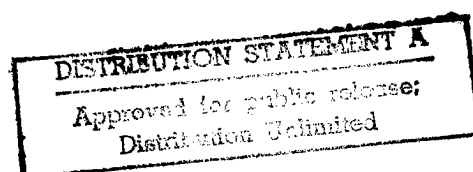


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# ***JPRS Report***



# **East Europe**

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# East Europe

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## BULGARIA

### Zhelev Reviews His Early Political Development

90BA0347A Sofia DEMOKRATSIYA in Bulgarian  
11 Aug 90 p 4

[Conversation between President Zhelyu Zhelev and Adam Michnik, chief editor of GAZETA VIBORCHA and deputy in the Polish Sejm [Polish parliament]; place and date not given: "It Is Time To Tell Everything"]

[Excerpt] [passage omitted] [Michnik] Your election as president is a great accomplishment for Bulgarian democracy. A year ago no one would have thought it possible.

[Zhelev] Even though we are not satisfied with the generally slow changes here as compared with countries such as Poland and Czechoslovakia, many things have changed in Bulgaria over the course of one year. I got a feeling for these changes—for example, from such facts: The cars used by the National Security Sixth Command to follow us, the democratic activists, were later sold to the opposition, which used them in its election campaign.

It has turned out that the Mercedes I am supposed to use is of the same type that Zhivkov used, and he had a special route along which all traffic was stopped so he could pass.... Of course, I have spoken with the head of security to get Volgas for this purpose. The Mercedes will be used on formal occasions for visitors who have their own standards.

[Michnik] What do you think of Zhivkov now?

[Zhelev] I have not changed my earlier opinion of Zhivkov. He was a dictator and is guilty. Of course, he is not the only one, but, nevertheless, he is mainly responsible for the present catastrophe. He must be held accountable for it to the fullest extent of the law.

[Michnik] What do you think of Dimitrov?

[Zhelev] Georgi Dimitrov was artificially upheld as a national hero. He was rather a party hero—the hero of a party, of a movement. I think that, as usual in the course of history, everything will be reassessed in detail. With the fall of communism, we will have a thorough evaluation of Dimitrov's personality.

[Michnik] What was your own path toward communism opposition?

[Zhelev] As a teenager I believed in Stalin. I cried when he died. My friend Professor Nikolay Genchev also cried over Stalin's death, but he keeps it a secret. One of his fellow students, Filip Panayotov, has "exposed" him, however. Genchev was secretary of the Komsomol association at the time. Filip Panayotov says that he wrote in his diary: "Comrade Stalin died. All of us at the Komsomol association went to the Soviet Embassy to

pay our last respects. Everyone cried. Nikolay Genchev cried more than anyone else...."

It seems that under those conditions and because I was totally uninformed, this was inevitable. But even as far back as 1953, when the article on Stalin's personality cult came out, I began to realize that there is something irregular about the whole story. In 1956 I was already one of the most outspoken "Khrushchevists" among the students. At the time, all of us in the student dormitories hardly slept; we were reading the 20th Congress materials and were continuously arguing with the Stalinists. At the end of my university studies, in 1958-59, I understood clearly not only Stalin, but also the system from which this phenomenon had risen. Independent of this, in 1961 I applied for membership in the Communist Party because at the time I felt that one can participate in politics in Bulgaria only from within the party. And that was not far from the truth.

In 1962 there was a discussion of Stalin's errors in philosophy organized by the CC [Central Committee] of the BCP [Bulgarian Communist Party]. I had to attend it representing the Philosophy Institute of the Academy of Sciences and the Philosophy Department at SU [Sofia University]. The discussion was quite nebulous. They talked about how Stalin had placed the third element of dialectics in first place, while leaving the fourth element in last place, and so on along these lines, whether the first element of dialectics is an element or law—in short, some barbaric scholasticism. But I should not get into such great details.

[Michnik] Quite the opposite. It is extremely interesting and it shows the fate of the generation.

[Zhelev] At the time, I was very excited about these things and, together with Asen Ignatov, my fellow student and colleague from the philosophy department, who now works at Doyche Vele, decided that it was time to tell all; we must speak out in public, at a conference.

I wrote a speech, 25 typewritten pages long. In it I spoke not only about Stalin, but also touched on Lenin's personality cult, as well as the system, in the sense that things are wrong with the system itself, in its basis because of which politics and science are placed in improper relationship. It is not science that should conform to politics but the opposite; politics should conform to science. I talked about a number of other things along the same lines, which caused a storm.

From then on I was included in all ideological reports and was at the point of being dismissed from the party a half year after being accepted as a member. I was not dismissed only because that happened after the CPSU 22d Congress, and they still wanted to show some pretense of democracy. Later, in 1965, I was dismissed for having criticized Lenin openly.

The topic of my thesis was "Philosophical Definition of Matter." This was a total systematic criticism of Lenin's

concepts on this issue, not just attacks. They started persecuting me even before I presented my thesis.

I sent a similar article to FILOSOFSKA MISUL [PHILOSOPHICAL THOUGHT] magazine, and this now became a reason for open repressions. I then found myself compelled to send it to all countries in Eastern Europe. By some miracle, it was published in the GDR.

The appearance of this article caused a storm in Bulgaria. Even relations between the BCP CC and the central committee of their [the East German] party became strained. Todor Pavlov, who was at the time chief editor of FILOSOFSKA MISUL and a Politburo member, published a caustic article that not only made mincemeat out of us but also directed criticism at the SED [Socialist Unity Party of Germany] CC. DIE WELT came into the picture then. An article titled "Stalinist Pavlov Criticizes Young Bulgarian Philosophers" was published there. After that, a part of my thesis was published in Yugoslavia in the Belgrade FILOSOFIA [PHILOSOPHY] magazine. That also infuriated government officials here. In LANUVIK KRITIK, the cultural magazine of the French Communist Party, which at the time was considered revisionist, an article was published that definitely made semiofficial publications in Bulgaria start persecuting me.

In 1965 I was dismissed from the BCP. It is interesting that seven meetings were held regarding my dismissal. The university in Sofia was considered the center of revisionism at the time. The most liberal-minded sector of humanitarian intelligentsia was there. Philosophers, teachers, and historians belonged to the same party organization. Repressive measures could not even be mentioned there. Instructors from the CC came twice to try to tell them that my party position should be reviewed, but the party organization literally threw them out. They then divided the party organization into three parts and added to the philosophy section many Komsomol activists who were young Stalinists.

And that is when my dismissal started, for which the seven meetings were held. Still, they needed one more vote to dismiss me. Finally, I was dismissed by the regional committee of the party. According to protocol, the regional party commission directed me to engage in self-criticism, to analyze my "errors," and so on. It [the commission] consisted of former partisans and active fighters [active fighters against fascism and capitalism]. It was a frightening commission, you could tell just by looking into the members' faces. They asked me: "Are you aware of your mistakes?" I answered that I was not aware. They asked me questions of the type: "Aren't you sorry to be separated from the party?" I answered quite boldly because I already knew what the result would be: "I do not wish to be a member of a party that has no room for the truth. A party in which truth is persecuted has no future." Some of them jumped and shouted "Look at him!" I threw my party ticket at them and walked out. After that I did not ask to be reinstated.

Later, on three occasions, I was asked to come back to the party. People from liberal circles were trying to persuade me, but I refused. The last time was three years ago. The party secretary, a former Stalinist but who sympathized with me, told me: "Look here, Zhelev, the party needs people just like you. You deserve to be in the party, you are a worthy person." I answered him with the question whether the party deserves to have a member like me.

[Michnik] Do you think that a person can oppose such a difficult repressive system?

[Zhelev] If you want to oppose it effectively, you have to act intelligently. It is the easiest thing to end up in a camp or prison. The problem is not to end up there, but to constantly defend your position against the system. For example, that is how things developed later with me. After my dismissal, I still had to present my thesis, otherwise I would have had to pay for my postgraduate studies. I mimeographed 200 copies in the form of booklets. First I sent copies to Zhivkov; to the ideology editor, who at the time was Mitko Grigorov; to the university rector; to the dean and the entire council of deans; to members of the philosophy department; and, after that, to writers, artists, and others at their home addresses.

This way I made public my comprehensive criticism of Lenin. After distributing my thesis, their hands were tied. This was the legal procedure. They could not deal with it secretly. They were forced to make everything public. For two months they wondered what to do. Finally, an order came from those higher up to give me a formal presentation according to the legal protocol.

Of course, such a presentation was impossible; there was significant pressure on the other members of the department who had defended me. In reality a police investigation was started: How and under what conditions were these articles sent to the West? I then told them: "Dear colleagues, I am being asked police questions. I will get up and leave. I will not allow a police investigation to pass for a scholarly presentation."

Two of the instructors from the CC, Nikola Trandafilov and Nikolay Mizov, jumped up immediately: "What audacity!" and so on. When the discussion started again, however, they started again to ask the same questions. Again I warned them and, after the third time, I left. That was in 1966. I was resettled. I spent seven years living in a village with my wife. I was not given a job; I did not have the right to live in Sofia.

It seems that that was the best period. I had time to think. There I wrote *Fascism* and my later thesis titled "Modal Categories."

In 1974, thanks to the support of my friends—mainly from the university—I managed to defend my thesis. For the next 10 years I worked in the Culture Institute. Our main job was to read and distribute dissident literature.

In 1988 it became possible to form the first opposition societies in Bulgaria. In the beginning of 1988 the Association for Human Rights Defense was created. At the end of the year the Sofia Club for Glasnost and Perestroyka was created. Before that, the Ruse Committee for ecological protection for Ruse was formed. In the beginning of 1989, Podkrepa, Ekoglasnost, The Committee for Protection of Religious Rights and Freedoms, Committee 273, and other unofficial organizations appeared that interacted among themselves because members of one organization were also members of others. Even under Zhivkov they participated in political activities—for example, the defense of Bulgarian Turks, the ecological protection of Ruse, the Rila and Mesta project.

Zhivkov's fall from power found the country with already formed opposition organizations. The beginning of organized opposition was there, in fact. That was of great importance because, one month after Zhivkov's fall, SDS [Union of Democratic Forces] was formed on the basis of these organizations.

[Michnik] Did the events in Poland, the Soviet Union, and the other East European countries in any way influence your way of thinking and especially that of the dissidents in Bulgaria?

[Zhelev] Undoubtedly. During that period, Poland's influence was felt in Bulgaria. The most active part of our opposition intelligentsia has always followed the events in Poland very carefully—and for a very long time, not only during the Solidarity period. From the time of Gomulka. I have always felt that, among all the Slavic people in Europe, the most rebellious are the Polish. Unfortunately, our contacts with Poland were more limited than those with the USSR. Many more people were sent to the Soviet Union to specialize or on official business. For that reason, when perestroyka was started there, it had greater influence, especially because the greater part of the Bulgarian intelligentsia has knowledge of the Russian language. In addition, the Russian press is much more accessible here, and that also played an important role. We have already surpassed Gorbachev's perestroyka, however. That shows that we are a European nation after all. [passage omitted]

[Michnik] Are you not afraid of an explosion of interethnic hatred, chauvinism, and other such manifestations?

[Zhelev] I am afraid. Such a possibility is not out of the question. That is the other great danger that is cause for great concern. I nevertheless feel that these processes can be controlled more easily than the economic crisis. Psychological factors, cultural levels, and other things play defining roles to a high degree.

[Michnik] What are your thoughts on the Macedonian question?

[Zhelev] I feel that that problem in Bulgaria was artificially created by the Communist Party during World War II at the request of Stalin, who, at the time, cared a

lot more about Yugoslavia than about Bulgaria. The BCP leadership started to implement its line of separating the Macedonian people from the Bulgarian people. After 9 September 1944, many true Bulgarian patriots from the Macedonian area were killed or repressed with the accusation that they were members of the VMRO [Internal Macedonian Revolutionary Organization]. The Communist Party forced people from Pirin Macedonia to have entered in their passports that they were Macedonians. Communists who refused to sign in as Macedonians were immediately dismissed from the party. Other who were not party members were arrested, mistreated, sent to camps, and so on. This whole story is Stalinist.

[Michnik] Did you foresee the present historical process that led to your election as president when you thought about the way the totalitarian system would be destroyed?

[Zhelev] That is a very interesting question. I was absolutely sure that that system would collapse at its base because it was erroneous in its very substance. Those were not premonitions or guesses because I have, in any case, studied totalitarian system structures, but I was sure that it would collapse. In my book *Fascism* I have tried to describe the stages of disintegration. In spite of this, I was greatly surprised by everything that has happened. I never assumed that it would happen so quickly and that we would live to see it. I seriously thought that our generation would not live long enough to see it or would see it only when it was very old and unable to participate in the events. But it happened incredibly fast. I did not anticipate that these systems could be destroyed without any blood being shed. Keeping in mind what a colossal machinery the totalitarian country is, what a gigantic bureaucracy and equally gigantic police force it has, its enormous financial power, with all property in the hands of the state, I imagined that all this would happen almost apocalyptically.

[Michnik] Your thesis in your book *Fascism* was that a totalitarian state can disintegrate by passing through a military dictatorship.

[Zhelev] My thesis in the book was: totalitarian system to military dictatorship to liberal democracy. You in Poland generally went along that way. The case with Portugal is similar. But what has happened in East Germany and Czechoslovakia, the variation of the gentle revolution, is a totally different thing. Gorbachev gives us another variation. The middle link is changed: Instead of military dictatorship, we have perestroyka. Perhaps something similar happened in Hungary but much faster and neater. What happened in Czechoslovakia and East Germany, however, is that there was no such link at all; transition was accomplished directly.

[Michnik] Did anything in your home change after you became president?

[Zhelev] What has changed is not inside my house but outside. There is a guard standing in front who waits for the official car.

[Michnik] What is your relationship with the trade unions?

[Zhelev] In Bulgaria we have two types of trade unions. One type is the successor of the former official ones. It has also declared itself independent. The other is Podkrepa, which forms part of the opposition. The two trade unions keep in touch. What is characteristic of the former official trade unions lately is that they openly want to play a political role similar to Solidarity. They are not radically inclined, but rather they want to play the role of political center between the opposition and the BSP [Bulgarian Socialist Party]. Those are their overt aspirations. What I do not like is that they are trying to give ultimatums to the Grand National Assembly. According to them, the National Assembly should form a government coalition as soon as possible to save the country from the crisis. They even declared that they are ready to strike. I believe that the issue concerns not only the opposition's interests. We are speaking here of the country's interests and its democratic development. The country needs strong and authentic opposition because only it can guarantee the development of the democratic process. Otherwise, what will happen is the same as with the Fatherland Front, which incorporated the Communist Party, the Agrarian Union, and other parties, and we ended up in a quagmire, thanks to this coalition. [passage omitted]

[Michnik] All countries now parting with communist dictatorship are faced with the same danger: intolerance. I think it would be a good idea to form a European Union that is above politics and statehood in order to protect tolerance, and such people as Mitterrand and Havel would participate in it. If that happened, would you wish to become a member?

[Zhelev] That is a very interesting idea. I would participate in such a union to protect tolerance with pleasure. Democracy, in principle, is linked to tolerance.

## CZECHOSLOVAKIA

### Student Publishes Book About November Events

91CH0036A Prague MLADA FRONTA in Czech  
26 Sep 90 p 3

[Interview with Vaclav Bartuska by Radek John; place and date not given: "A Very Sensitive Matter"]

[Text] "Do not write about it," said Vaclav Bartuska, student of journalism, member of the Committee for Investigating the Events of 17 November 1989, when I learned that he was about to leave for a two-month program arranged by the U.S. Information Agency for young East European leaders. "I am not and I do not wish to be a leader," he smiled.

[John] Why are you going then?

[Bartuska] Because the Americans invited me and because I want to go. We are to spend six weeks in the U.S. Congress. After some basic lectures about the role of the Congress in the American political system, each of the 10 East European participants will be assigned to the staff of a congressman, and will witness the culmination of the preelection campaign and the elections. But I am somewhat more interested in the program which I shall set myself. I want to see how investigating committees function in America and what authority they have. The fact that they will be able to get much further with their investigations than our Committee for Investigating the Events of 17 November 1989 is nothing new. I want to know everything about what makes the investigating committees of the Congress effective.

[John] Do you think that the Committee for Investigating the Events of 17 November failed completely?

[Bartuska] In six months we unfortunately found out only what was determined practically in advance that we be allowed to find out.

[John] By whom?

[Bartuska] By those who established the committee. The former powers that be. It is clear to me that every system protects its secrets and its dirt. I have no illusions that it is any different in America. But there, because of the pressure of the press and public opinion, the Congress simply must investigate more in depth than our Parliament. Otherwise they would tear it to pieces. Of course, in America journalists do a substantial part of the work for the committee. They function as something of a vanguard for those investigating some scandal. But the committee has powers which are fully respected, and its members are only able, intelligent people who know that by contributing to a successful investigation they can gain political points, and that on the other hand a lack of success can destroy them. Our committee was established but because it had practically no authority it was unable to do any work from the very beginning.

[John] What are your relations with the representatives to whom you openly tell these facts?

[Bartuska] When by chance I go to the Parliament these days, I am pleased when the cloakroom attendants and the waiters greet me. They know what I am doing there. I could not care less about what the representatives say because I do not believe even their 'Good morning'. I do not like politicians and politics.

[John] You do not trust any of them?

[Bartuska] Some of them I would like to trust but after six months on the investigating committee I no longer can.

[John] And what then will your visit to America accomplish? Will you bring the new committee some practical ideas about the organization of the American investigating committees?

[Bartuska] I am not going there on behalf of the Parliament but as a private person. Nobody placed any orders with me. I am going there only because I am personally interested in going. It is futile to insist on offering something that nobody is interested in. After all, many representatives would certainly be happy to go on an official trip to Washington.

[John] As far as I know, you were offered a place on the new investigating committee.

[Bartuska] Yes, it was offered to Roman Kriza and to me. We were the two idiots who made the most effort. But we did not want to go through that again. I do not belong to the world of politicians. I have had it up to here with State Security, the CPCZ [Czechoslovak Communist Party], the KGB, and with investigating their linkages. For six months I had only four or five hours of sleep every day, and in the end I collapsed. I am 22 years old, what would I be doing among those people?

[John] Would you not start all over again if you thought that the new commission had a hope of finding out what actually happened?

[Bartuska] I do not go by any "ifs." I am convinced that truth is not the issue here. In this game truth has no place.

[John] What is the issue then?

[Bartuska] Popularity, gaining influence, and jockeying for positions in the struggle for power.

[John] Do you want to say that even about Jan Ruml, for instance?

[Bartuska] I want to believe that his motives are pure.

[John] Do you think that the new committee will not find anything new?

[Bartuska] In the course of time new facts will certainly come to light. But hardly as a result of the investigation of the Parliament committee. More likely, witnesses and direct participants will begin to "recall." Some will try to sell their testimony to Western journalists for hard currency. I witnessed two such attempts in June. It will happen most probably on the first anniversary...

[John] How will that affect the value of your book *Polojasno* [Partly Clear], which deals with the events of 17 November?

[Bartuska] The value of the book *Polojasno* lies, I hope, in the fact that it is an honest record of everything that happened during the course of the investigation. I did not add anything, even though later at times I hated

myself for some of the mistakes we made. I feel that by writing that book I did all I could do. Simply, that I was not a swine.

[John] Are you not sorry that you are leaving just as *Polojasno* is being published?

[Bartuska] Terribly. I refused a year-long stay in the Netherlands and Denmark so that I would be here when the book was published. Originally it was supposed to be published on 17 November and I wanted to return from America on the 10th. I only just now learned that *Polojasno* will be published a month early.

[John] What new facts will people learn from the book?

[Bartuska] Perhaps what State Security member Zifcak testified between March and April, and what the powerful managed to keep secret from the nation. On 30 March he broke down and told how it was. The testimony is strictly secret. Its protocol reads like a detective story. Up to the 16th page it is just the usual general rubbish. Everything is "I do not remember". On page 17 he suddenly declares: "I decided to tell the whole truth." And what follows is an astonishing 20 pages about how Zifcak was invited on 16 November to the Federal Ministry of Interior where the State Security bosses under the command of General Lorenc planned the whole action. About the specific tasks which individual department heads of the State Security were given. Zifcak was ordered to pretend to be dead. When I got hold of the protocol, that was the best day of all. Things began to move forward at last. Then helicopters began to fly to pick up ministers and take them to the Castle. Immediately afterwards the powerful began to say: "It is very sensitive. It fundamentally changes the whole investigation, but we cannot believe just one single State Security member. For the sake of political stability, we must be very careful about this." And they swept his testimony under the rug. It was no use asking: "What more do you want? No other proof exists. They had enough time to destroy everything. You will not get any more. Do you think that the big State Security bosses will confess to you?" They suppressed it. But at the same time, although a copy of Zifcak's testimony was in the hands of only a narrow circle of the highest representatives of this state, one of them made copies and sent them to a group of well-informed State Security people to warn them that Zifcak talked and what all is known. By the way—this testimony at least sent Lorenc and Bytcanek to prison for a while. Of course, I would not bet a dime on Zifcak's life today.

[John] Why did you not write about this in NOVY SVET, where you published an excerpt from *Polojasno*?

[Bartuska] Because at that time the military prosecution was still working on this case. I did not want to hamper them. Today I regret it.

[John] If you are publishing the text of the strictly secret testimony in your book, you may be in a pickle.

[Bartuska] That is of no interest to me. I do not feel that by saying the truth I would be doing something bad. And that is the end of the matter for me.

[John] And if someone prohibited the publishing of the book?

[Bartuska] Those days perhaps are no more.

[John] What has shaken your trust in all politics anyway?

[Bartuska] Perhaps the fact that on 2 January a representative of the Civic Forum was explaining to me that the myths about the 17 November are constructive. Why worry people with the truth when the myths will actually serve better. I came to understand that on 17 November I stood on the street because of something else. When State Security General Lorenc, chairman of the commission Stank, and the chairman of the highest court Motejl told me in the same words the same thing, it became clear to me that there are certain laws of power which survive any revolution. They explained to me that I am too rash. That what I want to make public can wait a few years. They were at the same time secretly hoping that in a few years nobody will be interested in it. Politicians know how to say things in a grand manner. When the chairman of the commission Stank told me that he wants to censor my book, he said he wanted to read it so that he could harmonize my subjective views with objective reality. Later he insisted that its publication will have to be approved by both chambers.

[John] What did you say to that?

[Bartuska] That they simply do not have the right.

[John] And what did he say?

[Bartuska] He is smart. A true politician. He realized that there was nothing he could do about me. I did not go into and I did not want to go into politics. I was there only because of the investigation. I did not get any money for what I was doing and I did not want to get any. I did not have to worry about any future political ambitions. I was even not interested in some official trips abroad. Therefore nobody could buy me. I like such independence. It is the best thing that I was able to get during the course of the investigation.

