in contributions to special funds, and a better than 4 point increase in taxes and other non-material services. Therefore, production gets more expensive largely due to soaring non-material costs, the swiftest of which turn out to be taxes, especially on wages, social security premiums and other surcharges on wages and contributions to special funds.

What Is the Upshot of This?

Let us recapitulate. We inescapably come to the conclusion that the contention about excessively rapid growth of wages is not founded on facts, whether we compare the growth rate of wages to that of national income or, alternatively, that of the costs of production. It is not wages that cause price increases and inflation. Furthermore, the growth rate of wages is no obstacle to enterprises achieving high levels of profits. The rate of accumulation by enterprises could be considerably higher if it were not for the increasing burden of non-wage non-material costs. The planning echelons evidently overestimate the significance of wages in distributing national income, while paying much too little attention to these costs. These echelons should strive to create conditions making it possible to achieve higher wages and, simultaneously, a higher growth rate of real national income rather than to put a brake on the growth of wages.

Artificial dampening of the growth of wages in every way possible causes many unintended consequences, among them a slowdown or even a complete cessation of [economic] development. Along with investment, wages are one of the main factors of development: shortage in the wage fund may make it impossible to use the means of production. This phenomenon also brings about a mounting disparity between salaries in the socialized vs. the non-socialized sector, where the principle of maximizing rather than containing income from the work of both employees and owners applies. We should also recall other disparities in wages—between individual groups of employees, between economic sectors and industries, between enterprises, and, finally, among the low-paid, medium-paid and highly-paid employees.

This also sets the stage for the pervasive struggle we are seeing among [economic] sectors and social groups for the ultimate distribution of national income, which is accomplished spontaneously. This brings about a dramatic decline in the contribution of wages to the personal income of the populace: from 65 percent in the years 1970 through 1975 to 48.8 percent in 1986. Vigorous steps by the central planner intended to slow the growth of wages have produced mixed results. Some successfully escape the ax, others—only to a degree, yet others—not at all. This brings about widespread dissatisfaction with the level and growth rate of wages in comparison with not only the rising cost of living, but also the wages of other professional and social groups.

All of these phenomena cause a profound weakening of the incentive function of wages and spawn increasingly widespread disincentives for undertaking responsible and complex work.

Without overestimating the significance of the wage policy, which happens to be but one of many elements in shaping the material existence of our society, we should nonetheless observe that it also has a role to play in forming social attitudes, whether positive or negative.

For example, authors of research on the influence of living conditions on the attitudes of the populace show that a deterioration in these conditions has brought about, among other things, a decline in educational and cultural needs, the striving to obtain money in every way possible, including illegal and unethical means, reduced honesty and professional morale, limited value of work as a source of satisfaction, privatization of social relationships etc.

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