## YUGOSLAVIA

### Transcript of FEC Talks on Knin Events

91BA0049A Zagreb DANAS in Serbo-Croatian  
16 Oct 90 pp 22-24

[Unattributed article: "Talks Without Agreement"]

[Text]

[Box, p. 22]

A delegation from the Federal Executive Council [FEC], headed by Vice President Aleksandar Mitrovic, arrived

in Croatia a week after the beginning of the tumultuous events in Petrinja and their repetition in October in Knin and the surrounding area. For two days, on 5 and 6 October, the delegation visited Petrinja, Obrovac, Dvor-na-Uni, and Knin. The FEC delegation's host was the government of the Republic of Croatia. Aleksandar Mitrovic was also accompanied by Federal Secretary for Development Bozo Marendic, Federal Secretary for Agriculture Stevo Mirkovic, Deputy and Assistant Federal Secretaries for Internal Affairs Ivan Erak and Petar Misovic, Croatian Minister for Internal Affairs Josip Boljkovac, with Vice Minister Stjepan Pecevski, and Minister of Finance Petar Kriste.

A journalist's tape recording demonstrates how this delegation was received in Knin, what was discussed, and how. We attempted to preserve the essence of the talks and the atmosphere of the meeting, with the necessary condensation of the sound recording when it was transcribed on paper.

As we know, the meeting concluded with a tenuous agreement in principle that separate talks would be held later on, with both representatives of the FEC and representatives of the Croatian government. The date was left open. For the time being, the only thing that is certain is that the delegations have departed, but the mines have remained. [end of box]

Although Aleksandar Mitrovic pointed out that several issues "that are burdening us and will make us quarrel" had to be resolved through a dialogue, and he devoted a lengthy statement to economics, reform, and the market economy, most of the FEC delegation's two-hour meeting with opstina, party, and business leaders in Knin was held while challenging the presence of representatives of the Croatian government. The Knin residents saw only Minister of Internal Affairs Josip Boljkovac before them, and so the rest were simply "the police." Milan Babic, president of the Knin opstina, immediately made it known that "while Serbian hostages are in jail, there can be no talks with the Croatian police." Mitrovic's warning that "If you think that you are passing judgment, then we are going," and that "We are not judges, for God's sake; we cannot negotiate with anyone. The court has its own way and its own procedure," did not help either. The fact that the "hostages" were not the only reason for this inhospitable reception was also apparent from the discussion, from which we are singling out the most significant portions.

[Zezelj] I would like to begin my discussion by stating that a militant policy on the part of the Croatian government has been at work here. That militant policy is derived from a political monopoly that is based on stronger militia forces, and I feel that this is both the cause and the intention behind the strengthening of the Croatian constabulary. If two fundamental issues are raised here, whether the Serbs in Croatia are recognized as a people and if agreement can be obtained in that regard that the Serbs in Croatia are a people, then they should be offered the opportunity in practice to exercise



their democracy, as is done by the Croatian people. Those democratic rights of the Serbs should be viewed in terms of the Croatian people's aspiration of establishing their own state and their own sovereignty through these democratic processes. I ask that it be understood that the Serbs in Croatia are not a disruptive factor for such an aspiration. We do not have anything against that. Nevertheless, from the moment of the appearance of the Croatian government...that democracy has only been verbally proclaimed, as can be seen by a precise analysis of the course of events and the arguments in the Croatian Assembly...The Croatian government is only making verbal declarations, but no hope of their being demonstrated in practice can be seen. That is why we here are angry and disgusted about why this is the case. We cannot go backward, nor can we seek coexistence with such positions. Coexistence can only be sought through the Serbian people's being treated as an equal people...If we are a people, we also have the right to speak out in favor of our own political autonomy, for our own territorial autonomy; as a people, we also have the right to decide whom we will build coexistence with. If that coexistence is coerced under pressure, then in that case that people is denied as a people, it is put in fetters...and such a policy can be called a policy of apartheid. I do not know whether there is any sense in analyzing any deputies in the Croatian Assembly, and I can only cite the words of Vice President Seks, who says that sometime the Serbs will pay for this sort of behavior. I ask you—sound logic shows that such a threat cannot build ways and paths toward coexistence, friendship, and cooperation. The Serbian people is faced with a challenge in Croatia, faced with a pressure against which it must defend itself. If such a policy, based on monopoly and domination, starts to be implemented in practice, then it will be necessary to arrest and try people, and I wonder whether there will be room in the jails, not for five or 10 people, but for the entire Serbian people in Croatia. This people spontaneously rose up to defend itself against terror, and it is clear to all of us what that terror suggests. We are in torment...to protect ourselves against the danger that is looming over us like the sword of Damocles. Spontaneous resistance by the people has occurred here—not led by a single political party, but rather by cohesion and unity, so that the Serbian people can gain its freedom in this region. I could talk as much as you like; everything that I feel is in my heart, and I do not need any outline for it...

We do not have any faith in the present Croatian government, and I wonder, in view of its composition and its four-year term, whether any possibilities in this regard will be achieved at all. I am not a pessimist by nature; I am an optimist and I always believe in people. In view of that composition, however, I unfortunately have to note that such chances do not exist. It is impossible to have a radical change in that leadership, which was democratically elected by the people. We have to be given an opportunity to speak out and establish ourselves as a sovereign people, and decide whom we will live with; if it is a Croatian state that treats us as an

equal people we will gladly accept it. Otherwise, it is out of the question. I will conclude my thoughts with this. Thank you.

[Mitrovic] We think the same way as you do about everything you have said about the status of the Serbian people here in Croatia and how you view it. I won't go into that other part about the election and competence of the Croatian leadership. The only thing is that you probably made a slip twice, talking about the Serbian people being "treated" equally. The Serbian people is equal with all the other peoples in this country...No, that has not been demonstrated in all areas. Naturally, we have to ensure that, not its being "treated" as equal, but its being equal, at all times.

[Zezelj] In that harassment, we are simply stunned by how the federal government has not become involved and intervened to protect the sovereignty of all people, and has instead, if I may use the expression, observed stoically. The federal government and the JNA [Yugoslav National Army] should protect all citizens of this state and all peoples against both external and internal aggressors. I have a professional education on that issue, and I can assess it.

If we become stronger as a people, then the Croatian government will have to accept us as an equal people. This is the time of the creation of the Croatian state, and—I will tell you this frankly—of the sovereignty of the Serbian people in this area, which will create its own autonomy (...).

[Mitrovic] It is just that there is a problem, you see. Do not think that we do not want to protect every citizen and ensure his equality, and that, we as the Yugoslav government, will not do everything in our power to do so. We have great powers with respect to external enemies, but we have to do everything internal within the existing systems, through the republics. There are obstacles and errors there that objectively exist.

[Zezelj] Allow me to say that we have our own government; it is the Serbian National Council. It has to be accepted as the government of the Serbian people...

[Babic] As the representative of the Serbian people (...).

[Matkovic] No one should misunderstand us as saying that this people or opstina leadership is rejecting the Croatian government, and does not want to talk with it. Far from it—we asked that those talks be held on another occasion. And another thing...Why is there so much distrust of Mr. Boljkovac? I will tell you what the average citizen says. We had some talks where he promised us a dialogue...There were negotiations through the president of the Sinj opstina. It was promised that a proposal would be submitted to the Assembly for a SUP [Secretariat of Internal Affairs] in Knin, etc. After those negotiations, when we started with Mr. Boljkovac...there was a raid (...) not to mention that notorious supper there and that set-up with Prof. Raskovic. Consequently, people, believe me, the citizens in Knin are asking now

where the raid will be after these negotiations. That is a distrust that we have to eliminate. That is a question of principle, whether there is more trust and how much. And another question—Mr. Boljkovac is now saying, "We will not participate, but we will be here, we will keep quiet and listen." I do not have anything against that, but I am raising the question of what that "keep quiet and listen" means. If it means that my comments, which will not please someone, will be remembered, and that I will be accused tomorrow of a verbal offense, or organizing a rebellion, as it is being treated there... That is the problem—whether to talk or not to talk. The problem is that distrust. The issue is not at all the talks with the government of Croatia and the desire for a dialogue in principle, but when something like this happens, then trust is lost. And, in the second place, we asked that it be some other day, and not now. I do not see whether it is listening, monitoring, or what—and by the internal affairs minister, at that. That is what is irritating... Those are the basic reasons that we have to discuss today and then see whether to talk or not.

[Dr. Dusan Opacic] I am bothered as a human being by the fact that we Serbs in Croatia are considered imbeciles... Every initiative is always considered to have been staged in Belgrade... It is a revolt by the people, and it would have taken place without Babic and without Raskovic... It is not a question of 10 Serbian leaders; it is a question of the Serbian people, which has been put in this situation... Accordingly, that is the way we should talk here. This revolt by the people is not an attack against the Croatian people, nor do we want to take anything away from the rights of the Croatian people. The people want to live here on an equal basis. This whole revolt is a question of self-defense, the defense of the Serbian people. Everything is leading to a scenario in which the people have to move to defend themselves, and certainly the Croatian Internal Affairs Ministry, headed by Mr. Boljkovac, is participating in that scenario. That is because, if we take just the Drnis case, in which, according to the scenario of Mr. Boljkovac and Bujas, it was supposed to (...), but fortunately, because of the sense of both Serbs and Croats, that did not happen... Did Mr. Boljkovac apologize to both the Serbian and Croatian peoples? No, he did not, and instead scenarios continue to be prepared, and everything that the Serbian people do to defend themselves is recorded, given to television, and given to the foreign press, and we are declared to be bandits and terrorists. But we are neither bandits nor terrorists; we are fighting for a better life. We are fighting in this poverty, just like the Croatian people. But we are being more careful to indulge the Croatian people more than the Serbian people, while we are being accused here that the Croatian people is endangered in Knin. So how do you prove that? Accordingly, some minister from another ministry should have been sent here... No one will approve of our talking with a representative of the Croatian police at this time. I am not inclined to participate in a talk with a representative of the Ministry of Internal Affairs.

[Vjestica] If Mr. Boljkovac is already here, I would like him to be present, so that we will not be like improper hosts; but in the future, a delegation should come from the government, and not any kind of commission.

[Kesic] I would like to go back to the first question. In the first place, the presidency of the Knin SO [Serbian Committee] would also like to talk with representatives of the Croatian government. As (Milan) said yesterday in the Assembly, no other conclusion should be drawn than what has been stated. In the second place, Aleksandar Mitrovic, the vice president of the FEC, has probably been given the task by the FEC of visiting Knin with his commission and talking with representatives of Knin in order to come to a certain understanding of what is going on, and why it is going on, so that on that basis, in subsequent talks proposals could probably be made on how to resolve things. Accordingly, I think that we should separate those two things here. If Knin's representatives are to be forced to talk in the presence of precisely these ministers—and we know that Knin has more need of the minister of the economy, the minister of education, and the minister of health than the minister of internal affairs, since Knin is under an economic blockade and faced with collapse, and they are boasting that they have turned off the faucets and are now waiting and counting the days it can hold out—then that is an ultimatum, a pressure, and I think that the people would not approve talks of such a nature. That means that Aleksandar Mitrovic should not think that he is being prevented from talking, but rather that the SO has said, "On another day, and on another occasion, we want to talk with representatives even of all the Croatian ministries, if necessary."

[Tanjga] I will have to say what is happening to me in the Assembly, because I fled from the Assembly, and the discussion and the presence of Mr. Boljkovac brought me here. I feel that those people had weapons in the Assembly in order to shoot at me. I pulled myself together, and I can say that I was scared to death, and when I finished—and I did not finish—they pushed me and said, "Where is your cockade, Cetnik?" "Go to Jasenovac," "Arrest him," "Kill him." I can't say there were 300 people talking like that, but the majority did. Most of the people got up, and I didn't know how to escape... And now you tell me that they are coming tomorrow for negotiations and talks. With people like that? Forget it.

[Babic] I would like to raise the question of whether it is constitutional to form a constabulary and a constabulary service, which already has 10,000 people. If we proceed from that aspect, then we can have a chronology of all the events—accordingly, the formation of special units and the training of those special units for a month or two months by some sort of Croatian guard. I am interested in the FEC's position on whether this is constitutional, and then we can talk further.

[Mitrovic] If you read the FEC's announcement, not just a day or so after these September events but likewise

after the ones in August, it is clearly stated that in this country there are two armed forces, the JNA and the militia, and that no alternative or any third parallel armed force can be legal or can be formed under the Yugoslav Constitution, and likewise under the present constitutions of the republics. The same thing applied to Slovenia, it applied to the Republic of Croatia, and also to anyone who would try to do something like that. If someone strengthens the composition of the militia, that is a different matter. No one can go into whether 10, 15, or 20 thousand militia officers are needed. Probably some circumstances require that. I have always supported there being as few as possible of them, but as well trained and as courteous and educated as possible, and as correct as possible in dealing with citizens. It is certainly a mistake if people are trained for one or two months; they cannot be trained and cannot be sufficiently drilled on how to act in every situation. But let us bring things to where they will not even be used.

[Vjestica] I think, without exaggerating, that there has been a violation of the SFRY Constitution and the Croatian Constitution...I will not cite the individual events that followed and that have always harmed the Serbian people, but I will just mention the plebiscite that was held in the areas of Croatia where the SFRY Presidency and the FEC also took the position...What happened? We received threats from both the police and the government of the Croatian Republic, and the sending of certain forces in all these directions...When that did not happen, although they were thinking about it, there have been individual actions carried out precisely by the Republic Internal Affairs Ministry—obstacles and interference and detentions...In Split, Sisak, the raid on those church premises, the confiscation of leaflets, etc.—to which there was no reaction. What is left for the people to do? Nothing except to defend themselves. It is their natural right to defend the position they have as human beings. For those reasons, it is inevitable that all those who are in jail, who have been detained, will be released, because the law-governed state of the SFRY has not reacted at all in order to protect their constitutional right...And now they are bearing the consequences of the nonexistence of a law-governed state. We have to talk about the causes, but someone has to bear responsibility for the consequences...Those people will inevitably be freed, and not only freed, but also with the criminal charges dismissed.

[Mitrovic] Let us make things a little more specific. Because of those few measures that you have talked about, which took place in the Republic of Croatia as a result of the announcement of a referendum so that the Serbs in Croatia could speak out in an organized manner for certain rights, primarily cultural autonomy, we in the FEC also reacted by saying that all citizens and groups of citizens have the right to organize to speak out and to seek their rights and their solutions, and that has been done. Previously things were even more serious, and so we reacted, and in a way that was nevertheless carried out satisfactorily, because everyone spoke out...We

cannot judge. We know who passes sentence, and we will not become involved in that. We want the judicial system to be completely independent, and that is why we cannot pass judgment either at a convention or a meeting. We know that a judge has to be the one who passes sentence. I am only standing by the population, as I have said yesterday and today: We want democracy, but democracy has to be on both sides, and cannot be democracy only on one side. No one can prescribe democracy. We had a system that prescribed democracy and had a lot of democracy, but the greatest obstacle to us was that it prescribed and said, "We are allowing you democracy." No, we, as a people, as citizens, we have those rights, and we must have them originally, like every citizen and every people. That is the kind of democracy we need. We also have to fulfill democracy, but democracy must be fulfilled by both sides...Democracy cannot prevent any of us from saying, seeking, or demanding something, but everything has to be within the framework of tolerance, within the framework of democracy and civilization, and not within the framework of coercion on either side. That, probably, has to be completely clear to us.

[Box, p. 24]

#### Optimists

In a brief conversation with Josip Boljkovac, Aleksandar Mitrovic, and Milan Babic, we also noted these concepts of theirs:

[Boljkovac] I was invited to come, and I did not want to come, but Vice President Mitrovic informed me that it had been agreed that I would come. I was assigned as a member of the Croatian government to come with them to Banija and here. Accordingly, I did not have any wish to come, and came against my will...There are emotions, a mood, but I am an optimist. All of us together have the strength and will, and also the knowledge, I believe, to settle everything peacefully.

[DANAS] What do you think about the people and their statements?

[Boljkovac] I think that Mr. Opacic was very definite, and so it is a dialogue; without a dialogue there is nothing.

[DANAS] And after this dialogue, will you send special forces to Knin again?

[Boljkovac] No, the special forces were not here. The special forces were not here at all.

[DANAS] Mr. Mitrovic, tell us your impression...

[Mitrovic] I am always an optimist, and I will be an optimist.

[DANAS] And your impression, Mr. Babic?

[Babic] My impression is that the FEC wants to settle this in a strange way. Even though it knows that the

cause is the aggression and unreasonableness of the Croatian government and the Internal Affairs Ministry, it is insisting on economic theories and economic problems, although the burning issue now is eliminating the fear, removing the constabulary and special forces of the Internal Affairs Ministry from Serbian areas, and providing guarantees that interethnic relations in Croatia will be resolved peacefully.

[DANAS] Mr. Babic, one concrete conclusion from this meeting was the vice president's promise that gasoline would arrive in Knin...

[Babic] Well, if the vice president promised, I believe that the gasoline will arrive, but I would like the federal government to guarantee that special forces will not arrive along with the gasoline.

[DANAS] But Boljkovac has said that he has never sent special forces, and will not do so?

[Babic] Boljkovac can call it whatever he likes, but that, under armor, with modern weaponry, is a single-nationality Croatian police.

[DANAS] What do you expect after these talks?

[Babic] We expect the SFRY state to guarantee peace, and we expect that we will establish a Serbian-Croatian dialogue in Croatia.

[DANAS] What can you say about the positions of the FEC representative?

[Babic] He was emphasizing economic topics in a situation in which the Internal Affairs Ministry was concentrating its police forces near Serbian opstinas.

[DANAS] Has some program been agreed upon? What next?

[Babic] It has not been specifically agreed upon, but we promised that we would continue the talks. We did not agree on when.

[DANAS] Are the barricades on the roads and railroads still there?

[Babic] That is the greatest guarantee of security here in Knin.

### **Serbian Hegemony Over Vojvodina Rejected**

90BA0330A Zagreb DANAS in Serbo-Croatian  
11 Sep 90 pp 15-17

[Interview with Zivan Berisavljevic, influential Vojvodina politician, by Jovo Paripovic; place and date not given: "Vojvodina Is Not Kosovo"—first paragraph is DANAS introduction]

[Text] The influential Vojvodina politician on the reasons for his unexpected return to the political scene, on the shock of Serbian hegemony on Vojvodina, on the

conception by memorandum of Serbianism, on liberalism and autonomism, on new arrivals and old-time residents, on Vojvodina's right to independent decision-making and on the removal of its wealth to Belgrade.

Some new winds have begun to blow in the form of Vojvodina equality. The Democratic Forum for Vojvodina, which states in its proclamation that Vojvodina is older than autonomy and all classifications, and that its citizens are capable of thinking for themselves, was formed in just a few days, and then an initiative was put forward for the establishment of the All-National Democratic Front of Vojvodina. Those standing behind the Forum and the Front, as authentic Vojvodina leftists of the party that will concern itself with the dignity of this province, have not gone public...except one. The All-National Democratic Front of Vojvodina was promoted by Zivan Berisavljevic, former minister in the Serbian government, a diplomat, and one of the Vojvodina leaders who withdrew from the political scene in 1988. Of course, the authorities in Vojvodina got new supporters in this way, and Vojvodina and the citizens of Vojvodina got an opportunity to convince themselves that the axiom, propagandized up until now, that there cannot be any more truth on the political scene, does not hold. Berisavljevic characterized the 1988 events as a shock to Vojvodina and Yugoslavia, carried out with the help of the opportunistic compliance of the party and state leadership of the country.

—The compliance was the product first of the relationship of forces and the stronger fist of those who organized the blow against Vojvodina, and moreover of the slow-witted reaction to this fist even of those who were its political adversaries. But in considering things pragmatically, they foresaw that each constituent part of the federation is a part of an indivisible principle. These people thought—since the situation is what it is, and they contributed to it through their actions, but also through their lack of action—that the best thing for the Republic of Serbia would be to carry out the policies its expansionist and aggressive leadership wants, and they'll take care of the rest of Yugoslavia. But, you know, just as you can't preserve virginity halfway, just as you can't preserve a crystal vase if part of it breaks, since the whole thing breaks, so it is also with this delicate principle, which is in fact the offspring of the historical process of organizing the federation.

I won't cite the names of those in the state and party presidency who literally stood on the side of this blow, on the pretext that the leadership of Vojvodina is alienated from the people, bureaucratically alienated. This was certainly true to a degree, but no less or no more than in their Croatia, their Macedonia, Slovenia, Bosnia-Herzegovina, Serbia and, naturally, their Montenegro. Moreover, it is a historical truth that we were not refuted because we opposed the Constitution, but because we did not agree with the dictates of constitutional resolutions. Ten days before the refutation, the former Vojvodina leadership agreed to the constitutional changes, but

it was refuted when it decided to continue to insist on the authentic position of Vojvodina within the structure of Yugoslavia and Serbia and on the right to its own opinion and relationship to things. Naturally, this did not agree with the creators of the large scenario.

[Paripovic] What scenario do you mean?

[Berisavljevic] The brutality and arrogance of the blows first against Vojvodina, next against Montenegro, and then against other parts of Yugoslavia encouraged the cowardice of the organs of the federation.

[Paripovic] In this lack of support, then, you see the causes of the fall of a political team.

[Berisavljevic] I want to say that this leadership, no matter how it behaved, and if it was organized in the best possible manner, would have nevertheless fallen. Naturally some stronger opposition would have helped us to see more clearly what was happening at the very moment of the fall, but only that. The essence of this blow was the beginning of the struggle for the reconstruction of relations in Yugoslavia based on the position of the Memorandum and for some type of domination under the pretext of "one man, one vote."

[Paripovic] Is it probable that the leadership to which you yourself belonged was without errors in all this?

[Berisavljevic] I think that the Vojvodina leadership had to do more in this in order for Serbia and Yugoslavia to understand well where the crisis would lead if this type of escalation by memorandum does not stop. It made efforts legally, but neither skillfully nor successfully. For that it bears its share of responsibility.

I think that this leadership turned too little to its people and party membership. It was oriented to forums too much, for understandable, pragmatic reasons, in order not too give the impression that its leaders were quarreling. There is another aspect of that blame that is seldom mentioned, namely, the outcome of clashes with liberalism. This process was burdened with narrow, provincial methods. This created certain tensions and clashes with the intelligentsia, and prevented Vojvodina, complicated from inside, from generating democratic changes and thinking.

[Paripovic] Are you emerging on the political scene, as you said, in opposition to, primarily, the memorandum philosophy?

[Berisavljevic] I think that the national program of the Serbian people, to the extent a need exists for it, and it appears the times have spawned such a need, cannot be created in the elite institution of geographical Serbia. It must be done with the full cooperation of all elected democratic forces and all wise forces, and the Serbian people as a whole. The reality of the Serbian people, determined by fate and history, demands far more subtle answers than those offered in the memorandum. I consider it an unfortunate, as well as a significant and, for the moment, influential matrix of almost all existing

parties in Serbia. I say almost all, because there are exceptions. This only proves that singlemindedness has never had a chance in Serbia. There has always been courage in that people for a deep, historically thought-out truth.

[Paripovic] According to such an opinion, you classify yourself, by one matrix, among the adversaries of Serbia?

[Berisavljevic] I categorically deny that I, or people similar to me, are anti-Serbian because we do not accept the enforced view of the Serbian national question, which in my opinion is historically ill thought-out. It is terrible to belong to a people whose most elite institution is not even wise enough to know that it can't carry out such a program and that thinks with a logic created by history and the experience of only that uniform national structure and its small Balkan state in the pre-Yugoslav phase, a logic that has completely erroneously read the whole historical process after the creation of Yugoslavia, and even the moment of creation itself.

Of course, I have always spoken about how Yugoslavia is the fateful interest of the Serbian people, but it must, as with all others, be stated in a democratic manner. Because, I pose the question, is it easier for the Serbian people after what's happening in Kosovo, in Croatia and in all areas where they live with other peoples and nationalities? Are they less worried? Are they more secure? Do they have a stronger sense of improvement and prosperity? I think not. There isn't even a need any more for warning criticism.

[Paripovic] In the predraft of the program documents you issued, in a specific way, a call to all peoples and nationalities of Vojvodina. Obviously with a reason. How do you assess the current relations among peoples in Vojvodina?

[Berisavljevic] In some circles more greater Serbian nationalism has flared up, in some less. This depends on whether the settlements gravitate toward neighboring republics or are connecting points between the republics, especially Serbia, and the province...and where Serbs and Croats live together. I am also thinking of settlements with a colonialist population which, naturally, is not nationalistic for the most part, but in which that mythomantic matrix based on the bourgeois-romanticist, Dinaric, Serbian tradition has been more easily accepted than it was accepted in the mentality of the differently formed Serbianism that traditionally lives here. But I emphasize strongly that we can not place a equal sign between Serbian nationalism in Vojvodina and the colonialist Serbian population in Vojvodina, because that wouldn't be the truth.

[Paripovic] What is the situation in the ranks of the nationalities?

[Berisavljevic] We have now perceived for the first time strong tendencies toward organizing on a national basis in the ranks of the nationalities, not infrequently with visible ingredients of nationalism. Naturally, that's not

true for all nationalities. Differences in groups of those organized politically are evident; for example, the Hungarians, where some advocate platforms and programs of political action that could easily slide into more aggressive nationalistic waters.

[Paripovic] The defensive mechanisms are probably more refined and stronger here?

[Bersavljjevic] Fortunately it seems that way. Those who for the moment have been misled by hurricane-like propaganda, where Serbian chauvinism is concerned, or have been made uneasy by the hurricane-like stampede to Vojvodina, due on the one hand to the general discrediting of this policy and its spectacular failures, which are more spectacular than the promises misleadingly offered in the phase of its expansion.

[Paripovic] I notice that you are quite cautiously mentioning colonists, i.e., "new settlers," as some say, and natives.

[Bersavljjevic] I am cautious with that. In contrast with quite a few young people, and not only them, who in their revolt against the situation have slipped into something that is autochthonous Vojvodina autonomy, I don't think that the colonialist population here is the culprit and a symbol of everything negative. Some of its segments have been overcome by nationalistic euphoria and readily allowed themselves to become manipulated cattle drivers, but the whole of that part of the Serbian people can't be accused of that. By the same token, Pannonian Serbianism can't even be accused because of its nationalists, since there were nationalistic warriors among the Serbian people, members of old Serbian peasant or middle class families. Nationalisms are at issue here and Serbian nationalism provoked a lot of that in this area, just as Croatian nationalism provokes it. But there's no end to these foolish processes in Yugoslavia; in the same manner the original Hungarian nationalism, which will also include irredentist forces in its extreme Hungarian wing, will also cause trouble. Even if mainstream society does not want to tolerate it.

Otherwise I don't like the terms "natives" and "new settlers" as contradictory concepts. In this area we're all "new settlers" and we easily become "natives" if we accept the only possible conditions for living—tolerance, unity, cooperation, and joint creative work.

[Paripovic] I ask you about this, because the policy to which you adhered in that leadership involved precisely "new settlers" and "natives" in that situation.

[Bersavljjevic] I'll give you two examples. In a completely informal conversation, one of the last mayors of Novi Sad, began a story about how we don't notice, and this has unfortunately shown itself to be true, that groups of an expansionist, colonialist population are associating in the economic circles of Novi Sad and some other segments. I personally "accused" him of being a primitive chauvinist. Another incident involves a reputable poetess who has now spit all over herself, proving that

she is the spiritual mother of policy and its leaders in Serbia, and this does not diminish her as a good poetess. She pestered me upon my return from London to influence our cultural policy and favor our Vojvodina, Pannonian children at the expense of the "new settlers." I was shocked as I listened, and refused indignantly.

No leadership to which I have belonged has considered the issue of relations between "new settlers" and "natives." It observed, unfortunately too late and insufficiently wisely, that it was considering this issue.

[Paripovic] Contrary to critics who depict you as an opponent of Serbia, you said, upon promoting the initiative for the establishment of the Front, that Vojvodina now has a greater place in Serbia than before.

[Bersavljjevic] Our program says more clearly than broad daylight what the views of Yugoslavia, Serbia and Vojvodina are. The forces on which the platform of the Front is counting, are not worried just because of aggressive, centralist-bureaucratic oppression about personalities in Vojvodina. They are also concerned with obvious tendencies of creating forces that would quite vociferously want to seek an end of all relations with Serbia.

[Paripovic] Do you believe that there are such forces?

[Bersavljjevic] I think that they appear spontaneously. I don't think they can become dominant, but although relatively marginal they can be very extreme, very radical. I think that our interest is, therefore, in the creation of a democratic Serbia, and not forcibly uniting it, and that it is necessary to change the approaches to creating unity, and thus I don't believe in the effectiveness of the substance of the memorandum.

[Paripovic] Federalism is the central principle in the platform of the Front.

[Bersavljjevic] Thus it presupposes resistance both to a hegemonistic, centralistic surrogate which is moving closer to federalism and to extreme secessionistic confederalism, but also encompasses every other governmental form, including appropriate forms of flexible federation or rigid confederation, how not the mentioned forces, but the authentic, legitimate representative forces of each historical region, each people and nationality, agree with that.

[Paripovic] You mention at one place in the program documents how Vojvodina, in a certain situation, will decide on its own fate itself.

[Bersavljjevic] Disintegrating and integrating forces flame in each of our peoples. What the advantages are depends on how sensible the politics are that are dominating the scene with that people or in that historical region. I assume that such an interaction of forces in Yugoslavia can occur, which could temporarily endanger it. I will, naturally, be against such forces, conditions and agreements and the spontaneous erosion of Yugoslavia. Thus we support the strengthening of Yugoslavia in a

federation or confederation acceptable to all. The question is posed for everyone on how to live in this geopolitical area, in which Vojvodina, equally with other subjects as well, will determine what Yugoslavia will be and what governmental unions will be formed. By the way, that won't be the first time for it.

We are all friends with each other here and will decide on our fate like all others, because all others also have historical rights to it.

[Paripovic] Do you believe that a democratic dialogue on Serbia, Vojvodina and Kosovo is possible in Vojvodina?

[Berisavljevic] I have already been saying since 1968 that a historical communist error, I'm not saying Comintern error, is that we continually place two completely different entities—Kosovo and Vojvodina—on the same level. There is not a single factor, not one, whereby that would be justified.

[Paripovic] A former well-known Vojvodina politician, not from the group to which you belong, remarks cleverly that this can't even be cured with the system of the "military aspirin" which is given the same way both for headache and for gangrene.

[Berisavljevic] A courageous governmental approach must take account of differences. This has not sunk into the heads of many people in the leadership. One of them, a great advocate of constitutionalism and a framer of the Constitution in Serbia, whose memoirs we have always had the opportunity to read, had a solution for that which he proposed to us. It is similar to the solution provided by his collection of memoranda: "You in Vojvodina must agree to get somewhat less, in order for us to give Kosovo still less."

[Paripovic] How do you see the solution of the situation in Kosovo?

[Berisavljevic] A democratic agreement without any rights to majority rule is the only solution. The problems and the relations between Serbia and Kosovo can't be resolved with either force or majority rule. Therefore, an agreement must be reached. Many things can be resolved by referendum, but you can't resolve the great historical rights of the collective by outvoting or a strong fist. Of course, it's not simple, since the situation in Kosovo is a problem of an unresolved national question involving some peoples in this part of Europe. In my opinion the democratic forces both in Serbia, especially in Kosovo of course, and definitely in some less Stalinist, totalitarian Albania, must be aware of that.

[Paripovic] Those who attempt to prove how you are not a good enough Serb say that a man with a policy that encourages Albanian irredentism is again appearing on the scene.

[Berisavljevic] The problem is in the awareness that one of the red ideologues created back in 1981 with the thesis that "the cradle of separatism is in Vojvodina, and the

striking fist in Kosovo." These are contrived political formulas, thought up so that a political adversary could be whipped with them.

Naturally, this is all a crude lie, because I believe intellectually, and not politically, in the diversity of these entities. People who say this think that the very institution of autonomy negates the governmental essence of Serbia. This reasoning now prevails at the highest levels of Serbia. And even, naturally, if I or anyone else pleads the historically proven fact that Vojvodina can be only autonomous within Serbia; from that someone is now reaching the most difficult conclusion that in this way Albanian irredentism is being assisted...

[Paripovic] In the platform you point to the growing poorness of this area for the benefit of a united Serbia from "Dragas to Horgos." People in the current ruling circles of Vojvodina deny this and try to have figures presented to them that show this.

[Berisavljevic] We were quite cautious in the platform about this. Not because this is not the tendency, since it is obvious, and naturally the gentlemen in the leadership defend themselves from this, because they contributed heroically to it; we approached this cautiously because we are also seeking precisely compiled figures.

I wonder that any person at all educated can deny that, let's say, resources are flowing out of the post office, that funds are flowing out of some banks integrated into these systems, since an application for approval from any place in Vojvodina goes to Belgrade. An application for approval! So what are we talking about then?

[Paripovic] You have again appeared on the political scene, and you have not done it delicately, but critically addressed everything that is happening in Vojvodina, Serbia and, naturally, Yugoslavia. But your critics are no less "delicate" with you either.

[Berisavljevic] I announced myself, since there are already so many scars on me that the seventh blow to the same spot doesn't hurt any more. My intentions are not to become the leader of this Front. I agreed to announce the initiative in order to protect some young people, and others, and to counsel them on how to await more calmly quieter conditions in normal partisan and democratic relations.

The reactions are not reactions to me; they're not afraid of Zika Berisavljevic but they're afraid of what's happening in Vojvodina, because they feel instinctively that this platform has a chance to win over no small number of citizens.

No one can maintain a regime any longer in which many citizens of Vojvodina are piled into the confines of the concept of "autonomist." Imitations of the great leader who tried to do that with some personalities are overlooking the fact that even a great leader didn't succeed with it.



**Diary Reveals Serb Brutality Against Kosovo Albanians***90BA0330B Zagreb DANAS in Serbo-Croatian  
11 Sep 90 pp 30-31*

[Article by Zekeria Cana, secretary of the Council for Protection of Human Rights and Freedoms: "Diary: The Telephone Always Rings"—first paragraph is DANAS introduction]

[Text] About an informative discussion with the police after returning from abroad, about new sealed coffins with the mortal remains of young Albanians, about Vranjevac, the "Pristina Bangladesh," about how nightsticks work, about young Dritan's first day at school, about how international delegations come to Kosovo and about whether there can be a gentlemen's agreement between Zagreb and Belgrade.

**Saturday, 1 September**

I awake early in my home after a 24-day stay in the United States and Europe. As soon as I arrived in Pristina, and before I really even talked with my wife and children, I was summoned by telephone to report immediately to the police—for "an informative discussion." I request a written summons. They come for me. So far I've been brought several times. I've probably become a thorn in their side. I arrive at the police.

The questions are asked: Where is my Zagreb travel document, whom did I contact in Zagreb, whom did I see abroad and so on. The inspectors from Belgrade boast about how they behave nicely toward me, but I smile and tell them frankly that this type of correct conduct does me no honor in view of the fact that my people are continuously subjected to the escalation of unseen repression by the Serbian police. I return to the distant past. I remember the wartime events well, the first antifascist demonstrations in my hometown—Djakovica, when only one victim fell—the young Shani Nushi. In this year's demonstrations, in January and February, in Kosovo (in peacetime, therefore), more than 30 unarmed young men and women fell, as well as children and old people. New sealed caskets, with the mortal remains of Albanian youths who died in the Yugoslav National Army—God knows under what circumstances—are arriving in Kosovo. Among their accompanying documents there is seldom a document about abduction, although one should exist by law. More than forty such tragic cases have been recorded so far in our Council for the Protection of Human Rights and Freedoms in Pristina. I can't free myself of the terrible—the ghastly sight when I looked at the disfigured face of the soldier Fatmir Tafaj, who had supposedly lost his life tragically in Velika Gorica near Zagreb. There were reportedly more than 200,000 people at his funeral, and after the burial the militia found it appropriate to mistreat people who had dispersed peaceably and gone to their homes.

*1600 hours.* I go out to the well-known settlement of Vranjevac, insultingly or with reason called the "Pristina Bangladesh," and only recently named "Kodra e Trimave" [the Heroic Hill] by its inhabitants. At just about any moment there, a severe, contagious epidemic of cholera or some other illness can break out. Nobody cares! Let there be fewer of them! It's important to invest money in building facilities for the militia! In the newly founded township of Malisevo, a magnificent building was erected as a police station. And it's the only newly built structure in that township.

The only health center in that township is in a very unattractive, worn-out one-story building. In the narrow and dusty streets and alleys of Vranjevac, I observe crowds of small, half-dressed and dressed children. They recognize me and greet me with two fingers held up in the shape of a "V." Some cry out, "Rrofta axha Can!" ["Long live Mr. Can!"] It will be hard on their parents if the police come upon them, for they will be brought immediately to the violations judge and given 60 days in jail on the spot.

*1900 hours.* Every afternoon, until late in the evening, people affected by the great injustices of the "just" state come from all parts of Kosovo. While I sit on the balcony of my house, a tall young man, handsome as the sun, climbs with difficulty up the steps, assisted by two colleagues. I lead him into the study. I ask him to undress. What a sight! The militia practically killed him—they came at him with nightsticks, heavy boots, and whatever. And—nobody cares! Serbia must establish "order and peace" in Kosovo at any price...By statute and not by statute, institutionally and noninstitutionally, according to the Constitution and contrary to it!

**Sunday, 2 September**

*0700 hours.* No more customary morning coffee from mother's golden hand. On the worktable only a photograph of such a courageous, kind old woman, whose family, together with thousands of Albanian families from the vicinity of Nis, Leskovac, Prokuplje and Kursumlija, who long ago, in 1877, were driven from their homes by the Serbian army which "liberated" these areas from the Turkish empire. And driven in those harsh winters, in deep snow, with small children and frail old people, and with only the bundles that they could carry. There are authentic accounts that helpless mothers sometimes even had to throw their infants from their warm arms. There were those who later madly returned for them—but too late! Thus the persecution of the Albanian people took place in the last century, but in this one too.

I leaf through a paper. There's no more RELINDJE—the only daily newspaper in Yugoslavia published in Albanian. It too suffered the fate of programs in Albanian broadcast on Radio/Television Pristina. I feel like a person condemned to starvation. During the war, as a child, I could read the KOSOVO or TOMORI newspapers, as well as the illegal LIRIA [Freedom] and ZANI



[Voice] newspapers. On the worktable there's a lot of mail, mainly letters from chapters of Amnesty International of all the countries of Europe, as well as America and Canada. Appeals and pleas directed at all Yugoslav organs as well as Serbian organs for the liberation of political prisoners in Kosovo, pointing to the brutal violation of basic human rights and freedoms.

#### Monday, 3 September

*0600 hours.* The telephone rings continuously. Friends and acquaintances from abroad ask me how I fared with the Serbian police. I answer them briefly: Don't worry; I'm used to frequently "being a guest" of organs of national state security. They laugh.

*0800 hours.* I pass along the main street of Pristina. I stop at the step of the "Aca Marovic" Elementary School. Traces of blood and a red carnation are still visible on the sidewalk. There the engineer Shaban Shabani, instructor at the Technical Faculty in Pristina (a photograph was published on the first page of the last issue of DANAS), lay soaked with blood. He was wounded the same day that a crowd of Albanians went out on the street to await and greet American senators.

*1200 hours.* I go to the "field," in Podujevo. It is a day of general strike. All shops are closed. Not even the call to prayer from the mosque is heard. On the empty streets only an occasional lone passerby (probably of non-Albanian nationality) and, naturally, groups of policemen, who today have absolutely nothing to do and are killing their boredom with difficulty. With a driver and an escort (whose names I dare not mention) I pass Trnava, where last week large forces of policemen surrounded the village. There was shooting, too. Passing by the home of the just-married Fatmir Ukaj, I ask about his condition. He is one of the ten young men who have been seriously wounded in this year's demonstrations. He was recovering in the Ljubljana Hospital Center. Now he lies completely immobile. The flesh is falling off his feet. But a large sum of money must be paid to the Hospital Center, but there is no one to pay.

#### Tuesday, 4 September

*0500 hours.* I sit on the balcony of my house. I smoke and have coffee and a little glass of domestic Kosovo brandy. I think about the difficult, unforeseeable consequences of the total Serbian occupation of Kosovo, nine tortuous years for the Albanian people. No world war has lasted that long. Everything is getting worse. I have the impression that there's still great unhappiness in sight, as if there's a smell of gunpowder. Lord, Lord, the premonition is bothering me that some forces are pushing for a third Balkan war in order to find once again the main guilty party in the Albanian people, which, to tell the truth, have never threatened or subjugated anyone in all of history, but have only struggled for their biological and national existence. What times! There are no more rightful—faithful—heirs of that golden pleiad of Serbian

greats—Tucovic, Novakovic, Lapcevic, Popovic..who would decisively oppose the extreme madness that is leading right into the abyss.

*0700 hours.* I awake the young Dritan. He's beginning the first day of the new school year. There's no more laughter and childish joy in my 13-year-old son and all his colleagues. Both the one and the other have been destroyed by tear gas, poisoning, the noise from air force planes, tank treads, fights, mistreatment, and the wounding and killing of his little friends and girlfriends.

*0900 hours.* I find out that in some schools Albanian children are not permitted to sit on the benches, since morning instruction is reserved for pupils of the authorized, ruling Serbian nation. Isn't this discrimination in the field of education similar to conducting the policy of apartheid in the Serbian way!

*1000 hours.* The meeting of the Council for the Protection of Human Rights and Freedoms in Pristina, with the three-member delegation of the Helsinki Federation based in Vienna. Members of the Council—Nekibe Kelmendi, Zenun Celaj, Ymer Jaka, Dervish Rozhaja, Vehap Shita, Bejram Kelmendi and others—present notorious facts on the brutal—unseen—violation of basic human rights in all sectors of life. Mrs. Christine von Kohl pales and finally admits that she feels ill.

*1930 hours.* The second program of daily news from TV Belgrade. And the general strike in Kosovo is attributed to the action of Albanian separatists! Really!

#### Wednesday, 5 September

A group of workers from the Automotive Union of Kosovo, discharged from their jobs because they participated in the general strike, comes to my office. They received the decisions, naturally, in Serbo-Croatian. The equality of the alphabet in action! They bring me the son of my closest relative. He can hardly say what happened to him last night after 2000. He takes off his blue jeans. Two policemen kicked him with their heavy boots in the genitals. His penis is black as coal. According to his statement, the forensic physician Fadil Batalli could not examine him because two colleagues of non-Albanian nationality supposedly had to be present. A second case. A worker from the village of Gacko near Urosevac was taken to the police, beaten until he was helpless, and after hearing many insults because of his national affiliation, was finally brought to a violations judge, only to be released without sentencing because of lack of proof. Doctors from Urosevac fared still worse. They were apprehended, beaten, and each sentenced to 60 days in jail, and were then immediately ordered to serve the sentence, because they were caught at a meeting of their independent trade union, which is still illegal to the Serbian police.

*1300 hours.* My goddaughter, an English language teacher, comes to see me. Practically nothing remained of her earlier charm. On her face—great concern, apathy, you could say sorrow. Right after she left, they tell me

that the members of the delegation of the Helsinki Federation, Barend Cohen, Christine von Kohl and Feig Caritan, together with Dr. Bujar Bukoshi, a member of our Council, were brought to the police station in Prizren. After being detained for several hours at the police station, the "uninvited guests" received an explicit order to leave Kosovo immediately. What can happen with the human rights of the ordinary man when members of an international human rights organization are mistreated in this way!

*2000 hours.* Dobroslav Paraga and Ante Paradzik, accompanied by the lawyer Hasime Istrefi, visit me. We talk freely, without any reservations, about current topics: political parties in Croatia and the role of the intelligentsia, the status of Serbs in Croatia, the case of Knin and, in that context, relations between Croatia and Serbia. I ask Paraga whether the situation can soon lead to some sort of compromise or gentlemen's agreement in relations between Zagreb and Belgrade, one involving a third party, since Croatian political leaders made such compromises before only to be cheated in the end and get the worst of it. I posed the same question to my respected acquaintances in Zagreb. I did not get a specific answer.

#### Thursday, 7 September

Having passed a bad night, I somehow get myself together, rise and sit at the worktable to continue the diary. An overcast morning. I look out the window: A light, cold rain is falling. A real autumn. It was just at this time of year that my father died of severe tuberculosis, leaving behind him a wife and four small, unprovided-for children. In my pre-1966 police file is a notation that my father, Murteza, actively collaborated with the occupying forces in World War II. Poor father, he died precisely at this time of year in 1939, after which Italy occupied my motherland—Albania. I listen to Chopin and Dvorak.

*1700 hours.* Doctor Ymer Jaka, a member of the Council, informs me by telephone about still another unseen spurt of brutality by the Serbian police: On 3 September at 2300 at the Department of Surgery of the Medical Faculty in Pristina, the police threw out nurses of Albanian nationality from the second shift, who could not go to their homes because of the interruption of traffic. The father of a small child, who was lying with his son in the hospital to keep him company, criticized the policemen for treating the nurses that way. Three policemen beat up the unfortunate father in front of his child, and when they presumably got tired, five others came and continued the beating. The poor parent ended up in the emergency room, and when he barely regained consciousness, he was ordered not to have any contact with reporters.

#### Friday, 8 September

I can never finish this diary. New "clients" come constantly, working men and women dismissed en masse

from their jobs, mistreated people and people beaten up, old and young people, artisans hit with heavy fines for participating in the general strike, many whose shops were closed six to 12 months. It is quite clear that the Serbian leadership has provided in its strategic plan for rendering the Albanian people helpless and driving them to economic misfortune and starvation in order to neutralize them and force them to accept any solution.

The telephone still rings. Complaints, complaints without end. My blood pressure is again rising. How much can my poor, unprotected people, who have been placed outside any law, deprived of all basic human rights, subjected to unseen violence and state terror, withstand and atone for.

*1000 hours.* Today I must send off the text of this diary. It's due at 1300. What will I do! I must drop in on my old friend Vehap Shita. As always, he salvages the situation and types the text. His wife, kind and hospitable, has brewed coffee for me and prepared lunch.

#### Activities of Albanian Separatists in Macedonia

*90BA0335A Belgrade INTERVJU in Serbo-Croatian  
31 Aug 90 pp 59-61*

[Interview with Jovan Trpenoski, SR [Socialist Republic] Macedonia secretary of internal affairs, by Marko Lopusina; place and date not given: "Albanian Separatists Are Taking Over Macedonia"]

[Text] When following the incidents at the Prohor Pcinjski Monastery on 2 August, a group of Macedonian citizens asked to see Jovan Trpenoski, Macedonian minister of internal affairs, the secretary of the RSUP [Republic Secretariat for Internal Affairs] avoided meeting them. He sent them to the chairman of the Executive Council of Macedonia, since he felt that the "Pcinjski case" was a political rather than a police problem. That is Trpenoski's opinion even today.

"The incidents that occurred at Prohor Pcinjski Monastery are only a consequence of the disrupted political relations between Macedonia and Serbia. I feel that this issue ought to be resolved by the leading politicians of those republics. Macedonia has no need of any conflict with Serbia, including this conflict concerning Prohor Pcinjski Monastery. Certain party leaders in our Republic and indeed also in Serbia are insisting on this, thereby creating tension in interethnic relations. The sooner this case is resolved, the better it will be for all of us."

[Lopusina] What actually happened in the monastery on St. Ilja's Day, and to what extent did the Macedonian police take part in that incident?

[Trpenoski] It is well-known that for years Macedonians and Serbs have gone to the monastery on St. Ilja's Day to celebrate our Republic holiday. In time, this grew into a joint meeting. Because of the increasingly committed activity of the new parties this year, both the VMRO

[Internal Macedonian Revolutionary Organization] and MAAK [Movement for All-Macedonian Action] announced that they would come and promote their political programs in that monastery. We in the RSUP judged that there could be a conflict with parties from Serbia, and the week before the meeting we so informed Radmilo Bogdanovic. In a conversation with Bogdanovic, we jointly arrived at the conclusion that we should prevent any disruption of public peace and order in Prohor Pcinjski Monastery. Since the monastery is located on the territory of SR [Socialist Republic] Serbia, we did not have the jurisdiction to secure it. That was the task of the Serbian RSUP, which our police from Kumanovo went to help. Members of the MAAK stopped briefly at the monastery. They read their proclamation and went off to Holy Salvation Monastery in Skopje. That was followed by the arrival of members of the VMRO, who refused the request by the police from Bujanovac and Vranje to put back in the bus the flags they were carrying and to stop singing. They were beaten on that account.

[Lopusina] The Macedonian delegates in the Federal Assembly, although they know what was involved, are demanding more complete information, but also responsibility of the Serbian RSUP, but not of members of the VMRO.

[Trpenoski] We have sent our report to the Executive Council. The Serbian RSUP has issued its statement in the meantime. I do not want to make a judgment about that incident until all the facts are established and until the decision is made in the Federation concerning the incident at Prohor Pcinjski Monastery. I believe that the incident did not have to occur if there had been more respect for the sentiment which Macedonians feel for St. Ilja's Day. But I also think that the Macedonian parties should not use the emotional excitement of Macedonian citizens to spread anti-Serb hysteria.

[Lopusina] The leaders of the VMRO immediately called upon the Macedonian Government to take "revenge," but it also called upon you to pull your policemen out of the Joint Detachment of the Federal SUP [Secretariat of Interior Affairs] in Kosovo. What do you think about that proposal?

[Trpenoski] Macedonian police can be withdrawn from the Joint Detachment only by the SFRY Presidency. I am not competent to do that, and the leaders of the VMRO should know that. Slovenia and Croatia have withdrawn their units from Kosovo in spite of the decision of the state presidency. I do not want to do that, although I know that if the SFRY Presidency were to decide on that, it would respect my opinion. Now that the measures of SR Serbia have been instituted in Kosovo, I feel that the conditions have come about for cessation of the commitment of the federal police detachment in that province. Our detachment is in Urosevac. I have been there twice and seen that the Macedonian police are performing their part of the job superbly. The cooperation with the police from Serbia

and indeed from Slovenia and Croatia, while they were in Kosovo, has been very good. Along with colleagues from Serbia, for example, we uncovered several channels for the smuggling of drugs and weapons in Kosovo. When it comes to the security of the SFRY, there are no republic boundaries for the police.

[Lopusina] Last month, your personnel in Skopje and Kriva Palanka arrested two groups of Albanian smugglers of drugs intended for the Belgrade market. Ljatif and Jasminka Crnoveri from Pristina and Cemile Berisa from Kosovska Kamenica were in the first group, and Feta Muaremi, Amza Mustafi, Sefki Skenderi, Rabilj Jahija, and Serif Alija from Tetovo were in the second.

[Trpenoski] For years now, Macedonia has been the principal Balkan channel for smuggling drugs from Turkey and Greece for Italy, West Germany, and even the United States. In the Macedonian RSUP, there is a special department for combating drug smuggling which has been performing rather well. Almost 90 percent of the smugglers captured have been Albanians from Kosovo and from Macedonia who work as couriers for Turkish employers, but also for certain Albanian criminals. Some of the money they earn smuggling drugs is invested in smuggling weapons and gold, but also to finance the Albanian separatist movement in Yugoslavia.

[Lopusina] For many years, you were Macedonia's public prosecutor, and in that post you were already involved in criminal prosecution of Albanian nationalists in the Republic, nevertheless, even today it is rather aggressive in Macedonia.

[Trpenoski] Albanian nationalism has been active for almost 30 years in Macedonia, that is how far back the separatist dream about creating a great Albania goes in this area. The activity of Albanian separatists has not been dying out over that time in Montenegro, Serbia, or in Macedonia either. It is just that the forms of their activity have been changing. In the 1960's, they operated underground, but later operated legally through government bodies in which many Albanian nationalists were employed on the basis of ethnic quotas, without a real selection. Only after the unrest in 1981 was the activity of the Albanian separatists spoken about publicly in Macedonia. A political differentiation was even carried out, but only partially. So today, especially in education, we have quite a few Albanians whose outlook is nationalistic. The largest numbers are in Tetovo, Gostivar, Kumanovo, and Struga. They have been driven out of our schools, they have moved to Kosovo, and they found jobs there. Today, those people and those from Macedonia who think like them are demanding a review of that political differentiation and reinstatement of the Albanian nationalists who were discharged. With the establishment of the new parties, Albanian separatists are more and more frequently legalizing their activity through their political work in the field. They are aided in this by the leaders of the so-called Kosovo Alternative, who have visited Tetovo on several occasions. I must

say, for example, that the Party for Democratic Prosperity in Macedonia whose members are mainly Albanians, does not have separatist provisions in its program. However, at founding assemblies of this party in rural settlements the leaders of this party have been fanatically calling upon the membership to support demands for Kosovo to become a republic, for unified Albanian territory in the SFRY, and for separation from Yugoslavia.

[Lopusina] The Macedonian public is aware of the fact that at one time Redzep Cosja and also Dr. Ibrahim Rugova and Dr. Zekerija Cana, and even Kacusa Jasari and Hisen Ramadani gave their support to separatists and their sympathizers in Macedonia. It is even assumed that Nezet Halili, leader of the Party for Democratic Prosperity, formed that party under the influence of separatists from Kosovo.

[Trpenoski] Everything that the separatists do in Kosovo is repeated a month later in western Macedonia. At the moment, Albanian nationalists in Tetovo, Gostivar, Kumanovo, and Struga are organizing a campaign for reconciliation of feuding families, which is only a front for separatistic indoctrination of Albanians in Macedonia. They are also making an effort to collect money to help Albanian workers from Kosovo who have been arrested or are unemployed because of active participation in the separatist movement. Signatures are also being gathered on a petition supporting proclamation of the Republic of Kosovo in Pristina by street demonstrations and also demands to open ethnically pure secondary schools and university schools for Albanians in Macedonia and for recognition of the Albanian flag and Albanian citizenship.

[Lopusina] To what extent are Albania and its intelligence service Sigurimi involved in the spread of Albanian separatism in Macedonia?

[Trpenoski] According to what we have learned, Albania has not ceased to claim Macedonia even today. Its secret service Sigurimi has for years been operating abroad exclusively against Yugoslavia. At the moment, the top officials and agents of Sigurimi are interested in the situation in Kosovo and in Macedonia. Especially in our party pluralism and the upcoming elections, since they believe that if the Albanian separatists take power in Kosovo and in western Macedonia, this offers them a historic chance to create the so-called great Albania. The activity of Sigurimi is especially strong in Tetovo.

[Lopusina] According to the figures of the Federal SUP, the largest number of refugees from Albania, some 60 of them, entered Yugoslavia through Macedonia. Why? Is this a sign of poor security of the Yugoslav border in that Republic or of intensified activity of Sigurimi?

[Trpenoski] No, it is simply that the configuration of the terrain in Macedonia is such that it makes it easy for Albanians to flee to Yugoslavia. Most of them have illegally crossed our border on Lake Ohrid near Sveti Neum and Struga, and then also in the vicinity of

Gostivar. These are young people who have had a hard time and who are fleeing poverty and police prosecution. Among them, there are probably Sigurimi agents as well as dangerous criminals. Under the international convention, we sent three Albanians back to Tirana. According to our information, there will soon be major changes in Albania. Ramiz Alija will not remain in power, and we therefore anticipate a sizable wave of Albanian refugees.

[Lopusina] In recent years, there has been a strain in relations between Macedonia, which is also to say Yugoslavia, and Bulgaria and Greece because the Macedonian minority in those countries is not recognized. To what extent have the disrupted relations intensified the efforts of the intelligence services of Bulgaria and Greece toward Macedonia?

[Trpenoski] Bulgarian and Greek agents have never ceased working against Macedonia. At the moment, members of the state security are greatly interested, for example, in information about a possible connection between the pro-Macedonian organization "Ilinden" in Bulgaria and Skopje. They are seeking evidence that Macedonia had a direct influence on establishment of that organization in Sofia, which is not true at all. The Greek secret police, on the other hand, is interested in learning who were the organizers of the protest rallies of Macedonians on the Yugoslav-Greek border and what their future plans might be. Because of the unresolved issue of Macedonian minorities in Greece and Bulgaria and also because of explicit territorial claims, Macedonia will continue to be of interest in the future to secret agents of those countries.

[Lopusina] To what extent does Macedonian nationalism give you headaches?

[Trpenoski] It can hardly be said that we have ordinary Macedonian nationalism in our country. On the one hand, there is revanchism toward Albanian nationalism and on the other overemphasized Macedonian national sentiments. The security situation in Macedonia is relatively stable today, although it is burdened with intensified interests of the parties in the elections. The political programs of the new Macedonian parties do not have a nationalistic orientation. It bothers me, however, that the public statements of certain party leaders in Macedonia are charged with anti-Serbism, anti-Yugoslavism, and chauvinism. Nor do I agree with the statements of leaders of the VMRO who favor unification of Macedonians to form a great Albanian state in the Balkans.

[Lopusina] The leaders of the new parties in Macedonia have been speaking with quite a bit of bitterness about the LCY [League of Communists of Yugoslavia] and about the Macedonian LC [League of Communists], but also about law enforcement agencies. Recently, during celebration of the anniversary of the death of Metodije Andonov Cento, former Macedonian premier, the RSUP was indirectly accused of being the long arm of Belgrade together with the party. What do you think about this

case of persecuting a man who thought differently from the federal and republic authorities?

[Trpenoski] I would not comment on the Cento case, since I never knew him personally and since this case is in the jurisdiction of the Macedonian public prosecutor, Marko Bundalevski, now that a petition has been filed to reopen the trial. I can note, however, that because of the gap between the normative and the real, but also because of the ever greater democratization of society and the public, the RSUP has come under close scrutiny of both public opinion and the political parties, and indeed of those government agencies which are supposed to protect us. Certain foreign leaders and also certain officials are hoping to earn a few political points with the public and the voters by criticizing the police. I think that in Macedonia we should depoliticize the police and turn it into a professional and specialized service which operates under the law and the Constitution to preserve the system and public peace and order. Were I responsible, I would already have abolished the basic organization of the League of Communists within the RSUP. But I am not, so that this has to be done by our founder, the Republic Executive Council. That kind of depoliticization of the police has been carried out in Slovenia and Croatia, immediately before the multiparty elections. This also should be done in our case so that people would not think that the Macedonian RSUP is continuing to conduct the policy of the League of Communists or of the Party for Democratic Transformation.

[Lopusina] Slovenia and Croatia even abolished the political police. The Federal SUP also intends to do this by disbanding the Department for Internal Enemies of the State Security Service. Do you and the RSUP also intend to abolish your seventh administration?

[Trpenoski] The State Security Service is unified, so that we in Macedonia cannot reorganize the SDB [State Security Service] without consent of the Federal SUP. Croatia and Slovenia have abolished the political police on their own. At the moment, there is an intersector group working on reorganization of the SDB which believes that the SDB must cease to be a professional service for investigation, intelligence and counterintelligence, and suppression of political violence. That reorganization abolishes what bothered people the most and has caused a great deal of harm to the prestige of the SDB: giving assessments of people's suitability who thought differently from the party in power. It is well-known that the SDB was the steel fist of the LCY and that it operated by order of political authorities rather than government authorities, prosecuting people who were "against." The classification of those people into liberals, anarcholiberals, nationalists, chauvinists, dogmatists, was done by politics, and the SDB merely prosecuted them. Now that the opposition is legalized, the State Security Service has no need to concern itself with people who think differently. It will thus concern itself with preventive protection of the sociopolitical system and of the country as a whole. The reorganization of the SDB and abolishing the political police are a

necessary step toward democratization of the SFRY which will occur in all the state security services of the republics and provinces, including Maedonian SDB, after it has taken place in the Federal SUP.

[Lopusina] What do you think about the demands of the new parties to destroy the files of the SDB on figures in Macedonia and Yugoslavia who until recently were politically unfit?

[Trpenoski] I favor reorganization of the SDB, public scrutiny of operation, and the destruction of anything that represents ballast for this service and the RSUP. There are not many files in the Macedonian SDB. At least I have not seen them. I must say, however, that many people are not sufficiently familiar with the work of the SDB and therefore have a wrong opinion of some of its methods. Even I, as a prosecutor, over long years had certain misconceptions about the SDB until I gained better familiarity with this service as the minister of police. It is often thought, for example, that the personnel of the SDB abuse the methods of wiretapping so-called unfit citizens. I have been assured that this is almost impossible, since the decision on wiretapping is made by at least five persons and implemented by 10 persons, and even then the period of time is limited. Telephone operators in the PTT [Post, Telegraph and Telephone] eavesdrop much more on our citizens, for example, than the personnel of the SDB.

[Lopusina] It is noticeable that an ever increasing number of people are leaving the police and either retiring or going into some other profession. Is this also happening in the Macedonian RSUP?

[Trpenoski] It certainly is. This is being done mainly by young people who have qualified for a pension with service that for pension purposes is multiplied by a factor greater than one. The reasons for this flight from the police vary. Many are doing this because our work has become unpopular. The pay is poor, and the job is rather difficult. What is more, people are increasingly subjected to criticism, but also unjustified attacks for something that the police did even before they were born. The young policemen do not want to take that responsibility, which belongs to someone else. Some of them have left the RSUP to go into private business or work that brings them greater prestige and more money. Fortunately, departures from the Macedonian police are not large-scale, and that is why they do not worry us.

[Lopusina] It is said that perhaps you will be the new federal secretary for internal affairs, since under the old Yugoslav quota system it is Macedonia's turn to delegate the police minister of the SFRY.

[Trpenoski] Everything depends on the new multiparty elections and the balance of political power after the vote in the fall. I personally do not want to be federal minister of internal affairs. I prefer judicial matters and am more familiar with them. Since we live in a time of general uncertainty, it is difficult to plan anything realistically today, least of all a post in the Federation!

[Box, p. 60]

**Tupurkovski Without Security**

It is not exactly in accordance with regulations that certain party leaders should have personal security. To be sure, as president of the Republic of Croatia, Franjo Tudjman is provided with official security, but this is not allowed to Vuk Draskovic and Vojislav Seselj. So in Macedonia not a single leader has security, not even Petar Gosev, since the RSUP no longer guards the leadership of the Macedonian LC. The building of the Macedonian LC Central Committee is guarded by members of that party. Draskovic and Seselj have bodyguards because they live in fear, because they feel personal insecurity. We in Macedonia officially guard the president of the Presidency of SR Macedonia, the president of the Macedonian Assembly, the chairman of the Republic Executive Council, and Vasil Tupurkovski, member of the SFRY Presidency. These people find the security more trouble than it is worth. Tupurkovski, for example, went on vacation to Greece with his family and without a bodyguard. Since I have been republic secretary, there are no longer guards for the villas of prestigious officials such as Lazar Mojsov, Kiro Gligorov, Lazar Kolisevski, Krste Crvenkovski in Ohrid, nor of Milan Pancevski, Bora Denkov, and Jovan Lazarevski in Struga.

**Serbian Land Restitution Law Discussed**

90BA0335B Belgrade NIN in Serbo-Croatian 7 Sep 90  
pp 26-27

[Article by Rajko Djurdjevic: "Why Poverty Has Become More Expensive"]

[Text] The peasants, they are the deceived segment of humanity! In our context, a special ideological war which has worsened even the position they had has been waged against them and against agriculture in general for half a century. "Dekulakization," a term from the revolution, caused quite a bit of legal commotion to settle accounts with all the values of both rural areas and the peasants. It is not just a question of the extremely harsh action of the state and government authority. Deprived of an elite, agriculture, that natural foundation of the community, has lost its prosperity. In essence, this is the greatest pity of our entire destiny. The concept of the Serbian householder has been destroyed. Economically no longer master of his house, spiritually off balance, the peasant has ceased to be the epitome of those diligent virtues on which the state survived for centuries.

All the measures of official policy since the war in this area have simply taken the country further away from the geographic context of Europe. They have been directed in a quite opposite direction. Denmark carried soil in ships and created areas of farmland. Holland defended itself with dikes against the harmful effect of the sea. Switzerland has brought to the highest point of agricultural cultivation soil which was full of salt and on which even the worst weeds would not grow. Yugoslavia has been destroying its most fertile areas with all the

ferocity of ideological commitments. European experiences of fighting for fertile land have been neither an obligation nor a concern for us. But in spite of the splendid natural conditions, we have an agriculture that is backward and extensive, which produces the most expensive food in Europe and has been spreading the general poverty.

Serbia today, at the crossroads of great change, is ready to carry out a consolidation of this sector of the economy. The economic reform that has been initiated in the direction of market-oriented economic activity is impossible without a powerful reform of agriculture. Creation of the law-governed state inevitably embraces regulation of the right of ownership in agriculture, and, insofar as is possible, correction of lawlessness from past decades.

**A Return to Tradition**

Public officials in Serbia prepared the other day a law on returning land to the peasants which represents the most radical change of direction. According to this bill, land will be returned that was taken away by the 1953 Law on the Land Stock and those areas which the state confiscated because of undischarged obligations of the "voluntary purchasing."

According to the first estimates, on the first basis alone, previous owners or their heirs will be given back 180,000 hectares. There are no precise records on the land confiscated on the second basis, and this still has to be determined. In the meantime, the socialized sector, which possesses that land, has been prevented from alienating it in any way whatsoever. Serbia is guaranteeing these measures as a state.

The essence is that this is a job that can be performed, since the reference is to land which is socially owned and constitutes a portion of the arable land. That will avoid the possibility of compensation in money, which would not be in the spirit of the entire idea.

The return of land to its owners represents restoration of confidence in the law-governed state. Confident that their fields are inviolable, young people can make plans and settle down in rural areas. In essence, what is being restored in Serbia is what they have managed to preserve in Europe: family households in rural areas.

In Serbia, regardless of everything that has happened, there is still a strong tradition of ties to the land and to rural areas. The renewal of Serbia's rural areas has greater importance than the problems of agriculture's development. The existence of half of the Serbian population, wherever it might live, is entirely or partially bound up with rural areas and peasant farms. The political decisions contained in this conception, which is highly controversial, also place special emphasis on its importance. People are aware that the most massive persecution of Serbs from Kosovo and Metohija occurred precisely through brutal abuse of establishment of farms by the state. They had no real economic basis,

and that in fact was not even their purpose. The plan for return of the population driven out, the full legal satisfaction of those people, is actually bound up with elimination of the abuses that drove them away. Viewed more broadly, without legal solutions concerning the position of peasant farms, neither economic nor political solutions are possible in Kosovo, Vojvodina, and the south of Serbia. All the substantial states in the world provide direct incentives for rural life in their border areas. In past decades, processes have been taking place in the opposite direction in our country. Those areas have become deserted, and after all the experiences we cannot consider them to have been an accident.

It is self-evident that money is necessary for real improvement of working and living conditions in rural areas. There already exists the draft of financial solutions to be carried out by Agrobank. Investments of our workers abroad and especially the capital of the International Bank for Reconstruction and Development constitute substantial resources.

#### **Discouragement of Fragmentation**

Under the new conditions, every peasant household can operate as a legal entity! This by no means implies abolishing the cooperative, nor preventing new ones from being established. But for the first time the peasant is not required to obtain "cooperation" in which all the cooperative took from him was a mere commission. The peasant farm can do business as an independent enterprise and use all those privileges in the purchase of machines and implements which the cooperative and agricultural organizations have had. He can sell his goods in the same way and even figure as an independent exporter, without any middleman whatsoever.

There are realistic computations that under those new conditions Serbia can increase its present exports from \$300 million to \$2 billion a year.

The products of the food processing industry are being exported to 54 markets in the world, but 95 percent of total exports go to 25 markets. This is an immense opportunity that has gone unused!

The question is who will own the 6 million hectares of Serbia's arable land? The strategy for developing the rural farm in which there is only one member of the household does not mean abolishing the socialized sector. In places where the combines are no longer in a situation of establishing themselves economically, the land can be leased to private individuals. The state farms are being abolished by law, but the market imposes new principles for their existence.

Land that has been left uncultivated represents a special problem. It is not so much for the law and regulations to deal with abandoned plots as it is a question of incentives. In any case, this is a problem that demands more long-term solutions.

Many political programs are emerging today on Serbia's political scene. Certain parties have included the words "rural" and "peasantry" in their names. With respect to returning the confiscated land to the peasants, radical programs are being offered which do away with all previous confiscation of land and all the agricultural reforms. It is incomprehensible that those parties should forget the history and essence of the agricultural reforms in Serbia. The first agrarian reform was carried out by Prince Milos, who put together some of his swamps and took the rest from the richest landowners, "let even the peasant know that old Milos is thinking of him." The agricultural reforms in Serbia have been carried out on various bases and with various motives depending on the area and time in question.

There remains the difficult question of the relations between agriculture and federal habits. For decades, the peasant has had to provide food to develop industry and tourism for a trifle. This one-sided development, that ideological industrialization, has destroyed both him and agriculture.

Serbia has made implementation of the second package of measures of the federal government conditional upon solution of the urgent problems of agriculture. In June, Serbia stated resolutely that there are some things it will not do. It naturally is against many of those things, from the way in which the commodity reserves have been arranged to those shocks whereby wheat is imported before the harvest of wheat and corn before the harvest of corn. Imports considerably exceed exports of food in their volume, content, and value. The support prices and guaranteed prices are also a complicated question. It would be difficult to enumerate all the blows and all the bruises. And the present government of Ante Markovic is taking up the position of the old guard. Leave to one side the recognizable habit of a leader who is as far from the people as the sky is from the earth. A much more interesting question is who ordered the two secretariats—for the market and prices—to terminate any cooperation with those responsible for agricultural affairs in Serbia?

The peasants, they represent the deceived segment of humanity. But even deceptions are mortal.

#### **HDZ Attacked for Stifling Democracy, Opposition** *91BA0005B Zagreb DANAS in Serbo-Croatian* *18 Sep 90 pp 24-25*

[Article by Dr. Branko Horvat, professor: "How the New Government Is Governing"]

[Text] After several months of preparatory effort, a group of mainly young Croatian intellectuals—that is to say, Croats, Serbs, and Yugoslavs from Zagreb—established the Association for a Yugoslav Democratic Initiative (UJDI) in early 1989. The initial members of the UJDI were mostly reformers from the Croatian LC [League of Communists] and former members of the



Croatian LC who left the ruling party because of fundamental disagreement with its undemocratic methods. The UJDI was the first independent democratic political organization in Croatia (aside from the Socialist Alliance which was mandatory by law), and then later in all the republics and provinces. It was only after the UJDI made the breach in the one-party system that the establishment of various parties followed, among them the HDZ [Croatian Democratic Community]. Those parties (just as in Slovenia) were established within the prescribed Socialist Alliance, which in terms of basic principles was a case of opportunism, but in my judgment that opportunism was politically justified at the time. Registration of the UJDI was rejected by the altogether sovereign Croatian Government on the advice of Croatian lawyers. The Federation had no part whatsoever to play in that. Later, the police filed proper charges against the leading figures in the organization (the chairman of the Council and the Executive Board), on which they were later tried. As a factual matter, that was the beginning of the democratization of Croatia. But that is not, of course, the whole story.

Under the pressure of the democratic public—and all the newly established parties took part in this—along with reformers within the Croatian LC, a resolution was adopted in the 11th congress of the ruling party to undertake free elections within the legally prescribed time. Then the reformers within the Croatian LC put pressure on the bodies of government to replace the election law that had already been adopted with a new and democratic law. UJDI-ites again took part in drafting the new law and in the discussions in the Assembly, as did representatives of the other parties, except that there was no one from the HDZ. Everything was in place when the HDZ came along.

In the free elections—actually the first real democratic elections in Croatian history—which were prepared by the reformers from the Croatian LC, the party that had ruled until then was defeated, and the HDZ received the greatest number of votes. This was proclaimed to be plebiscitary support. Wrong again. It is not a question of that party having received only slightly more than 40 percent of the votes of the electorate, so that there can be no question of any plebiscite, but of something else.

Even today, the HDZ still does not have its own program, so that the voters could not have been voting for the party's program. It is well-known that they did not vote for personalities either, since the party's candidates were anonymous as far as the public was concerned. The HDZ's success in the election was the result of three factors: (1) The Croatian LC, which was in power, made so many mistakes over the last two decades of its rule that it had not only lost the confidence of most citizens, but had evoked growing discontent. In a democracy, political mistakes are punished by removal from power. The citizens of Croatia did this in radical fashion. In doing so, they favored a party generally thought to have been the extreme opponent of the Croatian LC, therefore offering the greatest guarantee of preventing the

Croatian LC from continuing to rule with its old undemocratic methods. (2) The professionally conducted election campaign also undoubtedly played a significant role. The HDZ organized that campaign far better than all the other parties. (3) Finally, the HDZ also had a powerful helper whom the parties did not have. The reference is to the regime of Slobodan Milosevic. Nationalistic regimes are usually complementary and depend on one another: the more they attack one another, the more necessary they are. The terror in Kosovo, Milosevic's attempts to achieve domination over the LCY [League of Communists of Yugoslavia], manipulation of the federal Presidency, the unceasing campaign of provocation and slander from the orchestrated press and Radio-TV, and the wretched silence of officials of the ruling party in Croatia, convinced Croatian voters that they should elect someone who would fiercely oppose the aggression of Milosevic's ethnic Bolsheviks. Those are the facts, not my own value judgments.

But I will not shy away from unambiguous expression of my own position either. A slight digression is justified on that count. One often hears, and I personally have received such criticisms, that "power should not be given up peacefully to the nationalists." On one occasion, Ivan Siber responded to that reproach in accurate and pregnant fashion: "The Croatian LC never surrendered power to anyone; at the end of its term, the government was restored to the people to whom it belongs, and the people then elected the one whom they considered better." The democratic changes did not occur too early, but too late. The situation in Serbia shows what would have happened if we had waited longer. Objectively, the orientation toward democratization has been possible ever since 1974, when the federal Constitution afforded Croatia what in practice is full political independence. But that opportunity was not taken because of the resistance of Bolshevik elements in the Croatian government structure and because of the opportunism and democratic immaturity of the Croatian intelligentsia.

I personally expected that the Croatian LC-PDC [Party of Democratic Changes] would get one-third of the votes in the election, and I think that it is more than a good thing that it received still less, so that the Croatian LC did not emerge as the strongest party. I would even welcome some Serbian Dr. Tudjman who in the upcoming Serbian elections would do an equally good job of shaking the ruling party there and removing it from power. There are at least two strong reasons why this benefits the interests of democracy and socialism.

It is necessary to a balanced and healthy political life that citizens also see the other side of the coin. And in the present situation a change of government had already been long in coming. And second—which might be viewed as my personal reason if political life in general were not developing in this way—only the violent cloud-burst of an election could have initiated transformation of the Croatian LC into the SDP, into the Socialist Democratic Party. Freed from the burden and responsibility of running the country, the SDP will take the



democratic-socialist transformation to the end. I am not interested in the party as a party, but in the interests of democratic socialism in Croatia and Yugoslavia and in those who can and want to achieve it. I have been working for that kind of transformation over the last two decades within the party without success, and there has been the usual unpleasantness and chicanery. The HDZ came to power at a time when economic activity was declining, citizens were hardly making ends meet, and real personal incomes had fallen to the level of a quarter of a century ago; the unemployment of Croatian young people was on the rise, which in its demoralizing effects must have disastrous consequences for the Croatian people; enterprises were going into bankruptcy; specialists and scientists, who should carry future development forward, were going abroad, and Croatia was slowly sinking into the swamp of Balkan poverty and primitivism.

One might have expected that from the first day the new government would devote full attention to those bread-and-butter issues of its people. Nothing of the kind.

The new government is not even able to halt the fires which are raging along our coast more than ever. It seems that the good organization of the European Gymnastics Championship in Split is the only constructive result which we can record over the first 100 days. Its entire energy is being expended on purging the personnel in television, on redesigning the flag, on establishing whether the crest will begin with a red or white field, on linguistic archeology, and on infinitely empty verbalism concerning sovereignty.

There is no question of real sovereignty, nor can there be, since a poor and divided country—in the Balkans just as in Africa—can only wave its flag and beg for charity from its well-off neighbors. (It is difficult to ascertain from the successive trips of the peddlers, by which I mean the foreign ministers from Belgrade, Ljubljana, and Zagreb, to the United States, whether they arouse in their hosts more goodwill or pity.)

As for the unending repetition about the national state and sovereignty of the Croatian people, it has to be said that Europe has seen the national states of Mussolini's Italy, Hitler's Third Reich, Franco's Spain, and Salazar's Portugal. There are no national states in present-day democratic Europe, but there are the states of all citizens that have citizenship regardless of nationality. One can speak only provisionally about a national state with reference to the parent state of some nationality. Croatia is obviously the parent state of the Croatian nationality, since that is in its very name, and Serbia of the Serbian nationality, and in that context there is no need to mention the other nationalities that live in those states. But then the concept of sovereignty creates an additional misunderstanding. If the Croatian people is sovereign, and by the nature of things there can be only one sovereignty, then all the other nationalities are second-class citizens, and that, of course, is not a democracy. But it is not the nationality that is sovereign, but the

population; that is, all citizens regardless of nationality. And that in turn means that all citizens are equal in every respect.

This is where the constitutional amendments come in. They were not adopted after a wait of 900 years, as one of the leaders of the HDZ declared, but without any wait whatsoever, with altogether unnecessary haste.

The star was removed from the Croatian flag and the chessboard inserted. The reason given was that the star is an ideological symbol. That simply is not true. The communist symbol was the sickle and hammer. When many years ago my father and I put stars on our caps and went off into the forest, we were not Communists at that point, and what is more I did not even know what communism was. We did that as patriots, just as many other people did. The star symbolized the fight against the occupier, the opposition to fascism, and brotherhood among people and nationalities.

There is even an element of humor in the explanation that the purpose for removing the star is to arrive at a "true national flag." Here, it is a question of the flag-makers being uneducated. That is, the oldest Croatian crest contained a star, and there are indications that the Croats brought it with them from their original homeland. But the motives behind the removal are not comical.

If only the star had been removed and we had thus returned to the old Croatian flag from 1848, when the tricolor was devised from the red and white Croatian flag and the white and blue Slavonian flag, the former Partisans would observe with nostalgia that their sacrifices as youths were no longer held in high esteem and that would have been the end of the matter. But the Partisan flag has not been replaced by the flag of the people, but by the flag of the HDZ, i.e., by that flag which the HDZ has been using in its assemblies. This imposition of its party flag as the flag of the State of Croatia is arousing resistance and evoking determination to put things back in place in the next elections. But that is not a good thing for democracy. A state which changes its Constitution from one election to the next is not a state to be taken seriously.

The amendments concerning the two-thirds majority are another matter. A qualified majority is required for enactment of a constitution. Not to make adoption more difficult, but to ensure that the right solution that satisfies the majority and which therefore will become permanent has really been found. A qualified majority in other votes signifies protection of the right of the minority (and not obstruction of the Croatian Assembly, according to the explanation given), which, along with majority decisionmaking, is another basic feature of democracy.

In its heedless use of its majority control, the HDZ has shown that it does not care about democracy when democracy does not suit certain interests of it as a party. There have been a number of cases showing that the

HDZ leans more toward undemocratic procedures. At the very outset of the proceedings of the new Croatian Assembly, the deputies of the Croatian LC-PDC had to walk out of the session because of one such procedure. Then laws were adopted through emergency procedure which did not go through the prescribed procedure. I will give a few more illustrations. In present-day democratic Europe, the president of the state is never the head of the party in power. This was the practice only in the undemocratic one-party East (and it is now being prepared in Serbia, which the Serbian democratic opposition is rightly protesting). When Milan Kucan was elected president of Slovenia, he suspended his party membership so that he might be the president of all the citizens of Slovenia.

It is impossible at one and the same time to be the head of the Croatian Democratic Community, that is, of a national party, and of all Croats, Serbs, Yugoslavs, and citizens of other nationalities who live in Croatia. When there is a conflict of interests, the partial interests of the HDZ will prevail over the general interests of Croatia. For Croats, this is only one undemocratic aspect. Serbs see that authoritarian element of the Croatian Government as a threat.

In a country that does not have true democratic traditions, it might have been expected that after the change of government there would be revanchism and manifestations of intolerance. This actually did happen, from a "purge of Communists" on soccer teams to the removal and attempted removal of directors of enterprises and institutions. I cannot judge how far that phenomenon went, since the data are only now being gathered. For ethnic Croats, revanchism is a melancholy sign of Balkan primitivism, and a great many people are beginning to fear for their careers, and this is taking the form, often demonstratively, of setting themselves apart from the former government and its party. The Serbs in turn are inclined to assure us that they are the only ones threatened and that this is occurring because of the nationality to which they belong. It should be added that in regions under control of the SDS there have been equally chauvinistic actions and threats, this time against Croats, which the latter explain in terms of inherent primitivism or the megalomania of Serbian expansionism.

What is more, the rumor of voluntary youth units was circulated. This is reminiscent of something which has left an unpleasant memory in the minds of the population. There is no need for me to go on enumerating the sins against democracy. The message, I assume, is clear. Every undemocratic action in the Balkans is seen as an ethnic threat.

I would like to call attention to just one other characteristic feature in the behavior of the party in power. It says of statehood that it was established only when the HDZ came to power, and that date was immediately proclaimed statehood day. This is a great insult to all Croats. Of all the Balkan peoples, only the Croats managed to preserve their statehood in an uninterrupted sequence

for more than 1,000 years. Large parts of the country have been occupied, state sovereignty was seriously eroded, but even when the territory of Croatia was reduced to reliquiae reliquiarum the Croatian Assembly managed to maintain the continuity of the state. Finally, Starcevic's law of the State of Croatia would make no sense if there had been no state.

But as for sovereignty, we will stick to more recent times. When in 1918 Croatia left the Austro-Hungarian State and along with Slovenia and Bosnia established the State of Slovenes, Croats, and Serbs in Zagreb, what else was that but an act of sovereignty? At that time, Croatia was even issuing its own postage stamps. Native Croatian sovereignty emerged once again in the sessions of ZAVNOH [Croatian Regional Antifascist Council for National Liberation] during the national liberation struggle. Croatia had its own government, liberated territory, and army. And, of course, the symbols of statehood, the flag, and the crest. To speak about achieving statehood in 1990 is to negate our own history. And history can be concealed only by newcomers who have no ethnic pride, who want to persuade the world that history begins when they came to power.

Subordination of the old and well-known Croatian statehood is an insult to Croats, and in Serbs it evokes unpleasant reminders of the Independent State of Croatia.

### Reasons for Croatian Economic Official's Resignation

91BA0005A Zagreb DANAS in Serbo-Croatian  
18 Sep 90 pp 20-21

[Article by Ratko Boskovic: "The Background of a Minister's Resignation"]

[Text] It was not difficult to check the accuracy of the report that two Croatian ministers had resigned, since Drazen Kalogjera, now perhaps already an ex-minister, readily showed a DANAS reporter the letter which was sent on 12 September to Prime Minister Josip Manolic.

"Dear Prime Minister," Kalogjera's resignation as minister reads, "you know that in your government from practically the first days there have been differing views on the conception of Croatia's economic development and particularly concerning the transformation of ownership. Since in recent days those differences have become so manifest that it has become very difficult for me, and not only for me, to work with Dr. Mate Babic, professor and deputy prime minister, and since I am convinced that adoption of Prof. Mate Babic's conception and his procedure will in the long run take the already serious economic situation into collapse, please accept and honor my resignation as my contribution to smoothing out relations in the government...."

For all Mr. Kalogjera's openness, the real reasons for the resignation are still a bit unclear, since during its first 100 days the government seems to have been taking

pains not to call attention to itself, and in this it was paradoxically aided both by tumultuous events and also by the lively activity of the Republic's Assembly and Presidency. Still, the conflict in the government did not pass without leaving traces. Thus, in his resignation the minister referred to two documents in connection with the views of the deputy prime minister with which he does not agree. The first is entitled "Economic Policy of the Republic of Croatia," and it is five and one half typed pages long; it was written by Professor Babic, while the second document, just a bit longer, is entitled "Comments on the Paper of Prof. Mate Babic," and it was written by Drazen Kalogjera himself. On neither of them is there any note or symbol from which we might conclude that it would be improper to present their contents to the public.

Professor Babic, deputy prime minister, sketches in his paper a very general vision of the development policy of the Republic of Croatia. The Republic's comparative advantages, priorities in highway construction, are mentioned, certain hints are given about the conduct of current economic policy, especially the fiscal system, and so on. In Babic's paper, the only section which actually draws attention is the one that has to do with transformation of social ownership in Croatia. We will quote from it.

"Social ownership in Croatia should be proclaimed public ownership. This will avoid the possibility of privatization of social property and the plundering that is possible on a large scale. Then (we should) sell to private persons, domestic and foreign. However, before the sale teams of experts, managers, domestic or international, from consulting firms (should) go to the enterprises to introduce organization and management. This will increase the efficiency of those enterprises, and a higher price will be realized when they are sold. Here, we should concentrate on only the 100 largest enterprises in Croatia, which account for more than 80 percent of total production.

"The process of changing ownership should begin immediately with those which are losing money. Those enterprises should immediately be proclaimed state enterprises and teams of experts sent out to reorganize them...."

Drazen Kalogjera criticized the entire document of Deputy Prime Minister Babic, but this section in particular. Kalogjera's comments pertain equally to the manner in which Babic's proposal of Croatia's economic policy is structured, to what in Kalogjera's opinion that paper should and should not have contained, along with the assessment that Babic's entire approach is out of tune with present-day development trends in the world and the present moment of the Republic of Croatia with respect to the economy and development.

#### From Socialism to...Socialism

Kalogjera's criticisms in this connection are very serious. For example, "the Adriatic orientation (in Professor

Babic's paper) sounds anachronistic and is reminiscent of the economic socialist realism of the administrative-planned economies, which were organized on the basis of 'targets' and 'those who were to achieve them.' The position which Prof. Mate Babic presents on the first page, that 'through the development of tourism, through the process of multipliers, agriculture, animal husbandry, the textile industry, and all other sectors of the economy will develop' is not only devoid of economic foundation, it is even foolish (pity the textile industry or animal husbandry if tourism is the most important tool for their development," Kalogjera says in his caustic treatment of Babic's paper.

The open conflict waged through correspondence broke out only when the issue was raised of the privatization of social ownership. Kalogjera writes: "Establishment of the ownership relation is certainly an essential element of the transition from a socialist economy to a market economy.... However, the manner in which this is proposed, in my opinion, does not lead from socialism to a market economy, but from socialism to socialism."

"Prof. Mato Babic proposes," Drazen Kalogjera continues, "that along the way to privatization all social property in Croatia would first be proclaimed public property. The very statement itself is imprecise and confused from a legal and economic standpoint. However, it clearly suggests that nationalization of all social property is being thought of, since the point is made without any doubt in the subsequent text that all enterprises losing money should 'be immediately proclaimed' state enterprises. Why nationalization? In order to avoid the possibility of privatization of social property and the plundering that is possible on a large scale. Although this very thought is unclear, it is still very strange that anyone can assert that plundering will be prevented by nationalization of property, when the entire body of experience of all countries shows that as soon as property is nationalized, the doors are opened to plundering, abuses, and corruption."

"What is more," Kalogjera continues his line of argument, "at a time when we are unable to find professional managers to head even the largest enterprises and when we cannot even staff the government with appropriate specialists, there is no basis whatsoever for the proposal of sending out teams of managers to enterprises to straighten them out...."

Because time was short, since this issue of DANAS was just about to be put to bed, we were able to talk to Professor Babic only by telephone about the resignations in the government of which he is deputy prime minister and which concern his area of responsibility as the "deputy prime minister for the economy." Kalogjera's resignation still had not reached Deputy Prime Minister Babic through formal channels. The deputy prime minister said of his own paper, "Economic Policy of the Republic of Croatia," that it was only the concept which

was to serve as the introduction to the debate and that it has already undergone essential additional work and expansion.

Deputy Prime Minister Babic says of the differing opinions on economic policy in the Croatian Government that they are quite normal and even logical in a time in which ministers must no longer serve merely by blindly raising their hands. Babic describes the so-called Coordination for Economic Activities as a forum, and says that it was specifically intended to crystalize from the differing views and opinions in debate, views consistent enough that they could serve as the official position of the government.

Professor Babic, deputy prime minister, vigorously rejects any thought that he might favor the kind of transformation of social ownership in which the state would become the owner of all property. Professor Babic is in favor of the state monitoring the process of privatization, he does not agree with the ideas of Drazen Kalogjera that any part of an enterprise be distributed gratis among employees in the form of shares, nor does he agree with the proposals which the resigning minister has widely publicized that a portion of the present social property, even a quite small one, should go into some state fund. Babic feels that distributing shares would not change anything in the weakness of work incentives of employees at present, nor would the economy be able to obtain fresh capital in that way.

#### **The Contract Does Not Get the House Built**

He says that he favors a privatization which would be conducted in such a way that the state would see to the sale of property. It has nothing to do with anything except the mechanics of privatization, Babic says.

Perhaps, for the sake of accuracy, the most appropriate thing would be to quote the interview which the deputy prime minister gave for a recent issue of GLASNIK HDZ-A [HERALD OF THE CROATIAN DEMOCRATIC COMMUNITY]: "I have proposed and I still propose that the entity should be designated which will be selling that social property. In my opinion, that can only be the state...which will be concerned not about the private interests of groups in the enterprise, but about the interests of Croatia as a whole...." "You see what is happening now. Many groups in enterprises are now proclaiming themselves to be joint stock companies, they are undertaking joint ventures, they want to sell to foreigners, they are privatizing that social property and great dangers of simple plundering are arising. Privatization, and that means privatization of the social wealth of Croatia, that is what we must not allow. That is why I am seeking the entity that will be authorized to sell that social property. And that can only be the state."

In the Government of the Republic of Croatia, there exists, or at least did exist, a very profound gap in conception over the basic issue of future economic development and of restructuring property. It is very difficult to reduce the width of that gap to parliamentary

differences or disagreements over technical matters. Drazen Kalogjera, the minister assigned the responsibility of coordinating economic development and transforming property, does not believe in the possibility of selling social property any time soon. The deputy prime minister, who is also responsible for the economic area, rejects any thought of nationalizing the economy, and then immediately wants all enterprises first to be nationalized and only then sold.

In Babic's view, a large number of scientists in the economic disciplines have come up with a diagnosis of exactly what he resolutely denies, and that is a new statization, or, as Drazen Kalogjera would put it, even neo-Bolshevism.

Probably there has not been enough discussion about restructuring or privatization or individualization of social property in Croatia. Drazen Kalogjera believes that there has been no discussion at all, by contrast with the assertions of Mate Babic, deputy prime minister. "The processes of restructuring are the principal subject matter in my area of responsibility, which is why I became a member of the government and accepted this position," Kalogjera writes. "However, as long as this government has existed, Prof. Mato Babic, as its deputy prime minister, has never put this problem up for discussion, nor ever placed it on the agenda. (...) In three months, I have never had a single occasion to talk about this except in July when we had a meeting...with the president, Dr. Franjo Tudjman, and members of the Presidency, when in my opinion the conception of Prof. Mate Babic about nationalization on behalf of privatization was not adopted."

In the meantime, Stipe Mesic has left the position of prime minister of the Republic of Croatia. In a recent press conference, Antun Vrdoljak, vice president of the Republic, said at one point that "authority had to be restored to the Government of Croatia." The new prime minister, Josip Manolic, expressed the judgment that during the 100 days of the Mesic government "too much time had been spent summing up everything that was in the past," and that he had transferred the emphasis from transformation of the economy to protecting social property against plundering. In the last economic coordination session of the government, four ministers in economic areas were outvoted.

When back at the beginning of the government's term Dr. Babic, deputy prime minister, submitted his resignation, which was simply hushed up, the president of the Republic was not disposed to uncover his flanks. Now, although in the meantime the top leadership has taken firm hold of the reins of government, the economy continues to be a vulnerable point, and 100 days have nevertheless passed. Certainly, the government can count on the support of a majority of the representatives no matter with whom and with what it later goes before the Croatian Assembly, but the economy and all of

Croatia will be keeping a close eye to see how the present crisis not only of personnel, but above all of conception, will be resolved.

### Goals of Bosnia-Herzegovina Interparty Cooperation Council

91BA0015A Belgrade NIN in Serbo-Croatian 21 Sep 90  
pp 28-29

[Interview with Nikola Koljevic, head of Interparty Cooperation Council, by Milorad Vucelic; place and date not given: "From the Idealistic to the Realistic Minimum"]

[Text] On 13 September in Sarajevo, a group of prominent Serbian intellectuals—academicians, university professors, public and cultural workers—convened the "Interparty Cooperation Council for the Serbian Democratic Party." In this way, this democratic party gained institutional support from Serbian intellectuals in Bosnia-Herzegovina. It is interesting, however, that the members of this council are not obligated to also be members of the party. To discuss the reasons for founding this sort of "party-interparty" body, we went to the chairman of the council, Dr. Nikola Koljevic, a professor in the Philosophy Department in Sarajevo.

[Vucelic] How did it happen that this new political council, of which you are the chairman, was founded?

[Koljevic] I am pleased to say that we have revived this same democratic pattern that was present at the founding of the SDS [Serbian Democratic Party] in BH [Bosnia-Herzegovina]. As storytellers by definition, several intellectuals who otherwise meet occasionally mentioned this possibility and need. When everyone speaks at the same time (but not in unison), when ideas become stronger from the so-called culture of dialogue, then no one has an exclusive copyright. But I clearly remember that it was academician Ekmecic who first used the word "interparty," afterwards he insisted on this form of providing unpaid "intellectual services" to the Serbian Democratic Party, in the form of mediation in seeking honorable and reasonable agreements between the Serbian party and other actors on our political scene.

[Vucelic] Is there not a certain political reserve by intellectuals towards the SDS, or simply their proverbial wariness, which is not to say cowardice?

[Koljevic] I wouldn't say that. In fact, things are at the same time simpler and more complex that your insinuation presupposes.

As far as the first thing is concerned, quite the opposite happened.

Specifically, intellectuals are primarily those people who can control their feelings and give them a morally purposeful focus. If Serbian intellectuals are "emotively relaxed" in their attitude towards the SDS, then this is a consequence of intellectual respect for facts, but even

more a credit to the effects of the past political commitment by Dr. Radovan Karadzic.

Serbian intellectuals in BH—at least those who are most entitled to that name—could not remain indifferent to such a phenomenon. Even though there are still those who would rather "peacefully tend to their own garden," if not in fact their greenhouse or beach cottage.

The problem with intellectuals is that it is extremely easy for them to rationalize to themselves that which is morally unjustifiable.

It is the same thing as with David Thoreau, when Emerson asked him through the prison bars, "What are you doing here?" And Thoreau simply repeated the same question to him, showing that in certain historical situations it is dishonorable to be "free." The only difference is that in Karadzic's case an "economic criminal" is chosen as the political means for covering up the machinations of various other people.

[Vucelic] Just what is this "proverbial wariness of intellectuals"?

[Koljevic] First of all, I think that this wariness is in principle appropriate. Intellectuals are people who are "responsible for reason," and they cannot permit even their own nation to feel emotional euphoria that is destructive. Secondly, they must always—even in the most troubled times—try to act as a medium between the interests of their nation and those of the nations with which they live, those which surround them.

[Vucelic] Does this mean that the party of Bosnia-Herzegovina Serbs, to which you are providing advice, will favor compromise and coalitions with other parties?

[Koljevic] Certainly. We must at least try, naturally without betraying the vital interests of Serbs. The English say that "every compromise is compromising." But at the same time, they have always been the greatest compromisers. Ever since they created the doctrine of the "balance of powers" in the 16th century, they have not restrained themselves from exclusively keeping track of the "balance of forces."

This is perfectly obvious to historians, but also to me, as someone who has taught Shakespeare for decades.

Later, this doctrine was adopted by their younger brothers, the Americans, and today it is an effective rule of international conduct. When we apply this doctrine, in force the world over (as distinguished from our tottering policy of nonalignment), to the Yugoslav scene, it is clear that we must attempt solutions in the Yugoslav region that are not optimally idealistic, but rather operationally realistic.

[Vucelic] And what does this mean in practical terms?

[Koljevic] First of all, that Serbs in Serbia must recognize that the experiences of Serbs outside of Serbia, who for a very long time have been open to communication with

other nations of Yugoslavia, are a valuable and irreplaceable source of judicious pan-Serbian statesmanship. We must find a "common language," as they say in concrete political terms, with the other nations with which we live in our community of states. And in the opinion of these Serbs outside Serbia—who, let us not forget, have been the nursery of the Serbian nation—the Southern Slavic community is the imperative both of the Serbian nation and of those who surround it as the most populous nation here. The second thing, of course, is that the other South Slavic nations must be offered the democratic opportunity to leave the Yugoslav community. This is historically justified, and democratically plausible and necessary. But we must not close the door to them if they wish to link their real interests to Yugoslavia when the time for this arrives spontaneously. On the other hand, there is the historically infamous fact that the Serbian nation has shed too much blood for Yugoslavia for this community of states not be in its vital and fateful interest. This does not mean, of course, that Serbs demand a "medal for national sacrifice" and because of it any special rights. But it does mean that Serbs, regardless of where they live, will demand that Yugoslavia remain their state as well, set up according to their standards and desires too.

[Vucelic] Whom will you contact first?

[Koljevic] Naturally, our closest neighbors in BH, the SDA [Party of Democratic Action]. In fact, they themselves have already expressed a desire for "interparty talks." And of course the HDZ [Croatian Democratic Community], which is reconsolidating.

[Vucelic] On what basis will you pose the question of the status of BH?

[Koljevic] Exclusively on a principled basis, which means a federal one.

And in my opinion, the federal structure must be not only defended, but also strengthened.

In fact, this reflects our overwhelming experience with fragmentation: from the fragmented market and locally planned investments, to the media and the irresponsibly ostentatious multiplicity of many institutions. It is precisely in this sense that the president of our Republic Assembly, Zlatan Karavdic recently observed fittingly that after the period of the centralized overemphasis of the federation we lived under a system that was too confederalist.

Which is why it is indispensable that we strengthen a rational federal structure.

Rational people must take these experiences into consideration if we are not to once again fall into abstract (or at any rate irrational) agreements based on "quotas."

Just remember how the process of tearing Yugoslavia apart went, a process that many today have forgotten, some even intentionally. From the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] division

into republics, the borders of which were only administrative, the process progressed step by step. First, there emerged some curious sense of statehood without a state, like moonlight without a moon. Then, the moon came out from behind the clouds, and our republics shone forth as states. And Yugoslavs became citizens of republics, in order to be more original than everyone else. Finally, the last step, the fatal one for the identity of the federal state (although it was, paradoxically, the very one that created democratic opportunities), was the emphasis on the territorial sovereignty of each republic.

[Vucelic] Why do you think that this emphasis on "sovereignty" is so significant?

[Koljevic] Because another big foreign word has been introduced to the dictionary of politics. Why would anyone with no other (to avoid saying extreme) intention be bothered if it were to be said that Bosnia-Herzegovina is a "full and equal federal entity within the framework of a federated Yugoslavia"? In my opinion, this says everything that the nations who live in BH and wish to live in Yugoslavia need. All other limits follow from this: same border, equal national rights. But by introducing a big foreign word like "sovereign" (even if we cannot avoid "federated"), the possibility of political manipulation is much greater.

[Vucelic] Can one word in fact be that politically significant?

[Koljevic] In my life, I have dealt mostly and for a very long time with the emotive effect of words, that is to say, with poetry. And when I have applied this experience to our postwar political language, I have observed one regular pattern. Whenever it has been necessary to manipulate or anathematize something, the people in power have always used foreign words.

[Vucelic] But isn't "sovereignty" in fact a political metaphor that guarantees people and nations their democratic right to their own essential quality and freedom of orientation?

[Koljevic] It is, without question. But a right (if we are already taking oaths in a rule-of-law state)—as distinguished from literature—does not viscerally tolerate this stylish figure. What does "sovereignty of the republic" mean when it voluntarily confers part of its sovereignty on the federal state? Ask a respectable jurist and he will respond just as they have told me: only headaches. The problem is with the "voluntary" part. This is the source of manipulation and complications.

[Vucelic] And so you are against the "sovereignty of the republic" after all!

[Koljevic] By no means.

I am simply against the term, for the specific reasons that I have tried to explain to you.

It appears to me that this term allows new forms of "democratic manipulation." In the modern world, after

all, sovereignty is primarily the sovereignty of the citizens (who naturally, in the majority of historical cases, confer their free will on the nation of people to which they belong). But is it necessary to say that nations of people give legitimacy to a state? Because the nations of people create their states, not vice versa. It doesn't happen that way. This is why the referendum—as emphasized by President Jovic in both a democratic and conciliatory manner—is the sole and consummate standard for a free election.

As a historical and cultural entity, each nation must be enabled to express its will freely. Because legitimacy can be given to a territorial division only through the will of the individual nations, freely expressed through a referendum. And it would not be right to end up tearing apart the state in such a way that for the sake of its one-sided interests we also do away with the possibility of any sort of federated Yugoslavia, including one with a democratic structure. Our descendants (to say nothing of our ancestors) would never be able to forgive us for this.

[Vucelic] What does this position mean to your council's real political strategy?

[Koljevic] At the moment, two extremely important things. First of all, that we will support a dual-chamber Parliament in which there will be a People's Chamber where consensus will be required for all decisions of strategic importance. (We are pleased that this is also the position of the SDA as announced at the 12 September press conference by Alija Izetbegovic.) Only in this way is it possible to guarantee national equality. This guarantee is clearly not provided by district borders, which were drawn pragmatically in some cases and to the detriment of one of the nations living in BH in other cases. Secondly, this means that it is acceptable to us to define BH as a "full and equal federal entity within the framework of a federated Yugoslavia." On this basis, we will try to achieve agreement with other political forces.

[Vucelic] What resources do you have at your disposal in realizing these goals?

[Koljevic] Exclusively democratic ones. It is our good fortune, to reiterate, that Dr. Karadzic has thus far managed to provide a strong democratic tone to the SDS. As early as at the founding meeting on 12 July, he created the preconditions for extra-party democracy, granting autonomy to initiatives by local committees and subcommittees. He has not undemocratically made global threats to the independence of the media. Finally, he effortlessly and gladly accepted the founding of our "Interparty Cooperation Council" in order to get as many competent ideas as possible that will not be limited by party accords and necessary discipline. Is this not explicitly democratic?

[Vucelic] Does this mean that you will be expanding the number of your supporters?

[Koljevic] Certainly. Because the more intellectuals that come together, the greater our legitimacy as the representative of the "intellect of a nation."

[Vucelic] In closing, I wish you luck in your democratic endeavors. Despite the shadow of doubt concerning the willingness of a large number of intellectuals to respond?

[Koljevic] Doubt is called for, since it is not easy to bring together people whom an undemocratic system has placed under house arrest, cutting off citizens' social institutions and reducing them to private persons living their private, exclusively family-based and professional lives. But even Solon—we read in Plutarch—enacted a law whereby "no one may remain indifferent to and without feeling for general matters if he has ensured himself and his own, and no one may boast that he does not share in the suffering and anguish of the fatherland."

### Financing of Alliance of Reform Forces Questioned

91BA0015B Belgrade NIN in Serbo-Croatian 28 Sep 90 p 17

[Article by Miroslav Vujovic: "Key Point of Reform: FEC [Federal Executive Council]: Who Is Financing 'Ante's Party': Why the President of the Government Is Not Paying the Expenses of His Private Party"]

[Text] It was like this: For three hours they swore allegiance to the market, and then they left without paying a single dinar for the rented hall where they had presented their political program to the people!

This story would perhaps be less absurd if it did not involve the Alliance of Reform Forces of Yugoslavia, more specifically the party of Ante Markovic, the president of the federal government, and according to his own needs increasingly just a citizen from the FEC [Federal Executive Council].

The bill in question, totalling 10,000 dinars, was not paid to the Belgrade Youth Center because—according to the hosts—the "reformists" say that for the time being they do not have the money with which to settle up.

So where did the "reformists" get the money for buying office space (part of the former "Communist" building on Belgrade's Marx and Engels Square and in the FEC), for printing up membership application forms, for leaflets, for running advertisements, for telephone calls...?

Mirko Klarin, the spokesman for Ante's party, a journalist with the newspaper BORBA, and for the time being on the "staff" of the Alliance, says that the party's work is financed exclusively through voluntary donations from its supporters. Klarin also says that the Alliance just began receiving its first payments a month ago. In Belgrade, for example, the Alliance has a transfer account with the Kreditna Banka Beograd d.d., and such accounts have also been opened in other republics and provinces.



Thus, the "reformists" contend that everything concerning finances is completely clean.

Is this in fact the case? Because the appearance of these "clean dealings" and (dis)orderly payments, aside from the case mentioned above—on 18 September in the Belgrade Youth Center, and thus at the same time when, in the words of the spokesman of the Alliance of Reform Forces of Yugoslavia, the money was already largely present in transfer accounts—is evidenced by the rent (in the Alliance they say that it is economical, but they do not announce the figure) that the party pays its "landlord"—the Federal Executive Council.

Furthermore, the Department for Federal Buildings has concluded an agreement with the Alliance concerning the purchase of a (furnished) room in a federal government building, but this agreement is more reminiscent of a dead letter on paper than of a clean material interest. Because the "reformists" have yet to settle all their accounts with the aforementioned department. They say that they will pay them when they are able! A similar situation applies to the agreement on the purchase of space on Belgrade's Marx and Engels Square.

At the FEC, they are apparently looking the other way with regard to "free" telephone service and the use of official limousines to transport "reformists." And there are 10 or so of them from the ministerial ranks alone: Besides Ante Markovic, there is Zivko Pregl, Aleksandar Mitrovic, Branimir Pajkovic, Stevo Mirjanic, Stevan Santo, Nikola Gasoski, Nazmi Mustafa, and Bozidar Marendic.

It is naive to think here that the members of the government and their president are not using work time, offices, telephones, telex, cars and other privileges for private political activity. In fact, we ourselves became convinced of this while waiting for a meeting with the spokesman for the "reformists" who had just spent two hours in conversation with Ante Markovic, in the middle of the president's workday.

In the FEC, they deny what they call rumor-mongering about the Alliance of Reform Forces of Yugoslavia having its hand in the federal till. However, they are unwilling to substantiate their assertion in black and white.

If it were otherwise, the People's Radical Party would have received no answer to its demand for emergency measures to prevent the misuse and squandering of social property by those being financed by the federal budget.

The announcement by the "reformists" that this Alliance is not the government party, but rather a party of citizens who work in government, could perhaps be appreciated if it were not for the following facts: Nearly \$163 million from the federal budget for this year was allocated for the work of sociopolitical organizations such as the LCY [League of Communists of Yugoslavia], CTUY [Confederation of Trade Unions of Yugoslavia], SSOJ [League of Socialist Youth of Yugoslavia], SAWPY [Socialist Alliance of Working People of Yugoslavia], and SUBNORJ [Federation of Veterans Associations of Yugoslavia].

Some of these organizations have been disbanded, but the FEC is unable to document what happened to the funding allocated for their work.

Is it then not likely that part of this money is being used by the "reformists" for their propaganda campaign, while they still "don't know" how much money they have in their account?!

In order for the game to be clean—and this coming from those who swear allegiance to the market and especially look forward to it—the Alliance of Reform Forces of Yugoslavia should allow public inspection of its budget.

In the labyrinth of contradictions between the words and deeds of the "reformists," it is increasingly difficult to figure out whether the announced formation of JUTEL (Yugoslav Television) means the creation of Markovic's TV channel, or whether this will be independent television based on the principles of a joint-stock company. One thing is clear, however: The FEC will control 51 percent of the stock in this TV channel.

Indeed, it is increasingly difficult to know which moves are those of the FEC and which are those of Ante Markovic's party, despite assurances that this party is not a party of the government, but rather an Alliance of Reform Forces whose founding members are citizens working for the government.



## POLAND

### Bureau for Banking Systems Chief on Banking Sector Changes

91EP00009A Warsaw GAZETA BANKOWA in Polish  
No 37, 9-15 Sep 90 pp 8-9

[Interview with Slawomir Sikora, chief of the Bureau for Banking Systems and Financial Institutions of the Ministry of Finance, by Slawomir Lipinski; place and date not given: "President or Minister"]

[Text] [Lipinski] The Bureau for Banking Systems and Financial Institutions of the Ministry of Finance was created recently. Why?

[Sikora] For the purpose of assisting the development of all kinds of financial institutions. From the smallest, modeled on the American experience such as credit unions, for which our loan-fund banks can be the basis, through insurance firms, the conditions for which are being created by legislation prepared by the bureau and recently passed by parliament, all the way to the largest. We want to accelerate changes in the banking system which, in turn, will force changes in the entire economy.

[Lipinski] It is primarily the NBP [Polish National Bank] that handles this. Excessive activity on the part of the minister of finance in this field may be interpreted as government violation of the banking system's autonomy.

[Sikora] It is difficult to debate with arguments in which ill intentions are attributed to someone. It is true that the changes that have taken place thus far in the banking system were, as a rule, initiated by NBP. However, always in consultation with the minister of finance who was accorded certain legal rights in shaping the image of banking. In any regard, it is difficult for him not to be interested in banking since, for example, the budget is a guarantor of the deposits in state banks. The recent failure of savings banks in the United States may cost that country's federal budget up to \$500 billion. Incidentally, in our projected concepts we want to free the budget from this role and propose to banks that they create a separate institution to safeguard deposits. Finally, in recognizing the importance of NBP's role in shaping the banking system, we should not forget that it, itself, constitutes an integral part of this system and must undergo changes as well. This means, among other things, that with regard to certain specific solutions, the views of the central bank do not have to coincide with the views of the people outside of this system including those of the minister of finance.

[Lipinski] I have heard that these differences specifically concern, among other things, the position and role of the central bank.

[Sikora] These are not fundamental disparities. However, it is a fact that as a result of the changes which have occurred thus far, the Polish central bank has attained a stronger position than its counterparts in other countries

with a market economy. Its impact on commercial banks is also significantly stronger.

[Lipinski] Can it be that your aim is to weaken the position of the central bank?

[Sikora] This is not the way it is. We are simply pointing out the need for certain revisions. For example, NBP continues to be a shareholder in several other banks. In our opinion, this situation is wrong; it may give rise to suspicion about the unequal treatment of the remaining banks. However, we have gained the understanding of the NBP management and these shares will be withdrawn.

[Lipinski] Disputes may arise with regard to the servicing of the central budget or the placement of bank controls.

[Sikora] It has been generally assumed that the Polish banking system will pattern itself on the West German system. There, bank controls are truly outside of the authority of the Bundesbank. We feel that such a target solution should be accepted in our country as well. However, as far as the servicing of the budget is concerned, it is, indeed, expensive and naturally this gives rise to the tendency to reduce it. However, the central bank is at the same time a state bank and this has its consequences.

[Lipinski] Another issue is whether commercial banks are justified in complaining about an overly "paternal" control by NBP?

[Sikora] A proper arrangement of relations between the central bank and state commercial banks can only be assured by their restructuring and changes in ownership whose end result will be privatization. And this is the issue to which we are devoting the most attention currently.

[Lipinski] In what stage is the work on changing the status of state banks?

[Sikora] I believe that shortly the minister of finance will turn to the Council of Ministers to issue a decree that would convert the present state banks into joint-stock companies, initially in the form of a partnership with the State Treasury.

[Lipinski] Thus, these banks could perhaps become more independent of NBP but, it also may be presumed, more subordinate to the state administration. This gives rise to the wrong kinds of conjectures.

[Sikora] Again, wrong intentions are being attributed to us. After all, the activity thus far of the minister of finance and the government gives no reason to fear that the government wants to meddle in the affairs of economic entities. In any case, the formal possibilities of interference by the state administration in bank operations will not increase. Today, the prime minister can dismiss the president of a state-owned bank. However,

after undergoing changes, the board of directors will make decisions about the staff.

[Lipinski] Who will make up the board of directors?

[Sikora] This has not yet been determined conclusively. Most likely persons commissioned by, among others, the minister of finance, industry and foreign economic relations.... However, I want to return to the primary issue. Banks as partnerships of the State Treasury exist in many countries. Recently, we have studied the experiences of foreign countries in this regard, and based on these we are forming the Polish Development Bank. As a partnership of the State Treasury with the participation of foreign banks, it will assist the restructuring of Polish industry and promote the development of the private sector. What is most important is that in the case of commercial banks, the format of a partnership of the State Treasury—and this is something we wish to emphasize strongly—will only be transitional. It will constitute a phase on the road to privatization.

[Lipinski] However, as far as I know, this is not a brief phase according to your concepts; i.e., one not measured in weeks but rather in years. Why is that?

[Sikora] Worldwide experience indicates that first it is necessary to privatize enterprises and only then banks, if only because the appraisal of their assets is more difficult and is in large measure dependent on the proper appraisal of enterprises that are a bank's clients. If we want to privatize banks in a civilized manner and not by taking "shortcuts"—something which could end in a disaster—it is, first of all, necessary to know them well. Diagnostic studies will be conducted for this purpose with assistance from the World Bank. As explained by one of the experts of this bank, the privatization of our financial institutions by way of "shortcuts" would be like placing one's hand in murky water where one may happen upon a beautiful fish but also a piranha. Therefore, it is necessary to, first of all, clean up this murky water in the form of bank balances and only then begin the game of privatization. Otherwise, irresponsible speculators will take part in it.

What is important to us, of course, is that the period of privatization be as brief as possible. We have made contacts in order to take advantage of the experience which West Germans will acquire during the restructuring of GDR banks. They are considering, among other things, the concept according to which if a mistake is made during the time of privatization (e.g., in the appraisal of a bank's value), then, in keeping with the specific solutions known beforehand to those involved, it would be possible to correct this mistake in a matter of several years and, therefore, for example, obtain surcharges from the bank's new owners.

[Lipinski] Do you foresee some form of incentive benefits for bank employees after the conversion of banks into joint-stock companies, as in the case of state enterprises?

[Sikora] It is too early to talk about this but we are not ruling out various ways of motivating people through the possibility of purchasing stock in the bank in which they work.

[Lipinski] In the coming weeks you want to propose a so-called minor amendment to the bank law. What will it concern?

[Sikora] We are aware that rather drastic changes in the banking law are needed. However, their preparation will take time. But there are matters which must be dealt with as soon as possible. This concerns, among other things, the equalizing of bank rights. We are speaking here, for example, of the right also by nonstate banks to take in liens and the system of recording these liens. We are working on solutions that would enable banks to practice leasing which will have a great significance in facilitating new enterprises in starting out. We also want to define specific sanctions for those who under whatever form conduct bank activity without a license so that situations that undermine confidence in the banking system will not reoccur.

#### Opinion Poll Surveys Worker Views on Privatization

91EP0006A Warsaw POLITYKA in Polish No 36,  
8 Sep 90 p 5

[Article by Professor Maria Jarosz, Institute of Economic Sciences, Polish Academy of Science: "Workers on Privatization: For the Purchase of Stock—At Most, Three Pay Checks"]

[Text] Success or lack of success in realizing the Balcerowicz plan depends to the greatest extent on public acceptance. It would be difficult to overestimate the importance of information on this subject; especially if the information is current and, from the point of view of the methods used, representative of the groups studied.

The most recent survey of workers' opinions on the subject of ownership reorganization of state enterprises and worker shareholding was conducted on a sample of workers of 20 state enterprises from the following branches of industry: machinery, textiles, and cosmetic-pharmaceutical. There were 1,377 responses to questionnaires, which represents 92 percent of the random, all-Polish sample of enterprises.

In each enterprise, six groups of subjects were identified: workers (rank and file workers); managers (master worker and higher); directors of the enterprise; activists of the workers council (self-rule); activists of NSZZ [Independent Self-Governing Trade Union] Solidarity; and activists of the All-Polish Trade Unions Agreement (OPZZ). This was on the assumption that specifically these groups of workers fulfill an important opinion-shaping role in the formation of opinions of workers on the subject of problems connected with the life of the enterprise and the whole country.

Demographic traits of the subjects do not distinguish them basically from comparable all-Polish populations. The structure according to gender reflects the typical rule according to which, the higher the post, the fewer the women occupying these positions. At the same time, the proportions of women among activists of the workers council, Solidarity, and OPZZ are similar (approximately 25 percent). Age structure of Solidarity activists does not differ very much from that of workers; OPZZ activists are older on the average. The average education of Solidarity and OPZZ activists is higher than that of workers.

In the past, 19.7 percent of the workers, 53.8 percent of the managers at various levels, and 76.9 percent of the directors belonged to the Polish United Workers Party [PZPR]. Former members of PZPR make up more than half (55.9 percent) of the OPZZ activists, one-quarter (26.5 percent) of workers council activists, and 15.4 percent of Solidarity activists.

Solidarity membership includes 35.3 percent of the workers, 12.9 percent of the managers, and 7.9 percent of the directors. Membership in OPZZ is claimed by 25.5 percent of the workers, 50.8 percent of the managers, and 46.1 percent of the directors. Other associations account for one percent of the subjects.

#### Do Not Issue Decrees!

The opinions of the subjects on the rate of privatization seem to be important. One of the questions was: "In what time frame in your opinion should the process of privatization of the economy be carried out?"

The majority of the subjects in all the groups favor carrying out privatization in two to five years, and most of those favoring privatization within this period are among the Solidarity activists and directors, and fewest, among workers and OPZZ activists. The strongest support for rapid privatization is apparent among the subjects in the machinery branch. Only the OPZZ activists are an exception here.

The age of the subjects had minimal effect on responses to questions on rate of privatization. Gender was a stronger differentiating variable: a significant proportion of the women were not able to answer the question in this item, and persons with less education responded more frequently that they "had no idea," perhaps believing that in general the economy should not be privatized.

Worth noting here is the characteristic evolution of attitudes of the personnel that is also evident in our studies. In the fall of 1981, more than three-fourths of the workers in the socialized economy believed in introducing a planned economic reform while, by the end of

1986, fewer than one-fourth expected realization of reform. Implementing it—preceded by crucial political events—placed the question of rate and method of privatization on the agenda. It seems that—also in light of the opinions of the personnel of state enterprises cited above, especially workers—accelerated and, as it were, decreed privatization is significantly worse than the evolutionary way which allows the coexistence of various economic forms at least for a while.

The expectations of the subjects with respect to ownership changes are indicated by answers to the question: "What type of reorganization of the enterprise would suit you best?"

	Retaining State Own- ership	Private	Employee Ownership	Hard to Say
Workers	36.3	13.2	35.3	15.2
Managers	20.6	20.6	46.6	12.2
Directors	13.3	37.3	37.3	12.0
Workers Council	10.6	23.4	55.3	10.6
Solidarity	9.6	21.3	58.5	10.6
OPZZ	39.6	10.4	41.7	8.3

A private enterprise was described in the questionnaire as: "an enterprise that is the property of one or several persons who buy it, for example, by acquiring generally available shares," and property of the personnel as "an enterprise that is the property of the personnel through workers' shareholding, takeover of the enterprise by the personnel, etc." A clear preference here was expressed only by the activists of Solidarity and the workers council and to a somewhat lesser degree, by managers, the majority of whom spoke for property of the personnel. Among workers and OPZZ activists, state and personnel ownership had the most supporters. Directors exhibited indecisiveness between preferences of private property and ownership by personnel. Worth noting is the fact that among all the groups studied, directors speak for private property to the greatest degree.

Those in favor of privatization of enterprises in the director group are most frequently young people, up to 40 years old, while the older people choose mainly personnel ownership. Among the workers, the young people speak more frequently for personnel ownership, and the older, for state ownership. In other groups there is no clear relationship between age and preference for type of reorganization.

#### Who Gains?

Here are the results of answers to the question on "Who do you believe would benefit from reorganization?"

	Respondents		Enterprise		State	
	yes	no	yes	no	no	yes
Workers	39.1	18.6	58.3	6.7	64.2	4.3
Managers	50.4	15.7	73.8	2.4	72.8	4.0
Directors	48.7	19.2	76.9	5.1	66.7	2.6
Workers Council	54.7	4.2	78.7	—	80.9	—
Solidarity	57.6	3.3	81.1	2.2	83.5	1.1
OPZZ	30.9	30.9	43.2	13.7	54.2	9.4

Note: The category "other answers" was not included in the table

The belief is that the greatest benefit resulting from the reorganization process would accrue to the state. According to the respondents, in second place would be the enterprise as a whole. Also, the subjects from the separate groups (with the exception of workers and OPZZ activists) clearly see benefits that they themselves would gain as a result of ownership reorganization.

OPZZ activists expect benefits least; they also most frequently believe that reorganization may be unprofitable for them. The result of this conviction may be an unfavorable attitude toward enterprise privatization, which is, after all, confirmed by responses to previous questions.

Here we can also note the similarity of views on this question of OPZZ activists and workers (rank and file workers). Our studies, therefore, form a unique confirmation of the worker base of the union which, as a class trade union and a base union in opposition to the authorities, expresses objection to the program of ownership reorganization. Does it actually inspire the opinions of the workers—or is it, on the other hand, itself stimulated by the attitudes of the workers who have no confidence and are averse to reorganizations threatening their material situation, a sense of danger? It is difficult to answer this question; most certainly, there are interrelations from many aspects. There is no doubt, however, that the difficult and worsening situation of the workers, the uncertainty of tomorrow, and the frustrations of everyday life will, in perspective, foster further unification of views of the rank-and-file state workers with the views of functionaries and activists of OPZZ. And this might effectively block the publicly accepted (but in practice frequently rejected) program of economic reorganizations.

And what is the prospect of a workers' shareholding as a practical way for transition to worker participation in managing an enterprise? Whether this is a real prospect—or to what extent—is indicated by the answers to the next question: "Would you buy shares in your enterprise if this opportunity arose in the near future?"

	Yes	No
Workers	55.1	44.9
Managers	63.6	36.4
Directors	75.9	24.1
Workers Council	71.3	28.7
Solidarity	74.4	26.6
OPZZ	54.3	43.8

As is evident, the highest number of "no" responses, more than 40 percent, to the question on purchase of shares was given by workers and OPZZ activists. Most frequently, potential buyers of shares are directors, and workers council and Solidarity activists. Worth noting is the fact that representatives of these three groups most frequently (though to a lesser degree) expressed an inclination to buy shares of other enterprises. This may be due to greater knowledge the representatives of these groups have about the subject of reorganizations and benefits that they may bring.

The real question was establishing not only the declared inclination to buy shares, but also what kind of money the respondents would be willing to commit.

The question was: "How much would you be inclined to spend on the purchase of shares in your enterprise if that were a possibility?"

	Nothing	1 pay check	2-3 pay checks	4-6 pay checks	7-12 pay checks	More
Workers	40.7	27.5	21.9	6.1	1.7	2.2
Managers	30.5	25.8	33.6	6.3	3.1	0.8
Directors	19.5	22.1	32.5	15.6	3.9	6.5
Workers Council	21.5	26.9	32.3	11.8	5.4	2.2
Solidarity	18.4	27.9	39.1	8.0	2.3	4.6
OPZZ	42.1	23.2	24.1	7.4	2.1	1.1

A boundary occurs—as is evident—at three pay checks. Comparing this table with the preceding table, we notice that those who most often expressed an interest in shares of their own enterprise are ready to spend more money on this purchase. But a closer look at the configuration of the declared sums reveals interesting differences. Most frequently, whatever sum (one pay check or more) Solidarity activists declare for the purchase of shares, 67.0 percent of all Solidarity activists are ready to spend no more than three pay checks for this purpose, while 14.9 percent declare four or more pay checks. In the second place with respect to frequency of declaring any kind of sum for share purchases are directors, but 54.6 percent of the directors decided to spend not more than three pay checks while 26.0 percent opted for three or more pay checks. The directors were also most frequently ready to dedicate more than twenty pay checks for share purchases.

Workers and OPZZ activists were least inclined to spend money on share purchases, but even in these groups almost one-half would use up to three pay checks for this purpose.

#### Yes, But Not Here

Respondents also answered the question: "Would you agree to having awards from enterprise profit paid in the form of shares?"

	Yes	No	Difficult to Say
Workers	31.9	48.7	19.4
Managers	41.4	45.1	13.5
Directors	67.1	29.1	3.8
Workers Council	52.7	39.8	7.5
Solidarity	57.4	30.9	11.7
OPZZ	38.1	50.5	11.3

As is apparent, this solution was acceptable to the directors and workers council and Solidarity activists. These groups, which frequently do not trust each other and are sometimes unfriendly, are beginning slowly to create clear leader-management circles in the enterprise, and this may become a plane for reconciling their common position with respect to OPZZ and the enterprise setting.

Managers have varying opinions on the question of payment of awards from profit in the form of shares; none of the solutions has clear support. Workers and OPZZ activists are rather negative with respect to the proposed solution.

Moreover, most of the personnel favor the government program for privatization to a relatively small degree, especially when it pertains to their own enterprises. But certainly the new institutional solutions cannot be suspended in a void, they must be applied specifically in enterprises. Therefore, they must fit the conditions

existing here: economic, organizational, and social. The somewhat too many unknowns about the potential advantages of privatization makes the personnel hesitant to participate in privatizing the state the enterprise in which they work.

The lack of trust with respect to privatization is also affected by the attitudes of learned passivity and of depending not on oneself, but on the state to satisfy certain material, housing, or education needs. As a result, the new structural and economic system will contribute to the rise or perhaps strengthening of various adaptive mechanisms: constructive and destructive with respect to the changes realized. The apathetic and wait-and-see attitudes pertain here to most of the enterprise personnel. The policy of stabilizing the economy, though always accepted by the majority of the respondents, evokes ever stronger public repercussions, but the amplitude of the attitudes evolves from enthusiasm through moderate support toward a decreasing interest in public matters.

In this situation, it is difficult to anticipate a greater interest in worker shareholding, especially with the drastic drop in real income, exceeding 35 percent, the avalanche-like increase in the costs of housing, communication, medical care, education, recreation, and all types of social services, generously financed up to now by the state (and state enterprises).

Furthermore, it seems that the three-month pay checks proposed for purchase of shares in one's own enterprise reflects the real boundary of financial potential of the workers. This obviously inclines one to somewhat optimistic predictions on the question of the range and real possibility of workers' shareholding. Without it, however, privatization of enterprise has little chance of receiving public acceptance expressed not only in views, but also in people's attitudes and behavior.

#### Insurance Firms Established; Joint Ventures With France Foreseen

91EP0007A Warsaw GAZETA BANKOWA in Polish  
No 35, 26 Aug-1 Sep 90 p 8

[Article by Ireneusz Chojnacki: "Policy From a Broker"]

[Text] In Western countries, insurance companies are, above all, involved in developing operational strategies, market analysis, the drawing up of new insurance policies or modifying already existing ones as well as the constant testing of the effectiveness of advertising techniques. On the other hand, a brokerage firm must recognize a client's insurance needs, select the most appropriate form of insurance and finally, choose the best insurance company.

Brokerage firms are new to Poland. The POLBROKERS insurance firm is involved in such activity and, in the coming days, INTER-BROKERS will also do the same.

POLBROKERS was conceived in 1984 by Jozef Modecki and Andrzej Wojtynski, the current president of the firm. Both have many years experience in insurance. However, it took nearly two years to overcome administrative barriers, and as a result POLBROKERS could not begin its operations until February 1986. In its first phase it was a one-man enterprise, registered in the owner's name and with personally endowed powers. Among these powers was also the personal consent granted by the foreign exchange authorities to conduct so-called foreign exchange trade activity. This enabled the firm to establish numerous contacts with foreign companies.

When it became clear that the concept was a good one and the foundations of the firm increasingly more secure, it was converted to a limited liability company. Besides private individuals, state enterprises, i.e., mainly large foreign trade centers also bought shares in it seeing in the venture a representative of their complicated insurance interests.

Sixty-five percent of POLBROKERS shares currently belong to Jozef Modecki, Justyna Wojtynska and Andrzej Bielewicz—an entrepreneur who is also involved in the BIMOT joint-stock company. Other individuals [osoby fizyczne] have a 10 percent share whereas the remaining 25 percent falls to large firms and centers (among others, the Wroclaw-based ELWRO; the Krakow-based TRANSBUD, BUDIMEX, MOSTAL-EXPORT and CHEMADEX).

The company [POLBROKERS] has its permanent headquarters in Warsaw. It currently employs 20 persons including 12 experts on various types of insurance. The company's sales double from year to year even though profits are not high. In the sphere of services, investments, as we all know, are not included in cost but in income. In order to grow, a company "eats up" its profits. However, it does produce gains for this in three areas of activity:

- Servicing foreign trade of various firms conducting economic activity in Poland or trade with Poland (analysis of trade contracts from the angle of insurance needs, analyses and evaluations of existing risks and dangers, insurance advice, etc.).
- Rendering services on behalf of foreign insurance companies (acting in the interest of foreign tourists who have been involved in accidents while in Poland, conducting civil claims for corporate persons [osoby prawne] against perpetrators of harm or injury in Poland, etc.).
- The sale of mass insurance policies in connection with the international activity of people and goods.

In the coming days, POLBROKERS will be signing a contract with LOT Polish Airlines authorizing it to handle the settlement of claims for so-called baggage damage (all kinds of LOT passengers baggage damage is covered by insurance). Moreover, the formation of a joint venture with the French firm GRAS-SAVOYE, the

second largest insurance brokerage firm on the French market employing approximately 2,000 people and being an important element in the UNISON brokerage network, is in the process of being completed. This fact creates excellent conditions for even more active participation on the part of POLBROKERS in worldwide insurance interests.

UNISON is a "family" that includes approximately 70 percent of the world's brokerage market. The firms that are grouped in it currently employ approximately 15,000 people and operate in 200 cities of 56 countries on all continents except for Antarctica. Thus, if POLBROKERS joins the UNISON network, it may become the most important Polish brokerage firm. It has considerable chances since, while not yet in the UNISON "family," it is for all intents and purposes already working in it. Owing to the recommendation of GRAS-SAVOYE, its future partner, it obtained together with the Swiss brokerage firm, KESSLER and C<sup>8</sup> [as given] (member of UNISON), the right to service the insurance needs of the currently largest foreign investor in Poland, the ABB-ZAMECH joint venture in Elblag. Servicing the complex insurance needs of such an industrial giant is no piece of trivia for any insurance company: the insurance premium will come to tens of thousands of dollars. The POLBROKERS management are certain that this insurance [concession] will be won by one of the insurance companies operating in Poland....

Due to growth and organizational considerations, the POLBROKERS partners formed a "sister company" at the beginning of this year called INTER-BROKERS, a limited liability company with headquarters in Warsaw. Its president is Slawomir Bany, a specialist in foreign trade insurance. During its initial phase, the company will employ 10 people.

The company's duties will be similar to those of POLBROKERS, primarily the rendering of services to foreign firms, joint ventures, foreign trade centers as well as cooperation with foreign insurance companies. INTER-BROKERS will also enter into a joint venture with the French firm GRAS-SAVOYE. Both firms are in the process of opening branches in Poznan, Opole, Wroclaw, Gdynia, Krakow, and Zakopane. Whether INTER-BROKERS will also sell policies of other insurance companies (by the end of the year, there may be approximately 10 of them in Poland) besides those of TUIR WARTA SA—we do not yet know. This depends on these companies' interest in working in cooperation with brokerage firms and on the brokerage firms' trust in these companies.

#### **Polish Ocean Lines: Cargo Shipping, Joint Venture, Investment Plans**

91EP0011A Gdansk DZIENNIK BALTYCKI in Polish  
28 Sep 90 pp 1, 3

[Interview with Henryk Dabrowski, director of Polish Ocean Lines (PLO) in Gdynia, by Teresa Chudek; place and date not given: "New Prospects for PLO"]

[Text] [Chudek] One change after another is occurring in the economy. Some enterprises, including the maritime,

are experiencing a veritable "earthquake." Meanwhile, what is happening at PLO—I ask the president of Polish Ocean Lines in Gdynia, Henryk Dabrowski, who assumed this position after winning in the recent competition.

[Dabrowski] We are not experiencing an earthquake, unless we call the noise and confusion caused by the change in the elevation of our building, being made at our expense but at the orders of the city administration, can be called such. Seriously speaking, however, we, too, are taking advantage of opportunities, although the transformations in our enterprises are taking place calmly and are based on rational premises.

[Chudek] What is their starting point? Is the Polish shipping lines owner encountering any obstacles? What is his position on the world market?

[Dabrowski] The PLO's good position on the world market has not changed and I think that we will be able to maintain it. On the other hand, much is changing in Poland and new laws dealing with the economy are giving enterprises different opportunities for operating and expanding. The Law on Foreign Exchange makes it possible to freely use foreign exchange both in our country and abroad. The laws on enterprises and joint ventures create ever greater possibilities. Naturally, we want to take advantage of all of this.

[Chudek] The country is moving to a market economy, something the PLO is dealing with constantly, just as is all world shipping. But the foreign shipowners, acting in accordance with the laws of the market, do not normally limit themselves to the shipping trade alone. In so doing, they protect themselves against changes in the economy. What does the PLO intend to do?

[Dabrowski] The profit in the world shipping trade is generally small. Because of this, shipowners also invest their capital in other sectors of the economy, mainly those which complement shipping. These include transport by land or air and tourism. They also invest in industrial production and trade on the stock exchanges. The PLO is not yet ready to enter the world financial markets, but we see such a need in the future. But first we want to put our financial system in order and expand the scope of our influence by diversifying our activities.

[Chudek] Also investing in areas of the economy which are not necessarily connected with shipping or exclusively with PLO assets?

[Dabrowski] We are at the stage where we are calculating the prices and verifying the feasibility of new ventures. We are considering several areas. For example, the formation of a container-producing company, a printing and publishing company, companies dealing with road transport, tourism, food services, and we also want to develop a banking facility.

[Chudek] Will these be independent companies?

[Dabrowski] We are thinking of stock companies, independent but connected by capital with PLO.

[Chudek] On the basis of a holding company?

[Dabrowski] Not entirely, although this cannot be excluded in the future. But right now this will be simply additional activity in new fields, based partly on our facilities, means of transport (land and sea), on our own personnel, and in large measure on our funds. We want to hold a majority of the stock in these companies, to have control and be able to benefit from their operations. We want to begin to form these companies next year. We are also thinking about undertaking another type of shipping, i.e., tramp shipping. This idea may take the form of a new cargo-shipping firm, using PLO capital and that of other enterprises.

[Chudek] Where would such a shipping firm function?

[Dabrowski] In Gdynia, of course. We have already taken some steps and offered shares to several firms.

[Chudek] All of these initiatives may turn out to be not only insurance for the shipowner against a changing economy, but they may also increase revenues for the rebuilding and modernizing of the fleet....

[Dabrowski] No less important to us is the fact that these additional fields of activity will ensure work for part of the PLO staff, which still has to be reduced a little, both on land and on the ships, due to the need to improve work efficiency.

[Chudek] Will the ownership of the shipping lines also be converted to that of a company?

[Dabrowski] For now the PLO will remain a state enterprise and it will continue to be primarily a cargo-shipping line. Our approach to the subject of privatization of the firm is closely connected with the anticipated results and effects which it might eventually achieve. We are putting off the matter of whether PLO becomes a stock company or is changed in some other way until more concrete, detailed executive regulations are issued.

[Chudek] But something in the enterprise has to be changed right now, if only because additional fields of activity are being entered.

[Dabrowski] Naturally we want to make some internal organizational changes in the enterprise dictated by its new needs and tasks. We are already beginning to reorganize the commercial operations department, the plan for which has already been approved by the workers council. It has also agreed to temporarily employ in the PLO financial experts, both domestic and foreign, in the field of cargo shipping. It will be their task to develop a financial system which will allow our firm to be integrated with the world financial system. They will also train the indispensable number of PLO employees in this system.

[Chudek] And probably only then will the Polish shipowner be able to also enter the world financial markets....

[Dabrowski] The next changes to be made will be to assign salaries to the particular levels of management, using qualifications and responsibility as criteria in filling positions. In order to employ the best people for the management positions in the firm, this year open competitions will be announced for directors of particular departments in our enterprise. We are already beginning to reorganize the commercial operations department, as I mentioned earlier. We must create a strong marketing service. Its task will be to thoroughly research and analyze the cargo-shipping markets both for current needs as well as to work out the strategy for the future development of the PLO.

[Chudek] If I understand correctly, over 50 percent of the PLO's transported cargo and its revenues are attributed to haulages between foreign ports. Even if there is, finally, a significant growth in haulage of Polish foreign-trade commodities, which will, in any case, meet with competition, foreign cargo loadings will play a large role as a source of PLO profits. In view of the competition, therefore, more and more consideration has to be given to trends in world shipping, with the concentration of capital and hauling capabilities through the creation of different types of pools and shipowner consortiums.

[Dabrowski] PLO has thus far operated mostly alone on the cargo-shipping markets. Joint service with shipowners in Eastern Europe, e.g., UWAS, Baltamerica, Baltafrica, or Uni-Levant, was generally ineffective due to the shallowness of our connections. We are now striving for deeper cooperation both with Polish shipowners as well as foreign ones.

Container service has already been begun, on the basis of a tonnage-cost pool, from Europe to South Asia to the Far East, arranged between the PLO and the French shipowner Compagnie Maritime D'Affretement (CMA). This is the first real connection between our firm and a foreign shipowner. We are also conducting talks on the subject of closer collaboration with other partners.

Such connections are aimed at improving the efficiency of cargo shipping by spreading the operating costs and investment outlays, improving the efficiency of the employment of our tonnage, and making our hauling offers more attractive, including expansion of our geographical range and number of ports serviced.

[Chudek] And also the expansion of the number of clients and quantity of commodities hauled. But since you already mentioned tonnage, what chances and possibilities does PLO have to modernize or replace old ships for new, in connection with the need to adapt the fleet to changes in the technologies of transshipping in sea ports and in haulages?

[Dabrowski] It is precisely the connection with foreign shipowners which should bring about a change in the quantity and quality of PLO tonnage. The number of

ships will be reduced, however their unit size will be much larger. More specialized ships will be employed, those adapted to the requirements of the market and the partner. Unfortunately, conditions for replacing tonnage in the next few years do not appear to be optimistic. This is causing a boom in orders for ships, and a growth in their prices as a result.

In this situation, the PLO will try to meet its needs for tonnage by taking advantage of the charter market. We will postpone the building of some of the ships we need until prices are more acceptable to us. We have already directed two charter ships to the new PLO service between Europe and the Gulf of Mexico, used a third ship to enhance Mediterranean service, and a fourth ship chartered by PLO is hauling containers between Gdynia and Hamburg and Bremerhaven. But we are also conducting talks with shipyards regarding the building of new ships.

[Chudek] Gdansk Shipyards is supposed to build a few of them for PLO, but the others are still a great unknown. Does the owner of the shipping-line intend to also buy some of the ships abroad?

[Dabrowski] We are interested in buying ships primarily in Polish shipyards. We have good experience in this regard. But the selection of a producer of a ship is determined by two elements: price and delivery date.

[Chudek] Thank you for the interview.

## YUGOSLAVIA

### National Bank Faulted in Kosovo Bank Scandal

91BA0022C Belgrade POLITIKA in Serbo-Croatian  
3 Oct 90 p 15

[Article by Zejnel Zejneli: "Plot of Another Economic Scandal Slowly Unraveling: Why Did National Bank of Yugoslavia Register Kosovo Bank?"—first paragraph is POLITIKA introduction]

[Text] Did Ante Markovic "push through" the founding of Kosovo Bank d.d.? According to the findings of the SDK [Public Auditing Service] Kosovo, Kosovo Bank d.d. did not meet any of the conditions whatsoever for registration. A review of the business books has established that 86 percent of the investments were not recoverable. The Albanian separatist leadership kept money in account in this bank.

Pristina, 2 Oct—It has been known for many years now that the Kosovo banking system is financially fraudulent, and that the competent organs in Yugoslavia have never reacted, despite the intentional and systematic subversion of the country's economic system. Fraud with dinars, and especially with foreign exchange, has gone on for more than a decade, to be brought to an end only on 7 August when the Assembly of Serbia decided to introduce temporary measures in the Kosovo banking system. Thanks to these measures alone, that which could be



saved has been saved. The National Bank of Yugoslavia [NBJ] reacted when the unprecedented transfer of money began from the accounts of Kosovo Bank to, as it is now alleged, the accounts of private persons abroad.

#### Director Himself Implicated

Although relieved from his post, the director of Kosovo Bank, Muharem Ismailji, like the relieved Albanian leadership in many situations, does not acknowledge the institution of the temporary measures or the laws of Serbia in the established scenario. Hastily convening a meeting of the bank leadership, he issues decrees and signs them, and then explains everything that he is doing to "his workers" on a bulletin board. The attempt to transfer, with his signature, a little more than 400,000 pounds from one bank to another did not succeed because the move was blocked when the National Bank of Yugoslavia changed the code number of Kosovo Bank in order to prevent financial fraud.

There are indications that Kosovo Bank was safeguarding the money of Albanian separatists and of the separatist leadership. The competent organs in Kosovo Bank recently froze the savings passbooks for DM 1,600,000, in the name of TB Pristina. This is money that Albanian separatists extorted from Albanians in Kosovo in order to engage in subversive propaganda through TB Pristina, which is blocked through the introduction of temporary measures in this information agency.

There are 600 million dinars missing from this passbook, which Kosovo Bank allegedly gave as a credit to the private enterprise "Fruktus" in Pec, which is considered one of the strongest commercial organizations and does most of its business with Albania. This summer, this company flooded the Kosovo-Metohija market with tomatoes from Albania. If one bears in mind that one of the coowners of "Fruktus" is Alim Malja, against whom an investigation has been launched, then the pattern of various fraudulent activities and of the flow of money into private pockets all adds up. The control measures that still remain to be conducted, especially those relating to foreign exchange, will certainly establish what all was diverted, and where, from the money collected by separatists and their mafioso, in part under the threat of death.

Financial fraud was one of the reasons that they have never agreed in Kosovo to merge with the banking system in Serbia. Several years ago, when the governor of the National Bank of Kosovo was Riza Sapundziju, who had just returned from America as the Yugoslav representative at the International Bank, control measures by the NBJ were averted, because this allegedly would threaten the economic system of Kosovo. It is incomprehensible that action was taken at that time under pressure from Kosovo. However, if that control had not been blocked, it is certain that Kosovo today would have more

money, and a more stable economy and trade. Nevertheless, it appears that this did not suit certain individuals because of their plans to finance Albanian separatism, and also because certain financial functionaries must also bear responsibility.

#### NBJ Mistakes

"According to all our findings, Kosovo Bank d.d. did not meet the conditions for registration," Leonid Nikolic, the director of the SDK Kosovo and Metohija, told us. "There were no hints of such a finding on our part, but nevertheless for the third time the bank, on 20 July, submitted an application, also registered with the court, as Kosovo Bank d.d. The registration was agreed to by the National Bank of Yugoslavia, which had no right to do so, because in so doing it violated its own conditions for bank registration. For this reason, we do not feel responsible for the registration," says Leonid Nikolic.

The fact that the bank was registered even though the conditions for that were not met is a political concession made towards Kosovo. Here, it is being said openly that the Bank was supposedly registered after a conversation between Ante Markovic and a member of his cabinet, Nazmi Mustafa, whose recall is now being demanded. However, the question of whom Nazmi Mustafa represented and under whose orders he was acting remains an open one, although he himself, as a businessman and representative of the Executive Council of Kosovo of many years's standing, was well aware of the particulars of the business dealings of Kosovo banks.

The SDK service conducted an inspection of the bank's transactions and a so-called diagnostic test. It was established that 86 percent of the investments of Kosovo Bank d.d., the former "Bankos" Pristina, were unrecoverable. With 24 percent of the recoverable assets, it is not possible to find a single bank in the territory of the SFRY, this according to instructions by the National Bank of Yugoslavia. Nevertheless, thanks to "invisible" authorities issuing orders, this bank was registered, despite the fact that it threatened the financial system of Yugoslavia.

Thus, the question arises: Who is who in the financial frauds in the Kosovo region, and who has helped for all these years to batter and financially weaken Serbia in particular? Who financed subversive activity, even using money from citizens' savings? At the same time, this explains why Albanians with foreign exchange savings withdrew more than \$5 million from banks in Kosovo for only a few days. Perhaps in this way, the financing of separatism in this region will finally be halted.

#### Reasons for Failure To Adopt Amended Bank Law 91BA0022B Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 1 Oct 90 p 21

[Unattributed article: "Why the Law on NBJ [National Bank of Yugoslavia] Was Rejected"]

[Text] The proposed changes in the Law on the National Bank and Uniform Monetary Transactions by the

National Banks of the Republics and Provinces, the essence of which was to give the governors of the National Banks (especially the governor of the NBJ [National Bank of Yugoslavia]) the authority to take preventative measures against the occurrence of losses, or to minimize their level, were very close to approval by the Assembly. Even all the republics and provinces agreed to the "most hard-fisted" part of the proposal, according to which the Central Bank is granted the right to suspend all types of bank transactions when it deems that the bank's financial situation and dealings are worsening. In addition, the second proposal in this law, under which the Central Bank gains the right to take direct measures against the bank, through injunctions, in order to ward off potential losses, got the "green light." But when it appeared after all this agreement that the bill would become law, the Slovene delegation balked at one provision, and thus remained the only delegation not in agreement. Until its Republic assembly stated its position, it could not agree to the proposal that decisions on the use of budget resources for bank reorganization be made not by consensus, but rather by a majority of votes on the Board of Governors. However, it appears that there will be agreement on this before long, since fundamental changes in the central banking system have already been adopted.

According to the agreed-to provisions of the draft law, the Central Bank gains the right to suspend (freeze) bank transactions for a specific period of time (15 days) before the bank "reaches" the point of insolvency. The freeze on transactions would be applied without any exceptions whatsoever. There would be a specified sanction and reprimand for a bank that is impairing its business and thus creating a potential loss. In so doing, the safety of citizens' savings is not threatened by this, because they are guaranteed by the state, or rather by the National Bank. However, the system of deposit guarantee would probably be changed entirely by the new law being prepared, or by the law that is already being processed (on the Agency for Deposit Insurance and Reorganization of Banks). There would be a gradual transition to a system of deposit safety based on the principle of insurance by the banks themselves. Still, there would be a ceiling beyond which the state guarantee would remain.

The basic objections were that giving the Central Bank the authority to halt business before the point of insolvency has been reached is contrary to the current Law on Financial Transactions, which provides for this same—albeit somewhat tempered—measure in a later phase (once the bank has become insolvent). But seen from a legal standpoint, these two laws are not essentially conflicting, due to the applicability of the rule whereby the law that is newer, or the ordinance last adopted, is valid. Of course, a freeze prior to the point of insolvency means the introduction of some sort of self-reorganization: Specifically, inflow that is still being posted to the bank's account, since the bank has not entered the insolvency

phase, is used to cover losses, while at the same time the further "creation" of potentially new losses is halted (ineffective credit transactions are discontinued).

As far as the second adopted provision is concerned, which gives the Central Bank the right to apply measures, by way of injunctions, to a bank where it deems that the bank in question is impairing business, it was called into question whether such a measure, like others, can even be applied. This because according to some delegates, it is not possible in practice today, for example, for the Central Bank to change the ownership structure of a bank or its management, setting up the leadership in accordance with its appraisals. Or, for example, to do away with business units of the bank if it judges that they are the "source" of the wasteful practices. In addition, there were observations based on principle, such as the one to the effect that with this law the Central Bank undertakes business transactions (measures) that are generally the responsibility of the owners (organizers), whereby the starting point is that they are in fact precisely that (the owners). But even if there could be some objections in principle to these measures, there could be none to giving the Central Bank the authority to depreciate the balanced and prescribed interest rates. Because the goal of all of this is that the banks indicate their true status and losses in their balance sheets.

Particularly difficult is the measure of the Central Bank whereby it gains the authority to suspend credit to particular organizers of the bank.

However, the law has yet to pass because of disagreement on the provision whereby decisions on the Board of Governors are reached by consensus with respect to the use of budget funding for reorganization. Admittedly, consensus is the principle that is always applied when reaching decisions of material importance on the federal level, and there are possible uses of that form of decisionmaking (for example, when someone begins uneconomic reorganization). But at the same time, there is validity to the government's argument that the consensus principle could slow down the process of reorganization and the application of measures to eliminate the causes of losses: Specifically, foot-dragging could mean that reorganization becomes no longer possible at all due to the time lost and the further accumulation of losses. In that case, the funding for reorganization in the budget would not be adequate to cover the losses that have emerged in the meantime.

Last, but certainly not least in terms of significance, there is the entirely new proposal that came, a little unexpectedly, from the state (National Bank). This proposes that the state not enter into foreign debt without a bank guarantee. Admittedly, this proposal was placed on the agenda with respect to the premature payment of clearing credits with which our surplus towards soft currency countries amounting to \$270 million dollars is being "broken up." But an effort is being made to introduce the bank guarantee into the Law on NBJ as a principle for all types of credit and debts, regardless of

whether they are soft or hard currency. Essentially, this proposal will most likely be the subject of the main debate during the upcoming negotiations in the Assembly on the Law on the National Bank and Uniform Monetary Transactions by the National Banks of the Republics and Provinces.

### Requisites for Recovery of Banking System

91BA0022A Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 1 Oct 90 pp 19-22

[Interview with Spanish banking expert Aristobulo de Juan by Vladimir Grlickov; place and date not given: "Banking System: Conditional Money"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] Causes of bank losses: an obsolete accounting system, too great a concentration of credit, and ownership in the hands of the biggest debtors. The risk for losses is borne by joint-stock banks, not excluding intervention outside the banking system and by the state. Foreign financial support is possible only after the restructuring of the system has been initiated in practice.

The losses of Yugoslav banks, which according to the audit conducted by the SDK [Public Auditing Service] and the foreign firm "Coopers and Leibrant" amount to an estimated \$9 to 9.5 billion, raise the question of reorganization. In this case, moreover, the aim is to take an historic step. Specifically, reorganization would have to be implemented under the condition that the "focal point" of bank losses be eliminated. And this presupposes most of all that banks accept new market-oriented rules based on capital, together with bank management in accordance with its logic of reproduction and "fertilization."

Reorganization would be the main lever for the restructuring and rehabilitation of banks on these new foundations. Of course, this would not mean an end to the bankruptcy alternative, whereby it is obvious that it will not be the dominant solution, given the magnitude of the problem of losses and the adverse consequences that could result.

A definitive figure and price for restructuring banks (as well as the economy) cannot be predicted, because this is a process that will be carried out for the first time in Yugoslavia.

To be able to count on success, there are systematic legislative changes that are also needed, because this is part of the reason for bank losses. This concerns primarily the accounting system, with which the possibility of new occurrences of so-called fictitious transactions and bad debts should be ruled out, phenomena that are nothing other than veiled losses. Thus, changes are necessary in the central banking system, especially in the domain of control and obtaining accurate information on the situation and on changes in bank transactions. Also in the domain of giving authority to the central bank to take preventative action to thwart, or minimize,

potential losses. Naturally, changes are necessary in terms of the state, or rather the central bank, guaranteeing deposits (initiating the market-oriented process of insuring the safety of deposits).

To talk with us about these subjects, we have Mr. Aristobulo de Juan, the world-renowned Spanish expert, whose ideas about reorganization during the restructuring and rehabilitation of banks have had positive effects in practice.

Mr. de Juan was also called in by our government and the National Bank to provide expert support during the reorganization of our banks, whereby for the first time there are plans to do so on new, market-oriented foundations.

[Grlickov] Please give an assessment of our banks and the reasons for the losses, the amount of which has been established, or an effort has been made to estimate, following the major audit conducted with the participation of a well-known foreign firm specializing in this type of business. Then, I would be interested in hearing what your impressions are with respect to finding a solution to bank losses on (to us) new market-oriented foundations.

[De Juan] According to our assessment, the losses of Yugoslav banks lie between \$9 and 9.5 billion. I think that the main reasons for the emergence of such a high level of losses can be found first and foremost in your utterly inadequate and obsolete accounting system.

Next, there is too great a concentration of credit here in the hands of a very small number of parties using this capital, whereby there is no respect for the principle of the dispersion of risks in the banking business. The third reason for the occurrence of losses is the fact that the biggest bank owners are at the same time the biggest borrowers, meaning that the biggest bank organizers represent at the same time the biggest users of credit.

In your banks, you generally do not have opposing sides, as is the case everywhere in the world. You do not have larger investors and owners of capital who are interested in having the bank protect and increase their capital through solid business dealings, on the one hand, as well as those who are trying to secure more capital through credits. You lack the opposing interests of the bank organizers, because the biggest investors are at the same time the biggest bank debtors.

In addition, one of the reasons for the bank losses that I would mention is your legislation. Thus far, there have been no effective instruments with which to tackle the problem of losses. There have been no controls over transactions and the authority necessary to back them up, nor any legal authorization for the central bank to take action against the occurrence of losses.

[Grlickov] I assume that you are thinking about the power and authority of the National Bank to occasionally take preventative action when it deems that the financial situation of banks is worsening.

[De Juan] Besides the need for authorities and powers for the National Bank of Yugoslavia, there are also the national banks of the republics and provinces, or rather their inspectors. With all of this, of course, one must bear in mind the generally inauspicious situation of the economy, especially during a transition period through which it and the banks are passing. I am thinking of the period of moving from an economic model based on production and self-management to the model of a market economy, where prices, competition, and productivity play the key role. In addition, this is a period for adjustment of the fiscal and monetary policy to the new foundations, whereby I think that a change in the restrictive monetary policy is unavoidable because this impacts on behavior, both that of companies and that of the banks.

Indeed, this list of factors that I have put forward today aggravates the situation in terms of resolving the problem of losses on new foundations and of putting the banking system on sound footing.

[Grlickov] Based on your knowledge and experience, please tell us what measures should be undertaken by the Central Bank in order to achieve an effective rehabilitation of the banks through assuring qualitative changes in business policy, whereby the problem of bad credits and the "creation" of bad assets in balance sheets can be effectively eliminated.

[De Juan] The following are the key areas. First, the method of settling accounts must be changed so that potential problems in banks can be detected in an early phase of occurrence, not when it is already too late. In addition, continual verification of information coming from banks on the basis of business books is necessary on the part of inspectors, especially paying attention here to the quality of credit. It is necessary to have a reliable idea of what the chances are that money that has left a bank in the form of loans and credits will be returned. Naturally, one must make sure that credit servicing is ensured by an instrument through which the bank is insured against risk, meaning that it is ensured of turning a profit and earning actual interest on this principal. The problem is verifying these regulations, as well as the power of the central banks to execute them.

A system must be created that will quickly detect the emergence of potential problems for any reason, if the bank is not already capable of detecting it. And the goal is take corrective action in time.

Last but not least in significance, there must be a mechanism for restructuring a bank when it experiences an erosion of its capital and funds. When a bank experiences a loss, the first group that should stand in for its restoration is the stockholders, since we are talking about part of their property. The stockholders are the first to bear the brunt of losses, but if this is not the case or is not adequate, then there should be mechanisms through which the government and its institutions, or the

remainder of the banking system, intervenes, but under the condition of a change in ownership and management.

[Grlickov] Are you thinking of a change of ownership and management in the bank?

[De Juan] Yes, in the bank.

[Grlickov] The problem today is giving sovereign rights to the Central Bank to undertake preventative measures when it deems that the financial situation and business of a bank is going downhill. Moreover, our legislation provides for a freeze on bank transactions for a specified period of time, as a preventative measure, and before there is a direct appearance of bad business in the form of insolvency. The freeze applies to all organizers and investors, and no distinction is made between the bad ones who are causing the deterioration of the bank's business standing and the goods ones who are successful.

[De Juan] But all of them, both the good and the bad organizers, are stockholders in the bank. Accordingly, it is up to them to ensure, through the management system, that the financial results of the bank do not deteriorate—in the interest of those who are good. If they do not guarantee the management quality of the banks, then that means that they are not looking after their own interests. They are committing the so-called sin of negligence.

[Grlickov] You are basing your assumptions on market economies, where there are joint-stock banks that bear the risk for their business dealings through their own invested capital. Here, however, there is almost no private sector to function as stockholders.

[De Juan] In a market economy, even small stockholders or other investors are free to assess and select banks, in order to "enter or leave" them.

[Grlickov] Under such circumstances, it is probable that the role of the state, or rather the Central Bank, would also have to be different in terms of the situation in our country.

[De Juan] In market economies, the role of the Central Bank and its authority is not to watch each bank individually, but rather to have blanket access to the entire system. In the event that any problems emerge, it has the instruments with which to attempt to minimize potential losses.

[Grlickov] We are talking here about preventative action.

[De Juan] Whereby its prevention is possible and effective if the Central Bank is well-informed. But the precondition for this is having a worthwhile accounting system. Thus, the Central Bank must have authority and powers in the event of (among other things) the emergence of small problems, and not only whenever there are major aberrations. Figuratively speaking, the central bank must be in a position to administer aspirin even

when a cold sets in, not merely to intervene surgically on a seriously ill organism. If it does not have these instruments and legal authorities, then the operating room is inevitable.

[Grlickov] Let us move to the subject of guarantees by the state, or rather the Central Bank, for bank deposits, linking this factor with the authority of the Central Bank to use its instruments for preventative intervention.

[De Juan] The instrument of guaranteeing deposits is that which makes protection possible, lest there be no perception of the quality of the banking business.

[Grlickov] Does this mean that the system of the universal guarantee of deposits is not good?

[De Juan] Why do you think it's not good?

[Grlickov] Among other things, because it fosters a leisurely attitude among banks in terms of good business. They are always certain of being covered against potential losses by the guarantee system of the state, or rather the Central Bank.

[De Juan] You are right, although the guarantee relates only to deposits by citizens, not those by companies. If you look at the new mechanism built into the legislation on the Agency for the Reorganization and Rehabilitation of Banks, you will see that it is significantly better than the previous one. It has not been adopted yet, but it is significant that it was built into the law, which I hope will be operative before long. In this case, there will be an established limit up to which there will be protection (a guarantee) for deposits, but beyond that there will be none.

[Grlickov] I suppose that the safety of deposits above the limit will also be guaranteed, but in a new manner—that is essentially different from the current one—through insurance in the form of premiums from the banks themselves.

[De Juan] The Agency's functional mechanism makes no distinction whatsoever in deposits in terms of insurance.

[Grlickov] Please tell us your opinion about what could be the role of organizers (companies), which are in fact generating their losses (nonpayment of debts), in the ownership transformation during bank reorganization.

[De Juan] The role of the bank and its primary task is to allocate resources appropriately. Deposits should never be immobilized in an attempt to cover bank expenses. The aim is for deposits to be the basis for supplying credit to companies with a business future.

A proper banker always thinks like this: I give money to those whom I believe will return it to me with interest. Translated into economists' jargon, this means lending resources to the productive part of the economy. Not to those operating at a loss or those companies that are not competitive, but rather only to those in a position to create new value and return the credit with interest.

Thus, the key role of the banks during this transition period would have to be, conditionally speaking, a disciplinary one. They should not respond to all requests for credit automatically, but rather selectively. And this should be without regard for whether we are talking about their organizers or other major borrowers. There must be only one criterion, and this is that the user is able to repay the credit with interest. This is important for banks, because in reality they are managing other people's money, meaning our, my, and your money. In fact, this means for banks having to say no many times, whereby these negative responses will cause many positive reactions as far as it (the bank) is concerned.

Some borrowers will never be able to return what they have borrowed because they are in a difficult situation, technically they may be bankrupt, while others are able to manage their affairs successfully. But when they realize that money is not easy to come by, the result is an interesting effect: There is a general improvement in the management of resources, including the restructuring of the economy.

[Grlickov] Please give your impressions relating to the findings of the auditing firm, which I presume "uncovered" additional "bad debts" and losses in the banking industry. I assume that you are already familiar with these "findings."

[De Juan] I believe that the SDK and the firm "Coopers and Leibrant" are very professional, and that they conducted the audit on a solid basis, technically speaking. Nevertheless, there are always trifling insufficiencies, especially considering the fact that this type of work is being done for the first time in the history of your country. And it is very difficult to conduct successfully right away. The difficulties lie with the fact that the banks do not have the specialized personnel qualified for this work, that there is no corresponding valid documentation... Taking this into account, my assessment is that the audit was successful, to the extent that I am able to judge its merits. I make this qualification because I have not examined the audit in great detail.

[Grlickov] I have the impression that the means for bank reorganization are rather limited. The domestic sources (I am thinking here primarily of the budget) are inadequate, and so I would ask for your assessment of the changes that our banks will receive foreign support. Assuming, of course, that they accept the new rules, meaning that they carry out reorganization amidst essential changes in business policy and acceptance of the criterion of capital and profitability.

[De Juan] When a system encounters the problem of restructuring for the first time, the ultimate magnitude of the process can never be known in advance. Only later, once one has initiated and gained perspective on the process of restructuring in practice, is a closer understanding possible. Thus, it is difficult to answer your question.

The financing of the Agency through insurance premiums on deposits, as well as the allocation of annual budgetary funding, will probably prove to be adequate. Just today, your Parliament adopted the Law on Federal Guarantees for the Issue of Bonds for a rather large amount of money (\$2.5 billion for seven years), which will be used to rehabilitate banks.

In the beginning, it is never a good thing to be perfectionist and split hairs; the most important thing is to proceed, not knowing what the ultimate figure and cost of the operation will be. We are talking about a very difficult and complex process, the effects of which can be observed in time, in the long run.

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